

# THE ATLAS WAY

INTEGRATED ANNUAL REPORT 2020

## About the Cover

The Atlas Group pays tribute to its late Founder Chairman, Mr. Yusuf H. Shirazi – a man of principles through and through. The foundation of Atlas Group was laid in the year 1962 by Mr. Shirazi when “Shirazi Investments (Private) Limited” was formed with an initial capital of Rs. 500,000 and 2 associates by his side. By following the principles of the **Atlas Way**, Mr. Shirazi went on to set-up a Group of Companies known for its values and excellence. The Group is amongst the largest tax payers and employers in the country, which includes Atlas Honda, Pakistan’s largest two-wheeler manufacturer. We are committed to uphold the legacy of our beloved founder and take the Company forward whilst staying true to his principles.

Organisation  
development  
through  
*self development*



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## MR. YUSUF H. SHIRAZI

FOUNDER CHAIRMAN ATLAS GROUP OF COMPANIES  
Jan 1<sup>st</sup>, 1929 – Oct 20<sup>th</sup>, 2019



## Remembering Our Legend

October 20, 2019 will be remembered as a sad day when Mr. Yusuf H. Shirazi, the Founder and Chairman of Atlas Group, left for his heavenly abode. Mr. Shirazi was a visionary with a unique business acumen. He will be long remembered as one of the most successful first generation entrepreneurs of Pakistan. After working briefly in the public and private sectors as a professional, he embarked on a long and distinguished career in private enterprise where he set up numerous successful companies in the field of engineering, finance, trading and power generation. In particular, his collaboration with Honda Motor paved the way for establishment of the Auto Industry in Pakistan. He touched countless lives by providing inspiring vision, defining new careers and creating numerous opportunities.

His legacy of professional management, integrity and 'Pakistan first' mantra will continue to inspire generations. Through his entrepreneurial zeal and perseverance, he managed to build enduring joint ventures with world-renowned foreign companies such as Honda, GS Yuasa, MAN, TOTAL, Bank of Tokyo (MUFG), Asian Development Bank, DEG and IFC.

Mr. Shirazi was highly respected as a patriot, industrialist, author and philanthropist. In recognition of his services, he was decorated with the Sitara-e-Essar and Sitara-e-Imtiaz by the Government of Pakistan. He was also bestowed National Awards by the Government of Japan.

At Atlas Honda, we will continue to draw inspiration from his extraordinary life and be guided by his principles of the **ATLAS WAY** - a source of guidance for all our future endeavors. While we mourn his passing, we will celebrate his life with the goal to continue making his beloved Atlas Group stronger - Generation after Generation.

## Vision

Market leader in the motorcycle industry, emerging as a global competitive centre of production and exports.

## Mission

A dynamic growth oriented company through market leadership, excellence in quality and service and maximizing export, ensuring attractive returns to equity holders, rewarding associates according to their ability and performance, fostering a network of engineers and researchers ensuing unique contribution to the development of the industry, customer satisfaction and protection of the environment by producing emission friendly green products as a good corporate citizen fulfilling its social responsibilities in all respects.

## Code of Conduct

Directors and employees are required to comply with the Atlas Honda's Code of Conduct, which is intended to help them put the Company's ethical principles into practice. The Code of Conduct clarifies the basic principles and standards they are required to follow and the behaviour expected of them. The Code of Conduct can be found at [www.atlashonda.com.pk](http://www.atlashonda.com.pk).





## Core Values

Our core values are derived from group's philosophy which is based on the "Atlas Way". It enumerates the principles of "Atlas Culture" and "Atlas System".



### Respect, Recognition & Reward

We promote a culture of respect across the Company and reward exceptional performances.



### Education & Training

We provide education & training opportunities to our employees for their professional growth.



### Value of Time

We aim for optimum utilization of our time to increase productivity and improve work / life balance.



### Self Reliance

We trust our abilities and talent to build a better, stronger and more dynamic organization.



### Meritocracy

We foster meritocracies in hiring, rewarding and promoting the best people based on their merit.



### Excellence

We deliver high-quality products to our customers.





# Strategic Goals

## Customers

Our Customers are the reason and the source of our business. It is our joint aim with our dealers to ensure that the customers enjoy the highest level of satisfaction from use of Honda motorcycles.

## Quality

To ensure that our products and services meet the set standards of excellence.

## Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

## Technology

To develop and maintain distinct business advantages through continuous induction of improved hard and soft technologies.

## Shareholders

To ensure health and viability of business and thus safeguarding shareholders' interest by maximizing profit. Payment of regular satisfactory dividends and adding value to the shares.

## Employees

To enhance and continuously update each member's capabilities and education and to provide an environment which encourages practical expression of the individual potential in goal directed team efforts and compensate them attractively according to their abilities and performance.

## Corporate Citizen

To comply with all Government laws, rules and regulations and to maintain a high standard of ethics in all operations and to act as a responsible member of the society.

# Quality Policy

- Commitment to provide high quality motorcycles and parts.
- Right work in first attempt and on time.
- Maintain and continuously improve quality.
- Training of manpower and acquisition of latest technology.
- Safe, clean and healthy environment.
- Market leadership and prosperity for all.



## About the Company & Group Structure

Atlas Honda Limited boasts a long eventful history of success. The foundation of Atlas Group was laid in the year 1962 by Mr. Yusuf H. Shirazi when “Shirazi Investments (Private) Limited” was formed with an initial capital of Rs. 500,000 and 2 associates by his side. This marked the start of journey with a vision to revolutionize the two – wheeler industry in Pakistan. It was the beginning of a ride to glory, aiming to transform people’s lives by providing simplistic mobility solutions. It was Mr. Shirazi’s vision of empowering Pakistan by building institutions of excellence. This drove the chronicles of the nation’s largest motorcycle manufacturing company, showcasing the “Power of Dreams, Generation after Generation.”

Utilizing the funds generated by Shirazi Investments (Private) Limited, Mr. Yusuf H. Shirazi signed a technical collaboration agreement with Honda Motor Company Limited (HMC) in 1963 for the production and sales of Honda motorcycles in Pakistan. The Company that was formed as a result of this venture was called “Atlas Autos Limited” with its manufacturing facility located in Karachi. To expand the reach to new markets, Atlas Epak Limited was formed in 1968 with manufacturing facilities based in East Pakistan. However, calamity struck in 1971 as the war in East Pakistan resulted in loss of the sister concern. Despite this massive financial impediment, Atlas Autos remained steadfast and recovered. Later in 1979, another new motorcycle





stand over 2 billion US dollars; annual sales nearing 3 billion US dollars. The Group has harmonized professional management and institutionalized the Group shareholding to build businesses that last generation after generation. Atlas has also been playing a leading role as a corporate citizen promoting centers of professional education, contributing to health facilities, helping law enforcement agencies and improving the standard of life.

With capacity of up to 1.35 million units, extended product range, immaculate quality, cutting-edge manufacturing facilities, unmatched skills and an ever-growing dealership network, Atlas Honda has stayed ahead of the curve to reach newer heights. Atlas Honda has always stood, and will continue to do so, by its founder's principles of the **Atlas Way** which have led the Company to become what it is today.

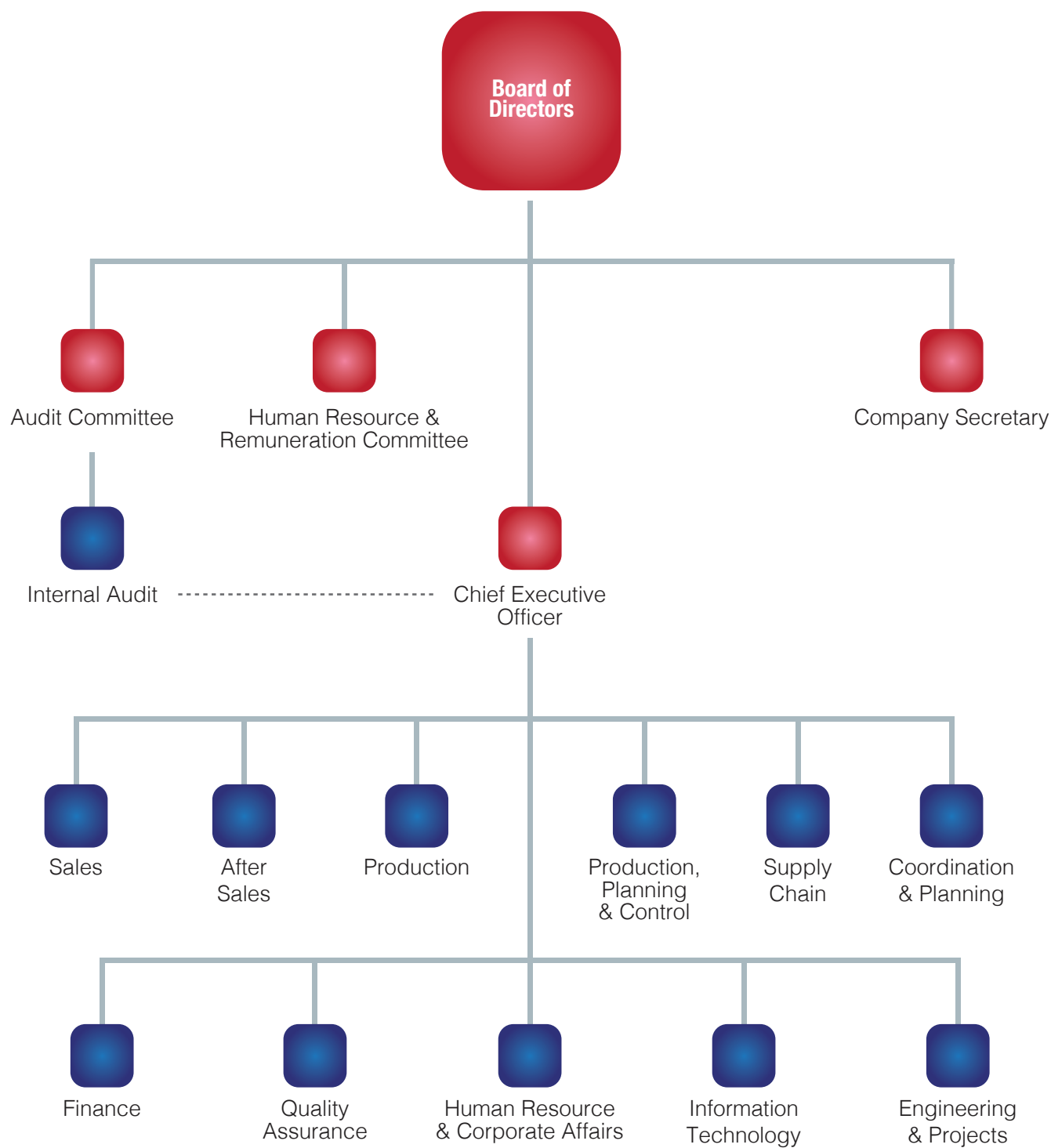
manufacturing plant at Sheikhpura, namely "Panjdarya Limited" was established.

To enhance the technological and production capabilities, a joint venture agreement was entered into in 1988 with HMC. Both Atlas Autos Limited and Panjdarya Limited operated separately until the two were merged in 1991 and "Atlas Honda Limited" (the Company) came into being.

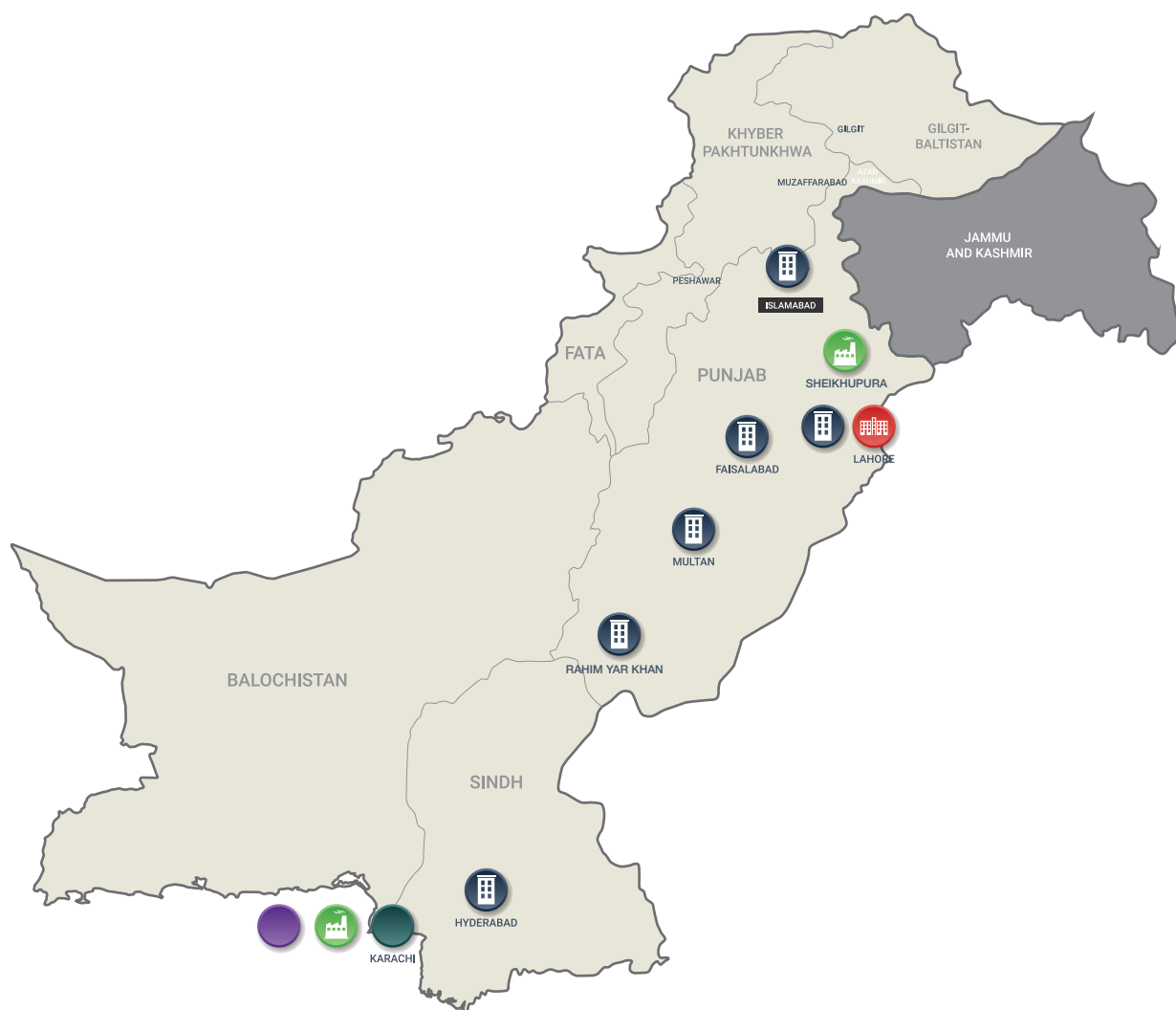
Today Atlas is a diversified group dealing in engineering, power generation, trading and financial services. It consists of 18 companies out of which 4 are quoted on the Pakistan Stock Exchange. Atlas shareholders equity and assets



# Organization Chart



# Geographical Presence



Head Office:

Karachi



Registered Office:

Lahore



Factories:

Karachi, Sheikhupura



Branch Offices &  
Customer Care Centres:

Lahore, Multan, Islamabad, Hyderabad,  
Faisalabad, Rahim Yar Khan



Showroom:

Karachi

## Dealerships & Distribution Network

Atlas Honda's Dealerships are spread all over Pakistan.  
Complete details are available at [www.atlashonda.com.pk](http://www.atlashonda.com.pk)

# The Glorious Ride

## 1963-2019



### 1963-1970

Atlas Autos Limited is incorporated as public limited company.

The first technical collaboration agreement is signed between Atlas Autos Limited and Honda Motor Company Limited. The historical ceremony takes place in Tokyo, where Mr. Yusuf H. Shirazi and Mr. Soichiro Honda, founder of Honda Motor Company Limited, grace the occasion.

Atlas Autos becomes the first two-wheeler Company in Pakistan to get listed on Stock Exchange.

Commercial production commences with sanctioned annual capacity of 6,000 units.

The Company launches a series of new models. Honda C 50, C 90, and S 90 gained immense popularity among the customers.

An in-house engineering workshop is set up and the Company's dream of developing a completely localized product takes its first place.

### 1971-1980

A new model, S 110 Deluxe is launched.

The Company launches two of its longest running and most popular production models, the fuel efficient CD 70 and high performance CG 125.

The Company sends its key engineers and dealers to Japan for training courses.

Panjadarya Limited, an associated Company, is incorporated with its plant facility at Sheikhpura. Second Technical Assistance agreement is signed with Honda Motor Company Limited.

Re-layout, modernization and balancing of manufacturing facility is carried out.

Series of technical seminars on motorcycle technology are held in Pakistan in collaboration with the Association of Technical Scholarships of Japan.

A motorcycle Technical Training Centre is established in Lahore.

### 1981-1990

Panjadarya Limited commences commercial production.

The 2 stroke MB 100 is launched with a memorable advertising campaign.

New CD70 with econo-power engine is launched.

The Company achieved localization level of 50%.

A Quality Circle Movement, called "Ala Mayar Circle" is started, aiming at improvement in quality control and manufacturing techniques.

The Company organizes the first ever vendor conference.

Engine parts manufacturing plant is installed.

The Company celebrates its 25th year of incorporation.

Honda Motor Company acquires 10% equity in Atlas Autos.

Merger of Panjadarya Limited with Atlas Autos takes place.

The journey of Pakistan's largest motorcycle company is marked by significant milestones that revolve around state-of-the-art facilities and the ever-growing dealership network. Throughout this journey, the principles of the **Atlas Way** have paved way for the Company and helped it build a solid foundation leading it to new levels of excellence. Over these years, our dynamic spirit and relentless passion have helped us sustain our foundation as Pakistan's largest two-wheeler manufacturer whilst aiming for bigger and greater achievements in the years ahead.



## 1991-2000

The name of new merged Company is changed to Atlas Honda Limited.

CG 125 engine parts manufacturing plant is installed at Sheikhpura plant and new model of CG 125 is launched.

New CD 70 model is introduced with latest ignition technology.

The Company manages to formalize eight technical assistance agreements between Japanese Companies and vendors. Thus, the Company continues to play a key role in transfer of technology and vendor development in Pakistan.

The Company makes its first exports to Bangladesh, Nepal, Sri Lanka, Middle East and Central Asia.

The Company received ISO 9002 certification for both Karachi and Sheikhpura plants.

The Company is ranked among the top ten employers.

## 2001-2010

Dealer convention of motorcycle industry is held for the first time in Pakistan.

The new marketing strategy of "5S" Dealership is introduced under which customers can avail the facilities of sales, service, spare parts, second hand motorcycle exchange and special (credit) sales – all under one roof.

The Company achieves localization level of 85%.

The Company crosses the barrier of 100,000 units in 2003.

The new model CD 100 is launched.

The Company extends the capacity at Sheikhpura plant by establishing, state of the art, 500k synchronized Assembly Plant.

The new model CG 125 Deluxe is launched.

The Company hosts the 15<sup>th</sup> NHC Asia-Oceania Bloc Convention.

SAP, the leading ERP system, is implemented.

## 2011-2019

The Company surpasses 90% localization record and crossed the 500,000 units barrier in 2011.

The Company becomes the first motorcycle company in Pakistan with all its models compliant with latest emission standards.

The Company launches new models namely Honda CD 70 Dream, CG 125 Dream, Pridor and CBR series.

The Company celebrates 50 years of the nation's ride.

Mrs. Yusuf H. Shirazi inaugurates the Company's 50 years gallery.

The Company acquires shares of Atlas Hitec (Private) Limited.

The Company's corporate reporting practices are recognized through various awards by PSX, ICAP & ICMAP, SAFA, NFEH, ACCA & WWF from time to time.

Atlas Honda becomes the first ever Company to announce the engine warranty period of three years.

The Company completes the investment of USD 100 million for a three-year phase wise expansion plan of its motorcycle operations in Pakistan.

The Company celebrates production capacity enhancement at Sheikhpura plant. Mr. Takahiro Hachigo, President & CEO Honda Motor Company graces the occasion.

The Company launches new models namely CB 150F & CB 250F.

The Company crosses a landmark by selling over 1 million units in 2018.

The Company launches new models namely CG 125 Self & CB 125F.



# Company Information

## Board of Directors

Aamir H. Shirazi  
Chairman

Sanaullah Qureshi  
Director

Abid Naqvi  
Director

Mashmooma Zehra Majeed  
Director

Ryo Takahashi  
Director

Yukitoshi Fujisaka  
Director

Hirofumi Yada  
Director

Saqib H. Shirazi  
Chief Executive Officer

Marrium Ahmed  
Company Secretary

Yukitoshi Fujisaka  
Vice President Technical

Hirofumi Yada  
General Manager Technical

Kashif Yasin  
Chief Financial Officer

Khawaja Shujaiddin  
General Manager Commercial &  
Planning

Faisal Iqbal  
General Manager Human Resources  
& Administration

Faisal Mahmud  
General Manager New Model Center

Muhammad Noman Khan  
General Manager Engineering &  
Projects

Muhammad Tahir Nazir  
General Manager Production,  
Planning & Control

Muhammad Qadeer Khan  
General Manager Plants

Muhammad Zafar Iqbal  
General Manager After Sales

Mujahid-ul-Mulk Butt  
General Manager Sales

Syed Tanvir Hyder  
General Manager Supply Chain &  
Systems

Zia Ul Hassan Khan  
General Manager Quality Assurance

## Audit Committee

Abid Naqvi  
Chairman

Sanaullah Qureshi  
Member

Mashmooma Zehra Majeed  
Member

Muhammad Iqbal  
Head of Internal Audit

Marrium Ahmed  
Secretary

## Human Resource & Remuneration Committee

Abid Naqvi  
Chairman

Sanaullah Qureshi  
Member

Saqib H. Shirazi  
Member

Faisal Iqbal  
Secretary

## Management

Saqib H. Shirazi  
Chief Executive Officer

Afaq Ahmed  
Vice President Marketing

## Auditors

Shinewing Hameed Chaudhri & Co.  
Chartered Accountants

## Legal Advisors

Mohsin Tayebaly & Co.

## Tax Advisor

EY Ford Rhodes  
Chartered Accountants

## Shares Registrar

Hameed Majeed Associates (Pvt.)  
Limited

H. M. House, 7-Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817



## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Habib Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial & Commercial Bank of China Limited  
Khushali Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited



### Registered Office

1-McLeod Road, Lahore-54000  
Tel: (92-42) 37225015-17, 37233515-17  
Fax: (92-42) 37233518, 37351119  
E-mail: [ahl@atlas.com.pk](mailto:ahl@atlas.com.pk)  
Website: [www.atlashonda.com.pk](http://www.atlashonda.com.pk)

### Factories

F-36, Estate Avenue, S.I.T.E., Karachi-75730  
UAN: (92-21) 111-111-245  
Tel: (92-21) 32575561-65  
Fax: (92-21) 32563758

26-27 KM, Lahore-Sheikhupura Road,  
Sheikhupura-39321  
Tel: (92-56) 3406501-8  
Fax: (92-56) 3406009

### Branch Offices & Customer Contact Centre

Azmat Wasti Road, Multan  
Tel: (92-61) 4570413-14  
(92-61) 111-112-411  
Fax: (92-61) 4541690

Islamabad Corporate Center  
Plot No. 784/785, Golra Road, Islamabad  
Phone: (92-51) 5495781-84, 5495746-47

Makhdoom Altaf Road, West Sadiq Canal  
Bank, Near City School, Rahim Yar Khan  
Tel: (068) 5883415-19,  
Fax: (068) 5883414

2nd Floor, Dawood Centre, Autobhan Road,  
Hyderabad.  
Phone: (022) 3411361-9  
Fax: (022) 34113670

1st Floor, Meezan Executive Tower,  
4 – Liaquat Road, Faisalabad  
Tel: (92-41) 2541011-7, 2541014

1st Floor, 28-Mozang Road, Lahore  
Tel: (92-42) 36361191-5, 36360740-7

### Showroom

West View Building, Preedy Street, Saddar,  
Karachi  
Tel : (92-21) 32720833, 32727607

### Customer Contact Centre

UAN: (92-42) 111-245-222  
Toll Free: 0800-245-22  
Email: [Contact.centre@atlashonda.com.pk](mailto:Contact.centre@atlashonda.com.pk)  
(Within working hours from Monday to Friday)

# Board of Directors



**Aamir H. Shirazi**  
Chairman

Mr. Aamir H. Shirazi is the President of Atlas Group. He graduated from Claremont McKenna College and attended the OPM at the Harvard Business School. He has over 35 years of corporate management experience. He has to his credit, work experience in Honda America, besides working at various positions in Atlas Group, including serving as the Chief Executive of Atlas Honda Limited for eleven years.

He is currently Chairman of Honda Atlas Cars, Atlas Honda, Atlas Engineering and Atlas Autos. He also serves on the Boards of Shirazi Investment (Group Holding Company), Shirazi Trading, and Murree Brewery Company Limited.

He is a member of the Board of Governors, Lahore University of Management Science and member Syndicate, University of Engineering & Technology. He was also appointed as a Professional Director on the Board of Lahore Stock Exchange for two consecutive terms by the Securities & Exchange Commission of Pakistan.

He has been serving the Honorary Consul General of Japan in Lahore, since 2002 and is the Patron-in-Chief, Pakistan Japan Cultural Association, Lahore.



**Sanaullah Qureshi**  
Director

Mr. Sanaullah Qureshi qualified as a Chartered Accountant from Scotland and joined ICI Pakistan Limited in 1962. He worked in different capacities as General Manager and Director in-charge of Finance, Human Resources and various other businesses of ICI. He retired as the Deputy Chairman of ICI in 1993. Mr. Qureshi joined as CEO of Forbes Forbes Campbell & Co. Limited, an old established Group dealing in shipping, trading and manufacturing. He retired from Forbes in 1995 and has since worked in advisory capacity with Captain-PQ Chemicals Industries Limited. He is the former President of Management Association of Pakistan and the Chairman of Gillette Pakistan Limited. He previously held directorship in Linde Pakistan Limited (formerly known as BOC Pakistan Limited), Faysal Bank Limited, SSGCL, Atlas Bank Limited and MYK Associates (Private) Limited. He has been on the Board of Atlas Honda Limited since February 2001.



**Abid Naqvi**  
Director

Mr. Abid Naqvi is the CEO of ACL Capital (Pvt.) Limited, a business development company affiliated with Associated Constructors Ltd. He is also on the Board of Associated Constructors Limited, Alfalah GHP Investment Management Limited, Cherat Packaging Limited and Pakistan Mortgage Refinance Co. Ltd. He has worked in the fields of Commercial and Development Banking and Stock Brokerage for a period of over thirty five years. He has served as CEO of Taurus Securities Limited, a renowned name in the Pakistan stock brokerage industry. He is a graduate in Economics and Finance from the University College London, UK.



**Mashmooma Zehra Majeed**  
Director

Ms. Mashmooma Zehra 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 19 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 15 years with her forte being in investment management and product development. She has played an instrumental role in launching the first Islamic open-end mutual fund in Pakistan as well as the launch of the voluntary pension scheme in Pakistan under the Voluntary Pension System Rules. She has been actively involved with MUFAP throughout her career. She has previously worked in senior positions in Atlas Asset Management Ltd., JS Investments Ltd (formerly ABAMCO Ltd.) and Crosby Asset Management Pakistan Ltd. She started her career with M/s Hameed Majeed Associates (Pvt) Ltd.



**Ryo Takahashi**Director  
▲

Mr. Ryo Takahashi has been associated with Honda Motor Company Limited, Japan for more than 30 years. He joined Honda in 1988 and began his career in Domestic Motorcycle field sales in Japan. Mr. Ryo Takahashi has experience in the Motorcycle industry, having worked in planning and sales division. In his previous assignment, he has worked at Corporate Planning Office in Honda Motor Company Limited, Japan. From 2018 he joined Motorcycle Business Division at Asian Honda Motor, Thailand as General Manager and has become Director from this year.

**Yukitoshi Fujisaka**Director  
●

Mr. Yukitoshi Fujisaka joined Honda Motor Company in 1989. He has a vast experience in automobile sector especially in Motorcycle Sales and product development, having worked with Honda ventures in different capacities across the globe. In 2007, he assumed senior management role in the Honda Motor Europe as General Manager Product Planning Division. Later on, he joined Montesa Honda S.A. Spain as President. Thereafter, he joined Honda Motor China Investment (Shanghai Branch) as Director. Before taking over his current responsibilities, he was stationed as the President in the Wuyang Honda Motors, China. He has diversified knowledge of Honda Products and has experience of working in different cultures. He was appointed as a member of the Board of Atlas Honda Limited in April 2018.

**Hirofumi Yada**Director  
●

Mr. Hirofumi Yada started his career as a production expert in 1985 at Kumamoto factory of Honda Motor Company Limited. Later, he was transferred to headquarters and was in-charge of production, planning and control for Europe and North America. Before being appointed to Pakistan, he was stationed in Honda of South Carolina as Vice President. His vast experience not only on engineering side but also on factory management side has contributed to the growth of the company in a difficult situation. He has been a member of the Board of Atlas Honda Limited since April 2017.

**Saquib H. Shirazi**Chief Executive Officer  
●●

Saquib H. Shirazi has been the Chief Executive Officer of Atlas Honda Limited since 2000. He is a graduate of the Wharton School of Finance and did his MBA from the Harvard Business School.

He started his career with the Bank of Tokyo and was subsequently appointed as the CEO of Atlas BOT Investment Bank. In addition to being a member of the Atlas Group, he is a Director of Pakistan Cables and the incoming Chairman of Pakistan Business Council. In the past, he has served on the Boards of Pakistan Petroleum Limited, National Refinery Limited, Sui Southern Gas Company Limited, Cherat Cement Limited, Cherat Paper Limited, Privatization Commission of Pakistan and as Chairman PAMA. He has also served on Harvard Business School's Global Alumni Board and was its President for the years 2006-2008. He is currently a member of Prime Minister's Business Council, CDC's Pakistan Advisory Committee, Engineering Development Board, Harvard Business School's and Jazz Advisory Boards.



# Business Model

Our sustainable approach to sourcing, production, distribution and marketing helps us create value for a wide group of stakeholders, from suppliers to customers. We use our unique strengths and employ our resources and relationships to deliver sustainable growth in earnings for our shareholders. Applying the principles of “**Atlas Way**” to our business, strengthens our position as a market leader in Pakistan’s two-wheeler industry.

## OUR CAPITALS

### Financial

The Company's share capital and accumulated reserves

### Intellectual

The Company's knowledge base, product development capabilities & partnership with Honda Motors

### Human

Atlas Honda's workforce of competent employees

### Manufactured

Atlas Honda's state of the art manufacturing facilities & diversified product portfolio

### Social & Relationships

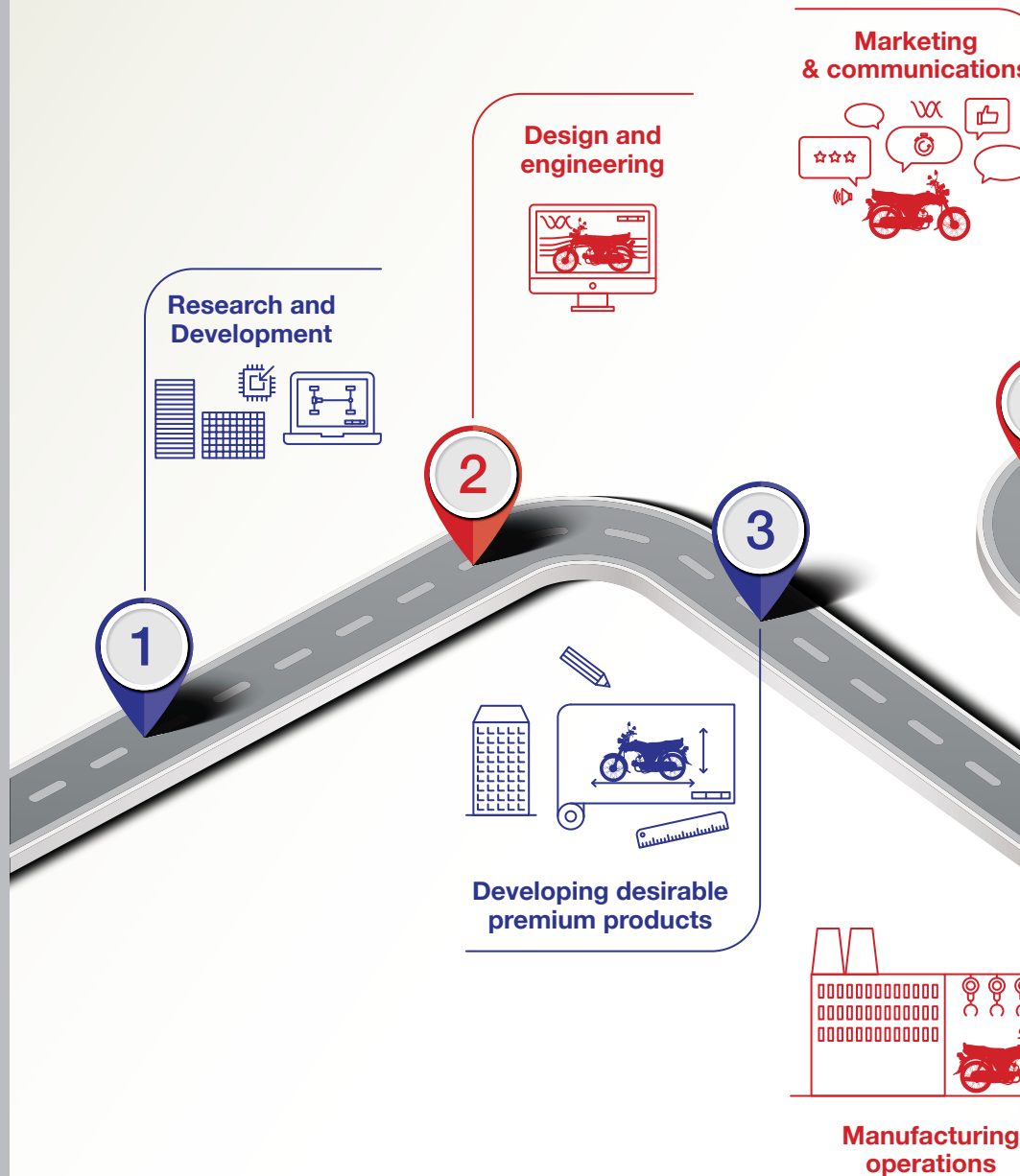
The trusted relationships & collaborations with customers, regulators, communities & other stakeholders

### Natural

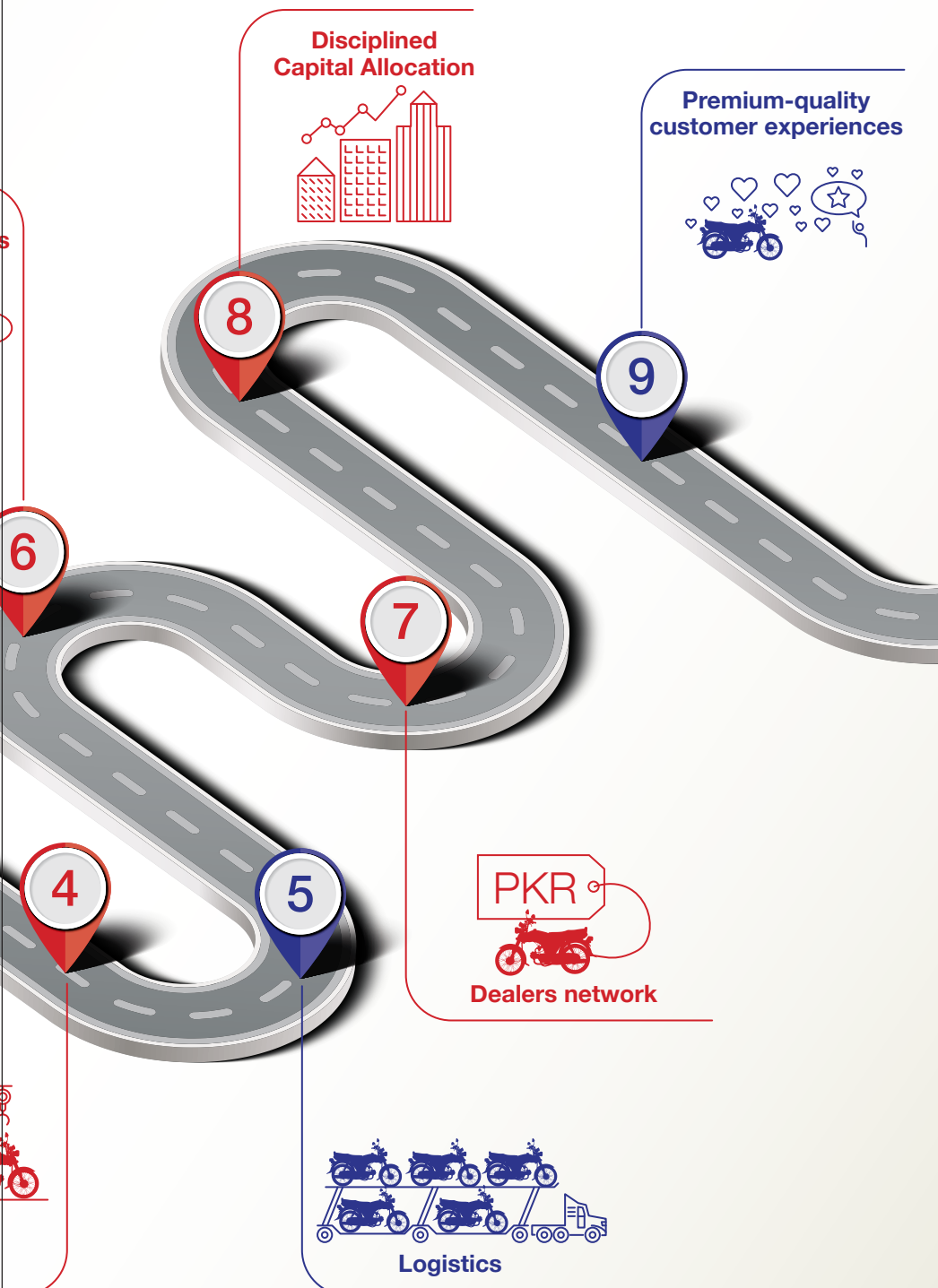
Renewable and non renewable natural resources

## FUELING OUR KEY ACTIVITIES

### Atlas Culture & Systems



## VALUE CREATION FOR OUR STAKEHOLDERS IN 2020



### Customers

We develop product that improve our customers' competitiveness

MMCs launched: CD 70, CD Dream, CG 125 and Pridor

### Investors

We generate attractive returns for investors over long term

Return on equity: 19.3%

### Employees

We create an environment where each employee is able to be at their best.

Remuneration & Benefits  
(including investment in training): Rs. 3.5 billion

### Partners

We create partnerships based on collaboration where each partner benefits from the relationship.

Spent with external suppliers: Rs 74 billion

### Communities

We improve the communities that we impact locally, nationally and globally.

Refer page no. 101 of Sustainability Report 2020

### Governing Bodies & Regulators

We aim to create trusted relationships with governing bodies and regulators, meeting all legal and regulatory commitments and requirements.

Taxes & Levies: Rs. 18.9 billion

# Significant Events

During the Year 2019-20

## 1<sup>st</sup> Quarter

Board of Directors meeting for the year ended March 31, 2019 was held on April 24, 2019

Annual General Meeting of the Company for the year ended March 31, 2019 was held on June 21, 2019

The Company participated in Pakistan Auto Parts Show held in Karachi

Road Safety Awareness campaigns were held in Karachi and Islamabad

Left lane awareness session was conducted in collaboration with Traffic police, Lahore

Nationwide campaign was launched to educate users regarding savings from fuel efficiency and durability of CD 70



Pakistan Auto Parts Show held in Karachi



Left Lane Awareness Event at Lahore



Road Safety Awareness Event held in Karachi

## 2<sup>nd</sup> Quarter

Board of Directors meeting for the quarter ended June 30, 2019 was held on July 30, 2019

Female Riders Rally was held

72<sup>nd</sup> Independence Day was celebrated at various dealerships throughout the country

Received Fastest Growing Brand Award in automobile sector by daraz.pk

Received Merit certificate for 'Best Corporate and Sustainability Report' Award in "Engineering Sector" by the Joint Committee of ICAP and ICMAP

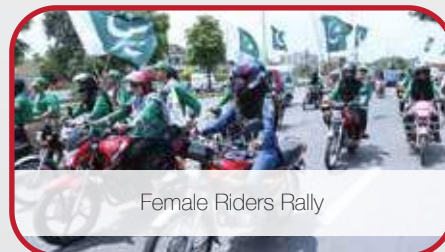
Genuine parts awareness and free replacement camps were organized for customers



Merit Certificate for Best Corporate and Sustainability Report Award



Fastest Growing Brand Award in Automobile Sector



Female Riders Rally

## 3<sup>rd</sup> Quarter

Board of Directors meeting for the quarter ended September 30, 2019 was held on October 28, 2019

Safety training sessions were organized in Karachi and Multan

Customer centric activities were organized in Gujranwala and Rawalpindi

MMCs of Pridor, CG125, CD70 and CD Dream were launched

Atlas Honda Limited received Top 25 Companies Award by Pakistan Stock Exchange for the year 2017 and 2018

5<sup>th</sup> Honda Safety Rally was organized to raise safety awareness



Top 25 Companies Award



5<sup>th</sup> Honda Safety Rally



Customer Activity

## 4<sup>th</sup> Quarter

Board of Directors meeting for the quarter ended December 31, 2019 was held on January 24, 2020

Women on Wheels launching ceremony was held in Lahore

29<sup>th</sup> Ala Mayar Circle Event was held

Received award at 12<sup>th</sup> International CSR Summit & Awards 2020, organized by NFEH

Election of Board of Directors was held at EOGM on March 13, 2020

Social media campaign was launched to raise awareness regarding COVID-19



NFEH CSR Award



Ala Mayar Event Closing Ceremony



COVID-19 Campaign on Social Media



# Shareholders' Information

## REGISTERED OFFICE

1 - McLeod Road, Lahore  
Tel: (92-42) 37225015-17  
(92-42) 37233515-17  
Fax: (92-42) 37233518  
(92-42) 37351119

## EXCHANGE LISTING

Atlas Honda Limited (the Company) is listed on Pakistan Stock Exchange Limited (PSX).

## STOCK SYMBOL

The stock code for dealing in equity shares of the Company at Pakistan Stock Exchange Limited is AT LH.

## LISTING FEE

The annual listing fee for the financial year 2019 - 20 was paid to the PSX and Central Depository Company of Pakistan Limited within the prescribed time limit.

## STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all relevant particulars / information as required under the Companies Act, 2017 and allied rules, the listing requirements and any other relevant laws, rules and regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP).

## ANNUAL GENERAL MEETING

Date: June 30, 2020  
Time: 11:00 A.M.  
Venue: Registered Office, 1 - McLeod Road, Lahore.

## FINANCIAL CALENDAR

June 2020	Audited annual results for the year ended March 31, 2020
June 2020	Mailing of annual reports
June 2020	Annual General Meeting
July 2020	Unaudited first quarter financial results
October 2020	Unaudited half year financial results
January 2021	Unaudited third quarter financial results

## DIVIDEND ANNOUNCEMENT

The Board of Directors of the Company has proposed a final cash dividend of Rs. 8.5 per share (85%) for the year ended

March 31, 2020 subject to approval by shareholders of the Company at the forthcoming Annual General Meeting, in addition to interim dividend of Rs. 6.50 per share (65%)

Last year, the Company has paid final cash dividend of Rs. 10 per share (100%) in addition to interim dividend of Rs. 10 per share (100%) and bonus share in the proportion of 1 share for every 5 share held

## DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the Company will remain closed from June 16, 2020 to June 30, 2020 (both days inclusive).

## DATE OF DIVIDEND PAYMENT

The payment of dividend, upon declaration by shareholders at the forthcoming Annual General Meeting, will be made on or after June 30, 2020.

Last year, the Company has transferred the final cash dividend on June 25, 2019 after approval from shareholders at the 55th Annual General Meeting.

## CIRCULATION OF ANNUAL REPORTS THROUGH CD / DVD / USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on June 19, 2017, the Company shall circulate Annual Report 2020 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2020 may send a request using a Standard Request Form placed on Company website.

## E-DIVIDEND MANDATE (MANDATORY)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website i.e. <http://www.atlashonda.com.pk> and send it duly signed along with a copy of CNIC to the Registrar of the Company Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted

directly to shareholder's broker / participant / CDC account services.

## WITHHOLDING OF TAX & ZAKAT ON DIVIDEND

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, withholding tax is deductible at source on the amount of dividend paid by the Company at the rate of 15% for filers and at the rate of 30% for non-filers.

In the light of clarification from Federal Board of Revenue, all the shareholders who intend to seek exemption from withholding of taxes on payment of dividend under clause 47B of Part – IV of the Second Schedule of the Income Tax Ordinance, 2001, are requested to provide valid Exemption Certificate under section 159(1) of the Income Tax Ordinance, 2001 duly issued by the concerned Commissioner of Inland Revenue in order to claim the said exemption.

Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction of zakat.

## SHARE TRANSFER SYSTEM

The Company's shares department is operated by Hameed Majeed Associates (Pvt.) Limited. It is managed by a team of well-experienced professionals and is equipped with the necessary infrastructure and has in place the comprehensive set of systems and procedures for operational activities pertaining to shares and conducting the Registration function.

Share transfers received at the Share Registrar of the Company are registered within 30 days from the date of receipt, provided the documents are complete in all respects.

## PROXIES

According to section 137 of the Companies Act, 2017 and Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company can appoint another member as his / her proxy to attend and vote instead of him / her. Every notice calling a General Meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who ought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the company / share registrar not less than forty eight hours before the meeting.

## ANNUAL GENERAL MEETING

In pursuance of section 132 of the Companies Act, 2017, the Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and also advertised in at least one English and Urdu newspaper.

All shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. The voting by show of hands operates on the principle of "One Member-One Vote". If majority of the shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

## WEBSITE OF THE COMPANY

The Company is operating the website [www.atlashonda.com.pk](http://www.atlashonda.com.pk) containing updated information regarding the Company. The website contains the financial results of the Company together with the Company's profile, the Atlas Group's philosophy and products of the Company.

## CHANGE OF ADDRESS / E-MAIL ADDRESS

All registered shareholders should send information of changes of addresses and e-mail address, if any to the share registrar of the Company:

Hameed Majeed Associates (Pvt.) Limited.

H.M. House, 7-Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore

Phone: +92 (42) 37235081-82

Fax : +92 (42) 37358817

## CAPITAL STRUCTURE

The paid-up capital of the Company is Rs. 1,241 million represented by 124.1 million shares of Rs. 10 /- each. The balance sheet footing stands at 31.06 Billion and net worth of Rs. 16.6 Billion.

The Company is a subsidiary of Shirazi Investments (Private) Limited holding 52.43% shareholding. Another major shareholder is Honda Motor Company Limited, Japan holding 35% of the shares.

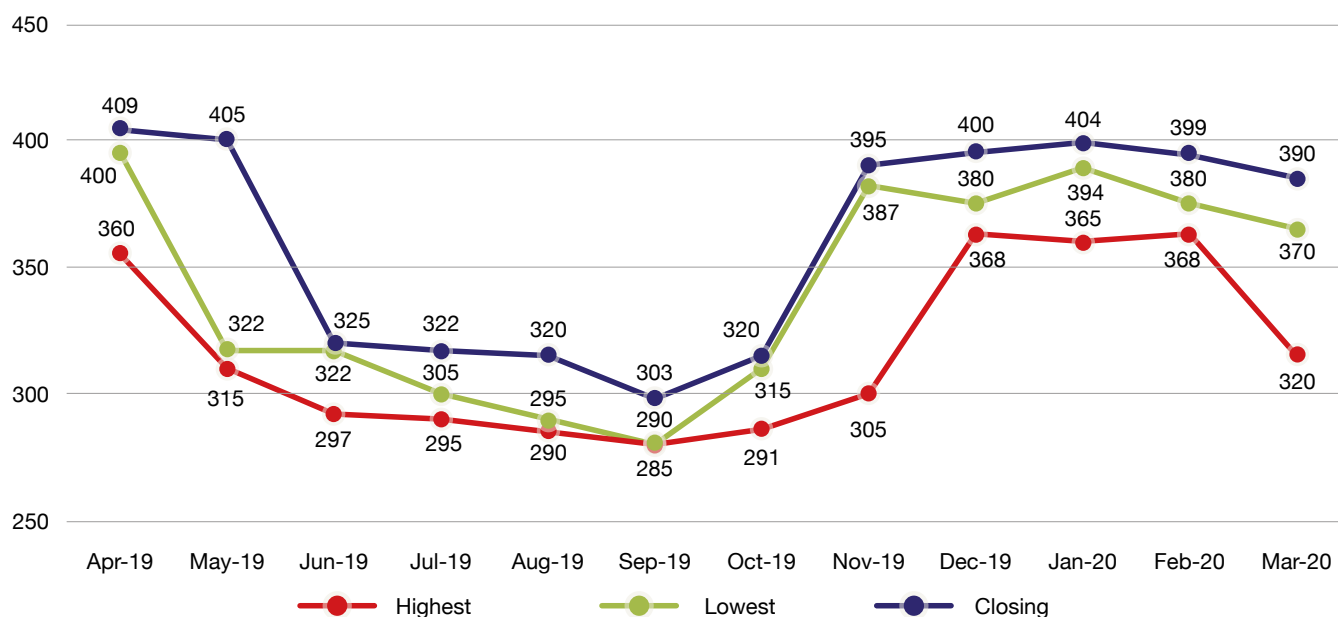
Details of shares held by Directors / Sponsors / Executives are given on page no. 169 in the Pattern of Shareholding.

## MARKET CAPITALIZATION, SHARE PRICE AND VOLUME DATA

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Pakistan Stock Exchange Limited during the financial year ended March 31, 2020:

Months	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	No. of shares traded	Market Capitalization in Value* (Rs. in billion)
Apr-19	409.00	360.00	400.00	43,600	42.29
May-19	405.00	315.00	322.00	61,200	41.88
Jun-19	325.00	297.00	321.67	72,300	40.33
Jul-19	322.00	295.00	305.33	252,600	39.96
Aug-19	320.00	290.00	295.00	118,300	39.71
Sep-19	303.00	285.00	290.00	5,800	37.60
Oct-19	320.00	291.00	315.00	37,000	39.71
Nov-19	395.00	305.00	387.10	45,000	49.01
Dec-19	400.00	368.00	380.00	20,500	49.64
Jan-20	403.54	365.00	394.00	12,700	50.07
Feb-20	399.00	368.00	380.00	4,600	49.51
Mar-20	390.00	320.00	370.00	9,800	48.39

\*Based on highest price



# Chairman's Review

*Despite the challenging backdrop, the Company has demonstrated its resilience and established a powerful platform for growth. It will continue re-investing to capitalize on long term opportunities, with an enhanced dynamic product portfolio and expanded brand activities. Together with its strategic vision, the Company will ensure that it delivers sustainable value to all its stakeholders in the years ahead.*

I am pleased to present the 56<sup>th</sup> Annual Report of the Company for the year ended March 31, 2020.

With the passing away of our beloved Chairman, the year marked the end of an era. Our Founder was an iconic national figure - one who will long be remembered for his entrepreneurship, professionalism, integrity, patriotism and hard work. His larger than life personality and legacy of relationships helped build the Group into a dynamic and respected institution. His strength was his ability to create and build partnerships. By combining technical know-how with local know-how, he became the partner of choice. However, it was his focus on developing the human resource that made him unique. The onus will now be on us to continue to build on his philosophy. We are fortunate that he has left us with a set of principles to follow. The Atlas Way, with the Culture and Systems embedded therein, will remain the guide for the Group. While the Chairman is irreplaceable, it is important to carry on building his legacy by following his five core messages:

- The Atlas Way
- Organization Development through Self-Development
- Respect, Recognition and Reward
- Health and Happiness
- Generation to Generation

## Macroeconomic Overview

The COVID-19 pandemic has surfaced as a major event forcing the world into a lock-down and restricting economic activity across the board. Countries around the globe are setting up relief programs in a bid to contain the social and economic fallout of the pandemic. For Pakistan, this has come at a time when the country was heading towards some economic stability. Emergence of the pandemic has dampened the country's economic growth. This has led to downside risks posed to consumer demand amidst temporary business shut-downs and delayed harvest of crops. As a result, the economy is expected to now contract by 1.5% in FY20 instead of previous growth target of 3%. The recently announced financial stimulus package of Rs. 1,200 billion by the Government, is likely to mitigate the impact of the outbreak on the most vulnerable social segments while also extending much needed support to the affected businesses. Consequently, on account of shortfall in tax revenues and additional expenditures, fiscal deficit is expected to be over 9% of GDP.

The external sector improved significantly. The current account deficit contracted by 73% to USD 2.8 billion during Jul-Mar FY20. This was driven by a significant reduction in imports and modest growth in workers' remittances. Monetary assistance from IMF and support from other multilateral partners in the shape of USD 1.4 billion emergency loan & debt rescheduling have provided much needed support. As a result, the State Bank of Pakistan's (SBP) reserves are now relatively more secure and have recovered to a level of USD 12.3 billion. The downward trend in inflationary pressures is expected to persist with full year inflation rate expected to be in single digit. This is due to easing of core and food inflation as well as softer fuel prices. In the two months since the beginning of the crisis, the SBP has reduced the policy rate by a cumulative 525 basis points to 8%. This was done with an aim to dilute the impact of the COVID-19 shock on economic growth while maintaining financial stability. After having suffered heavily in the month of March 2020, PSX regained some of its lost momentum and closed at 34,008 points by mid of May 2020.

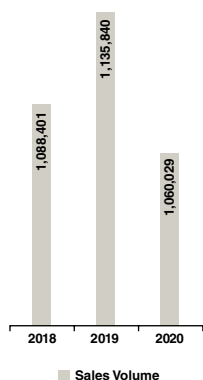
## Agriculture

Pakistan's agriculture sector is considered the cornerstone of the national economy. The performance of this sector, however, remained mixed. A substantial decline was observed in the production of major Kharif crops particularly cotton. Costlier inputs led to the decline in area under cultivation, while untimely rains and pest attacks held back the output. Early estimates of Rabi crops point to some improvement on the back of favorable weather conditions and urea off take. Overall, the recently announced agriculture package and improved support prices are expected to provide relief to this sector.

## Large Scale Manufacturing (LSM)

The industrial sector has witnessed the brunt of the slowdown in both public and private consumption as the impact of macroeconomic stabilization measures intensified. The overall confidence among businesses and consumers remained weak, as the latter struggled to preserve their purchasing power. On the whole, a number of industries within the LSM struggled with inventory build-ups amid rising input costs. With margins squeezed and rising financing cost, firms scaled back their operations. As a result, a contraction of 5.4% was



**Sales Volume  
(in units)**

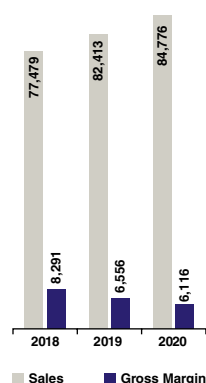
observed in the 9M FY20. For the full year, the contraction will be much higher due to the ongoing shut-downs on account of COVID-19.

## The Two-wheeler Industry

The two-wheeler industry caters to Pakistan's need for low-cost and fuel-efficient transport. A large proportion of the Country's population, therefore, continues to prefer two-wheelers for daily commuting. The industry continued to face challenges on account of factors stemming from unfavorable economic conditions and lock-down aimed to contain spread of COVID-19. Higher input costs forced businesses to resort to price increases. On the other hand, purchasing power of customers was affected due to lower levels of disposable incomes. This led to contraction in demand by around 6% over last year. However, low vehicle penetration ratios, urbanization and changing customer preferences suggest promising market potential.

## The Company

During the year under review, the Company powered its way in a market that for all practical purposes, was feeling the full effects of economic slowdown in the country. However, the Company's sound finances, outstanding products, pioneering technologies and efficient production processes set new standards, thus laying the groundwork for further growth.

**Sales & Gross Margin  
(Rs. in Million)**

## Segmental Review

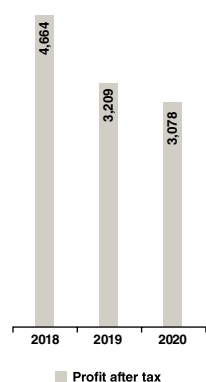
During the year, your Company sold 1,060,029 units - a decline of 4% as compared to last year. This was due to unfavorable demand dynamics coupled with the pandemic driven lock-down which triggered suspension of automobile production and deliveries towards the end of the year. However, going forward your company remains determined to bring momentum in the industry by offering products that meet customer expectations.

In the entry segment of 70cc motorcycles, the Company has sustained strong demand and continues to reap benefits through its brands "CD 70" and "CD 70 Dream". Demand was further consolidated by introducing minor model changes (MMC) in CD 70 and CD 70 Dream. These MMCs provided a successful blend of modern and traditional features, with an uncompromising everyday usability.

Demand for the Company's product in 100 cc segment, "Pridor", remained promising. This model aims to provide customers a product powered by "commuting with comfort and maximum fuel efficiency". In order to boost sales, econo run competitions, free checkup camps and other exciting campaigns were carried out to further penetrate the market.

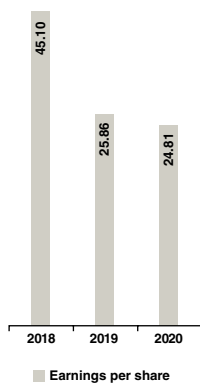
The 125 cc and above segment is persistently gaining share in the overall motorcycle market. The Company continued to reinforce its leadership by offering products that meet customers' expectations in terms of design, power and functionality. This category includes special editions and self-powered 125cc and 150 cc models that are an ideal mix of design, style and power. During the year, the Company launched several MMCs in this segment which were highly appreciated by the customers.

The Spare Parts (SP) business of the Company continued to help customers in enhancing their overall experience and more importantly reduces the total cost of ownership of a two-wheeler. The Company was focused to improve sales of Atlas Honda "Genuine Parts" through creative marketing ideas, promoting sales through service workshops and a larger and improved product portfolio. During the year under review, several advertising and customer care campaigns addressed the importance of using genuine parts and engine oil for maintaining overall health of motorcycles. These efforts helped to register a revenue of Rs. 7.0 billion. However, the unabated influx of spurious parts continues to pose a threat to businesses in the organized sector.

**Profit after tax  
(Rs. in Million)**

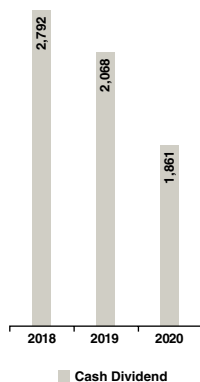
## Performance Scorecard

Notwithstanding tough headwinds, the Company can look back on an overall positive business performance in the year ended March 31, 2020. Despite some slight downward trends in figures, the

**Earnings per share  
(Rs. per share)**

Company's results of operations, financial position and net assets are indicative of a solid financial condition. The Company achieved net sales of Rs. 84.8 Billion as compared to Rs. 82.4 Billion in last year, up by 3%. However, gross profit declined from Rs. 6.6 Billion to Rs. 6.1 Billion, down by 7%. This was due to significant surge in material prices on account of depreciation of Pak Rupee against USD and Japanese Yen, imposition of additional duties and decline in volumes. Selling, marketing and general administrative expenses remained the same over the corresponding period primarily due to measures introduced to create cost efficiencies. Other income, net of other expenses and financial charges, contributed an encouraging Rs. 930 Million to the bottom line, 49% higher than the comparative period. Resultantly, the Company achieved profit before tax of Rs. 4.4 Billion during the year ending March 31, 2020, representing a decrease of 4%. Net profit after tax was Rs. 3.1 Billion, a decrease of 4% over last year. This translated into Earnings per Share (EPS) of Rs. 24.8 as against Rs. 25.9 of last year.

Atlas Honda Limited has been a debt free Company for the past eight years and therefore incurs no borrowing cost. Finance cost represents bank charges on transactions paid to banks for collection from customers on behalf of the Company throughout Pakistan and interest on lease recognized in accordance with IFRS-16. Free cash flow from operations during the year stood at Rs. 3.6 billion. This has been deployed in capital assets, short term investments and payment of dividend. Additions to capital assets mainly represent balancing, modernization and replacement of existing manufacturing facilities.

**Cash Dividend  
(Rs. in Million)**

During the year, the Company contributed an amount of Rs. 18.9 billion to the Government and its agencies on account of various taxes and levies. The Atlas Group, of which the Company is a constituent member, contributed Rs. 55.0 billion in all towards the national exchequer. This makes Atlas Group one of the highest tax payers in the country.

**Dividend Policy**

The Company has a long tradition of impressive distribution of profits to its shareholders. Keeping up with the same and taking into consideration the strategic views, business needs and the Company's financial position, for the year, the Board of Directors is pleased to propose final cash dividend of Rs. 8.5 per share. This is in addition to an interim dividend of Rs. 6.5 per share declared in October 2019, aggregating a total dividend of Rs. 15 per share.

**Manufacturing Excellence**

The Company continues to invest in the resources and capabilities that underpin its success. It effectively responded to the changing business needs through flexible production planning. Despite a record number of changes on assembly lines, product quality was maintained, and stable production was achieved. During the year under review, productivity of assembly line was enhanced. Detailed studies, extensive trainings and reallocation of load based on new cycle time helped in achieving this target. Designing and fabrication of multiple process jigs was carried out to replace imported jigs. Successful trials were conducted to make the machines ready for mass production with equal process capability as imported ones. Further, with in-house manufacturing of cutting tools, reliance on imported items has been reduced. The Company recognizes that development of resources across its supply chain is critical for its long-term success. Accordingly, the Company constantly collaborates with its suppliers for optimum utilization of their expertise.

The Company continued to work on projects for reduction in energy and fuel consumption as part of its sustainable development initiatives. During the year, the Company completed second phase of installation of 1000KW solar panels at Sheikhpura plant. This initiative, along with the results of "Waste Heat Recovery" for utilizing heat emissions from Heat Treatment Shop, helped to control electricity bills despite continuous rise in energy prices. Further, maintenance of 5-S and safety is being stressed upon through regular audits and evaluation of compliance. Moreover, throughout the year, the Company laid great importance on maintenance of 5-S and safety via trainings, regular audits and evaluation of compliance. After the COVID-19 outbreak, necessary precautionary measures have been taken aimed at preventing pandemic's spread and ensuring safety of staff members.

## Awards

During the year under review, the Company received following awards in recognition for its efforts:

- Top 25 Companies Award by Pakistan Stock Exchange for the year 2017 and 2018;
- Merit certificate for Best Corporate and Sustainability Report Award in "Engineering Sector" by the Joint Committee of ICAP and ICMAP;
- Awards by National Forum for Environment & Health in the categories of Corporate Social Responsibility Report, Research & Publication and Environment & Waste Management.

## Future Outlook

The overall economic outlook, global and domestic, remains uncertain. It requires a well thought out and decisive policy response to ensure stability in the tough phase ahead. It remains of paramount importance for the Government to assess the possible economic scenarios with limited fiscal space and exogenous pressures, while concurrently undertaking measures to promptly respond to the unfolding developments. Inflation could fall further if economic activity fails to pick up as projected for next fiscal year. On the other hand, there are some upside risks from potential food-price shocks associated with adverse agricultural conditions. On a positive side, realization of financial support committed by multilateral agencies shall assist in fulfilling the potential financing gap along with extending imperative support to foreign exchange reserves. With the unveiling of budget for FY20-21 around the corner, the Government should complement its current efforts with further structural reforms. In effect, greater policy vigilance and more vigor are required for the needed transition to growth. More recently, the government has initiated a phased lifting of restrictions for different economic sectors conditional on the future course of the pandemic. If this easing proceeds smoothly, activity should pick up in coming months. Once the economy regains its balance, it is expected that it will resume its growth momentum which would boost the demand for two-wheelers also.

The Company has once again exhibited strong performance and competitiveness. While macroeconomic environment is expected to improve gradually, cost reduction, cash flow generation and market execution remain key operating priorities. With a strong pipeline of growth projects, supported by high-performing management and underpinned by a strong financial position, the Company is well positioned to grow its market share and keep adding value to its stakeholders' wealth.

ع کیا چھینے کا غنچہ سے کوئی ذوق شکر قد

(Entrepreneurial ability and management  
always grows and grows better)

## Acknowledgment

The Atlas Group takes great pride in its joint venture with Honda Motor Company Limited and would like to acknowledge its continued support and cooperation in maintaining high standards of excellence. I take this opportunity to thank our valued customers for the trust they continue to place in us, the management team for its sincere efforts, the Board of Directors for their guidance, Mr. Saquib H. Shirazi for his inspiring leadership and all stakeholders - Bankers, Dealers, Vendors, Associates and Shareholders for helping build Atlas Honda Limited into a unique company.



Date: June 1, 2020

Aamir H. Shirazi

# Directors' Report to Shareholders

The Directors of the Company are pleased to present their report together with the fifty sixth Annual Report of the Company along with Audited Financial Statements for the year ended March 31, 2020.

## Operating Results

The operating results of the Company are summarized as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
	-----Rupees in 000s-----	
Profit before taxation	4,411,793	4,615,323
Taxation		
Current	1,363,488	1,165,899
Prior Years	56,442	232,285
Deferred	(86,537)	8,480
	1,333,393	1,406,664
Profit after taxation	3,078,400	3,208,659

## Dividends and Appropriations

The Directors have recommended a final cash dividend of Rs. 8.5 per share (2019: Rs. 10 per share final cash dividend and bonus shares in the proportion of 1 share for every 5 shares held).

Accordingly, the appropriation of profit will be as under:

	Year ended March 31, 2020	Year ended March 31, 2019
	-----Rupees in 000s-----	
Profit available for appropriation	6,613,983	5,833,646
Appropriation:		
Transfer to General Reserves	-	-
Interim Cash Dividend 65% (2019: 100%)	806,572	1,034,066
Final Cash Dividend 85% (2019: 100%)	1,054,747	1,034,066
Bonus Shares 0% (2019: 20%)	-	206,813
	1,861,319	2,274,945
Un-appropriated profit carried forward	4,752,664	3,558,701

## Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 24.81 (2019 - Restated: Rs. 25.86).

## Holding Company

Shirazi Investments (Private) Limited, incorporated in Pakistan, is the holding company of Atlas Honda Limited with 52.43% shares.

## Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the nature of business, performance of the Company, explanation of significant deviations from last year, future prospects and uncertainties.

## Board of Directors and its Committees

### The Board

The Board comprises of two independent Directors, three other non-executive Directors and three executive Directors. The Directors of the Company were re-elected in Extraordinary General meeting of the Company held on March 13, 2020.



## Human Resource and Remuneration (HR&R) Committee

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The CEO of the Company and the Head of HR of Atlas Honda attended the Human Resource and Remuneration Committee meeting. The Committee met once during 2019 - 20.

## Board Audit Committee (BAC)

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met 4 times during 2019-20.

## Meetings of the Board and its Committees in 2019-20

During the year, five meetings of Board of Directors (BOD), four meetings of the BAC and one meeting of the HR&R Committee were held. All the meetings were held in Pakistan. The attendance of the Directors and the number of their directorships in listed companies, including Atlas Honda Limited are as follows:

Sr. #	Director	Directorship	Status	Committee Members		Attendance		
				BAC	HR&R	BOD	BAC	HR&R
1.	Mr. Yusuf H. Shirazi	-	Passed away on October 20, 2019	-	-	2/2	-	-
2.	Mr. Aamir H. Shirazi	3	Co-opted on October 28, 2019 and Elected on March 13, 2020	-	-	3/3	-	-
3.	Mr. Saquib H. Shirazi	3	Re-elected on March 13, 2020	-	✓	5/5	-	1/1
4.	Mr. Sanaullah Qureshi	1	-do-	✓	✓	4/5	4/4	1/1
5.	Mr. Abid Naqvi	2	-do-	✓	✓	5/5	4/4	-
6.	Mr. Jawaid Iqbal Ahmed	1	Retired on March 13, 2020	-	-	5/5	4/4	1/1
7.	Ms. Mashmoona Zehra Majeed	1	Elected on March 13, 2020	✓	-	-	-	-
8.	Mr. Hirofumi Yada	1	Re-elected on March 13, 2020	-	-	4/5	-	-
9.	Mr. Yukitoshi Fujisaka	1	Re-elected on March 13, 2020	-	-	5/5	-	-
10.	Mr. Hironobu Yoshimura	1	Retired on March 13, 2020	-	-	4/5	-	-
11.	Mr. Ryo Takahashi	1	Elected on March 13, 2020	-	-	-	-	-

## 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.

## Review of CEO's Performance

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

## Directors' Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2019-20, please refer notes to the Financial Statements.

## External Auditors

The retiring auditors M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2020-21.

## Internal Control Framework

The report on Internal Control Framework, is presented in the 'Sustainability Report', which forms a part of this Annual Report.

## Internal Audit

Atlas Honda has an independent Internal Audit function. The Board 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.

## Material changes

There have been no material changes since March 31, 2020 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.

## Pattern of Shareholding

The pattern of shareholding of the Company is annexed to this report.

## Communication

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the Company are updated on its web site at [www.atlashonda.com.pk](http://www.atlashonda.com.pk), on timely basis.

## Safeguarding of Records

The Company puts great emphasis for storage and safe custody of its financial records. The Company is using SAP for recording its financial information. The access to electronic documentation has been secured through implementation of a comprehensive password protected authorization matrix in SAP-ERP system.

## 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 Company has established a 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. The details of human resource policies are presented in the 'Sustainability Report' which forms an integral part of this Annual Report.

## 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.

## Corporate Social Responsibility

The Company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which we live and forms our customer base. The report on Corporate Social Responsibilities, including its approach to health and safety, human resources, social, environmental and other related issues are presented in the 'Sustainability Report', which forms a part of this Annual Report.

## Statement of Value Addition and its Distribution and Risk Management

The 'Statement of Value Addition and its Distribution' and 'Risk and Opportunity Report' are annexed to this report.

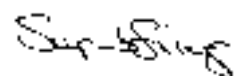
## Corporate and Financial reporting framework

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of the financial statements.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange.
- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There is no doubt about the Company's ability to continue as a going concern.
- A summary of key operating and financial data of the Company is annexed.
- Information about taxes and levies is given in notes to the accounts.
- The Company operates a contributory provident fund scheme for all employees and Defined benefit gratuity fund scheme for its management/non-management employees. The value of investments based as at March 31, 2020 are as follows:
 

✓ Provident Fund	Rs. 714.96 million
✓ Gratuity Fund	
▫ Management Staff	Rs. 244.30 million
▫ Non-Management Staff	Rs. 85.58 million

On behalf of the Board of Directors



Saquib H. Shirazi  
Chief Executive Officer

Karachi: June 01, 2020

## مادی تجدید پالیسیاں

31 مارچ 2020 سے رپورٹ کی تیاری تک کسی قسم کی کوئی بھی مادی تجدید پالیسیاں نہیں کی گئی ہیں اور کبھی نے اس مدت کے دوران ایسا کوئی وعدہ نہیں کیا ہے جس سے کمپنی کی مالیاتی پوزیشن پر کسی قسم کے منفی اثرات مرتب ہوں گے۔

شیئر ہولڈنگ کا طریقہ

کمپنی کی شیئر ہولڈنگ کا طریقہ کار اس رپورٹ میں درج ہے۔

## مواصلات

کمپنی شیئر ہولڈرز کے ساتھ مواصلات قائم رکھنے کی اہمیت پر توجہ مرکوز رکھتی ہے۔ شیئر ہولڈرز کو سالانہ ششماہی اور سہ ماہی رپورٹس کمپنیز ایکٹ 2017 مطابق واضح کردہ وقت کے مطابق ارسال کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت ویب سائٹ [www.atlashonda.com.pk](http://www.atlashonda.com.pk) پر اپ ڈیٹ کی جاتی ہیں۔

## ریکارڈز کا تحفظ

کمپنی اپنے مالیاتی ڈیٹا کو محفوظ رکھنے پر نہایت گہری توجہ دیتی ہے۔ کمپنی اپنی مالیاتی معلومات کو ریکارڈز کرنے کے لیے SAP کو استعمال کرتی ہے۔ الیکٹرونک دستاویزات تک رسائی کو SAP-ERP سسٹم میں جامع password protected authorization matrix کے ذریعے محفوظ بنایا گیا ہے۔

## کاروبار کے تسلسل کا منصوبہ

کاروبار کے تسلسل کے منصوبے کے طور پر، ایک اپ server اور ڈیٹا کو برقرار رکھنے کے لیے ریویوڈ ڈیجیٹل سائنس کا قیام عمل میں لایا گیا ہے تاکہ ہڈی server میں کسی بھی قسم کی خرابی کی صورت میں اس سے نجات مل سکے۔

## ہیومن ریسورس مینجمنٹ

ہیومن ریسورس پلاننگ اور مینجمنٹ کمپنی کی سیکٹر مینجمنٹ کی اہم توجہات میں سے ایک ہے۔ کمپنی نے ہیومن ریسورس اور ہیومن ٹیلنٹ مینجمنٹ کمپنی تشکیل دی ہے جو کہ اہم انتظامی اشخاص کے انتقال، چارج، مٹا ہونے اور succession planning کے امور میں شامل ہے۔ یہ ہیومن ریسورس پالیسیوں اور طریقہ کار میں بہتری کی۔ عمارت اور متواتر جائزے کے عمل میں شامل ہے۔ ہیومن ریسورس پالیسیوں کی تفصیلات سسٹم ایٹمی رپورٹ میں پیش کی گئی ہیں جو کہ سالانہ رپورٹ کا ایک اہم حصہ ہے۔

## صحت، تحفظ اور ماحول

ہم صحت، تحفظ اور ماحول کے اخلاقی معیار کو برقرار رکھنے پر مضبوط یقین رکھتے ہیں تاکہ ہمارے ساتھ کام کرنے والے لوگوں اور جن علاقوں میں ہم خدمات انجام دیتے ہیں وہاں موجود لوگوں کی کی قدامت و بہبود کو یقینی بناسکیں۔

## کارپوریٹ سوشل ریسپانسیبلٹی

کمپنی مجموعی طور پر کاروباری حالات کے تناظر میں سماجی ماحولیات اور اخلاقی معاملات کے بارے میں غور و خوض کرتی ہے۔ کمپنی اپنے تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لیے پرعزم ہے، خاص طور پر اس کیونکہ میں جس میں ہم رہتے ہیں اور جو ہمارے لیے گہمزد بنانے کا باعث ہے۔ کارپوریٹ سوشل ریسپانسیبلٹی پر رپورٹ جس میں کمپنی کی ہیلتھ ایجنڈا، ہیومن ریسورس، سوشل، انوائرمنٹل اور دیگر متعلقہ مسائل کی جانب سوچ کی عکاسی کرتی ہے۔ اسے ششماہی رپورٹ میں پیش کیا گیا ہے جو کہ سالانہ رپورٹ کا ایک حصہ ہے۔

## انٹینسٹ برائے دلچسپا لائیویشن اور اس کی ڈسٹری بیوٹن اور ریسک مینجمنٹ

انٹینسٹ برائے دلچسپا لائیویشن اور اس کی ڈسٹری بیوٹن اور Risk and Opportunity Report اس رپورٹ میں آگے منسلک ہیں۔

## کارپوریٹ اور وفاقی ریسپانسیبلٹی فریم ورک

مندرجہ ذیل معاملات کے لیے ڈائریکٹرز کو آف کارپوریٹ گورنس اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ ایڈوائزیشنل ریسپانسیبلٹی فریم ورک کے ساتھ تعمیل کی تصدیق کی ہے۔

- کمپنی کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی انٹینسٹ شفافیت کے ساتھ کمپنی کے اسٹیٹ آف ایئر ڈیاپریکشن کے نتائج، کیش فلو اور ایکٹیوٹی میں تبدیلیوں کو پیش کرتی ہے۔
- کمپنی اکاؤنٹ کی کتاب کو درجی کے ساتھ قائم رکھتی ہے۔
- مالیاتی انٹینسٹ کی تیاری کے لیے درست اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ لاگو کی جاتی ہیں اور اکاؤنٹنگ کے تجزیے معقول اور اعتمد اند فیصلوں پر مبنی ہوتے ہیں۔
- کمپنی کے مالیاتی انٹینسٹ کی تیاری میں پاکستان میں لاگو ہونے والے تمام فیصلوں کی تعمیل ریسپانسیبلٹی اینڈ ریسرچ ڈیپارٹمنٹ کے ذریعہ کیا جاتا ہے۔
- کارپوریٹ گورنس کے بہترین طریقوں میں کوئی material departure نہیں کیا گیا، جو کہ پاکستان اسٹاک ایکسچینج کی ریگولیشن کی ذیل تک میں تصدیق اور دیں ہیں۔
- اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا، موثر انداز میں لاگو کیا گیا ہے اور ساتھ ساتھ اس کی باقاعدہ نگرانی بھی کی جاتی ہے۔ اندرونی کنٹرول کی نگرانی کا مکمل اس مقصد کے ساتھ جاری رہے گا کہ ان کنٹرولز کو مزید مضبوط اور بہتر بنایا جائے۔
- جاری و ساری منصوبوں اور امور کی انجام دہی کے لیے کمپنی کی بہترین صلاحیتوں پر کوئی شک نہیں کیا جاسکتا۔
- کمپنی کے اہم آپریشننگ اور مالیاتی ڈیٹا کا خلاصہ رپورٹ میں دیا گیا ہے۔
- ٹیکس اور لگان کے بارے میں معلومات notes to the accounts میں درج کردہ ہیں۔
- کمپنی تمام ملازمین کے لیے سرمایہ کفالت پر 100 فیصد انتظام اور مینجمنٹ اتان مینجمنٹ ملازمین کے لیے ڈیٹا کنڈیشنل گریجویٹ فنڈ انتظام جاری ہے۔ اس انویسٹمنٹ کی مالیت 31 مارچ 2020 کے مطابق درج ذیل ہے۔

• 100 فیصد فنڈ	714.96 ملین روپے
• گریجویٹ فنڈ	

• مینجمنٹ اسٹاف	244.30 ملین روپے
• نان مینجمنٹ اسٹاف	85.58 ملین روپے

Saghting

میرزا آف ڈائریکٹرز کی جانب سے

عقب ایچ شیرازی  
چیف ایگزیکٹو آفیسر

کراچی 01 جون 2020



## بورڈ کی آؤٹ کمیٹی

بورڈ کی آؤٹ کمیٹی کمیٹی کے بورڈ کو اس کی ذمہ داریاں پوری کرنے، بنیادی طور پر شیئر ہولڈرز کو سمجھائی جانے والی فیصلے اور ان فیصلے کی معلومات کا جائزہ لینے، امدادی کنٹرول اور رسک مینجمنٹ کے نظام اور آؤٹ کے طریقہ کار جیسے امور اہم دینے میں معاونت فراہم کرتی ہے۔ اس کے پاس اختیار حاصل ہوتا ہے کہ انٹرمیڈیٹ سے معلومات حاصل کر کے براہ راست بیرونی آڈیٹرز یا شیروں یا جسے وہ مناسب سمجھیں، اس کے ساتھ رابطہ قائم کریں۔ چیف فیصلہ آفیسر مدعو کیے جانے پر باقاعدگی کے ساتھ آؤٹ کمیٹی کے اجلاس میں شرکت کر کے اکاؤنٹس پیش کرتے ہیں۔ ہر اجلاس کے بعد، کمیٹی کے چیئر مین بورڈ کو رپورٹ کرتے ہیں۔ سال 2019-20 کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔

## سال 2019-20 کے دوران بورڈ اور اس کی کمیٹیوں کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ اجلاس، بورڈ آؤٹ کمیٹی کے چار اجلاس، انسانی وسائل اور مشاہیر کے ایک اجلاس منعقد کیا گیا۔ تمام اجلاس پاکستان میں منعقد کیے گئے۔ ڈائریکٹرز کی حاضری اور اس کی کمیٹیوں، بشمول ایس بی ایل ایف میں ان کی ڈائریکٹریس کی تعداد ذیل میں دی گئی ہے۔

نمبر شمار	ڈائریکٹر	ڈائریکٹر شپ	ایٹینس	کمیٹی		حاضری	
				بورڈ آؤٹ کمیٹی	انسانی وسائل کمیٹی اور مشاہیر کی کمیٹی	بورڈ آؤٹ کمیٹی	انسانی وسائل کمیٹی اور مشاہیر کی کمیٹی
1	جناب یوسف ایف شیرازی	-	دفاتر 20 آگست 2020	-	-	2/2	-
2	جناب عامر ایف شیرازی	3	دعوت پر شرکت 28 اکتوبر 2020 اور منتخب 13 دسمبر 2020	-	-	3/3	-
3	جناب یوسف ایف شیرازی	3	11 دسمبر 2020	-	✓	5/5	1/1
4	جناب شامز علی	1	-do-	✓	✓	4/5	4/4
5	جناب یوسف علی	2	-do-	✓	✓	5/5	4/4
6	جناب چاہا اقبال احمد	1	سکدش 13 دسمبر 2020	-	-	5/5	4/4
7	محترمہ محمودہ پروین	1	منتخب 13 دسمبر 2020	✓	-	-	-
8	جناب سید وحید علی	1	11 دسمبر 2020	-	-	4/5	-
9	جناب سید قاسم علی	1	11 دسمبر 2020	-	-	5/5	-
10	جناب سید ذریعہ علی	1	سکدش 13 دسمبر 2020	-	-	4/5	-
11	جناب یونس احمد	1	منتخب 13 دسمبر 2020	-	-	-	-

## بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ

کمیٹی میں بورڈ کی نگرانی کے کردار اور موثریت کی نگرانی ایک جاری عمل ہے جس کی انجام دہی خود بورڈ کی جانب سے دی جاتی ہے۔ جن کلیدی امور پر توجہ مرکوز کی جاتی ہیں وہ مندرجہ ذیل ہیں:

- کارپوریٹ اہداف اور مقاصد کو کمیٹی کے ڈیٹن اور مشن کے ساتھ مطابقت میں رکھنا۔
- پائیدار آپریشن کے لیے حکمت عملی کی تیاری
- بورڈ کی خود نظارتی امور
- متعلقہ شرائط اور حوالہ جات کے ساتھ بورڈ کی کمیٹیوں کا ان کی ذمہ داریوں کے حوالے سے تجربہ

## چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ ایک تفصیلی نظام کے تحت کیا جاتا ہے جو کہ معیار وقایت اور اہدائے حوالے سے اصولوں پر مبنی ہوتا ہے۔ اس میں کاروباری کارکردگی، منافع کے حساب سے اہداف کا حصول، آرگنائزیشن کی ترقی، جانشینی کی منصوبہ بندی اور بلور اور کامیابی کا حصول شامل ہے۔

## ڈائریکٹرز کا مشاہیرہ

بورڈ اور اراکین کے مشاہیرہ کی منظوری خود بورڈ کی جانب سے دی جاتی ہے۔ تاہم کوآف کارپوریٹ گورننس کے تحت، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہیرہ کا تعین خود نہیں کرے گا۔ کمیٹی ان ایگزیکٹو ڈائریکٹرز کو مشاہیرہ کی ادائیگی نہیں کرتی بلکہ انہیں اجلاس میں شرکت کی فیس ادا کی جاتی ہے۔ بہترین قابلیت اور صلاحیت یافتہ لوگوں کو کمیٹی کے ساتھ منسلک رکھنے کے لیے کمیٹی نے انٹرنی میں جاری رجحانات اور کاروباری طور طریقوں کے مطابق اپنے مشاہیرہ مقرر کر رکھے ہیں۔ سال 2019-20 میں ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے مشاہیرہ کی معلومات کے لیے مالیاتی بیانات کا جائزہ لیں۔

## ایگزیکٹو آڈیٹرز

سکدش ہونے والے آڈیٹرز میسرز شائن ونگ میڈچوہدی ایگزیکٹو چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنا پر خود کو دوبارہ تفری کے لیے پیش کر دیا ہے۔ آؤٹ کمیٹی نے کمیٹی کے لیے سال 2020-21 کے لیے ان کی دوبارہ تفری کی سفارش کی ہے۔

## انٹرنل کنٹرول فریم ورک

انٹرنل کنٹرول فریم ورک پر رپورٹ "سسٹم ایپلی رپورٹ" میں پیش کی گئی ہے جو کہ سالانہ رپورٹ کا حصہ ہے۔

## انٹرنل آؤٹ

ایس بی ایل ایک خود مختار انٹرنل آؤٹ فنکشن رکھتا ہے۔ بورڈ آؤٹ کمیٹی سماجی کی بنیاد پر اس کے وسائل کی مناسبت اور اختیارات کا جائزہ لیتی ہے۔ انٹرنل آؤٹ کمیٹی کا سربراہ آؤٹ کمیٹی کو رپورٹ کرتا ہے۔ بورڈ آؤٹ کمیٹی اس آؤٹ پلان کی منظوری دیتی ہے، جو کہ آڈیٹنگ ایسوسی اٹ کی سالانہ اور سماجی کارکردگی پر مبنی ہوتا ہے۔ انٹرنل آؤٹ کا کام فیصلہ، آپریشن اور کمپلائنس کنٹرول کا جائزہ لینا اور ان کے نتائج کی رپورٹ بورڈ آؤٹ کمیٹی، چیف ایگزیکٹو اور ڈائریکٹرز کو سمجھائی دینا ہے۔

## شیئر ہولڈرز کے لیے ڈائریکٹر رپورٹ

کھٹی کے ڈائریکٹر نہایت مسرت کے ساتھ اپنی رپورٹ ہمہ 31 مارچ 2020 کو ختم ہونے والے سال کے لیے کھٹی کی 56 ویں سالانہ رپورٹ اور پڑاں شدہ مالیاتی بیانات پیش کر رہے ہیں۔

آپ بٹنگ نتائج

کھٹی کے آپ بٹنگ نتائج مختصر امداد درج ذیل ہیں:

سال کا اختتام 31 مارچ 2019	سال کا اختتام 31 مارچ 2020	
(’000 روپے میں)		
4,615,323	4,411,793	قبل از ٹیکس منافع
1,165,899	1,363,488	موجودہ سال
232,285	56,442	گزشتہ سال
8,480	(86,537)	ملٹی ایمرٹ
1,406,664	1,333,393	
3,208,659	3,078,400	بعد از ٹیکس منافع
		مختصر اور تصرفات

ڈائریکٹرز نے فائل کیش ڈویڈنڈ 8.5 روپے (10 روپے 2019) فی شیئر اور ہر پانچ حصص کے لیے ایک حصص کے تناسب سے بونس شیئر کے اجراء کی سٹارش کی ہے۔

اس کے مطابق منافع کا تصرف ذیل کے تحت کیا جائے گا۔

سال کا اختتام 31 مارچ 2019	سال کا اختتام 31 مارچ 2020	
(’000 روپے میں)		
5,833,646	6,613,983	تصرفات کے لیے دستیاب منافع
-	-	تصرفات:
1,034,066	806,572	عام ذخائر کی منتقلی
1,034,066	1,054,747	عمومی کیش ڈویڈنڈ 85% (2019: 100%)
206,813	-	فائل کیش ڈویڈنڈ 85% (2019: 100%)
2,274,945	1,861,319	بونس شیئر 0% (2019: 20%)
3,558,701	4,752,664	غیر تصرف شدہ منافع آگے لایا گیا

آمدنی فی شیئر

بنیادی اور diluted آمدنی بعد از ٹیکس فی شیئر 24.81 روپے (25.86 روپے Restated - 2019) ہے۔

ہولڈنگ کھٹی

پاکستان میں قائم کی گئی شیرازی انویسٹمنٹ (پرائیویٹ) لمیٹڈ 52.43 فیصد حصص کے ساتھ ٹیکس بٹلر لمیٹڈ کی ہولڈنگ کھٹی ہے۔

جیئر مین کا تجزیہ

جیئر مین کا تجزیہ سالانہ رپورٹ میں دیگر امور کے ساتھ کاروبار کی نوعیت، کھٹی کی کارکردگی، گزشتہ سال کی نسبت سے اہم انحراف کی وضاحت، مستقبل کے امکانات اور غیر قطعی صورتحال پر مشتمل ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹی

بورڈ:

بورڈ دو خود مختار ڈائریکٹر، تین ایگزیکٹو اور تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کھٹی کے ڈائریکٹرز کا دوبارہ انتخاب 13 مارچ 2020 کو منعقدہ غیر معمولی اجلاس عام میں کیا گیا۔

انسانی وسائل اور مشاہیر کی کمیٹی

کمیٹی نے تجویزیں، آرگنائزیشن اور سٹریٹجی کی ترقی سے متعلق مشاہیر کی پالیسیوں کا جائزہ لینے کے لیے ملاقات کی اور ایگزیکٹو ڈائریکٹرز اور انتظامی کمیٹی کے مشاہیروں سے متعلق تمام اہم معاملات کی منظوری دی۔ کمیٹی کے چیف ایگزیکٹو آفیسر اور ایس جی کے جیو مین ریورس ہیلنے نے انسانی وسائل اور مشاہیر کی کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی کا اجلاس سال 2019-20 کے دوران ایک بار منعقد کیا گیا۔





## کارکردگی کا اسکور کارڈ

اگرچہ ہمیں مشکل ترین حالات کا سامنا ہے لیکن کمپنی 31 مارچ 2020 کو ختم ہونے والے سال کے لیے مجموعی طور پر مثبت کارروائی کا کارکردگی کا جائزہ لے سکتی ہے۔ اعداد و شمار میں کچھ معمولی کمی کے رجحانات کے باوجود کمپنی کے آپریشنز، مالیاتی پوزیشن اور نیٹ اثاثہ جات کے نتائج مضبوط مالی صورتحال کی نشاندہی کر رہے ہیں۔ کمپنی نے 84.8 ملین روپے کی میٹ سیکر حاصل کیں جو کہ گزشتہ سال کی 82.4 ملین روپے کے مقابلے میں 3 فیصد زیادہ ہیں۔ تاہم، گروس پرافٹ 6.8 ملین روپے سے کم ہو کر 6.1 ملین روپے رہا، جو کہ 7 فیصد کمی کی نشاندہی کر رہا ہے۔ اس کی وجہ پاکستانی روپے کی جاپانی ین اور امریکی ڈالر کے مقابلے میں قدر میں کمی کے سبب خام مال کی قیمتوں میں ہونے والا اضافہ، اضافی ڈیولپمنٹ کا نفاذ اور حجم میں کمی ہے۔ فردخت، مارکیٹنگ اور انتظامی امور کے اخراجات گزشتہ سال کی سطح پر برقرار رہے جس کا سبب اخراجات پر قابو پانے کے لیے اٹھائے جانے والے اقدامات کی موثریت ہے۔ دیگر آمدنی میٹ آف دیگر اخراجات اور ٹیکس چارجز نے 930 ملین روپے کی حوصلہ افزاء شراکت داری کی جو کہ گزشتہ سال کے مقابلے میں 49 فیصد زیادہ ہے۔ اس کے نتیجے میں کمپنی نے 31 مارچ 2020 کو ختم ہونے والے سال کے لیے قبل از ٹیکس 4.4 ملین روپے کا منافع حاصل کیا جو کہ 4 فیصد کمی کو ظاہر کرتا ہے۔ آمدنی فی حصص 24.9 روپے رہی جو کہ گزشتہ سال 24.8 روپے تھی۔

Earnings per share  
(Rs. per share)



ایس بٹرا لیفٹ گزشتہ آٹھ سالوں سے قرضہ جات سے آزاد کمپنی ہے جس پر کسی طرح کی بھی قرض کی لاگت باقی نہیں ہیں۔ یہاں مالیاتی اخراجات سے مراد بینکوں کو ہوا کی جانے والے ٹرانزیکشن چارجز ہیں جو پاکستان بھر سے ہماری صارفین کی ادائیگیوں پر لاگو ہیں۔ IFRS-16 کے مطابق لیز پر دی جانے والی واجبات پر انٹرسٹ ہے۔ اس سال آپریشنز سے فوری کیش فلو 3.8 ملین روپے رہا جس کو کمپنی اسٹاکس، کم دتی سرمایہ کاری اور منافع قسم (ڈیویڈنڈ) پر خرچ کیا گیا۔ کمپنی اسٹاکس میں اضافہ پر ڈاکٹمن سولیاٹ میں توسیع کرنا اور موجودہ پینوٹیلچرنگ سہولتوں میں توازن برقرار رکھتے ہوئے ہدایت اور تہہ لیلیاں لانے کو ظاہر کرتا ہے۔

اس سال کے دوران کمپنی نے مختلف میسرز اور ادائیگیوں کی مدد میں حکومت اور اس کی ایجنسیز کو 18.9 ملین روپے ادا کئے ہیں۔ ایس گروپ (کمپنی جس کی قانونی میسر ہے) نے قومی خزانے میں 55 ملین روپے جمع کروائے۔ جس سے ایس گروپ حکومت کو زیادہ سے زیادہ ٹیکس ادا کرنے والوں میں شامل ہو جاتا ہے۔

## ڈیویڈنڈ پالیسی

اپنے حصص یافتگان کو بہترین منافع کی ادائیگی کمپنی کی ایک طویل روایت ہے۔ اس سلسلے کو جاری رکھتے ہوئے اور اسٹرٹیجک نظریات، کاروباری ضروریات اور کمپنی کی مالی حیثیت کو مد نظر رکھتے ہوئے نہایت مسرت کے ساتھ فی شیئر 8.5 روپے حتمی نقد قسم کی تجویز پیش کرتے ہیں۔ یہ اس 6.5 روپے فی شیئر عبوری ڈیویڈنڈ کے علاوہ ہے جس کا اعلان اکتوبر 2019 میں کیا گیا تھا، اس طرح مجموعی ڈیویڈنڈ 15 روپے فی حصص ہو گیا ہے۔

## میںوٹیکچرنگ ایسٹیمس

کمپنی نے وسائل اور صلاحیتوں میں اضافے کے لیے سرمایہ کاری کا سلسلہ جاری رکھا جس سے کمپنی کی مجموعی ترقی کو سہارا ملا۔ اس نے پگھلاؤ پر ڈاکٹمن پلاننگ کے ذریعے کاروباری بدلتی ہوئی صورتحال اور ضروریات کا موثر انداز میں مقابلہ کیا۔ اسٹیبل لائسنس کی جانے والی ان گنت تبدیلیوں کے باوجود بھی مصنوعات کے معیار کو برقرار رکھتے ہوئے معقول پیداوار حاصل کی گئی۔ زیر جائزہ سال کے دوران، اسٹیبل لائسنس کی پیداوار میں بھی اضافہ کیا گیا۔ اس ہدف کو حاصل کرنے میں مفصل مطالعات، وسیع پیمانے پر تربیت اور نئے سائیکل ٹائم کی بنیاد پر ٹولز کی تبدیلی نے اہم کردار ادا کیا۔ درآمدی انجنیئرنگ فنکشن کو تبدیل کرنے کے لیے متعدد پیداواری مراحل کی ڈیزائننگ اور فیکٹریشن انجام دی گئی۔ اس کے ساتھ ہی کامیاب ٹرانزیکشن بھی انعقاد کیا گیا تاکہ ان مشینوں کو درآمدی مشینوں کی مساوی استعداد مل کی طرح بڑے پیمانے پر میںوٹیکچرنگ کے لیے تیار کیا جا سکے۔ اسی طرح کمپنی کے اندر ہی کنگ ٹولز کی میںوٹیکچرنگ کے ذریعے درآمدی اشیاء پر انحصار میں کمی کی گئی۔ اسی طرح کمپنی نے اس بات کو تسلیم کیا ہے کہ طویل المدتی ترقی کے لیے سہولتی مہین کے وسائل کی ترقی نہایت اہم ہے۔ اسی لیے کمپنی اپنے سیکٹر کی مہارت سے زیادہ سے زیادہ مستفید ہونے کے لیے مسلسل شراکت داریاں کرتی رہتی ہے۔

معقول ترقی کے لیے کیے جانے والے اقدامات کے طور پر، کمپنی نے توانائی اور ایندھن کے استعمال کے سلسلے میں معتددا امور پر عمل درآمد کیا۔ اس سال کے دوران کمپنی نے ٹینو پورہ پلانٹ میں اپنا دوسرا 1000KW سولر فوٹو وولٹیج کیمپ کا پروجیکٹ مکمل کر لیا ہے۔ اس اقدام کے ساتھ ہیٹ ٹریڈنگ شاپ سے اخراج ہونے والی گرمی کے استعمال کے لیے "ویسٹ ہیٹ ریکوری" کے ذریعے توانائی کے ترشح میں مسلسل اضافے کے باوجود بھی توانائی کے بل میں کمی کرنی میں معاونت ہوئی۔ کمپنی اس کی جانچ اور آڈٹ کے ذریعے S-S کی کچھ بھال اور حفاظتی اقدامات کو قائم رکھنے پر زور دیا گیا ہے۔ اس پورے سال کے دوران کمپنی نے فریڈنگ، ہاکا نڈر آؤٹس اور کمپلائنس کی جانچ کے ذریعے S-S کی بحالی اور حفاظت پر بہت زور دیا۔ COVID-19 پھیلنے کے بعد، اس کے پھیلاؤ کو روکنے اور مرنے کے راکین کی حفاظت کو یقینی بنانے کے لیے ضروری احتیاطی تدابیر اختیار کی گئیں۔

## ایوارڈز

زیر جائزہ مدت کے دوران کمپنی نے کوششوں کے اعتراف میں متعدد ذیلی ایوارڈز وصول کیے۔

مالی سال 2017 اور 2018 کے لیے پاکستان اسٹاک ایکسچینج کی جانب سے 25 سرفہرست کمپنیوں میں شمولیت



Sales Volume  
(in units)

### دوپہیوں والی صنعت

دوپہیوں والی صنعت پاکستانیوں کی کم خرچ اور قبول پخت سواری کی ضرورت کو پورا کرتی ہے۔ مٹی آپادی کا ایک بہت بڑا حصہ روزمرہ آمدورفت کے لیے دوپہیوں والی گاڑی کو ترجیح دیتا ہے۔ اس انداز میں COVID-19 کے پھیلاؤ کو روکنے کے لیے ہونے والے لاک ڈاؤن اور ناظرین کے مطابق حالات کے سبب پیدا ہونے والی صورتحال سے متعلق حالات کا سامنا کرنا زیادہ لاگتی اخراجات کے سبب کارپوریٹوں کو مجبوراً قیمتوں میں اضافہ کرنا پڑا۔ دوسری جانب قابل خرچ آمدنی میں کمی کے سبب صارفین کی قوت خرید پر اثر پڑا ہے۔ جس سے سال بھر کے دوران طلب میں 8 فیصد کمی واقع ہوئی ہے۔ تاہم گاڑیوں کی طلب کے کم تناسب، شہری زندگی کی طرف رجحان اور صارفین کی بدلتی ہوئی ترجیحات مارکیٹ میں موجود کمزور استعداد کی نشاندہی کرتی ہیں۔

### کھیتی

زیر جائزہ سال کے دوران، کھیتی نے ایک ایسی مارکیٹ میں اپنی راہ بنائی جو تمام ملکی مقاصد کے لیے ملک میں معاشی سست روی کے مکمل اثرات کو محسوس کر رہی تھی۔ تاہم کھیتی کی محنتوں، مالیات، اعلیٰ معیاری مصنوعات، جدید ترین ٹیکنالوجی اور موثر پیداواری عمل نے نئے معیارات پیدا کیے اور اس طرح مزید ترقی کی بنیاد رکھی۔

### سیکسٹ کا جائزہ

اس سال کے دوران آپ کی کھیتی نے 1,060,029 پنٹس فروخت کیے جو کہ گزشتہ سال کے مقابلے میں 4 فیصد کم ہیں۔ اس کا سبب وہابی مرض کے سبب لاک ڈاؤن سے ہونے والے پیدائشی عمل میں تاخیر، صارفین کی طلب میں تبدیلی اور گاڑیوں کی ڈیلیوری کا سال کے اختتام تک موخر ہو جانا شامل ہے۔ تاہم، آپ کی کھیتی آئندہ بھی صارفین کی توقعات پر پورا اترنے والی مصنوعات کی پیش کش، ہر زمانہ ٹیکنالوجی کے ساتھ صنعت میں دوبارہ تیز رفتاری لانے کے لیے پرعزم ہے۔

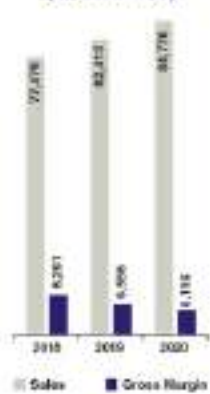
70cc موٹر سائیکل کے سیکسٹ میں، کھیتی کے مضبوط طلب کو برقرار رکھتے ہوئے CD 70 Dream اور CD 70 کے ذریعے فوائد حاصل کیے۔ CD 70 اور CD 70 Dream کے ماڈل میں معمولی ردوبدل (MMC) سے طلب میں مزید اضافہ ہوا۔ یہ MMC روزمرہ کے استعمال میں کسی بھی قسم کے کھوٹے کے بغیر جدید اور اپنی خصوصیات کا کامیاب امتزاج پیش کرتی ہیں۔

کھیتی کے 100cc سیکسٹ "Pridor" میں طلب بدستور امید افزا رہی۔ اس ماڈل کا مقصد صارفین کو ایسی پروڈکٹ مہیا کرنا ہے جو انہیں "آرام اور زیادہ سے زیادہ فیول کی پخت کے ساتھ سفر" کی سہولت مہیا کرے۔ فروخت میں اضافہ کرنے کے لیے ECONO RUN مقابلے، مفت چیک اپ کیپس اور دیگر دلچسپ سرگرمیاں منظم کی گئیں تاکہ مزید مارکیٹ تک رسائی حاصل کی جاسکے۔

125cc اور اس سے زیادہ والا سیکسٹ مجموعی طور پر موٹر سائیکل مارکیٹ میں اپنا حصہ بڑھا رہا ہے۔ کھیتی نے مارکیٹ میں اپنی قیادت کو برقرار رکھتے ہوئے ایسی پروڈکٹس متعارف کرائی ہیں جو ڈیزائن، پاور اور فعالیت کے اعتبار سے صارفین کی توقعات پر پورا اترتی ہیں۔

اس کیلکٹری میں شامل خصوصی ایڈیشن اور سلف پاور 125cc اور 150 cc ماڈلز ڈیزائن، طرز اور طاقت کا شاندار امتزاج ہیں۔ اس سال کے دوران، کھیتی نے اس سیکسٹ میں متعدد MMCs متعارف کرائی ہیں جنہیں صارفین کی جانب سے بے حد پذیرائی ملی۔

کھیتی کا اضافی پرزہ جات کا کاروبار صارفین کے تجربے کو بہتر بنانے اور سب سے اہم طور پر دو پہیوں والی گاڑیوں کی لاکٹ پر آنے والے خرچ کو کم کرنے کی صلاحیت کے ساتھ صارفین کی مدد کرتا رہا۔ کھیتی نے بہترین مارکیٹنگ حکمت عملیوں، بیٹروں، رکشاؤں اور پروڈکٹ پورٹ فولیو میں گراں قدر اضافے کے ساتھ ایس ہنڈا "جینون پارس" کی فروخت میں اضافے پر توجہ مرکوز رکھی۔ زیر جائزہ سال کے دوران، متعدد اشتہاری اور کسٹمر کیئر مہم چلائی گئیں، جس میں موٹر سائیکل کی مجموعی کارکردگی کی بہترین دیکھ بھال کے لیے جینون پارس اور انجن آکس کے استعمال کی اہمیت کو اجاگر کیا گیا۔ یہ کام کاوشیں رنگ لائیں اور کھیتی نے 7 بلین روپے کاروبار یونیورسٹی کا راز کیا۔ تاہم، مارکیٹ میں متغیر چلتی پرزہ جات کی بازار کو دستیابی منظم کاروباری اداروں کے لیے خطرہ ہے۔

Sales & Gross Margin  
(Rs. in Million)Profit after tax  
(Rs. in Million)

## چیمبرین کا جائزہ

تمام تر پیش پیش مشکلات کے باوجود کمپنی نے اپنی مضبوط ٹیگ کا مظاہرہ کرتے ہوئے ترقی کے لیے ایک طاقتور پلیٹ فارم قائم کیا ہے۔ یہ ایک بہترین مصنوعاتی محرک پورٹ فولیو اور برائے وسیع سرگرمیوں کے ساتھ طویل المدتی مواقع سے فائدہ اٹھانے کے لیے دوبارہ سرمایہ کاری جاری رکھے گی۔ اپنی حکمت عملی کے نظریے کے ساتھ کمپنی اس بات کو یقینی بنائے گی کہ وہ آتے والے سالوں میں اپنے تمام اسٹیک ہولڈرز کو پائیدار قدر مہیا کرے گی۔

میں نہایت مسرت کے ساتھ 31 مارچ 2020 کو ختم ہونے والے سال کے لیے کمپنی کی 56 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

اس سال ہمارے محبوب و محترم چیمبرین کے اس جہان فانی سے رخصت ہونے کے ساتھ ایک عہد اختتام پڑ رہا ہے۔ ہمارے بانی محترم ایک عظیم قومی شخصیت تھے جنہیں ہمیشہ ان کی کاروباری صلاحیتوں، تجربہ کارانہ مہارت، جذبہ حب الوطنی، انتھک محنت اور بے لوث خدمات کے لیے یاد رکھا جائے گا۔ آپ کی شاندار شخصیت اور کاروباری دنیا کے ساتھ دیرینہ مراسم کی میراث نے بڑا گروپ کو مختلف شعبہ ہائے زندگی میں معروف اور قابل احترام بنانے میں کلیدی کردار ادا کیا۔ آپ کی طاقت کاروباری شراکت داریاں تشکیل دینا تھی۔ آپ نے جس مہارت کے ساتھ تکنیکی سمجھ بوجھ کو مقامی سطح کی سمجھ بوجھ کے ساتھ جوڑا، اس نے آپ کو سب کے لیے بطور شراکت دار منتخب کرنے کی اولین ترجیح بنا دیا۔ تاہم، آپ نے جس خونی کمال کے ساتھ انسانی وسائل پر توجہ مرکوز کی اس نے آپ کو فائز اور نمایاں بنا دیا۔ یہاب جاری ذمہ داری ہے کہ ان کے قسطے کو جاری رکھیں۔ ہم نہایت خوش قسمت ہیں کہ آپ نے ہمارے لیے قابل تقلید مشہری رہنما اصول چھوڑے ہیں۔ جس میں سب سے پہلے "The Atlas Way" یعنی اٹلس کا طریقہ کار ہے، جس میں موجود ادارے کی ثقافت اور اقتدار ہمارے لیے ہمیشہ مشعل راہ رہیں گے۔ اگرچہ چیمبرین صاحب کی جگہ کوئی نہیں لے سکتا لیکن ہمارے لیے نہایت ضروری ہے کہ ان کے پانچ بنیادی اصولوں پر عمل پیرا ہوتے ہوئے تعمیر و ترقی کی اس میراث کو جاری رکھیں۔

- دی اٹلس وے
- خود ترقی کے ذریعے تنظیمی ترقی
- عزت، ہمت اور صلہ
- صحت اور خوشیاں
- نسل در نسل

ٹیکرہا کا ٹیگ جائزہ

عالمی وبا کی مرض COVID-19 ایک اہم واقعے کے طور پر ابھر کے آیا ہے، جس نے دنیا بھر کو لاک ڈاؤن میں ڈالے اور معاشی سرگرمیوں کو محدود کرنے پر مجبور کیا ہے۔ دنیا بھر کے ممالک اس وبائی مرض کے معاشرتی اور معاشی نقصانات کو روکنے کے لیے اقداماتی پروگرام تیار کر رہے ہیں۔ پاکستان میں یہ مرض اس وقت آیا ہے ہمارا ملک معاشی استحکام کی جانب کا محاذ تھا۔ اس عالمی وبا نے پاکستان کی معاشی ترقی کو سست روی کا شکار کر دیا ہے۔ عارضی طور پر کاروبار بند ہونے اور فصلوں کی کٹائی میں تاخیر سے صارفین کی مانگ کو خفیہ رجحان کا عنصر لاحق ہے۔ اس کے نتیجے کے طور پر توقع کی جارہی ہے کہ اب مالی سال 2020 میں معیشت گزشتہ شرح ترقی کے ہدف 3 فیصد کے مقابلے میں 1.5 فیصد سکر جائے گی۔ حکومت کی جانب سے حالیہ میں اعلان کردہ 1,200 ملین روپے کا معاشی چیلنج انتہائی خطرے سے دوچار معاشی سرگرمیوں پر اس وبا کے منفی اثرات کو کم کرے گا اور ساتھ ہی ساتھ کاروبار داری اداروں کو بھی سپورٹ مہیا کرے گا۔ اس کے نتیجے میں، اٹلس محصولات اور اضافی اخراجات میں کمی کی وجہ سے مالی خسارہ شرح نمو کے 9 فیصد سے زیادہ ہونے کی توقع ہے۔

بروزی ٹیکرہ میں واضح بہتری دیکھنے میں آئی ہے۔ مالی سال 2020 ماہ جولائی تا مارچ کے دوران کرنٹ اکاؤنٹ شمارہ 73 فیصد کمی کے ساتھ 2.8 ملین ڈالر پر موجود رہا۔ اس کا سبب درآمدات میں واضح کمی اور برآمدات میں اضافہ تھا۔ پاکستان کی جانب سے بھیجی جانے والی ترسیلات زر میں بہتر اضافہ ہے۔ آئی ایم ایف کی جانب سے مالی معاونت اور دیگر کثیرالجہتی شراکت داروں کی جانب سے 1.4 ملین ڈالر کے جنگی قرضوں اور قرضوں کی ادائیگیوں میں ری شیڈلنگ نے انتہائی ضروری مدد فراہم کی ہے۔ اس تمام امور کے نتیجے میں اسٹیٹ بینک آف پاکستان کے ذخائر پر یہ مجموعہ ہو کر 12.3 ملین ڈالر کی سطح پر دوبارہ بحال ہو گئے ہیں۔ توقع ہے کہ فراڈانہ پر بچنے کی جانب جھکاؤ کارخانہ چار سالہ جاری رہے گا اور فراڈانہ ہندسہ واحد میں رہی گی۔ اس کا سبب تیل کی قیمتوں میں کمی اور اشیائے خورد و نوش اور بنیادی اشیاء کی قیمتوں میں کمی ہے۔ گزشتہ دو ماہ کے دوران، اس بحران کے آغاز سے ہی اسٹیٹ بینک آف پاکستان نے پالیسی رینٹ 525 بیس پوائنٹ کی مجموعی کمی کے ساتھ 8 فیصد کر دیا ہے۔ اس کی کامیابی COVID-19 کے معاشی ترقی پر اثر انداز ہونے والے نقصانات کو کم کرتے ہوئے معاشی استحکام کو برقرار رکھنا ہے۔ پاکستان اسٹاک ایکسچینے مارچ 2020 سے بھاری نقصان اٹھانے کے بعد اپنی کھوئی ہوئی رفتار دوبارہ حاصل کر لی ہے اور یہ مئی 2020 کے وسط میں 34,008 پوائنٹس پر بند ہوئی ہے۔

زراعت

پاکستان کا زرعی شعبہ ملکی معیشت میں اہم ترین حیثیت و اہمیت رکھتا ہے۔ تاہم اس شعبے کی کارکردگی ملتی جلتی رہی۔ غریب کی اہم فصلیں کھاس کی پیداوار میں کافی زیادہ کمی رہی کارڈ کی کمی۔ زرعی لاگت میں اضافے کے سبب کم رقبے پر کاشتکاری کی گئی جبکہ بے وقت بارش اور خشکات کے سلسلے نے پیداوار کو متاثر کیا۔ زرعی فصلوں کے ابتدائی نتیجے موسم کے سازگار حالات اور پوری زرعی خریداری کے سبب بہتری کی نشاندہی کر رہے ہیں۔ مجموعی طور پر، حالیہ اعلان کردہ زرعی چیلنج اور ابتدائی قیمتوں میں بہتری سے توقع ہے کہ شعبہ کو بہت سی برتری ملے گی۔

بڑے پیمانے پر پیچیدگی

پیچیدگی سطح پر معاشی استحکام کے اقدامات کا اثر شدت اختیار کرتا گیا ہے اس لیے صنعتی شعبے میں عوامی اور ملکی دونوں طرح کی کھپت میں سست روی کا سامنا کرنا پڑا ہے۔ کاروبار اور صارفین دونوں کا ادھار مجموعی طور پر کمزور رہا کیونکہ

# Report of the Board Audit Committee

The Board Audit Committee (the Committee) comprises of 3 members; all of whom are Non-executive Directors. The names and profiles of the Audit Committee members are given on Page No. 123 of the Annual Report 2020. The incumbent members are qualified finance professionals and the Committee as a whole possess significant economic, financial and business acumen.

The Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Internal Auditors attend the Committee meetings by invitation while the Committee meetings are attended by the External Auditors on requirement basis.

## FINANCIAL STATEMENTS

The Committee has concluded its annual review of the conduct and operations of the Company during the year ended March 31, 2020, and reports that:

- The financial statements of the Company for the year ended March 31, 2020 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- In line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP, contents of the Audit Report have changed significantly and the Auditors have issued unmodified audit reports in respect of the above financial statements for the year 2020.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- Accounting estimates are based on reasonable and prudent judgment.
- Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management process and adequate for shareholders' needs.
- The Chairman of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the separate and consolidated financial statements of the Company, while the Directors' Report is signed by the Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive Officer and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

## RISK MANAGEMENT AND INTERNAL CONTROLS

- The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an Independent Internal Audit Function.



- The Internal Audit Function is responsible for monitoring of compliance, inherent and other risks associated with the internal controls and other areas of operations of the Company.
- The Company's approach towards risk management has been disclosed in the risk assessment portion of this Report. The types and detail of risks along with mitigating measures are disclosed in relevant section of the Annual Report.

## INTERNAL AUDIT

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.
- The Internal Audit Function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## EXTERNAL AUDITORS

- The statutory auditors of the Company, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, have completed the Audit of financial statements of the Company for the year ended March 31, 2020 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended March 31, 2020 and shall retire on the conclusion of the 56<sup>th</sup> Annual General Meeting.
- The Audit Committee has discussed the audit process and the observation, if any, of the auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.
- The Auditors attended all the Audit Committee meetings where their reports were discussed. The Auditors also attended General Meetings of the Company during the year and have confirmed attendance of the 56<sup>th</sup> Annual General Meeting scheduled for June 30, 2020. The Auditors have also indicated their willingness to continue as Auditors.
- The Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company except that of External Auditors.
- Being eligible, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants have offered themselves to be reappointed as Auditors for the financial year 2021. The Committee has recommended them to the Board for reappointment for the year ending March 31, 2021.

## ANNUAL REPORT 2020

- The Company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Directors' Report of the Company, also discloses other information much in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2020 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

## THE AUDIT COMMITTEE

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with Terms of Reference approved by the Board which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board performance, which also included members of the Audit Committee was carried out separately and is detailed in the Annual Report.



# Risk and Opportunity Report

We manage and monitor risks and the factors that could impact our plans for long-term sustainable growth.

## Defining Risk

Risks are uncertain events that could materially impact business objectives – negative for threats and positive for opportunities. We recognise that risk is inherent in all business activities and must be balanced when assessing returns. Successful management of these risks is therefore key to accomplishing our strategic objectives and the long-term sustainable growth of our business. Enterprise Risk Management (ERM) is used as a system to identify, assess, control and continually monitor key risks that could affect our business objectives.

## Risk Management

To achieve an informed understanding of our tolerance for risks when delivering our overall business plan, we must be mindful that the objective of risk management is not necessarily to eliminate risk, but to ensure that the risks we do accept remain within a predetermined level of acceptability and control while pursuing value-enhancing opportunities. The ultimate goal of risk management within Atlas Honda Limited is to continually assess the control environment to prevent and build resilience against any internal or external shocks, both anticipated and unforeseen.

## Our Enterprise Risk Management (ERM) framework

### RISK AND RESILIENCE

#### Strategy Formulation

Management has developed a set of objectives that represent stakeholders' expectations and are the lead indicators for determining the success level of the Company. In order to ensure the achievement of the set objectives, management adopts certain strategies. These strategies are approved by the Board of Directors and are subject to change, depending upon any changes in the external business environment or internal organizational factors.

#### Risk Assessment

Businesses face numerous uncertainties that can pose potential threats to our objectives and if not addressed, may culminate in loss. Such uncertainties can arise both from external events as well as internal factors within the organization.

#### Counter Measures

Upon identification of risk factors, counter measures are devised to mitigate their impacts. The severity of the risk will determine the criticality of the counter measure and will accordingly set its priority for action. Risks and their related counter strategies are monitored on continuous basis and evaluated for any changes in related impacts.

#### Governance

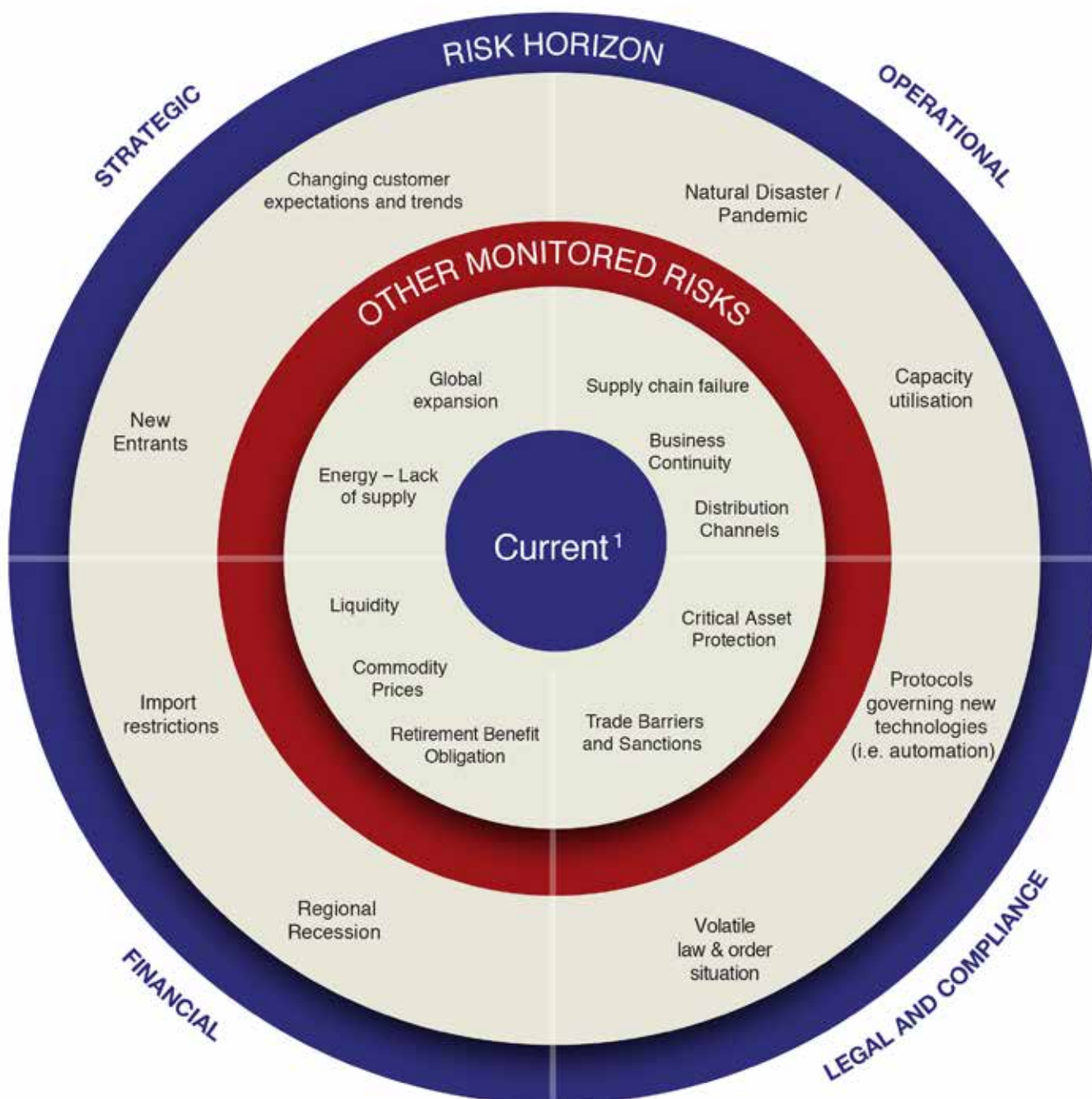
The Board of Directors is responsible for approving Company's risk management policy. The Board of Directors also provides guidelines on strategic matters and organizational objectives. The business units are responsible for managing risks at operational level. However, the Company-level risk management is the responsibility of the Risk Management Function (RMF) which comprises of the treasury department. RMF reports its results / findings / observations to the Risk Management Committee. The Committee regularly reviews the business risk profile, risk management policy, risk assessment procedures, related counter strategies and also advice on future actions. The Committee then reports the outcomes of their reviews to the CEO. The Board of Audit Committee also reviews and assesses the adequacy of risk management for its effectiveness in risk mitigation.

#### Opportunity Analysis

The Company has adequate processes and procedures in place for identifying potential gaps in the external environment which, if the Company has adequate resource, may be exploited as opportunities to improve performance. Based on its analysis, we have identified the various opportunities in current economic landscape:

## Risk Horizon

We recognise the need to anticipate and prepare for future challenges and trends that may develop and that could materially affect our long-term business success. Our risk horizon enables us to proactively anticipate forthcoming issues to inform our strategy creation process.



<sup>1</sup> Please refer to our 15 principal risks on next page

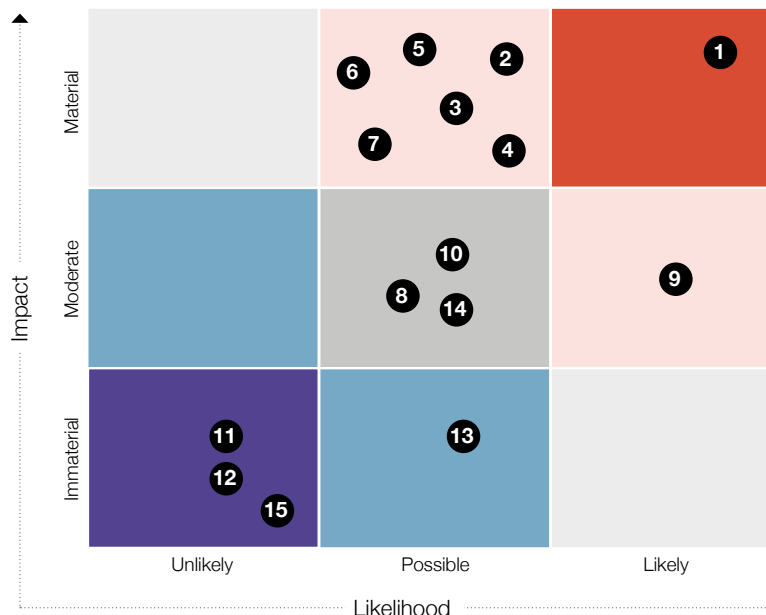
## Our Principal Risks

Risks are identified, assessed and measured against a defined set of criteria to consider the likelihood of occurrence and potential impact to the business, facilitated by our ERM framework. Plotting our principal risks on a risk map helps to visualise each risk profile as well as targeting to bring each risk back within a tolerable level.

### Principal risks at a glance

Our principal risks	Current year's ranking
 Exchange rate fluctuations	(1)
 Commodity price	(2)
 Market Competition	(3)
 Safe working environment	(4)
 Intellectual property rights protection	(5)
 Information and cyber securities	(6)
 Economic and political environment	(7)
 Regulations and compliance	(8)
 Dependence on vendors for success of our business	(9)
 Talent and Capability	(10)
 Counterparty Default	(11)
 Unethical and prohibited business practices	(12)
 Competitive business efficiency	(13)
 Change in technology	(14)
 Product liability and recalls	(15)

### The potential impact and likelihood of our key risks



#### Key

- Risks that are highly likely to occur and could materially impact our ability to reach our business objectives.
  - Risks that remain at tolerable levels but could impact the business unless monitored and managed.
  - Risks that are unlikely to materialise and unlikely to materially impact our business
-  Current risks

#### 1. Materiality Approach

Materiality is defined by the management as a degree of measure significant to the interests of the Company and its stakeholders. Determination of when such degree is achieved is a matter of management's best judgement. A risk is considered material if, in management's view, its occurrence is reasonably expected to prevent the Company from achieving its key objectives and expectations.


#### 2. Key Source of Uncertainty


Within the automotive industry, uncertainties stem from various sources including changes in the economy, technology, government regulations, relative prices and market dynamics.

#### 3. Risk Category


- Strategic 
- Operational 
- Legal 
- Financial 


The principal risks faced by Atlas Honda Limited are outlined below. The risks discussed are not exhaustive and the Company may be subject to other risks not specifically outlined in this Annual Report.


Strategic 	Sources	Consequences	Mitigations	Opportunities	Current year's ranking
<b>1. Market competition</b> There is increasing competition among market participants in the entry level segment. Further, new models are being introduced in the premium segment. Accordingly, product positioning is becoming increasingly important due to revised dynamics of the two wheeler market.	External	Inability to successfully maintain the position and strength of our products as well as failing to develop new products that meet customer preferences, could impact demand for our products.	We are committed to make quality products and meeting the demand of our customers while enhancing product innovation and ensuring customer satisfaction to maintain the competitive edge. We placed due emphasis on monitoring markets and competitors to be able to understand and pre-empt external dynamics and remain competitive.	Strengthen our products by creating greater brand association into our expanding product portfolio and services.	(3)
<b>2. Economic and political environment</b> Our expanding presence increases exposure to changes in the economic and political environment as well as other external factors (i.e. adverse law and order situations, natural disasters etc.) may impact our business.	External	Given our wide-spread distribution of sales, changes in the external environment could have a significant impact on the demand for our products and supply chain.	We continue to closely monitor political and macroeconomic developments. Accordingly, we maintain a balanced retail sales profile across key sales regions. Further, in order to avoid the risk of disruption, we operate two production facilities and have a diversified vendor base.	It helps us to ensure continuity of operations without disruption in supply.	(7)
<b>3. Change in technology</b> The technological development together with scarcity of specialist resources could result in a significant change in the two wheeler industry.	External	Technology shift may render production process obsolete and cost inefficient. Delay in the launch of technologically intensive products, or if the technology in our products becomes relatively obsolete, could impact our sales.	We continue to invest substantially in expansion projects, modernization and up gradation of our production facilities. Further, we continue to focus on investment in new and existing models to meet the latest standards.	Timely investment in our production facilities brings efficiency in our processes. Substantial changes to the market enable us to focus on launching industry defining products as well as strengthening partnership with our global partner.	(14)

Operational 	Sources	Consequences	Mitigations	Opportunities	Current year's ranking
<b>4. Safe working environment</b> Provision of a safe working environment is necessary to ensure well being of our employees and all those who may be impacted by our operations specially in the backdrop of the recent COVID-19 pandemic.	Internal / external	Failure in providing a safe working environment may lead to illness, injury, loss of working time and civil claims.	We actively monitor our Health & Safety PDCA framework for managing risks in the workplace to ensure our compliance with local and international regulations, guidelines and best practices. The significance of this has increased manifold due to the current pandemic.	A safe working environment ensures preserving the human rights and acts as a catalyst for increasing the productivity and satisfaction of our employees, supply chain partners and those who may be impacted by our operations.	(4)
<b>5. Information and cyber securities</b> New and emerging technologies bring unprecedented threats to internet-connected devices while recent global hacking incidents impacting the geopolitical environment indicate an increase in the motivation to instigate cyber attacks.	External	Breach of IT security causing controlled or critical data to be lost, made inaccessible, corrupted or accessed by unauthorised users.	We strive to implement consistent security policies and procedures as well as educating staff, vendors and suppliers to embed best practices by implementing internal tools to detect and mitigate the current and emerging cyber security threats.	We aim to maintain a strong IT control environment, and by monitoring and reacting to emerging cyber and security threats. We strive to embed deeper, more intelligent controls over time.	(6)



Operational 	Sources	Consequences	Mitigations	Opportunities	Current year's ranking
<b>6. Dependence on vendors for success of our business</b> Our expanding trend increases the risk of capacity and financial bottlenecks caused by supplier delivery failures and insufficient utilization of production capacities at suppliers end.	External	Failure of, or weaknesses in, vendors' financial condition, production and distribution capabilities, and lack of alignment with vendors' B2B systems impairs our investments and prevents from achieving our production goals.	We maintain close contact with vendors and seek to ensure that respective goals are communicated, understood and aligned, to deliver mutually acceptable performance. Furthermore diverse vendor representation avoids dependence on any single vendor.	Our focus on diversified vendor base and their performance maintains our reputation as a quality leader in the two wheeler industry.	(9)
<b>7. Talent and capability</b> The expanding scenario requires us to recruit competent personnel and properly incentivise existing staff to achieve Company's strategy.	Internal	Inability to attract and retain the critical capabilities and skills needed in sufficient numbers and to effectively organise, deploy and incentivise our people to deliver our strategy, business plan and projects.	Attracting, rewarding and retaining the right people with the right skills in a planned and targeted way, including regular benchmarking of remuneration and continuing a strong focus on individual development and succession planning.	Targeted personnel development and training is helping to generate ideas and suggestions that make significant contributions to our success. Further it is enabling us to secure sufficient number of qualified young workforce with the potential to become the next generation of highly skilled specialists and executives.	(10)
<b>8. Product liability and recalls</b> Potential defects and quality deficiencies could increase our exposure to risks associated with product liability.	Internal	Increases in related costs and warranty claims as well as longer-term impacts on sales due to adverse reputational effects could occur. In addition, we could be the subject to class actions or other large-scale lawsuits as a consequence.	We regularly monitor the service data of products and issue technical updates to minimize warranty claims.	Enhanced product connectivity provide opportunities for us to identify and remedy potential faults more efficiently.	(15)

Legal and compliance 	Sources	Consequences	Mitigations	Opportunities	Current year's ranking
<b>9. Intellectual property (IP) rights protection</b> Protection of IP rights is necessary in order to prevent its infringement and unauthorised use by third parties.	External	Failure to protect IP increases the risk that third parties could copy features of our products from which we derive competitive advantage.	We have a dedicated team of in-house specialists that manage matters relating to IP to ensure that robust processes are followed to protect our IP, by means of patents, registered designs, trademarks and copyrights.	The development of IP protection right enables additional revenue by preventing counterfeiters to grab our market share while enhancing our profile as a leader in the two wheeler industry.	(5)
<b>10. Regulations and compliance</b> We are subject to a rapidly evolving regulatory landscape with associated laws, regulations and policies including environmental regulations.	External	We may incur additional compliance costs, including incremental investments to avoid facing significant civil and regulatory penalties.	We have developed a team of qualified and experienced professionals in the management team to ensure compliance with all applicable laws, rules and regulations. Further, we actively participate in various government level forums for recommending appropriate measures.	To operate in a stable market with least volatility and low occurrence of unforeseen variables.	(8)
<b>11. Unethical and prohibited business practices</b> Our continuing expansion exposes us to increased diversity and complexity of legal and other frameworks and, as such, it becomes subject to maintaining legal and ethical standards across all locations in which we operate.	Internal	Non-compliance with ethical and/or legal practices may materially impact our reputation and could result in restrictions being placed on operations, causing business disruption.	Our code of conduct sets out the behaviour that is expected of the staff, including conforming to the highest moral and ethical standards and complying with applicable laws, including anti-bribery, corruption and competition laws, sanctions and export controls.	We are committed to conduct business in an ethical manner to instill a reputation of trust and reliance. Such qualities foster greater business relationships with the supplier base, governments and partnerships with other third parties.	(12)

Financial 	Sources	Consequences	Mitigations	Opportunities	Current year's ranking
<b>12. Exchange rate fluctuations</b> Devaluation of Pak Rupee against foreign currencies may adversely affect our financial performance.	External	Generally, a stronger Yen and Dollar adversely impacts our earnings because the value of overseas raw material is eroded.	Currency transaction risk is managed through financial derivatives (Forward Contracts) in line with the hedging policy approved by the Company's Board.	We continue to investigate further opportunities to develop our global footprint, which may result in greater natural hedging of our currency exposures by aligning the currency profile of cost with sales.	(1)
<b>13. Commodity price</b> Commodity price risk poses financial risk on our performance and profitability. This may occur due to fluctuations in the prices of commodities that are out of control of the entity.	External	Sharp fluctuations in commodity prices are creating significant business challenges as they can affect production costs, product pricing and earnings. This price volatility makes it imperative for an entity to manage the impact of commodity price fluctuations across its value chain to effectively manage its financial performance and profitability.	We have agreements in place with suppliers to counter short term fluctuations in material prices.	We continue to investigate further opportunities towards localisation of key raw material inputs.	(2)
<b>14. Counterparty default</b> Counterparty defaults poses risk of impairment of assets.	External	Payment defaults of counter parties may leave us with inadequate resources for discharging our obligations.	Counterparty risk management procedures are carried out continuously in order to monitor credit worthiness of business partners.	We maintain a strong financial position and performance which is reflective of our scale of operations, efforts of employees and expectations of all stakeholders.	(11)
<b>15. Competitive business efficiency</b> We continuously tend to optimise operating efficiency. However, there is a risk that these programmes do not deliver projected efficiencies and anticipated benefits may not accrue as expected.	External	If we are unable to deliver the desired benefits from these programmes, the business results may be adversely impacted and our ability to compete successfully over the longer term could be affected.	We have launched certain initiatives to reduce product and business complexity, to benefit from economies of scale, and we have robust project management processes in place to ensure set targets are met.	We are focused on developing business tools to realise greater degrees of efficiency. Furthermore, our expansion plans present opportunities to invest in world class facilities and enhanced capabilities.	(13)

# Additional Information

## Management Objectives

Based on the analysis of risk and opportunities identified in the report, the relationship between the Company's objectives, strategy along with priority and performance indicators (financial & non financial) used by the management to evaluate actual results are summarized below in the table:

	Objective 01	Objective 02	Objective 03	Objective 04
	To operate in a stable market being compliant with all relevant laws of the Country.	To expand sales in two wheeler industry.	To maintain industry leadership in two wheeler industry.	To ensure continuity of operations without disruptions in supply
Strategy	Maintain team of qualified and experienced professionals to ensure compliance with all applicable laws, rules and regulations.	Sales expansion through focus on product quality & innovation, expanding dealer's network, efficient after sales services and availability of financial solutions to boost customers' purchasing power.	We continuously focus on upgrading production facilities to maximize efficiency and to ensure compliance with International standards and latest technology.	From the outset, production structures and processes are designed with a view to minimizing any potential damage and its probability of occurrence. In order to ensure uninterrupted and smooth supplies of raw material and components, more than one supplier are inducted which shares its production and delivery plan on B2B network.
Nature	Short to Long term	Short to Long term	Long term	Short term
Priority	High	High	High	High
KPI Monitored	Number of non compliances and reporting awards	Sales and profitability	Capital expenditure, market share and production efficiency ratio	Current ratio and idle days
Resource allocated	Human capital, Intellectual capital and Financial capital	Human capital, Financial capital, Manufactured capital and Social and relationship capital	Financial capital and Manufactured capital	All capitals
Actual Results	There were no non-compliances reported by any Government body or institution during the year. Company's corporate reporting practices were recognized through following awards: <ul style="list-style-type: none"> <li>- Top 25 Companies Award by Pakistan Stock Exchange for the year 2017 and 2018;</li> <li>- Merit certificate for Best Corporate and Sustainability Report Award in "Engineering Sector" by the Joint Committee of ICAP and ICMAP;</li> <li>- Awards by National Forum for Environment &amp; Health (NFEH) for efforts related to sustainability.</li> </ul>	Total sales for the year were 1,060,029 units which represents 7% decrease from last year. Minor Model Changes of CD 70, CD Dream, CG 125 and Pridor were launched during the year. Further, Atlas Honda is the only Company in Pakistan which provides 3 years' warranty for all engine parts.	We have incurred Capital expenditure of Rs. 2.2 Billion during the year for the improvement, maintenance and expansion of our production facilities.	We achieved uninterrupted production throughout during the year with undisrupted supplies from vendors. Further, regular audits are conducted to ensure that backup plans are effectively in place to mitigate any operational interruptions.

## Significant Changes in Objectives & Strategies

There have been no significant changes in objectives and strategies of the Company as compared to previous year. Further the identified KPIs continue to remain relevant in the near future.

	Objective 05	Objective 06	Objective 07	Objective 08
	To recruit and retain the best people and provide adequate training to ensure high quality skilled force.	To ensure health and safety of employees in workplaces.	To ensure environment friendly products and processes.	To ensure optimum cost level
Strategy	We have developed comprehensive and well-structured procedures for recruitment, training, compensation, periodic appraisals and succession planning in order to ensure staff development and retention.	We recognize the importance of a healthy working environment and therefore safety of employees is our top priority. The employees are informed about best HSE practices through regular internal communication channels. We conduct risk assessments that address all the hazards that might cause harm in workplace. Extraction and evacuation drills are conducted regularly and staff is frequently trained for crisis management.	Our defined policy for the protection of environment from emissions and hazardous discharges, ongoing monitoring and maintenance activities coupled with investment in new technology, efficiency enhancing measures, continuous measurements, follow ups and reporting are carried out to ensure that we achieve our desired goals. Solid hazardous waste is disposed-off through Environmental Protection Agency's legitimate contractors. Recycling is also done, to the maximum extent, where possible.	We keep our cost at an optimum level through strict governance policies and cost reduction measures
Nature	Short to Medium term	Short to Medium term	Short to Long term	Short/Medium term
Priority	High	High	High	High
KPI Monitored	Workforce related ratios	Number of accidents	Carbon emission, water usage	Profitability ratios
Resource allocated	Human capital and Financial capital	Human capital, Manufactured capital, Financial capital and Social and Relationship capital	Manufactured capital, Financial capital and social and relationship capital	Financial capital, Human capital and Manufactured capital
Actual Results	The details of training programs mentioned on page no. 110 of the Sustainability Report	No major accidents occurred during the year at any of the Company's facilities, a testament to the effectiveness of Company's safety policies. Further, after the COVID-19 outbreak, necessary precautionary measures have been taken aimed at preventing pandemic's spread and ensuring safety of associates.	For achievements in environmental protection, see the section of Environment in the Sustainability report on page no. 92	Our net profitability for the year amounted to Rs. 3.1 billion.



# Forward Looking Statement

## Analysis of prior period's forward-looking disclosures / Status of Projects

As indicated last year, 2019-20 was a challenging year as the GDP growth forecasts were downgraded more than once by the international agencies. Large scale manufacturing contracted by over 5% on account of slowdown in public and private consumption. This resulted in decline in sales volume which along with devaluation of PKR, increase in material prices and continued inflation kept the Company's profitability under pressure. However, the increase in treasury income and controlled operating expenses provided much needed support to the Company in achieving sustainable margins.

During the year, the Company completed localization of carburetor and drive chain at vendor.

## Forward looking statement

2020-21 is expected to be another tough year as the overall economic outlook is uncertain. Closure of markets amid COVID-19 outbreak has adversely affected the consumption patterns and is likely to continue doing so. Despite, reduced interest rates and lower inflation, aggregate demand is expected to remain subdued.

However, the Company is well positioned for sustainable growth on the back of its leading products and services. We are increasingly succeeding in addressing new targets, utilizing market potential and strengthening our market position nationwide. We will consistently implement our strategy, thus creating the basis for further growth. Further, the Company will continue investing in localization of critical parts.

## Source of Information and assumptions used for projections/forecasts

The Company prepares annual budgets and forecasts to manage business more effectively. The forecasting is done keeping in view the historical data and figures. Projections are developed based on macro and micro economic indicators, markets trends & research, International and local material price forecasts, data from regulatory & taxation authorities, seasonal variations and competitors' actions etc. Internal capacities are reviewed based on available data and alignment is planned to achieve desired results.

Information is also generated internally from critical functions of the Company including Marketing, Manufacturing & Operations, Technology & Engineering, Human Resources, Finance etc., and the information so collected is collaborated with the data compiled from the sources mentioned earlier for preparation of meaningful and practical forecasts which are adopted as formal plans for the Company after approval by the Board.

# Statement of Charity Account

We paid an amount of around Rs.46.2 Million for the year 2020 to Atlas Foundation. The Foundation has played its role in promoting centers of professional education, contributing to health facilities, helping law enforcement agencies and improving quality of life with the commitment that what has come from the society should be shared with the society. The Foundation has built a school in collaboration with The Citizens Foundation having capacity for 400 students at present. Most of the children belong to poor families of farmers and labourers living in the neighbouring areas.

# Business Rationale for Major Capital Expenditure

Atlas Honda Limited has been growing steadily. During the last few years, the Company has expanded and enhanced the production capacity of its plant to position itself to meet the growing demand of motorcycles in the local market.

We have a systematic procedure for evaluating the requirements of capital expenditure. The capital expenditure is primarily focused on Balancing Modernization and Replacement (BMR), capacity expansion, safety and sustainability for continued production of premium products while focusing on energy conservation and environment protection. Exhaustive financial evaluation is also carried out which includes payback period, NPV / IRR, cash flow requirements and other financial analysis techniques.

## Significant Plans & Decisions

Atlas Honda has a long history of continuous investment in its facilities. The Company believes in step by step investments for capacity expansion and BMR. These investments prove our commitment to provide our customer with unmatched quality products. With production capacity of 1,350k units per annum, the Company is committed to identify new markets and expands its dealerships which provides avenues for business growth and provide our shareholders the desired return on investment. For customers to feel “Joy of Buying”, the Company launches new models and minor model changes in existing line-up.

The Company's focus on localization has always helped it in successfully dealing with challenges of devaluation. Accordingly, it will continue to identify various opportunities for localization of parts, material and dies & jigs. This, in turn, will help to save our country's valuable exchange reserves. Controlling plant cost, improvement in its productivity and business process improvements will remain another significant area of focus. As a part of its initiatives for sustainable development, the Company plans to undertake several projects including installation of solar panels, safety trainings and awareness sessions. Also, as a part of its vendor development initiatives, it will keep focusing on having an efficient supplier base and investing in improving vendor capabilities.

## Unreserved Compliance of IFRS issued by the IASB

Company's financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

## Certifications Acquired and International Standards Adopted

Certification acquired and international standards adopted for best corporate and sustainability reporting practices are as follows:

- ISO certifications relating to Environment and Health and Safety (ISO 9001:2008 Quality Management System, ISO 14001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Assessment Series (OH&S Management System)
- Sustainability reporting standards
- Integrated reporting framework

# Notice of the 56<sup>th</sup> Annual General Meeting

Notice is hereby given that the Fifty Sixth Annual General Meeting of the members of Atlas Honda Limited will be held on Tuesday June 30, 2020 at 11:00 a.m., at the Registered Office, 1 - Mcleod Road, Lahore, to transact the following business:

## Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting held on March 13, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended March 31, 2020, together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the year ending March 31, 2021. The retiring auditors M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, being eligible have offered themselves for reappointment.
4. To consider and approve the payment of final cash dividend for the year ended March 31, 2020 @ 8.50 per share i.e. 85% as recommended by the Board. This is in addition to Rs. 6.50 per share i.e. 65% interim cash dividend already paid.

## Other Business

5. To transact any other business with the permission of the Chair.

By Order of the Board



Marrium Ahmed  
Company Secretary

Karachi: June 09, 2020

## Notes:

### i. Coronavirus Contingency Planning for Annual General Meeting of Shareholders

Due to current COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, the Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 of 2020 issued on March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through its notice Ref: PSX/N-372 dated March 19, 2020 has advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. For this, members are required to email their Name, Folio Number, Cell Number, and Number of shares held in their name with subject "Registration for Atlas Honda Limited AGM" alongwith valid copy of both sides of Computerized National Identity Card (CNIC) at investor.relations@atlashonda.com.pk. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address investor.relations@atlashonda.com.pk.

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

### ii. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from June 16, 2020 to June 30, 2020 (both days inclusive). The transfers received at Company's Share Registrar namely M/s Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank

Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan by the close of business on June 15, 2020 will be considered in time for determination of entitlement of shareholders to cash dividend, bonus shares and to attend and vote at the meeting.

### iii. Participation in Annual General Meeting

A member entitled to attend, speak and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his/her behalf. The instrument appointing Proxy must be received at the Registered Office or Share Registrar of the Company not less than 48 hours before the time of the meeting. For the convenience of the members a Proxy Application Form is dispatched with the Annual Report 2020.

### iv. Further Guidelines for CDC Account Holders

Any Individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original CNIC to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

#### A. For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by showing his / her original CNIC or original passport at the time of attending the Meeting.
- (ii) Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- (iii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

#### B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC or original passport at the time of Meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

### v. Change of Address

Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrars, M/s Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan.

### vi. Circulation of Annual Audited Accounts via Email / CD / USB / DVD or Any Other Media

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual Balance Sheet, Profit and Loss Account, Auditors' Report and Directors' Report etc. (annual audited accounts) to its members through CD / DVD / USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2020 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2020 may send a request using a Standard Request Form placed on Company's website.

Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

In compliance with the above requirements, soft copies of the Annual Report 2020 are being emailed to the members having opted to receive such communication in electronic format. Other members who wish to receive the Annual Report 2020 in electronic form may file an application as per the form at provided on the Company's website in compliance with the subject SRO.



The members who have provided consent to receive Annual Report 2020 can subsequently request any other media including hard copy which shall be provided free of cost within seven days.

Members are also requested to intimate any change in their registered email addresses in a timely manner, to ensure effective communication by the Company.

## vii. Dividend Mandate

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website i.e. <http://www.atlashonda.com.pk> and send it duly signed along with a copy of CNIC / NTN to the Registrar of the Company M/s Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

## viii. Unclaimed Dividend

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedures prescribed under the Companies Act, 2017. Section 244(l)(a) of the Act requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further SECP vide Direction No. 16 of 2017 issued on July 07, 2017 directed all listed Companies to issue notice to such members and submit statement of unclaimed shares or dividend or any other instruments which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of May 30, 2017.

## ix. Details of Beneficial Ownership

Attention of corporate entities / legal persons is also invited towards SECP Circular No. 16 and 20 of 2018. Respective shareholders (corporate entities / legal persons) are advised to provide the information pertaining to ultimate beneficial owners and / or other information as prescribed in the subject SECP Circulars to the Share Registrar of the Company.

## x. Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the share (Rs. 10 each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declaration under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, CZ-50 Form with our Share Registrar. Physical shareholders are requested to submit the said declaration to our Share Registrar in the proper manner. The Shareholders must write Atlas Honda Limited's name and their respective CDS Account Number or Folio Numbers on Zakat Declarations at relevant place.

## xi. Withholding Tax on Dividend

Pursuant to the provisions of Finance Act, 2019, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies, as under:

'Filer' of Income Tax Return	15.0%
'Non filer' of Income Tax Return	30.0%

'Filer' is defined as a taxpayer whose name appears in the Active Tax-payers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

To enable the Company to withhold tax @ 15% for filers, all the shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted @ 30% for non-filers.

In case of joint shareholder, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder as may be notified by the shareholders, in writing as follows, to our share registrar, or if no such notification is received each shareholder shall be assumed to have an equal number of shares:

Folio/ CDS	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC No.	Shareholding proportion (No. of shares)	Name & CNIC No.	Shareholding proportion (No. of shares)

The required information must reach the share registrar of the Company by the close of business on June 15, 2020 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

As per FBR's clarification, valid exemption certificate under section 159 of the Income Tax Ordinance, 2001 is mandatory to claim exemption of withholding tax under clause 47B of part IV of 2nd Schedule of the Income tax Ordinance, 2001. Those who fall in the category mentioned in the aforesaid clause must provide valid tax exemption certificate to our share registrar, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Income tax Ordinance, 2001.

## xii. E-Voting

Members can also exercise their right of e-voting subject to the requirements of Sections 143 - 145 of the Companies Act 2017 and the applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

## xiii. Placement of Financial Statements on Website:

The Financial Statements of the Company for the year ended March 31, 2020 along with reports have been placed on the website of the Company: <https://www.atlashonda.com.pk/financial-reports/>



# Key Financial & Non-Financial Performance Measures

## Financial Capital

Sales	Gross Profit	Profit after tax	Earning per share	Market Value Per Share
<b>Rs. 84.8 Billion</b> Increased by <b>3%</b>	<b>Rs. 6.1 billion</b> Decreased by <b>7%</b>	<b>Rs. 3.1 billion</b> Decreased by <b>4%</b>	<b>Rs. 24.8</b> Decreased by <b>4%</b>	<b>Rs. 370</b> Decreased by <b>2%</b>
Return on Equity	Breakup Value Per Share	Capital Expenditure	Dividend Per Shares	Wealth Distributed
<b>19.3%</b> Decreased by <b>6%</b>	<b>Rs. 133.6</b> Increased by <b>10%</b>	<b>Rs. 2.2 Billion</b> Increased by <b>4%</b>	<b>Rs. 15</b> Decreased by <b>25%</b>	<b>Rs. 26.9 Billion</b> Increase by <b>2%</b>

## Human Capital

Employees	Training Hours	Joiners
<b>1,872</b>	<b>5,976</b>	<b>18</b>

## Manufactured Capital

Number of Plants	Production Capacity	Product Portfolio
<b>02</b>	<b>1.35 Million units</b>	<b>8 Models</b>

## Intellectual Capital

Governance	Brand	Manufacturing Experience
<b>Strong</b>	<b>Superior</b>	<b>57 Years</b>

## Social and Relationship Capital

Dealers	Vendors	Donation
<b>650+</b>	<b>100+</b>	<b>Rs. 46.2 Million</b>

## Natural Capital

Raw Material Used	Energy Usage	Water Intake
<b>90,024 Tons</b>	<b>464,033 GJ</b>	<b>609,840 m<sup>3</sup></b>

## Methods & Assumptions Used in Compiling The Indicators

Key performance indicators effectively reflect the Company's performance. The Company analyses its market positioning, competitors and general market conditions while compiling its indicators. The Company analyses sales, gross profit, profit after tax and earning per share on regular basis to gauge its performance. These are basic indicators of Company's financial performance and profitability. Market price is the measure of perception of the Company in the market. The difference between Book Value and Market Value shows investors' confidence on script.

The Company manages its dividend policy with the purpose of increasing shareholders' wealth. Dividend identifies the amount allocated out of profit for paying cash dividends to shareholders. The dividend payment is an indicator of how well earnings support the dividends. The Company takes its decisions of cash or stock dividend based on market conditions, share price and governing laws and regulations.

## Changes in the Indicators

There were no significant changes in the financial and non financial indicators as compared to previous years.

## Explanation of Negative Changes in Performance over the Period

Negative changes in performance against prior years; including the analysis of financial statements and the vertical and horizontal analysis of statement of financial position, statement of profit or loss and statement of cash flows have been appropriately explained in the relevant sections of this report.



# Six Years Analysis of Financial Statements

## Financial Ratios

Particulars		2020	2019	2018	2017	2016	2015
Profitability Ratios							
Gross profit margin	%	7.2	8.0	10.7	10.5	10.3	10.2
Profit before tax margin	%	5.2	5.6	8.1	7.9	7.4	7.1
Net profit margin	%	3.6	3.9	6.0	5.8	5.5	5.1
Return on capital employed	%	26.2	27.9	40.4	39.5	37.3	34.7
Return on equity - before tax	%	27.6	29.4	42.8	42.0	40.0	37.8
Return on equity - after tax	%	19.3	20.5	31.9	30.9	29.7	27.4
Return on assets	%	9.8	10.1	16.2	16.3	16.6	15.6
Earnings before interest, tax, depreciation and amortization (EBITDA)	Rs. In million	5,769.1	5,723.6	7,174.0	5,905.9	4,753.4	3,898.4
EBITDA margin	%	6.8	6.9	9.3	9.2	8.6	8.5
Equity Ratios							
Cash dividend per share (declared)	Rs.	15.0	20.0	27.0	18.50	14.5	12.0
Stock dividend per share (bonus shares declared for the year)	Rs.	-	2.0	-	-	-	-
Bonus shares declared for the year	No. in '000	-	20,681.0	-	-	-	-
Earning per share*	Rs.	24.8	25.9	37.6	30.2	24.2	18.9
Price earning ratio*	Times	14.9	14.6	14.0	18.5	15.9	17.7
Market price per share for the year	Rs.	370.0	378.0	525.0	559.7	385.0	335.0
- maximum value	Rs.	409.0	640.0	657.0	620.0	414.8	405.3
- minimum value	Rs.	285.0	360.0	470.0	362.0	320.1	209.0
Break up value per share*	Rs.	133.6	123.8	128.9	106.8	88.7	74.5
Dividend yield	%	4.1	5.3	5.1	3.3	3.8	3.6
Dividend cover*	Times	1.7	1.2	1.4	1.6	1.7	1.6
Dividend pay out	%	60.5	70.9	59.9	51.0	49.9	52.8
Plough back ratio	%	39.5	29.1	40.1	49.0	50.1	47.2
Cost of equity	%	4.1	5.8	5.1	3.3	3.8	3.6
Efficiency Ratios							
Assets turnover	Times	2.7	2.6	2.7	2.8	3.0	3.0
Fixed assets turnover	Times	8.8	9.6	10.3	10.1	10.2	9.6
Inventory turnover	Times	13.8	16.8	23.4	23.0	22.3	18.2
Debtors turnover	Times	87.9	83.4	104.4	104.8	83.8	74.7
Creditors turnover	Times	5.4	5.0	5.3	5.8	6.9	7.2
Capital employed turnover	Times	5.0	4.9	5.0	5.0	5.0	4.9
Operating Cycle							
Period of inventory holding	Days	26	22	16	16	16	20
Period of collection from debtors	Days	4	4	3	3	4	5
Period of payments to creditors	Days	(67)	(73)	(70)	(63)	(53)	(50)
Operating cycle	Days	(36)	(47)	(50)	(44)	(32)	(25)
Liquidity / Leverage Ratios							
Current ratio	Times	1.5	1.4	1.6	1.6	1.7	1.8
Quick ratio	Times	1.1	1.1	1.4	1.4	1.4	1.5
Debt to equity / financial leverage ratio	Times	----- Debt Free -----					
Total liabilities to equity	Times	0.87	1.08	0.99	0.93	0.85	0.71
Interest cover	Times	78.78	179.76	276.68	197.99	265.69	397.05
Operating leverage ratio	%	(153.8)	(413.5)	114.7	149.9	122.2	708.6
Cash to current liabilities	Times	0.5	0.5	0.7	0.6	0.6	0.6
Cash flow from operations to sales	%	2.73	(0.02)	10.1	10.0	10.0	6.1

\*Comparative figures have been restated due to issuance of bonus shares subsequent to March 31, 2019

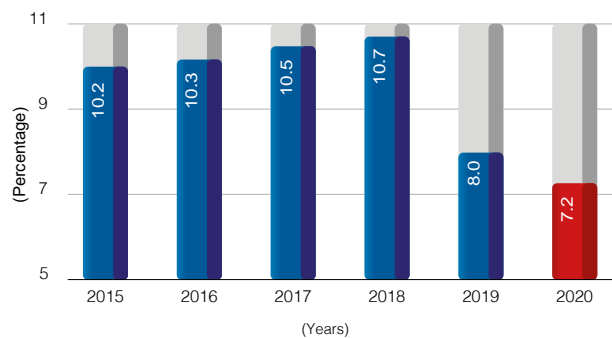
# Six Years Analysis of Financial Statements

## Financial Ratios

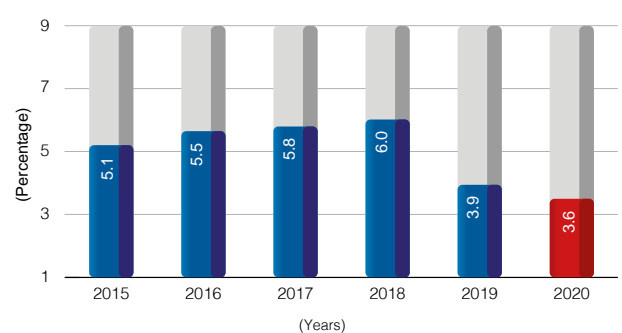
### Profitability Ratios

The Company remained focused towards delivering upon its objective of sustainable growth through value creation. In the year 2020, despite increase in the sales revenue, the profitability was reduced on account of challenging macro economic landscape. The major factors include increase in raw material prices, devaluation of PKR against other currencies, imposition of duties and decline in sales volume. This translated into gross profit margin and net profit margin of 7.2% and 3.6% respectively. Consequently, the return on equity and capital employed moved from 20.5% and 27.9% to 19.3% and 26.2% respectively in comparison with last year.

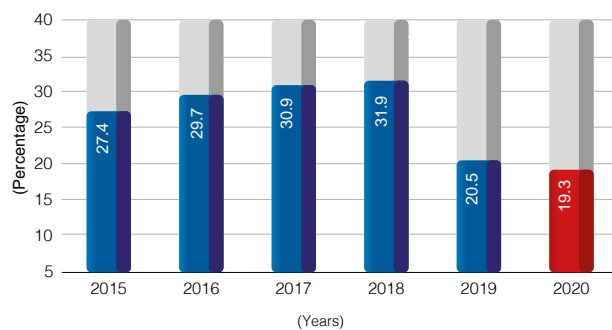
#### Gross Profit Margin



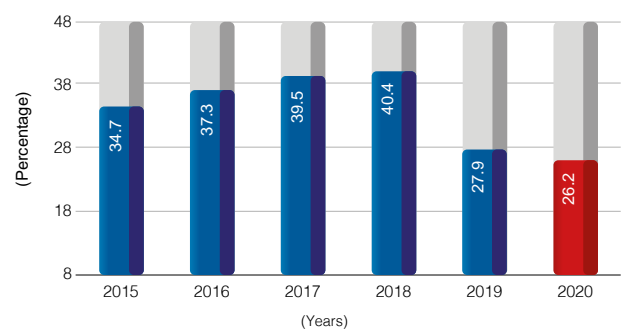
#### Net Profit Margin



#### Return on Equity



#### Return on Capital Employed



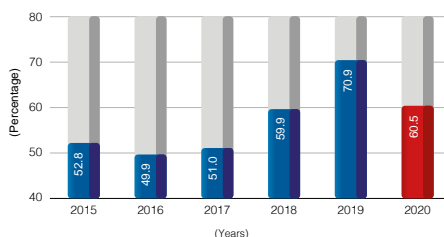
### Investment / Market Ratios

With reduced profitability on account of conditions explained above, the Company's earnings per share was recorded at Rs. 24.8 per share as compared to Rs. 25.9 per share in 2019. Therefore, price to earnings ratio increased to 14.9 times as compared to 14.6 times in 2019 as the closing market price of Company's share recorded at Rs. 370 per share as compared to Rs. 378 at the close of 2019.

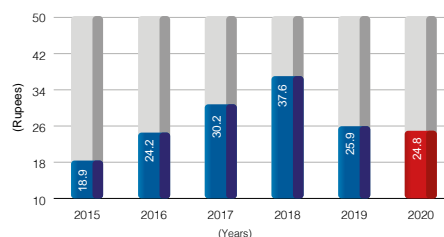
The breakup value of Company's share increased to Rs.133.6 per share as compared to Rs.123.8 per share of last year due to strong equity base.

In order to generate valuable returns for its stakeholders, the Company's dividend payout ratio for 2020 was recorded at 60.5% against 70.9% last year, translating into cumulative cash dividend (interim and final) per share of Rs. 15 per share in the year 2020 as compared to cash dividend of Rs. 20 per share and stock dividend of Rs. 2 per share of last year.

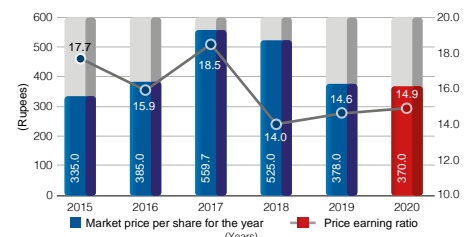
#### Dividend Payout



#### Earning Per Share



#### Market Value vs Price Earning Ratio



# Six Years Analysis of Financial Statements

## Financial Ratios

### Activity / Turnover Ratios

The asset turnover ratio slightly increased from 2.6 times in 2019 to 2.7 times in 2020. The increase is on account of improvement in sales revenue by 3% in 2020 as compared to 2019.

The inventory turnover witnessed a downward trend from 16.8 times in 2019 to 13.8 times in 2020 mainly due to increase in average stock in trade.

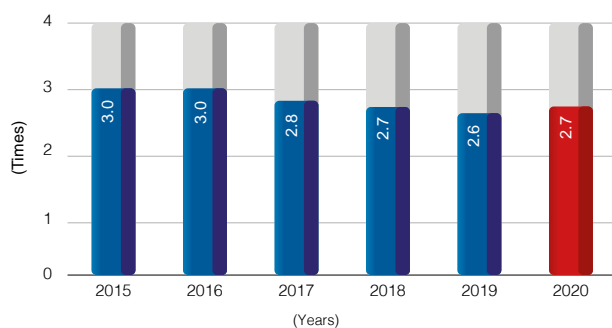
The average stock in trade increased on account of increased raw material prices, exchange devaluation and to meet the future anticipated demand in the market. This resulted in inventory turnover of 26 days as compared to 22 days of last year.

The debtor turnover days have remained same as last year i.e. 4 days. However, debtor turnover increased to 87.9 from 83.4 in 2020. This is mainly due to increase of 3% in sales revenue for the year 2020.

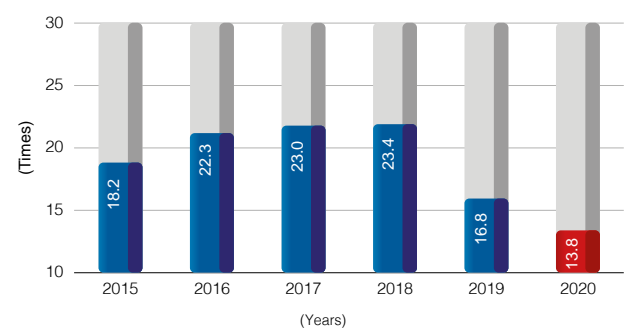
The creditor turnover days have decreased to 67 days compared to 73 days in 2019. This is in line with the overall production level of the Company.

This translated into an overall operating level cycle of negative 36 days as compared to negative 47 days in last year.

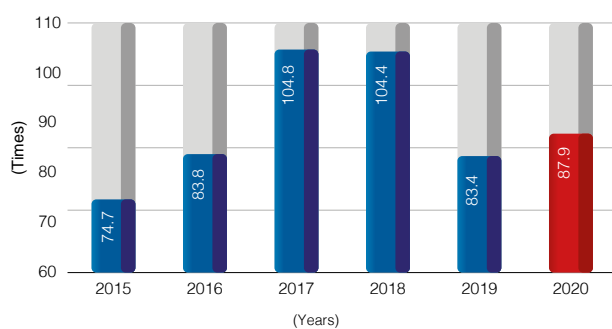
#### Assets Turnover



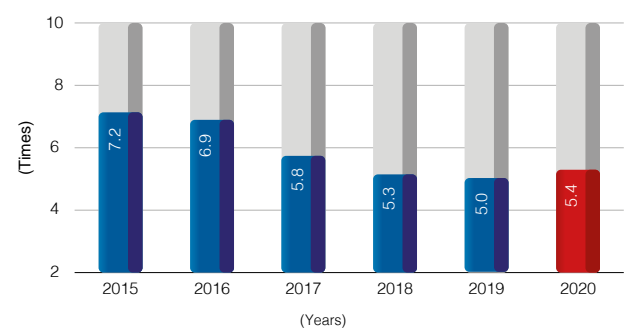
#### Inventory Turnover



#### Debtors Turnover



#### Creditors Turnover

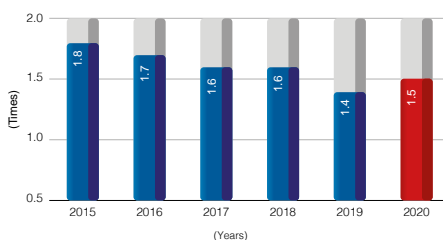


### Liquidity Ratios

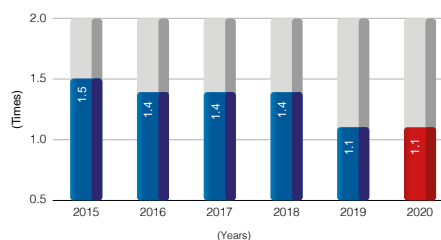
The current ratio of 1.5 times slightly increased over last year of 1.4 due to reduced current liabilities on account of pending orders. Quick ratio was recorded at 1.1 times, maintaining an average of 1.29 times over six years period.

Cash to current liabilities remained stagnant at the level of 0.5 times.

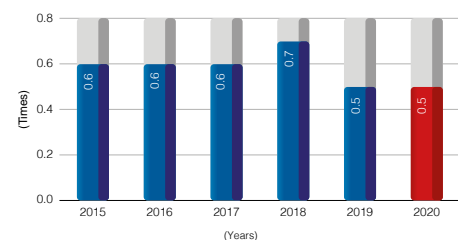
#### Current Ratio



#### Quick Ratio



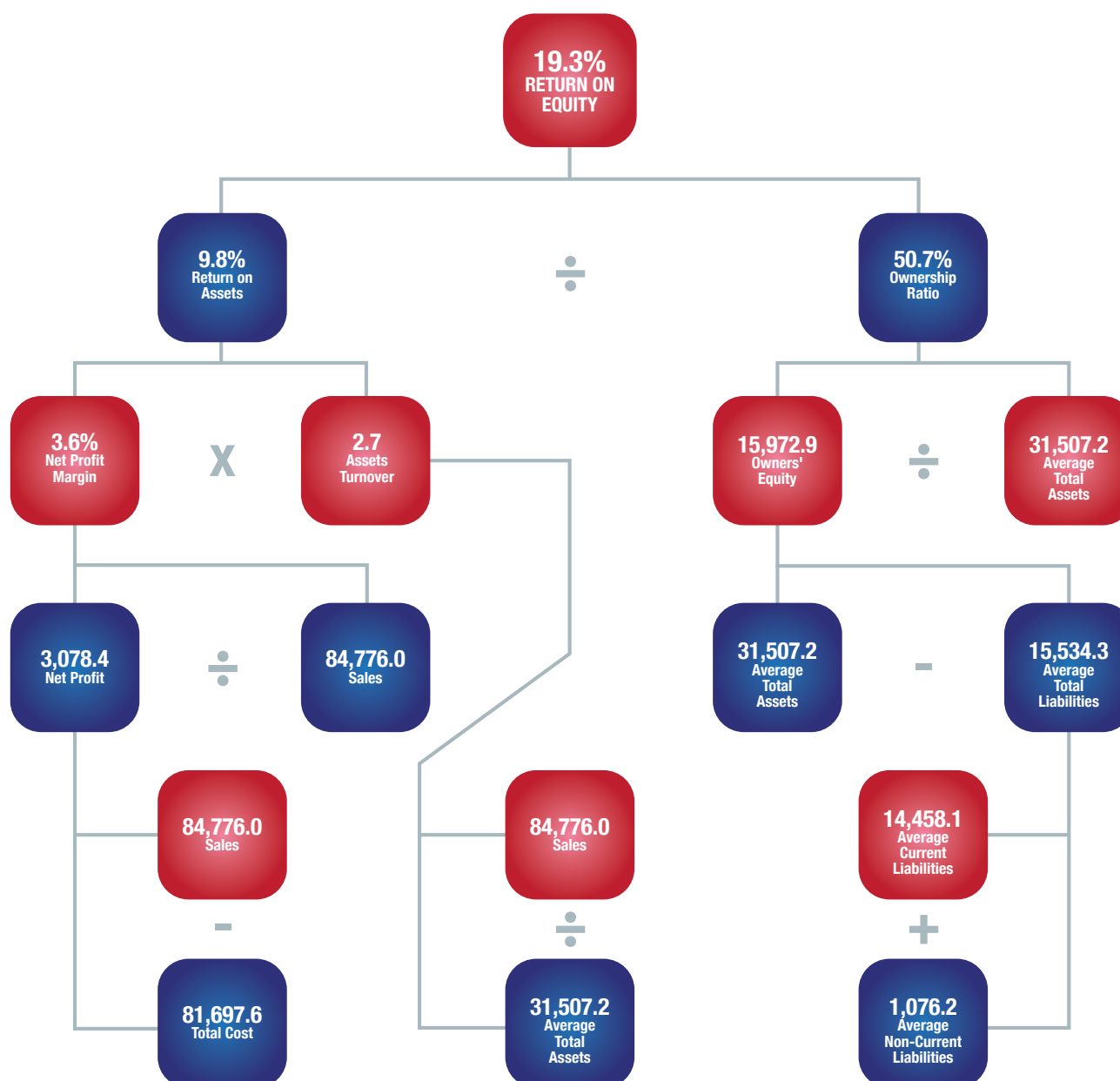
#### Cash to Current Liabilities



# DuPont Analysis

For the Year Ended March 31, 2020

Rupees in Million



Net Sales increased by 3% driven by pricing impact. However, the devaluation of currency, increase in raw material prices and imposition of additional duties have contracted the net profit by 4.1%. This translated in net profit margin of 3.6% which resulted in return of equity of 19.3%.

There is 2.8% decrease in total assets. The increase in capital expenditure on account of new investments and adoption of IFRS 16 was off-set by decrease in trade debts and stock in trade. It resulted in return on assets ratio of 9.8%.

Dupont Analysis	2020	2019
Tax Burden	30.22%	30.48%
Interest Burden	1.29%	0.56%
EBIT	5.27%	5.63%
Asset Turnover	2.7	2.6
Liabilities to Assets	46.62%	51.91%
<b>ROE</b>	<b>19.3%</b>	<b>20.9%</b>



# Six Years Analysis of Financial Statements

## Statement of Financial Position

Particulars	2020	2019	2018	2017	2016	2015
----- Rupees in '000 -----						
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, plant & equipment	10,041,495	8,950,633	7,976,101	6,961,919	5,817,700	4,982,552
Intangible asset	135,121	168,924	44,905	37	5,379	12,774
Long term investments	322,240	323,497	324,899	292,342	245,508	216,283
Long term loans and advances	36,671	33,467	31,481	30,108	28,027	27,198
Long term deposits	13,025	13,882	22,573	17,339	14,937	12,986
Total non current assets	10,548,552	9,490,403	8,399,959	7,301,745	6,111,551	5,251,793
<b>Current Assets</b>						
Stores,spares and loose tools	683,123	725,754	650,160	539,104	489,415	421,339
Stock in trade	4,888,616	5,069,836	2,599,530	2,123,831	1,863,482	1,660,529
Trade debts	813,980	1,116,000	861,224	623,331	608,420	704,597
Loans and advances	42,752	43,794	40,107	38,921	35,877	41,235
Trade deposits and prepayments	686,517	1,007,128	137,663	120,562	64,770	59,568
Short term investments	5,248,268	5,261,724	8,400,246	7,080,669	5,876,554	4,119,696
Accrued mark-up / interest	22,392	37,614	15,557	21,470	16,842	10,857
Other receivables	329,021	573,080	15,528	6,627	4,910	3,674
Taxation-net	1,487,667	1,149,424	725,750	732,706	542,121	99,185
Bank balances	6,308,616	7,480,159	9,981,615	7,053,784	4,755,020	3,409,200
Total current assets	20,510,952	22,464,513	23,427,380	18,341,005	14,257,411	10,529,880
<b>Non-Current Assets Classified as Held for Sale</b>	-	-	-	-	-	-
<b>Total assets</b>	<b>31,059,504</b>	<b>31,954,916</b>	<b>31,827,339</b>	<b>25,642,750</b>	<b>20,368,962</b>	<b>15,781,673</b>
<b>Equity &amp; Liabilities</b>						
<b>Equity</b>						
Share capital	1,240,879	1,034,066	1,034,066	1,034,066	1,034,066	1,034,066
Reserves	15,339,529	14,331,698	14,966,654	12,223,467	9,968,057	8,204,479
Total equity	16,580,408	15,365,764	16,000,720	13,257,533	11,002,123	9,238,545
<b>Non-Current Liabilities</b>						
Lease liabilities	209,148	-	-	-	-	-
Retirement benefits	342,594	296,409	262,882	228,443	214,620	195,145
Deferred taxation	604,200	700,024	698,042	670,968	566,749	578,249
Total non current liabilities	1,155,942	996,433	960,924	899,411	781,369	773,394
<b>Current Liabilities</b>						
Trade and other payables	13,292,920	15,592,719	14,865,695	11,485,806	8,585,470	5,769,734
Taxation - net	-	-	-	-	-	-
Current portion of lease liabilities	30,234	-	-	-	-	-
Total current liabilities	13,323,154	15,592,719	14,865,695	11,485,806	8,585,470	5,769,734
<b>Total equity and liabilities</b>	<b>31,059,504</b>	<b>31,954,916</b>	<b>31,827,339</b>	<b>25,642,750</b>	<b>20,368,962</b>	<b>15,781,673</b>

# Six Years Analysis of Financial Statements

## Statement of Financial Position

Particulars	Horizontal Analysis						Vertical Analysis					
	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2020	2019	2018	2017	2016	2015
-----Rupees in '000-----												
<b>Assets</b>												
<b>Non Current Assets</b>												
Property, plant & equipment	12	12	15	20	17	9	32	28	25	27	29	32
Intangible asset	(20)	276	121,265	(99)	(58)	167	0	1	0	0	0	0
Long term investments	(0)	(0)	11	19	14	100	1	1	1	1	1	1
Long term loans and advances	10	6	5	7	3	3	0	0	0	0	0	0
Long term deposits	(6)	(39)	30	16	15	35	0	0	0	0	0	0
Total non current assets	11	13	15	19	16	14	34	30	26	28	30	33
<b>Current Assets</b>												
Stores,spares and loose tools	(6)	12	21	10	16	5	2	2	2	2	2	3
Stock in trade	(4)	95	22	14	12	(19)	16	16	8	8	9	11
Trade debts	(27)	30	38	2	(14)	35	3	3	3	2	3	4
Loans and advances	(2)	9	3	8	(13)	17	0	0	0	0	0	0
Trade deposits and prepayments	(32)	632	14	86	9	18	2	3	0	0	0	0
Short term investments	(0)	(37)	19	20	43	12	17	16	26	28	29	26
Accrued mark-up / interest	(40)	142	(28)	27	55	(2)	0	0	0	0	0	0
Other receivables	(43)	3,591	134	35	34	(21)	1	2	0	0	0	0
Taxation-net	29	58	(1)	35	447	100	5	4	2	3	3	1
Bank balances	(16)	(25)	42	48	39	20	20	23	31	28	23	22
Total current assets	(9)	(4)	28	29	35	10	66	70	74	72	70	67
Non Current Assets Classified as Held for Sales	-	-	-	-	-	(100)	-	-	-	-	-	-
<b>Total assets</b>	(2.8)	0.4	24	26	29	10	100	100	100	100	100	100
<b>Equity &amp; Liabilities</b>												
<b>Equity</b>												
Share capital	20	-	-	-	-	-	4	3	3	4	5	7
Reserves	7	(4)	22	23	21	19	49	45	47	48	49	52
Total equity	8	(4)	21	20	19	17	53	48	50	52	54	59
<b>Non Current Liabilities</b>												
Lease liabilities	100	-	-	-	-	-	1	-	-	-	-	-
Retirement benefits	16	13	15	6	10	2	1	1	1	1	1	1
Deferred taxation	(14)	0	4	18	(2)	(9)	2	2	2	3	3	4
Total non current liabilities	16	4	7	15	1	(7)	4	3	3	4	4	5
<b>Current Liabilities</b>												
Trade and other payables	(15)	5	29	34	49	3	43	49	47	45	42	37
Taxation - net	-	-	-	-	-	(100)	-	-	-	-	-	-
Current portion of lease liabilities	100	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	(15)	5	29	34	49	3	43	49	47	45	42	37
<b>Total equity and liabilities</b>	(2.8)	0.4	24	26	29	10	100	100	100	100	100	100

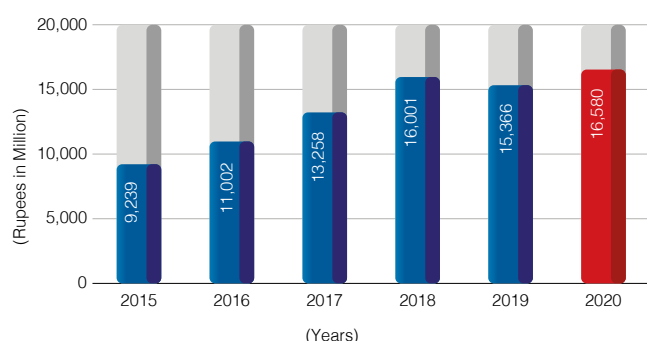
# Six Years Analysis of Financial Statements

## Statement of Financial Position

### Horizontal Analysis

#### Equity

The Company issued bonus shares in financial year 2020. Thus, the share capital currently stands at Rs. 1.24 billion. The reserves of the company increased gradually over the period primarily due to profit retention for financing the capital expenditure and future growth. Resultantly, the total shareholders' equity stood at Rs.16.6 billion with an increase of 79% since 2015.

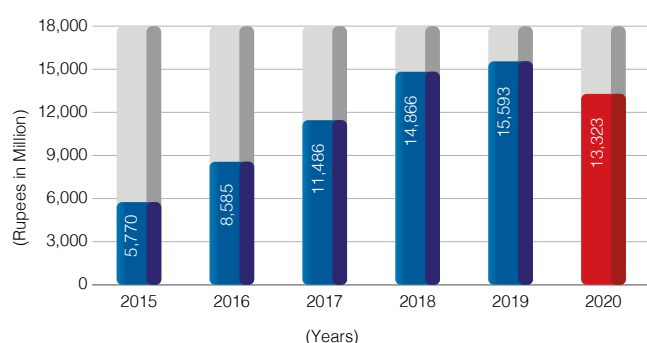


#### Non-Current Liabilities

Non-current liabilities, comprising of lease liabilities, deferred taxation and retirement benefits. It increased by 49% since 2015 primarily due to recognition of lease liability against right of use assets as per IFRS 16.

#### Current Liabilities

Current liabilities increased from Rs. 5.8 billion in 2015 to Rs. 13.3 billion in 2020 primarily due to increase in customer advances and trade related payables, which are in line with the increasing sales and production trend respectively.



#### Non-Current Assets

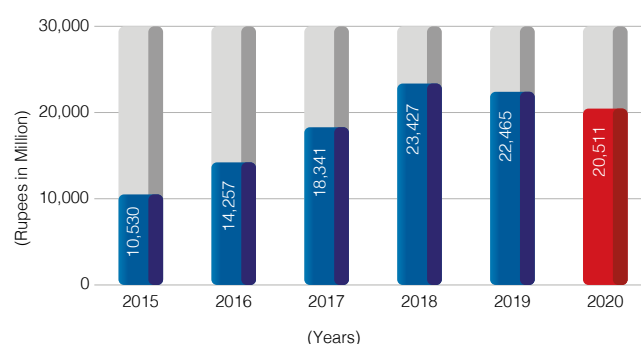
Property, plant & equipment, intangible assets and long term investments constitute the Company's non-current assets. Investment in capacity expansion plan besides routine capital expenditure has resulted in net increase of Rs. 4.9 billion since 2015 to Rs. 10.0 billion in property, plant and equipment.

As a part of its strategy for diversification, AHL has acquired equity stakes of 29.23% in Atlas Hitec (Private) Limited in 2015 with an investment of Rs. 0.2 billion.

#### Current Assets

Current assets mainly constitute stores and spares, stock in

trade, trade debts, other receivables, short term investments and cash & bank balances. Stock levels surged from Rs. 2.08 billion in 2015 to Rs. 5.5 billion in 2020 due to higher production levels. Similarly, trade debts increased from Rs. 0.7 billion in 2015 to Rs. 0.8 billion in 2020 on account of higher sales volume. Further, the short term investments and cash balances increased from Rs. 7.5 billion in 2015 to Rs. 11.6 billion in 2020. Resultantly, the total current assets increased from Rs. 10.5 billion to Rs. 20.5 billion in 2020.



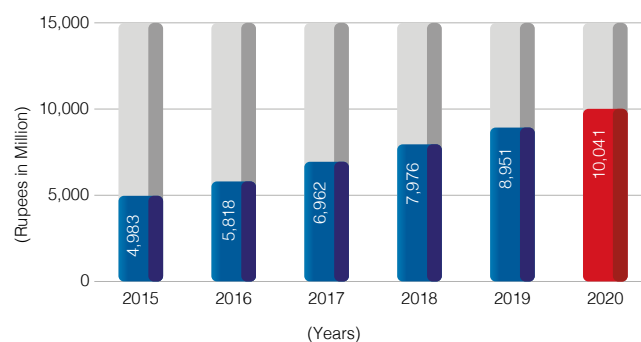
### Vertical Analysis

#### Trade & Other Payables

Trade and other payables decreased by Rs. 2.3 billion as compared to last year in line with the decrease in production levels.

#### Property, Plant & Equipment

Property, plant and equipment increased by Rs. 1.09 billion as compared to last year mainly on account of adoption of IFRS 16, dies and jigs for new molds, investment in BMR and localization projects.



#### Stores & Stock in Trade

Stores and stock in trade decreased by Rs. 0.2 billion as compared to last year in accordance with the decrease in production level.

#### Trade Deposits & Prepayments

Trade deposits and prepayments decreased by Rs. 0.3 billion as compared to last year due to decrease in cash margin held by commercial banks on letter of credit established for imported raw material.

#### Other Receivables

Other receivables have decreased by Rs. 0.2 billion as compared to last year on account of decrease in sales tax receivable from the government.

# Six Years Analysis of Financial Statements

## Statement of Profit or Loss

Particulars	2020	2019	2018	2017	2016	2015
-----Rupees in '000-----						
<b>Profit and Loss Account</b>						
Sales	84,775,972	82,412,548	77,478,845	64,534,021	55,022,415	45,772,177
Cost of sales	(78,660,040)	(75,856,677)	(69,188,101)	(57,754,987)	(49,376,506)	(41,098,571)
<b>Gross Profit</b>	<b>6,115,932</b>	<b>6,555,871</b>	<b>8,290,744</b>	<b>6,779,034</b>	<b>5,645,909</b>	<b>4,673,606</b>
Sales and marketing expenses	(1,981,571)	(1,924,062)	(1,852,057)	(1,630,773)	(1,456,152)	(1,314,231)
Administrative expenses	(652,273)	(640,209)	(634,594)	(602,343)	(499,915)	(432,622)
Other income	1,370,948	1,097,636	877,908	916,333	637,074	543,924
Other operating expenses	(388,968)	(463,793)	(445,038)	(404,740)	(310,682)	(245,132)
Share of profit of an Associated Company - net of tax	4,443	15,698	50,607	61,084	43,475	26,283
<b>Profit from operations</b>	<b>4,468,511</b>	<b>4,641,141</b>	<b>6,287,570</b>	<b>5,118,595</b>	<b>4,059,709</b>	<b>3,251,828</b>
Finance cost	(56,718)	(25,818)	(22,725)	(25,853)	(15,280)	(8,190)
<b>Profit before taxation</b>	<b>4,411,793</b>	<b>4,615,323</b>	<b>6,264,845</b>	<b>5,092,742</b>	<b>4,044,429</b>	<b>3,243,638</b>
Taxation	(1,333,393)	(1,406,664)	(1,601,211)	(1,340,263)	(1,042,630)	(892,747)
<b>Profit after taxation</b>	<b>3,078,400</b>	<b>3,208,659</b>	<b>4,663,634</b>	<b>3,752,479</b>	<b>3,001,799</b>	<b>2,350,891</b>

Particulars	Horizontal						Vertical					
	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
	vs 2019	vs 2018	vs 2017	vs 2016	vs 2015	vs 2014						
-----Rupees in '000-----												
Profit and Loss Account												
Sales	2.9	6.4	20.1	17.3	20.2	2.9	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	3.7	9.6	19.8	17.0	20.1	2.1	(92.8)	(92.0)	(89.3)	(89.5)	(89.7)	(89.8)
Gross Profit	(6.7)	(20.9)	22.3	20.1	20.8	10.6	7.2	8.0	10.7	10.5	10.3	10.2
Sales and marketing expenses	3.0	3.9	13.6	12.0	10.8	1.6	(2.3)	(2.3)	(2.4)	(2.5)	(2.6)	(2.9)
Administrative expenses	1.9	0.9	5.4	20.5	15.6	0.6	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)
Other income	24.9	25.0	(4.2)	43.8	17.1	29.3	1.6	1.3	1.1	1.4	1.2	1.1
Other operating expenses	(16.1)	4.2	10.0	30.3	26.7	9.4	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.5)
Share of profit of an Associated Company - net of tax	(71.7)	(69.0)	(17.2)	40.5	65.4	100.0	0.0	0.0	0.1	0.1	0.1	0.1
Profit from operations	(3.7)	(26.2)	22.8	26.1	24.8	20.6	5.3	5.6	8.1	7.9	7.4	7.1
Finance cost	119.7	13.6	(12.1)	69.2	86.6	1.9	(0.07)	(0.03)	(0.03)	(0.04)	(0.03)	(0.02)
Profit before taxation	(4.4)	(26.3)	23.0	25.9	24.7	20.6	5.2	5.6	8.1	7.9	7.4	7.1
Taxation	(5.2)	(12.1)	19.5	28.5	16.8	29.8	(1.6)	(1.7)	(2.1)	(2.1)	(1.9)	(2.0)
Profit after taxation	( 4.1 )	(31.2)	24.3	25.0	27.7	17.5	3.6	3.9	6.0	5.8	5.5	5.1



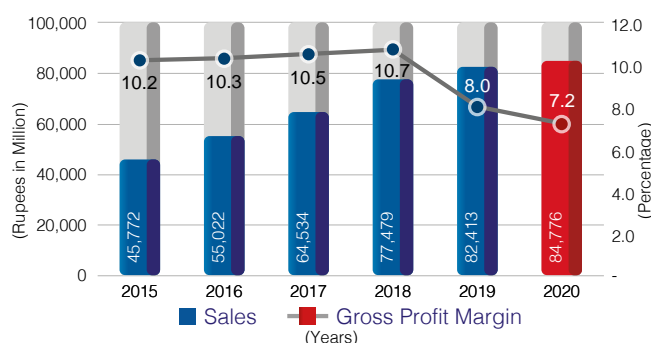
# Six Years Analysis of Financial Statements

## Statement of Profit or Loss

### Horizontal Analysis

#### Sales & Cost of Sales

The Company remained focused towards delivering objective of sustainable growth through value creation. The momentum of increasing sales continued over the period of six years on account of positive market demand and increase in sales prices. It resulted in achievement of cumulative average growth rate of 13% over six years period. The cost of sales recorded cumulative average growth rate of 14% since 2015, on account of volume growth, devaluation of Pak Rupee, increase in raw material prices and other inflationary factors. Resultantly, gross profit margin declined from 10.2% to 7.2%.



#### Selling General and Administrative Expenses

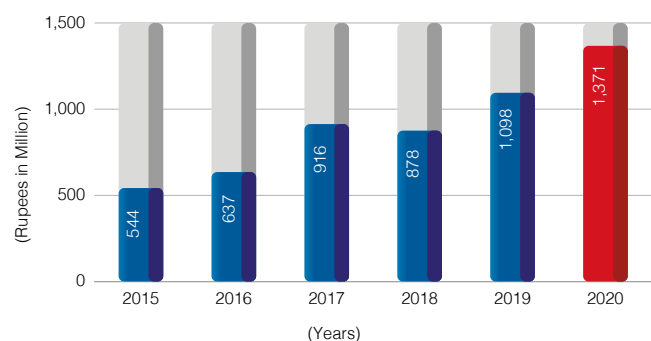
SG&A increased from Rs. 1.75 billion in 2015 to Rs. 2.63 billion in 2020 with a cumulative average growth rate of 9% over six years period owing to higher volumes and rising inflationary prices. However, as a percentage of sales they remained well under control and decreased from 3.8% to 3.1%.

#### Other Operating Expenses

Other operating expenses increased from Rs. 0.2 billion in 2015 to Rs. 0.4 billion in 2020 over the period of six years with cumulative average growth rate of 10%. These mainly comprises of provision for workers' welfare funds and workers' profit participation funds that are directly related to profits.

#### Other Operating Income

Other operating income increased from Rs. 0.5 billion in 2015 to Rs. 1.4 billion in 2020 over the period of six years with



cumulative average growth rate of 19%. This is on account of investment of surplus funds in TDRs, mutual funds and income from associate.

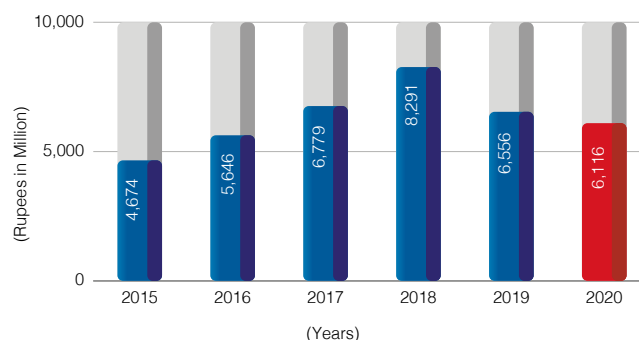
#### Taxation

The variation in taxation charge remained in line with profitability of the Company. The effect of gradual reduction in applicable corporate tax rates was however subdued by the levy of super tax.

### Vertical Analysis

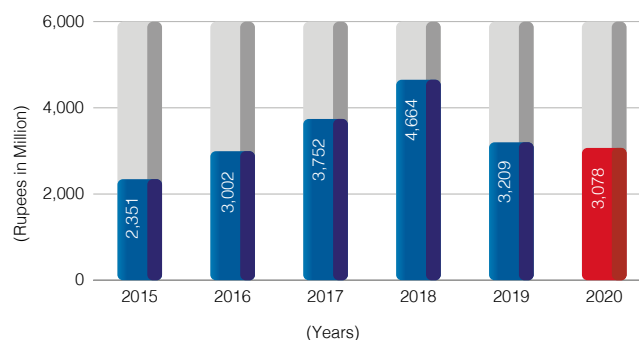
#### Gross Profit

Although the revenue has increased from Rs. 82.4 billion to Rs. 84.7 billion as compared to last year, the gross profit has decreased from Rs. 6.5 billion to Rs. 6.1 billion because of increase in raw material prices, currency devaluation and inflationary factors.



#### Profit after tax

Net profit after tax reduced from Rs. 3.2 billion to Rs. 3.1 billion as compared to last year mainly because of increase in manufacturing and operating costs as explained above in addition to higher tax charge.



# Six Years Analysis of Financial Statements

## Statement of Cash Flows

Particulars	2020	2019	2018	2017	2016	2015
----- Rupees in '000 -----						
<b>Cash Flow Statement</b>						
Cash flows from operating activities	2,313,045	(12,804)	7,803,002	6,435,417	5,523,178	2,808,104
Cash flows from investing activities	(1,585,723)	1,308,414	(2,970,748)	(2,643,558)	(2,947,543)	(1,216,243)
Cash flows from financing activities	(1,898,865)	(3,797,066)	(1,904,423)	(1,493,095)	(1,229,815)	(1,026,399)
Net increase / (decrease) in cash & cash equivalent	(1,171,543)	(2,501,456)	2,927,831	2,298,764	1,345,820	565,462

Particulars	Horizontal						Vertical					
	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2020	2019	2018	2017	2016	2015
----- Rupees in '000 -----												
<b>Cash Flow Statement</b>												
Cash flows from operating activities	(18,165.0)	(100.2)	21.3	16.5	96.7	(20.5)	(197.4)	0.5	266.5	280.0	410.4	496.6
Cash flows from investing activities	(221.2)	(144.0)	12.4	(10.3)	142.3	(56.8)	135.4	(52.3)	(101.5)	(115.0)	(219.0)	(215.1)
Cash flows from financing activities	(50.0)	99.4	27.5	21.4	19.8	67.1	162.1	151.8	(65.0)	(65.0)	(91.4)	(181.5)
Net increase / (decrease) in cash & cash equivalent	(53.2)	(185.4)	27.4	70.8	138.0	445.0	100.0	100.0	100.0	100.0	100.0	100.0

### Free Cash flow Analysis

Particulars	2020	2019	2018	2017	2016	2015
----- Rupees in '000 -----						
Profit before taxation	4,411,793	4,615,323	6,264,845	5,092,742	4,044,429	3,243,638
Adjustment non cash items	439,094	514,399	544,432	336,768	415,624	415,323
Changes in working capital	(1,233,335)	(3,424,484)	2,435,753	2,407,852	2,567,844	304,551
	3,617,552	1,705,238	9,245,030	7,837,362	7,027,897	3,963,512
Less: Capital expenditure - net	(2,118,516)	(2,041,487)	(1,924,438)	(1,979,303)	(1,536,704)	(1,093,375)
Free Cashflows	1,499,036	(336,249)	7,320,592	5,858,059	5,491,193	2,870,137

# Six Years Analysis of Financial Statements

## Statement of Cash Flows

### Analysis of Cash flows, Liquidity & Financing arrangements

#### Cash flows from Operating Activities

Cash flows from operating activities witnessed significant fluctuations since 2015. The net cash generated from operations stood at Rs. 2.3 billion in 2020 against Rs. 2.8 billion of 2015, with the cumulative average rate of -4%. This is mainly on account of investment in stock-in-trade, LC margins maintained with the banks and sales tax refundable.

#### Cash flows from Investing Activities

The cash flows used in investing activities were Rs. 1.5 Billion in 2020 as compared to Rs. 1.2 Billion used in 2015 with cumulative average growth rate of 5.4%. Investment in fixed capital expenditures and short term investments were main constituents of cash outflow from investing activities.

#### Cash flows from Financing Activities

There are no long term cash borrowings. The net cash flows from financing activities has increased from Rs. 1.03 billion to Rs. 1.89 billion comprising of lease rentals as per IFRS-16 and dividend payments.

#### Strategy to Overcome Liquidity Problems

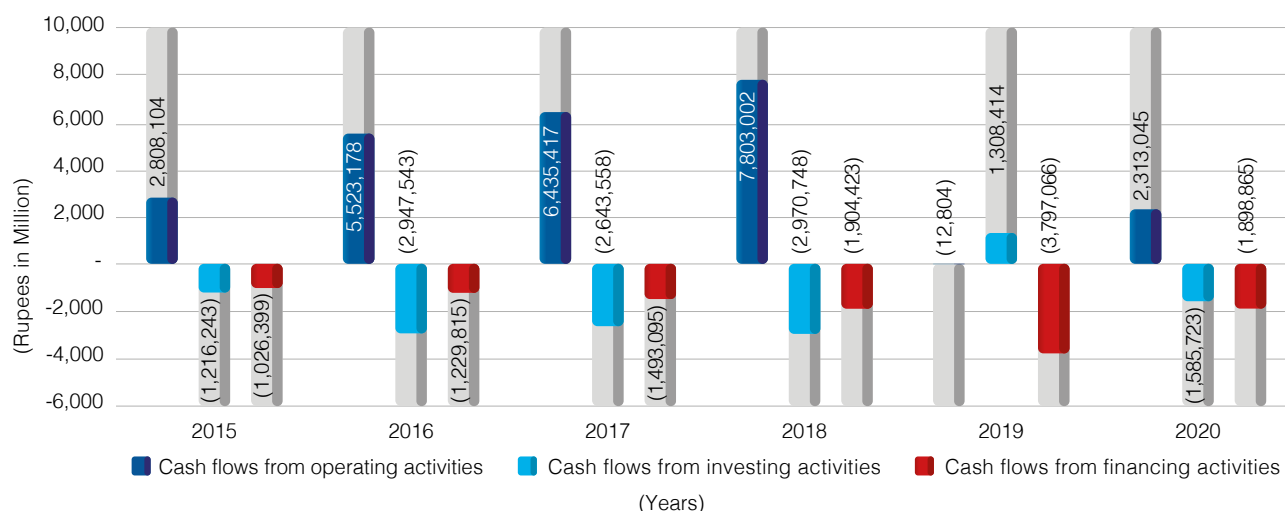
The company has implemented a proactive cash management system to ensure smooth working capital management. Internal cash generation, secured through sales revenues and returns from our diversified equity investments used to meet liquidity requirements of the Company. As no reliance is placed on external borrowings, which ensures no financial cost.

Treasury management system ensures availability of an effective mechanism for investment of surplus funds on favorably effective rates, which contribute to the investment income, while also ensuring sufficient funds are available for operational requirements.

Moreover, income streams from our strategic equity investments further augment cash flows.

#### Liquidity Arrangement and Financing Arrangement

The Company believes in financing through cash generated from operations rather than long term financing. Accordingly, the Company does not borrow any funds and has maintained "Debt Free" status since past eight years.



# Share Price Sensitivity Analysis

The Company's share price is interlinked with Company's financial performance and has positive correlation with the factors influencing the Company's performance.

In prevailing business scenario, management considers the following factors to which the performance and share price of the Company may be sensitive.

## Agriculture:

Pakistan is primarily an agricultural country and its economy is copiously dependent on the well-being of the sector. This sector contributes around 22% to the country's GDP and employs almost 38.5% of the nation's labour force. Almost 62% of the country's population is based in rural areas, and is linked with agriculture for their livelihood. This sector plays a pivotal role in the performance of the Company. Agricultural growth is contingent on crop acreage, weather conditions, availability of irrigation water & farm inputs, and support prices. The years when these factors are favourable, company's sales boost due to increase in farmers' income.

## Exchange Rate Fluctuations:

Company is exposed to fluctuations in foreign currency exchange rates owing to the import of plant and machinery, raw material and related items. The Company has to bear currency exchange rate fluctuation risk. Hence, the devaluation of Pak rupee against US dollar and Japanese Yen directly affects the Company's profit by inflating import cost.

## Plant Operations:

Stable plant operations lead to higher and better production efficiencies. Disruption at production facilities negatively affect the financial performance of the Company and therefore, may affect the share price.

## Capital and Money Markets:

The Company's short term investments amount to Rs. 5.2 Billion, which mainly comprise of those in open ended mutual funds. These funds largely invest in capital and money market. Trends in these markets determine the Net Asset Value (NAV) of these funds and as a result, also affect the company's financial performance.

## Interest Rates:

With effective and efficient treasury management the Company has maintained a strong liquidity position and debt free status since last 8 years. Funds approximating Rs. 6.3 Billion are held in bank savings account and term deposit receipts which generates treasury income. Therefore, any change in the interest rate leads to a change in income. However, increase in interest rates by SBP directly affects the sale of the motorbikes based on consumer financing.

## Material Price Volatility:

Steel, aluminium, paints etc are the major raw materials used in production of motorcycles. These materials form major proportion of the total cost incurred by the Company every year. Therefore, variation in the material prices directly affects the gross profit of the company which in turn may affect the share price.

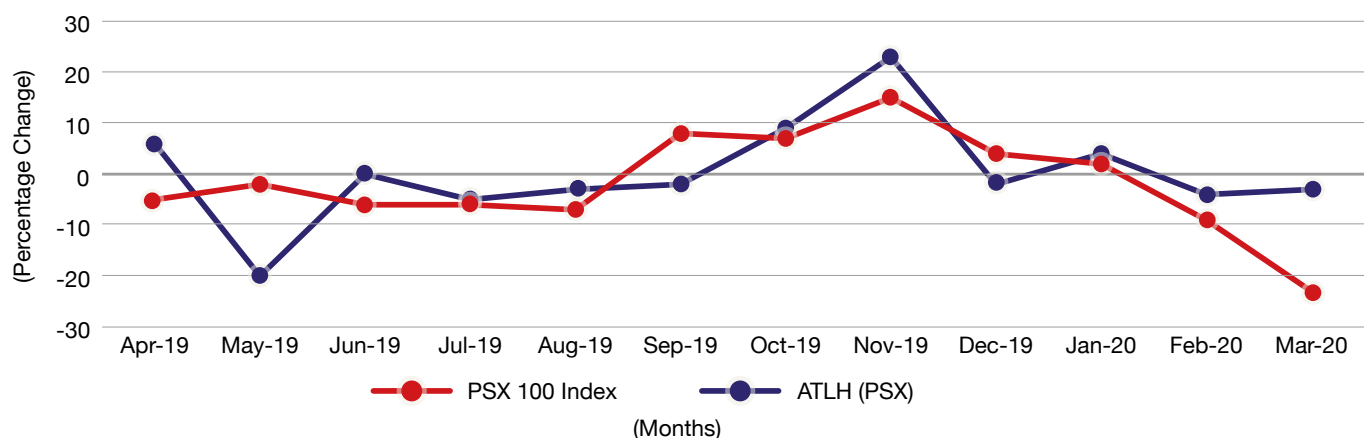
## Energy Crises:

One of the most crucial factors for the survival of manufacturing segment in the country is the availability of gas and electricity shaping its performance. Disrupted supply of gas and electricity forces businesses to resort to expensive alternatives like diesel generators, which then directly affect the Company's financial well-being.

## Act of God

Act of God outside the control of the Company such as natural disasters, floods and pandemics might negatively disrupt the operations of the Company and ultimately might affect share price of the Company.

## Sensitivity Index

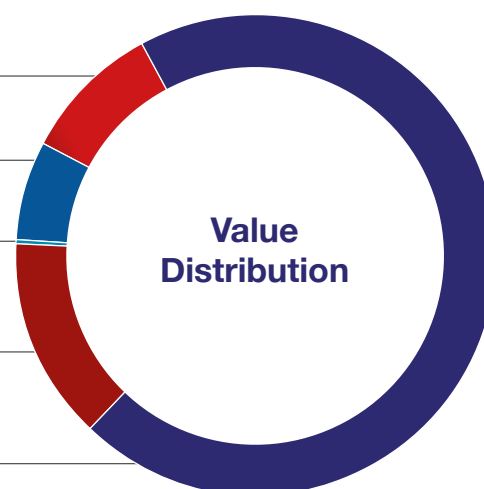




# Statement of Value Addition and its Distribution

	%	Year ended March 31,2020	%	Year ended March 31,2019
(Rupees in '000)				
<b>Value Addition</b>				
Net sales including sales tax	98.64%	99,537,776	98.84%	95,251,120
Other operating income	1.36%	1,375,391	1.16%	1,113,334
	100.00%	100,913,167	100.00%	96,364,454
Bought in materials and services	-73.25%	(73,915,227)	-72.62%	(69,984,227)
Value Added	26.75%	26,997,940	27.38%	26,380,227
<b>Value Distribution</b>				
<b>To Government</b>				
Income tax, sales tax, custom & excise duties, workers funds, EOBI & social security contribution and local taxes	70.05%	18,913,200	70.84%	18,687,432
<b>To Employees</b>				
Remuneration & benefits	13.71%	3,701,717	12.73%	3,357,898
<b>To Society</b>				
Donations	0.17%	46,198	0.24%	62,648
<b>To Providers of capital</b>				
Dividends for shareholders	6.89%	1,861,319	8.62%	2,274,945
<b>Retained for re-investment and future growth</b>				
	9.17%	2,475,506	7.57%	1,997,304
<b>Total Value Distributed</b>	100.00%	26,997,940	100.00%	26,380,227

● Retained for re-investment and future growth	<b>9.17%</b> (2019: 7.57%)
● To Providers of capital	<b>6.89%</b> (2019: 8.62%)
● To Society	<b>0.17%</b> (2019: 0.24%)
● To Employees	<b>13.71%</b> (2019: 12.73%)
● To Government	<b>70.05%</b> (2019: 70.84%)



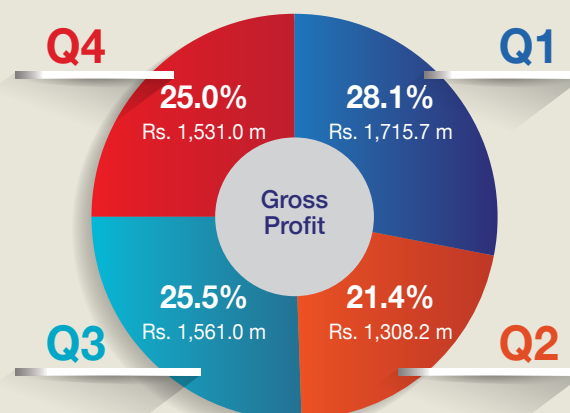
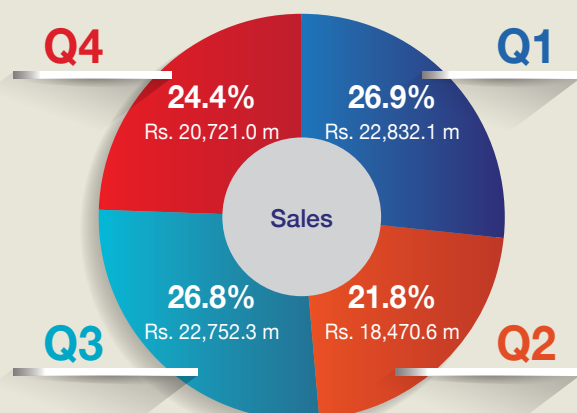
# Quarterly Performance Analysis

## Sales

Rs. 84,776.0 Million

## Gross Profit

Rs. 6,115.9 Million



Atlas Honda Limited achieved the highest sales revenue in the first quarter in line with sales volume. However, due to the overall economic tightening, continued inflation and seasonal effect, the sales volume declined in second quarter. With the start of second half, things started to improve as a result of Company's persistent marketing efforts and positive agriculture related inflows. It helped in building sales momentum in the third quarter towards the end of February. However, during the last month of the financial year, it was affected again due to country wide lock-down on account of increase in COVID-19 cases.

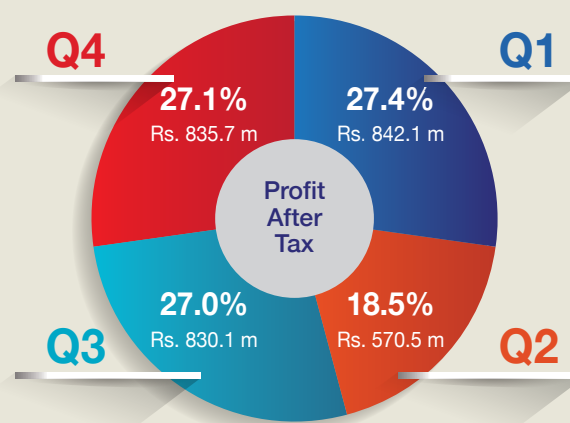
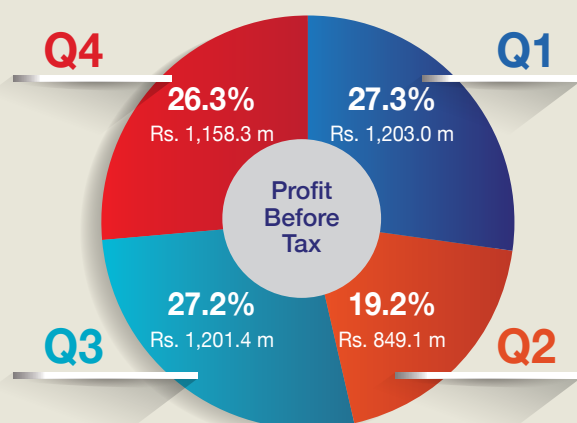
The gross profit was highest in the first quarter in line with sales revenue and overall economic stability. The increase in raw material prices, exchange devaluation, other inflationary factors and reduced sales volume started to affect gross profit in second quarter. However, the continuous cost reduction activities and better sales volumes helped to improved profits during second half.

## Profit Before Tax

Rs. 4,411.8 Million

## Profit After Tax

Rs. 3,078.4 Million



Profit Before Tax remained mostly consistent with the gross profit. Effective controls over operating expenses and higher treasury income in second half on account of increase in discount rates supported the Company to arrive at the overall margin of 5.2%.

Profit After Tax followed the similar trend as that of PBT. This translated into Earning per share of Rs. 24.81 for the year.

## Analysis of Variation in Interim Results with Final Accounts

The Company earned a gross margin and net margin of 7.3% and 3.4% during the first half of the financial year, respectively. However, the effect of continued inflation & devaluation, imposition of additional duties and rise in material prices resulted in annual gross margins of 7.2%. On the other hand, significant increase in treasury income improve net margin for the overall financial year to 3.6%.









# Sustainability Report 2020

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# About the Report

## Reporting Period

Financial year 2020 (April 01, 2019 to March 31, 2020)

## Reporting Cycle

Annual

## Date of Publication of Previous Report

May 30, 2019

## Available Version

Online and printed versions are available in English. Online version can be accessed from [www.atlashonda.com.pk](http://www.atlashonda.com.pk)

## Report Content

The contents of this report are based on the results of our engagement with stakeholders and requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Standards. All material topics which are important to our business strategy, represent impacts on economy, environment and society and are of interest to various stakeholders & the company are included in this report.

## Global Reporting Initiative

This report has been prepared in accordance with the GRI Standards: Core option. The GRI content index is available on page 115.

## Assurance

The report was externally reviewed by Corporate Social Responsibility Center Pakistan (CSRCP), an independent reviewer, in compliance with GRI Standards and ISAE 3000 (2003) standard. The statement of the independent external reviewer describing the activities carried out and the expression of opinion is provided on the page 113.

## Contact for Feedback

We value feedback and welcome comments on our reporting. For any questions or suggestions, please get in touch with our sustainability team.  
Address: 1-Mcleoad Road, Lahore-54000  
Phone: +92-42-37225015-17, 37233515-17  
Email: [ahl.suggestions@atlashonda.com.pk](mailto:ahl.suggestions@atlashonda.com.pk)



# Sustainability Highlights 2020



In the categories of "CSR Report, Research & Publications" and "Environment & Waste Management / Recycle"



Million donated



Hours spent on  
employees' training



Plus customers served for  
free service check ups



Reduction in water  
consumption per bike



Reduction in effluents and  
waste per bike



Women trained for bike riding



Prize by Punjab Horticulture Society  
in Land Scaping, Grassy Lawn &  
Rose Garden Category



Students attended safety  
lectures

# General Information

## Ownership and Legal Form

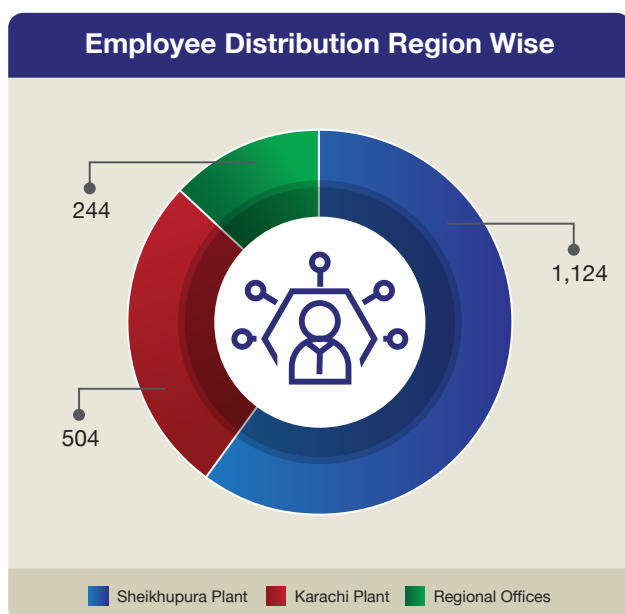
Atlas Honda Limited is a public limited company listed on the Pakistan Stock Exchange. It is a joint venture between Shirazi Investments (Private) Limited (SIL) and Honda Motor Company Limited, with SIL holding 52.43% of issued, subscribed and paid-up capital as at March 31, 2020.

## Headquarters and Operations

The Company operates in Pakistan and is engaged in manufacturing and marketing of motorcycles, spare parts and engine oil. The registered office of the Company is located at Lahore whereas its manufacturing & assembly facilities are located at Karachi and Sheikhpura with branches, customer care centers, warranty & training center and other offices located at Karachi, Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Islamabad.

## Scale of the Company

During year the ended March 31, 2020, net sales of the Company amounted to Rs. 84.8 billion, with sales of more than one million motorcycles. Net profit for the year amounted to Rs. 3.1 billion while total capitalization was Rs. 31.1 billion with equity of Rs. 16.6 billion. The workforce of the Company comprised of 1,872 permanent employees as at March 31, 2020. The Company does not hire employees on part-time or temporary basis and no portion of the organization's activities are performed by workers who are not employees of the Company.



## Supply Chain

The supply chain of the Company spans from procurement of machinery, raw materials, semi-finished & finished parts, services and other inputs from local and foreign vendors to delivery of finished motorcycles and parts to customers through a country-wide network of dealers. The Company's supply chain is both labour and capital intensive. During the year, the Company paid Rs. 78.5 billion to its supply chain partners on account of purchases of goods and services.

## Activities, Brands, Products & Services and Markets Served

The Company serves the needs of automotive sector in Pakistan. The Company's customers mainly include dealers and institutions. The Company manufactures and sells various types of motorcycles in the categories of 70cc, 100cc, 125cc and 150cc through a nation-wide network of dealers. The Company also markets motorcycle parts & engine oil and offers after-sale services through its dealer network. Atlas Honda does not sell any product that is banned in any market.

## Memberships and External Initiatives

Atlas Honda is a member of the following major associations:

1. Pakistan Automotive Manufacturers Association
2. Pakistan Business Council
3. Federation of Pakistan's Chambers of Commerce and Industry
4. Chambers of Commerce and Industry of:
  - Karachi
  - Lahore
  - Sheikhpura
  - Overseas Investors
5. Management Association of Pakistan
6. Marketing Association of Pakistan

The Company does not provide any funding to these associations. However, it takes part, through sponsorship or otherwise in events, such as exhibitions, seminars and workshops organized by these associations.

Further, in addition to the Company's internally developed charters, code of conduct and guidelines, the Company is committed to various externally developed initiatives, charters and principles. Please refer page 53 for more details.

## Significant Changes

There were no major changes in the Company's supply chain, locations, operations and organizational structure during the year. However, it continued to make significant investments as per plan for capacity building and business improvement.

# CEO's Message on Sustainability

**“In today’s business world, achieving a balance between ‘People’, ‘Planet’ and ‘Profits’ are vital for long-term success. As a responsible company focusing on all the three elements, Atlas Honda Limited, aims to remain at the forefront to attain positive change for all the stakeholders in the society as a whole.”**

I am pleased to present Atlas Honda’s 8th Sustainability Report designed to both look back on the activities during the current year as well as offer a guide on the direction for upcoming years. This report explains how the Company has been an agent of change, empowering communities and paving the way for a brighter future.

Over the years, the Company has made significant strides in its journey to sustainability under three areas - economic, social, and environmental. At Atlas Honda, sustainability is part of what we do every day, throughout our value chain. Our sustainable practices not only have helped improve the environment but have resulted in increased productivity, reduced costs, happier shareholders and employees.

During the year, the Company remained persistent in devoting its resources for creation of superior products and services in collaboration with its supply chain partners. The highly talented staff continued to share the commitment of leading sustainability efforts and giving back to the community. Leveraging its business knowledge, the Company proactively addressed social and environmental issues and strived to flourish alongside its communities.

The sudden spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide. At this difficult time, our focus is to safeguard the well-being of everyone including our associates and those within the dealer & the supply chain network. The Company believes that this crisis presents an opportunity to take bold actions and show leadership and solidarity. Level of communication has been significantly increased and associates have been empowered to work remotely. At a time of such uncertainty, I am inspired by the energy, resilience, and commitment of our associates. Moreover, the Company has stepped up its humanitarian efforts in response and has directed its funds to support groups hardest hit by the pandemic.

At the end, I would like to sincerely thank our partner, Honda Motor, for its contribution and constant guidance throughout Atlas Honda’s pursuit of value creation for all its stakeholders.



Saquib H. Shirazi  
Chief Executive Officer

Karachi: June 01, 2020

# Sustainable Development Goals

At the United Nations General Assembly in September 2015, the Sustainable Development Goals (SDGs) were adopted for the purpose of establishing a sustainable society across the world through community development, environmental protection and inclusive economic growth. The timeline for these UN SDGs runs from 2016 until 2030. As a responsible corporate citizen, we aim to take account of the SDGs in how we run our business.

Initiatives such as the SDGs contribute to knowledge creation, advancing regulation and technological development, which ultimately lead to changed market demands.

We are committed to all 17 goals, as they all have some connection to our business. However, we are prioritizing actions on the goals where our business activities can have the biggest impact.



# Sustainability Targets

The Company has established the following targets for continued sustainability approach to be followed to ensure efficient and effective use of resources:

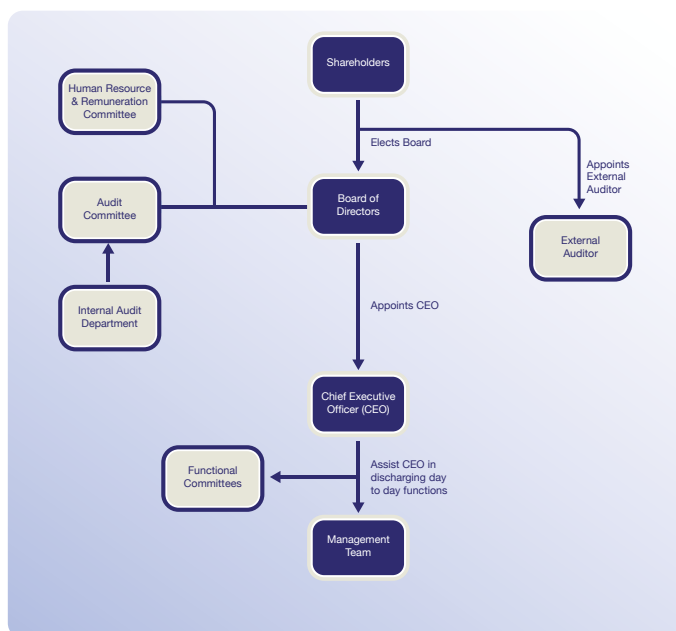
Sustainability Area	New Targets	Target Year
<b>Material</b>		
To reduce per unit consumption of plastic material	2% reduction in consumption from 2020. From 2015, 23% reduction in plastic consumption has been achieved through efficiency in operations.	2021
<b>Energy</b>		
Reduction in per unit consumption of energy	1% reduction in energy from 2020. Initiatives taken by the Company have resulted in 29% per unit reduction since 2014.	2021
<b>Emissions</b>		
Restrict CO <sub>2</sub> emission	2% reduction in CO <sub>2</sub> emission from 2020. From 2017, emission has been restricted by 2% per unit.	2023
<b>Water</b>		
To minimize water consumption per unit	1% reduction from current year. From 2018, 7% reduction has been achieved.	2021
<b>Health and Safety</b>		
Zero injury	Zero injury	2021



# Sustainability Strategy

## Governance Structure

Atlas Honda's governance framework provides a sound structure for effective and responsible decision-making within the organization. The highest decision-making is carried out at the shareholders' meetings, supported by the Board of Directors. The Board has an oversight of the risks and opportunities arising from the Company's activities and is responsible for identifying the direction, strategies & objectives and for monitoring the implementation of the same by management.



## Board of Directors

The Company has an experienced and dynamic Board with the right blend of skills to develop strategies. Presently, the Board comprises of eight Directors, including three non-executive Directors, three executive Directors and two independent Directors. Non-executive Directors are elected to enhance objectivity. The Company does not have a defined quota for Board of Directors based on gender, ethnicity or age group. The Chairman is responsible for the overall discharge of the Board's duties. The office of the Chairman and the Chief Executive Officer (CEO) are separate and the Chairman is a non-executive Director.

The Chairman of the Board of Directors is selected from within the Board. The statute requires the Board to formulate Audit

Committee and Human Resource & Remuneration Committee. Additionally, the Board may from time to time establish committees, to assist it by focusing on specific responsibilities in greater detail than is possible for the Board as a whole, reporting to the Board and making any necessary recommendations.

All the matters including election, appointment and disclosure of interest are governed by the statutory requirements and regulations laid down by SECP and PSX. There were no non-compliances identified during the year. Further details about the Directors and matters carried out during the year can be found in the Director's profile and Statement of Compliance with the Code of Corporate Governance on page 18, 19 and 122 respectively.



## Representation of Female Director on the Board

During the year, the Company, as part of its policy of diversity & equal opportunity and to ensure compliance with new Code of Corporate Governance's requirement, has appointed one female member on its Board.

## Roles and Responsibilities of the Board

The Board provides leadership to the Company in a manner that promotes its long-term success, thereby maximizing value for the stakeholders. It also sets the direction for the Company's values, ethics & business policies and practices. The Board exercises all powers granted to it by the Companies Act, 2017 with responsibility, diligence, and in compliance with the legal framework after due deliberations in its meetings. These include, but are not limited to, appointment of key management positions, approval of annual budgets including capital expenditures, investments in new ventures and approval of related party transactions. Financial statements of the Company, including interim and final dividends and review of internal / external audit observations regarding the overall control environment including effectiveness of the control procedures, are also approved by the Board. An independent Internal Audit department ensures continuous compliance and monitoring of formal policies and effectiveness of the internal control framework, designed by the Board for the conduct of the Company's business. The Audit Committee is tasked to report compliance thereof to the Board, at least once every quarter of the year.

### Formal Orientation and Director's Training Program

On appointment, Directors take part in an "Induction Program" which is aimed at broadening their knowledge and understanding regarding the Company's business. The orientation program is designed to apprise the Directors regarding the expectations of the majority shareholders and their responsibilities. The Directors are also encouraged to attend courses which provide information and training relating to their duties, responsibilities, powers and potential liabilities. The Chairman, in collaboration with the Company Secretary and senior management, is responsible to ensure that the Board members are provided, at all times, with the information

necessary for them to effectively discharge their duties and responsibilities. The Company Secretary also arranges an appropriate Director's Training Program in line with the mandatory requirements of the Code of Corporate Governance.

### Committees of the Board and Terms of Reference

Each committee of the Board has a written 'Terms of Reference' outlining their duties and responsibilities. The committees report on their activities and results to the Board. The table below summarizes the terms of reference, number of members and frequency of meetings of the committees.

Committee	Roles and responsibilities of committee	Number of members	Frequency of meeting
Audit Committee	<ul style="list-style-type: none"> <li>Monitors the integrity of the financial statements and reporting and makes recommendation to the Board for its approval</li> <li>Oversight of external auditor: to consider findings and recommendations arising from the external audit process</li> <li>Review of compliance procedures to ensure adherence to applicable legal and regulatory standards and internal policies</li> <li>Monitoring the effectiveness of the internal control processes and the internal audit function</li> <li>Oversight of risk management</li> </ul>	Three	Quarterly
Human Resource and Remuneration Committee	<ul style="list-style-type: none"> <li>Recommending Human Resource Management policies to the Board</li> <li>Recommending to the Board about selection, evaluation, compensation and succession planning of CEO, VP, CFO, Company Secretary and Head of Internal Audit</li> <li>Consideration and approval of recommendations for key management positions who report directly to CEO and VP</li> <li>Recommending to the Board a policy framework for determining remuneration of directors</li> <li>Undertaking annual evaluation of the Board of Director's performance</li> </ul>	Three	Once a year

### Remuneration of Executive, Non-Executive and Independent Directors

The Company has a comprehensive policy for fixing executive Directors' remuneration. In order to attract well qualified and experienced Directors, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. As per the applicable legal and regulatory requirements, the remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding their own remuneration.

The Company does not pay remuneration to non-executive Directors including independent directors except a fee for attending meetings of the Board. Information on remuneration of the Directors and CEO in 2019-20, please refer note 35 to the Financial Statements on page 161.

### Policy for Retention of Fee Earned by Executive Directors for Services in Other Companies as Non-executive Directors

The Company's CEO is treated as an executive Director on the Board by virtue of the Companies Act, 2017. In addition, he

holds position as a non-executive Director on the Boards of Pakistan Cables Limited and eleven private companies of Atlas Group. Fee paid, if any, by these companies are in compliance with policies of respective companies which have been approved by their Board of Directors. Executive directors other than CEO of the Company do not hold directorship position in any other company.

### Security Clearance of Foreign Directors

Every foreign Director who is nominated for election on the Board of Directors of the Company is required to furnish documents which are then submitted to the Ministry of Interior for security clearance.

### Board's Performance Evaluation

The evaluation of Board's role of oversight and its effectiveness is a 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 the Board's Committees' performance in relation to discharging their responsibilities set out in respective terms of reference.

The Company does not have a policy to involve an external consultant to carry out an evaluation of the Board's performance.

## Chairman's Review on the Performance of the Board

Review by the Chairman on the Company's performance, which is derived through the guidance received by the management from the Board of Directors, has been outlined in Chairman's Review. Further detailed explanations have been covered throughout the Annual Report.

## Roles & Responsibilities of Chairman & CEO

The Chairman's role is primarily to guide long-term strategic planning for Atlas Honda including:

- Presiding over the Board and ensuring that all relevant information has been made available to the Board;
- Defining the Company's philosophy and objectives;
- Safeguarding shareholders' interest in the Company;
- Responsible for building the Company's image nationally and globally;
- Ensuring the appropriate recording and circulation of the minutes of the meeting to the Directors and officers entitled to attend the Board meetings;
- Major spokesman of the Company, responsible for liaison with the senior most levels of the Federal and Provincial Governments;
- Overseeing the Company's macro approaches and public relations in the broad sense, including its relations with public organizations and other companies; and
- Commitments and de-commitments of strategic investments.

The CEO is responsible for reporting the Company's performance to the Board of Directors. He is also responsible for all matters pertaining to operations of the Company under direction of the Board of Directors. His responsibilities include:

- To plan, formulate and implement strategic policies;
- To build and maintain amicable relations with government departments, trade associations and regulatory bodies;
- To ensure the achievement of productivity and profitability targets and that the Company operates efficiently;
- To ensure that the chain of command in the Company is clear to facilitate the maintenance of discipline, the roles and duties of all managers clearly define their functions to ensure accountability;
- To maintain a regular review of duties and functions of the staff to ensure that there are no duplications of efforts in office methods and procedures and that all operations are carried out efficiently and economically;
- To chalk out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- To ensure that proper succession planning for all levels of hierarchy exists in the Company and is constantly updated;
- To ensure welfare and training of the staff in accordance with the Company's policy and government regulations which are applicable from time to time;
- To ensure that open and progressive atmosphere is created

among employees giving them a sense of participation and providing them with an opportunity to give their best;

- To ensure that every employee is treated equally as an individual regardless of his designation; career development is on merit basis and each employee is helped to develop its performance through continuous study and training so as to form a team in which all levels of employees work together with common goals to strengthen the position of the Company;
- To ensure that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- To ensure that technical information made available to the Company under Technical Service or Royalty Agreements are used solely in the manufacturing of approved products and the staff of the Company maintains strict confidentiality of such information;
- To ensure that the Company's interests and assets are properly protected & maintained and all the required Government obligations are complied with in a timely manner;
- To maintain close liaison with the Government, customers, suppliers and sales offices;
- To pay all Government dues on or before due date and obtain all refunds due from the Government;
- To ensure proper functioning of the Management Committees of the Company of which he is the Chairman;
- To prepare and present personally to the Board of Directors the following reports/details;
  - Annual business plan, cash flow projections and long term plans.
  - Budgets including capital, manpower and overhead budgets along with variance analysis.
  - Quarterly operating results of the company in terms of its operating divisions & segments.
  - Promulgations or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.
  - Reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personnel and other matters of importance to the Company.
- To always keep the line of communication open with the competitors for taking joint actions for mutual benefits;
- To be responsible for publicity of the Company's products consistent with the company's image and with a view to maximizing sales; and
- To ensure that the Company operates with minimum staffing and paperwork.

## CEO's Performance Review

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

## Committees Reporting to the CEO

The CEO is supported by committees that facilitate him in the performance of his duties. These committees meet frequently and ensure implementation of sustainability framework in various aspects of Atlas Honda's operations. The implementation of the

framework is ensured by various departmental heads who report the activities and progress to these committees. Input is also acquired from associated third parties through the Company's process of stakeholders' engagement. The implementation of sustainability framework is frequently monitored by Internal Audit

function along with the annual assurance from an independent expert before reporting the results to the stakeholders.

Committee	Roles and responsibilities of committee	Number of members	Frequency of meeting
Management Committee	<ul style="list-style-type: none"> <li>Reviewing and forwarding long term plans, capital and expense budget, development and stewardship of business plans</li> <li>Maintaining healthy environment</li> <li>Providing advice to CEO in normal course of business</li> </ul>	Twelve	Monthly
Business Ethics Committee	<ul style="list-style-type: none"> <li>Effective communication and reinforcement of ethical values &amp; best practices in the business</li> <li>Ensuring compliance with the Company's 3R principles (Respect, Reward and Recognition)</li> </ul>	Nine	Twice a year
Treasury Committee	<ul style="list-style-type: none"> <li>Oversight of day to day treasury &amp; investment matters</li> <li>Approval of short term investment decisions</li> <li>Ensuring subsequent approval of all the decisions by Board</li> </ul>	Three	Monthly
Risk Management Committee	<ul style="list-style-type: none"> <li>Identifies and proposes strategies to mitigate risks, on a timely basis, in accordance with a well-structured risk management process</li> </ul>	Three	Monthly
Environment, Health, Safety and Security Committee	<ul style="list-style-type: none"> <li>Ensures compliance with applicable Environmental, Health, Safety and Security (EHS&amp;S) laws and regulations</li> </ul>	Six	Monthly
Social Responsibility Committee	<ul style="list-style-type: none"> <li>Ensures compliance with Social Performance Governance Framework</li> </ul>	Five	Quarterly

### Governance Practices Exceeding Legal Requirements

The Company's commitment to the highest levels of moral and ethical values is demonstrated by voluntary adoption of best business practices in addition to the mandatory regulatory requirements. Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best reporting practices recommended by ICAP/ICMAP;
- Adoption of Pakistan Stock Exchange criteria for selecting top companies;
- Disclosure of various financial analysis including ratios, reviews, risk matrix and graphs etc.; and
- Implementation of aggressive Health, Safety and Environment strategies to ensure safety of employees and equipment.

### Related Parties

The Company maintains a comprehensive and updated list of all related parties. Names of all such related parties along with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage

holdings have been appropriately disclosed in Note 36 of the Financial Statements as per the requirements of fourth schedule of the Companies Act 2017.

### Risk Management

The Company has an entity-wide risk management process for identifying, evaluating and managing the principal risks. The Board is responsible for the systems of internal control and risk management and for reviewing each year the effectiveness of those systems. The key features of the Company's entity-wide risk management and internal control process include:

- The Board Audit Committee, on behalf of the Board, considers the effectiveness of the internal control procedures during the financial year. It reviews reports from the internal and external auditors and reports its conclusions to the Board.
- A Risk Management Committee is responsible for reviewing the key risks and the strategies to mitigate/counter these risks.
- The Company's Internal Audit function carries out the continuing assessments of the quality of risk management



and control, reports to the management and the Audit Committee on the status of specific areas identified for improvement and promotes effective risk management in the lines of business processes.

During the year, the Committee discharged its responsibilities effectively and reported the matters in Report of the Board Audit Committee.

### Compliance and Integrity Management

The Company's Code of Conduct (the Code) provides guidelines on ethical standards. It covers issues such as bribery and corruption, fraud, insider trading, legal compliance, conflicts of interests, human rights and discrimination. The Code includes a commitment to conduct the Company's business with due regard to the interests of all stakeholders and the environment. The Code requires compliance with all applicable laws and regulations as a minimum standard. In essence, the guidelines to the Code outline the Company's approach to ethics management, which includes all elements recognized as best practices in ethics management. The Code guides interactions with all the stakeholders, including employees, vendors and customers.

The Code is reviewed annually and any changes therein are approved by the Board. The same is communicated to all the employees, vendors, service providers and customers and is available on the Company's website.

### Whistleblower Policy

The Company's purpose and values set the standard for how it does business and actively encourage openness, integrity and accountability. The Company's Whistleblower Policy has been developed to ensure that concerns are raised regarding actual or suspected contraventions of the Company's ethical and legal standards freely and without fear of repercussions. The policy provides a number of avenues for disclosure including internally through managers and Business Ethics Committee. Matters reported are investigated by the Internal Audit function and it is determined whether there is evidence to support the matter raised or to refute it. Information regarding any incident is reported to the Audit Committee. The reports include details of the matter, measures taken and the status of any investigation. During the year, no such incidents were reported.

### Privacy and Data Protection

The stakeholders are understandably concerned about how their personal information is used and shared and they want to feel confident that data communicated or stored online is secure. The Company works regularly to enhance robust processes and systems that protect customers' and employees' data and to raise awareness about the importance of data protection and privacy through the Company's IT Governance Policy which is summarized below:

- The members of Management Committee are responsible for required compliance in their respective functional areas, at all locations.
- The General Manager Systems is responsible for its implementation, maintenance, compliance and for suggesting new areas as per technology enhancement.

### Conflict of Interest Policy

The Company has a policy in place to ensure that any conflict of interest is properly disclosed, recorded and addressed, upholding the interests of the company. In line with the provisions of Companies Act, 2017, every Director is required to disclose his interest in writing to the Company Secretary, in respect of any contract/appointment, etc. Such disclosures are circulated to the Board. Interested Directors do not participate in voting on the said resolution and it is properly recorded in the minutes of the Board meeting and also entered in the statutory register maintained for this purpose.

### Insider Trading

The Company has a clearly defined policy relating to insider trading which requires all the relevant employees to maintain confidentiality of inside information at all times. The purpose of this policy is to set forth guidelines on purchase or sale of securities while in possession of inside information. The Company is in compliance with the requirements issued by SECP relating to maintenance of register of persons having access to inside information is updated by designated senior management officer in a timely manner and maintained with proper record including basis for inclusion or exclusion of names of persons from the said list.

### Anti-corruption and Human Rights

Analysis of risks related to corruption is a continual process at Atlas Honda and no corrupt practices are tolerated. The Company's Code of Conduct contains explicit requirement about business integrity and anti-corruption, which every employee is required to adhere to. The Company has a dedicated Internal Audit Function to implement the risk management systems. The function directly reports the findings to Audit Committee for taking appropriate action. No incident of corruption was reported during the year. Detailed analysis has been covered in Risk and Opportunity Report at page 44.

### Grievance/Feedback System

The Company believes in protecting interest of its investors and shareholders. The shareholders give their feedback in General Meetings and are encouraged to do so. It allows the Company to have a good understanding of their views on operations and decisions. Accordingly, a "Grievance/ Feedback System" has been established that provides an avenue for reporting and resolution of all complaints/queries on timely basis.

A designated e-mail address has been created which is investor.relations@atlashonda.com.pk to facilitate investors for submission of queries/grievances and feedbacks. In addition, complaints and suggestions can also be received in writing, duly addressed to Company Secretary. All grievances/queries are resolved and communicated to the investors on timely basis after due verification procedures.

### Board's Role in Shaping Sustainability Policy

The Board provides direction on sustainability policy and initiatives to enhance the positive impacts and reduce the negative impacts on the economy, environment and society.



The execution of the Board's directives and policies is carried out by the respective management teams and performance is reviewed by the Board. The Board also oversees operating & financial performance, risk management & internal controls and compliance with legal requirements.

### Sustainability Strategy Framework

The Company's sustainability strategy focuses on crafting long-term value and providing a level playing field for future generations to meet their needs. This goal can only be attained through the efficient use of available resources, commitment to creating sustainable products and solutions and treating the environment and people equitably and with respect. The commitment of doing business in a sustainable way sets the Company apart from its competitors, leading to customer satisfaction, appreciation, brand recognition and increasing product demand. The Company's Sustainability Strategy Framework supports its business strategy and is aligned with the Company's purpose. The framework has five key areas of focus:

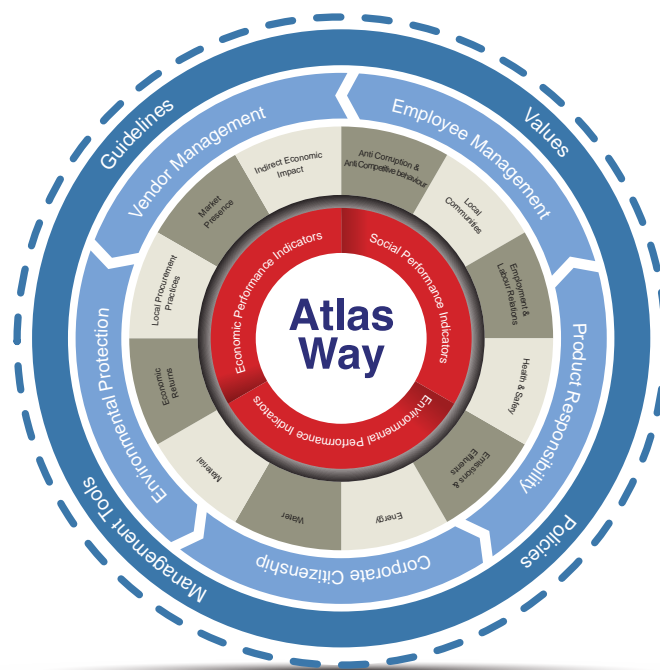
- Environmental Protection
- Product Responsibility
- Corporate Citizenship
- Employee Management
- Vendor Management

The Company is guided by its sustainability framework while making efforts for creating sustainable value for all its stakeholders. This framework is a product of Atlas Group's fundamental business doctrine - the "ATLAS WAY". It comprises of the principles of the "ATLAS CULTURE" and the "ATLAS SYSTEMS". The principles of the Atlas Way cover all departments, operations, activities and aspects of business and provide ideal guidelines for their progressive development. The ultimate goal is to obtain excellence in operations and quality in products without compromising on protection of environment and interest of society at large.

Atlas Way	
Atlas Systems	Atlas Culture
<ul style="list-style-type: none"> <li>Management by Objectives (MBO) to align activities towards agreed company goals</li> <li>Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared values) for the company</li> <li>Inducting and retaining competent and skilled staff – right man for the right job</li> <li>Using BCG model for strategic direction</li> <li>Creating values through implementations of internal controls (SOPs and policy manuals)</li> <li>Management development to produce performers, organization builders and strategists</li> <li>Active participation in management meetings for continuous performance improvements</li> <li>Ensuring accuracy and control of information / data through efficient MIS</li> <li>Judicious sharing of profitability between employee bonuses, dividend payout and profit retention</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>The 3 Rs – Respect, Recognition and Reward</li> <li>Value of time</li> <li>Recruitment and career advancement based on integrity, merit, experience and skills</li> <li>Education and training of staff and descendants</li> <li>Self-reliance</li> <li>Leading by example</li> <li>Humility and Excellence</li> <li>Living within one's means, saving for the future and donating for good cause</li> <li>To be happy and healthy</li> </ul> <p style="text-align: right;"> <b>شاہین کا جہاں اور</b>  <b>We Look Beyond Horizons</b> </p>

The Company ensures adherence to best practices for reporting sustainability issues through application of its framework and GRI Standards. The Company's sustainability framework defines the way it conducts business which is supported by policies, guidelines, values and management tools. It commits the Company to consider and take responsibility for the long term economic, social and environmental implications of the Company's decisions and to work in partnership with all stakeholders across its value chain to maximize positive impacts.

The following diagram summarizes the Company's framework and approach to sustainability:



## Stakeholder Engagement

Being the largest manufacturer of motorcycles in the country, both the Company's manufacturing activities and its products have significant effect on the environment as well as on diverse groups of stakeholders. Simultaneously, the views, decisions and actions of these groups have an impact on the success of the Company's business. The Company, therefore, engages in an ongoing dialogue regarding sustainability topics with its stakeholders in relevant markets and at all locations. This allows the Company to understand the issues, formulate strategies and deliver according to their expectations.

The engagement process starts with the identification of stakeholders. The Company defines stakeholders as those who

are potentially affected by the Company's operations or who have an interest in or influence on the Company's business. Stakeholders are identified and then prioritized on the basis of nature of relationship, influence, responsibility, dependency proximity and willingness & ability to engage. Consultation is then carried out with the identified stakeholders to gain input on topics which are of interest to stakeholders or which can significantly affect us. The Company's range of stakeholders includes shareholders/investors, employees, customers, dealers, vendors, local community, government & regulators, industry associations & representative bodies and media. Process and frequency of consultations with stakeholders, topics identified and the Company's responses to the same are as follows:

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
Shareholders/ Investors	Individuals, corporate and other organizations that have invested capital	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Dedicated webpage for investors</li> <li>Notices, circulars, announcements and interim reports</li> </ul> <b>Annual</b> <ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>Sustained good return on investment through strategic and organic growth</li> <li>Exemplary governance practices</li> <li>Sound risk management</li> </ul>	<ul style="list-style-type: none"> <li>Strong leadership, commitment to growth &amp; value creation</li> <li>Focus on good corporate governance and ethics</li> </ul>

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
Employees	Core assets who implement all of management's decisions, strategic and operational	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Communication through immediate supervisors, management, intranet</li> <li>Newsletters and other communications</li> <li>Whistle blowing mechanism</li> <li>Training and development programs</li> </ul> <b>Bi-Annual</b> <ul style="list-style-type: none"> <li>Performance Appraisals</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration and benefits, personal development, training and health &amp; safety</li> <li>Clearly defined roles, responsibilities &amp; goals, performance management and development</li> </ul>	<ul style="list-style-type: none"> <li>Provision of competitive remuneration and benefit packages as per industry benchmarks</li> <li>Enforcement of stringent safety measures, on-going training and education programs, open communication</li> </ul>
Customers	End-users of the Company's products	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Communication through sales service &amp; warranty centers, conferences, exhibitions, events and seminars</li> <li>Dedicated customer care section on the Company's website and call center</li> </ul>	<ul style="list-style-type: none"> <li>Product/service quality and availability</li> <li>Safe product use</li> <li>Correct product information</li> <li>Transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>Production of high quality products</li> <li>Efficient supply chain</li> <li>Capacity expansion to meet demand</li> <li>Focus on after-sale service</li> </ul>
Dealers	Distributors of the Company's products	<b>Ongoing</b> <ul style="list-style-type: none"> <li>B2B links connecting us with dealers</li> <li>Dealer training and education programs</li> </ul> <b>Annual</b> <ul style="list-style-type: none"> <li>Dealer's convention</li> </ul>	Return on investment, equal business opportunities & transparent communication	Nurture and protect partnerships that result in mutually beneficial outcomes
Vendors	Businesses that provide raw materials and services which are key to the Company's manufacturing process	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Audits and visits for vendor development and compliance with quality standards</li> <li>B2B links connecting us with vendors</li> </ul> <b>Annual</b> <ul style="list-style-type: none"> <li>Vendor convention and Vendor Excellence Awards (ALAMAYAR)</li> </ul>	<ul style="list-style-type: none"> <li>Shared development</li> <li>Supply chain sustainability</li> <li>Contract terms that are reasonable and as per market norms</li> <li>Timely payment</li> <li>Opportunity for discussion and negotiation</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to compete for business on the basis of clear and transparent procedures &amp; evaluation criteria</li> <li>Mutually beneficial relationships where all parties integrate talent, resources and efforts to exceed expectations</li> </ul>
Local community	Local society and neighbourhood	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Seminars, rallies and other awareness campaigns on various issues including road safety, healthy livelihood, education and welfare</li> <li>Internships, management trainee programs and factory visits of members including students from local community</li> </ul>	Creation of employment and business opportunities, investment in infrastructure, environmental protection initiatives	<ul style="list-style-type: none"> <li>Undertake community development programs</li> <li>Support sports, cultural, art and other events and create opportunities for employment and business</li> <li>Undertake environmental protection initiatives</li> </ul>
Government & regulators	Federal & provincial governments, Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Filing of statutory forms, documents prescribed returns, assessments and other information as per applicable laws and regulations</li> <li>Participation in government initiatives, regulation and policy working groups</li> </ul>	Compliance with legal and regulatory requirements and adherence to policies and guidelines	<ul style="list-style-type: none"> <li>Ensure compliance with legal and regulatory requirements</li> <li>Contribute to the economy through taxes and other payments</li> </ul>

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
Industry associations & representative bodies	Auto sector specific association and various business councils	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Representations in activities of local trade and industry associations, meetings, visits and training programs etc.</li> <li>Providing periodical operational data</li> </ul>	Compliance with regulations and protection of interest of members of associations and representative bodies	Ensure compliance and actively participate in key business and industry initiatives within the constraints of legal frameworks and requirements
Media	Representatives from print, online broadcast and social media	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Media releases, briefings, presentations, interviews and information on social media page</li> </ul>	Information on the operations, growth prospects and sustainability practices, economic contribution	Timely communication of information on relevant subjects

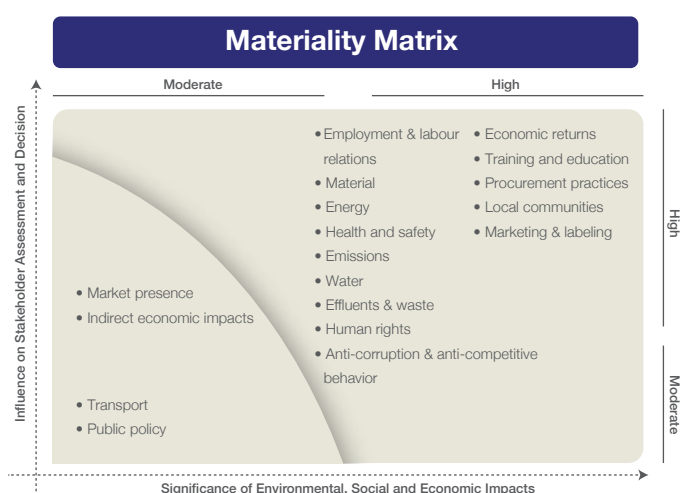
## Materiality Analysis

The Company uses GRI Standard GRI 101 Foundation 2016 reporting principles of sustainability context, materiality, completeness and stakeholder inclusiveness, for defining report contents. These principles have been consistently applied at varying degrees during identification, prioritization and validation steps, while defining material topics for this report.

The Company maintains an up to date understanding of its material topics through engagement and dialogue with key stakeholders, as well as by monitoring the Company's business context and the relevant trends. This approach helps the Company understand stakeholder perception and the Company's ability to evaluate its ability to create and sustain value. Based on the results of the stakeholder engagement, review of industry specific issues and internal analysis, following materiality matrix has been developed.

The matrix divides up the topics to show those which have high impacts and those which have moderate impacts of Atlas Honda's activities and which are highly relevant and those which are moderately relevant to its stakeholders. The prioritization of topics is based on materiality analysis for non-financial risks as per GRI standards. The severity, likelihood and relevance to business objectives and stakeholder's interests were the guiding principles during this analysis. The risks associated with each material topic are analyzed and actions are recommended for prevention or mitigation of negative impacts and maximization of positive impacts. The content and scope of this report is also derived from this matrix.

The boundaries for material topics have been identified on the basis of their impacts whether lying within the organization or outside the organization. The reporting principles for defining report content from GRI Standard GRI 101 Foundation 2016 have been used while identifying the boundaries for material topics.



Material Topic	Why is the topic material?	Boundary
Economic returns	Critical for economic contribution and ability to deliver value to stakeholders	Atlas Honda
Energy	Impact on depleting finite resources and environmental impact of use of non-renewable sources	Atlas Honda
Emissions	Environmental impact due to emissions	Atlas Honda, its customers, its vendors
Materials	Depleting raw material resources affecting finite resources	Atlas Honda
Effluents & Waste	Environmental impact through incineration, dumping and discharge of waste	Atlas Honda
Water	Environmental impact due to depleting water reserves leading to water scarcity	Atlas Honda
Anti-corruption and anti-competitive behaviour	Impact on competition, negation of competition and equal opportunity rights as per applicable laws and regulations	Atlas Honda, its vendors, its dealers
Human rights	Impact on the basic rights of people defined in charters and conventions	Atlas Honda, its vendors, its dealers
Local communities	Impact of operational activities and developments around plant site for economic development	Atlas Honda
Indirect economic impacts	Impacts on the surrounding communities and socio-economic development	Atlas Honda
Health & Safety	Impacts on health of workforce affecting productivity and consumers concerns	Atlas Honda
Employment and labour relations	Diversified workforce for better productivity and compliance with applicable laws and regulations	Atlas Honda
Training & Education	Impact on workforce ability to effectively contribute to operational success affecting organization's ability to create value	Atlas Honda
Marketing & Labelling	Provision of customer centric product information and compliance with applicable laws and regulations	Atlas Honda, its dealers
Compliance	Compliance with applicable laws and regulations	Atlas Honda
Supply chain impacts	Impact due to activities of supply chain partners	Atlas Honda, its vendors, its dealers
Market presence	Economic contribution and job opportunities for local community	Atlas Honda
Procurement practices	Economic contribution and creation of business opportunities through local sourcing	Atlas Honda



# Environmental Protection

## Management Approach

Environmental protection is fundamental to the Company's sustainability strategy. In view of challenges such as climate change, pollution and scarcity of resources, Atlas Honda aims to be the most resource-efficient mobility solution provider in Pakistan. The Company's focus lies on increasing the energy and resource efficiency of its production processes and on reducing emissions and waste. These measures allow the Company to minimize impacts on the environment, make a contribution towards achievement of Honda's environmental vision and reduce costs. Environment related issues arising from energy & resource consumption, emissions, effluents & waste and water are managed by the Company's Production & HSE departments in coordination with other departments. Necessary procedures are defined and implemented to

achieve targets. The Company has a continuously evolving Environmental Management System (EMS) in place which is supported by the Company's Environmental Policy to ensure effectiveness of processes, monitoring and continual improvement in the Company's environmental performance.

Green practices are being implemented at all locations of the Company and those of its business partners. Awareness is being raised by the Company through continuous training and development programs for its suppliers as well as employees. In recognition of its efforts for protection of environment, the Company has been presented with Awards by National Forum for Environment & Health (NFEH), for the year 2019, in the category of Environment & Waste Management.

## Environmental Policy

The Company's Environmental Policy covers every aspect of the Company's operations, whether they are directly or indirectly related to designing, engineering, manufacturing, distribution or service:

### COMPLIANCE

Comply with requirements of environmental legislation and local regulations as a responsible corporate citizen.

### ENERGY AND RESOURCE CONSERVATION

Establish and implement management programs to encourage energy conservation and reduce consumption of resources.

### PREVENTION AND REDUCTION

Prevent, where possible, and reduce generation of emissions and waste throughout the production processes & ensure safe disposal.

### KNOWLEDGE AND EDUCATION

Promote relevant environmental protection knowledge and activities through education and training.

### KAIZEN - CONTINUOUS IMPROVEMENT

Initiate and extend environmental protection activities from our own operations and to those of our business partners including parts manufactures, general suppliers and dealers.

## Environment Management System

EMS is intended to formalize procedures for managing and reducing environmental footprint. It helps the Company organize and analyze, in a timely manner, the environmental impacts that result from its business operations. It also helps the Company in developing solutions to address those impacts.

The Company's EMS is based on relevant legislation such as the Pakistan Environmental Protection Law, international standards and Honda's guidelines, as well as best practices. The management system is certified in accordance with ISO 14001:2015, an international certification for EMS.

The Company conducts internal and external audits of its EMS and strives for further improvement. During the year, the Company identified tasks as a result of in-house reviews and made improvements accordingly. Periodic visits by representatives from Environmental Protection Agency (EPA) are also facilitated to ensure compliance with regulatory requirements.

No non-compliances have been reported during the year. Further, no environment-related complaints were received through the Company's formal grievance mechanism during the reporting period.

## Life Cycle Assessment

The Company applies a product life cycle approach for management of environmental impacts, which considers the entire life cycle - from product development to purchasing, manufacturing, sales & service, use, recycling and administration. This approach makes it easier to identify opportunities, minimize or enhance impacts and understand

boundaries in every aspect of the Company's business. It also helps the Company understand how its actions and impacts are interrelated. The Company also applies the precautionary principle, whereby it acts responsibly despite not having the full scientific knowledge of negative impacts, to ensure the Company stays ahead of potential risks.

Life Cycle Stages	Major Initiatives in Each Domain Based on Impacts Identified
Development	<ul style="list-style-type: none"> <li>• Environment friendly product design</li> <li>• Efficient use of raw material, energy and other resources</li> <li>• Focus on reduced waste and emissions</li> <li>• Integrate future requirements into development plans</li> </ul>
Purchasing	<ul style="list-style-type: none"> <li>• Purchase of raw material from environmental friendly sources</li> <li>• Increased use of reusable raw materials and materials with sustainable characteristics</li> <li>• Implementation of environmental standards within the supply chain</li> <li>• Promotion of transparency and resource efficiency</li> <li>• Training and improvement programs</li> </ul>
Manufacturing	<ul style="list-style-type: none"> <li>• Environmental management system</li> <li>• Improved resource efficiency</li> <li>• Reduced wastewater and emissions initiatives</li> <li>• Reuse of water</li> </ul>
Sales and Service	<ul style="list-style-type: none"> <li>• Promotion "green dealers"</li> <li>• Dealers with 5S certification</li> <li>• Efficiencies in transportation</li> <li>• Efficient use of packaging</li> <li>• Use of returnable containers</li> </ul>
In-use	<ul style="list-style-type: none"> <li>• Fuel efficient products</li> </ul>
End-of-life	<ul style="list-style-type: none"> <li>• Increased parts collection, reuse and recycling</li> <li>• Eliminating harmful materials to enable higher quality recycled materials</li> <li>• Promoting proper recycling and providing technical support</li> </ul>
Administration	<ul style="list-style-type: none"> <li>• Environmental management</li> <li>• Energy and resource conservation</li> <li>• Promotion of "Green Building" design</li> </ul>

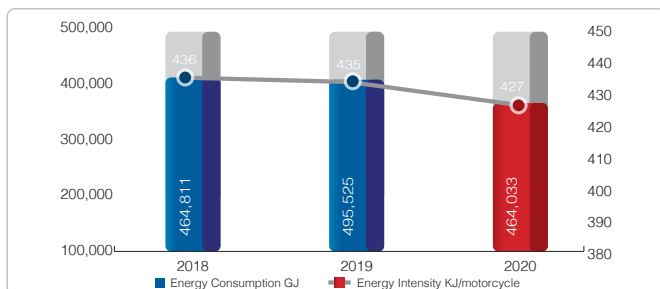
## Energy Consumption and Emissions

The Company monitors energy consumption and emissions on regular basis to identify and incorporate best practices and to improve the Company's energy management. Both the Company's manufacturing plants are located away from protected areas to minimize the effects of CO<sub>2</sub> and other greenhouse gases on such areas. The Company's primary sources of energy are grid based electricity, natural gas and diesel. Other sources include solar energy. However, currently only a small part of the total energy is being derived from solar panels. The Company is making efforts to increase the share of renewable sources of energy.

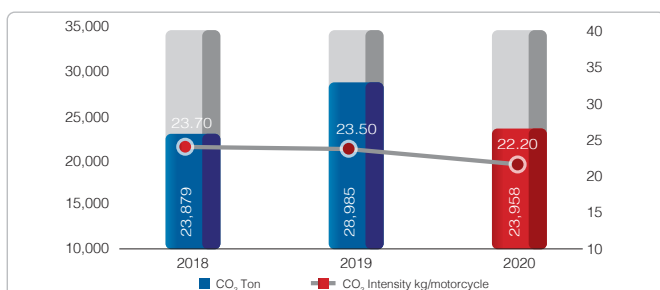
Accurate data on energy consumption and emissions is obtained from management systems. The conversion factors are sourced from U.S. Energy Information Administration. The

Company uses previous year as base year to measure energy consumption and emissions. This enables the Company to address irregularities and implement necessary measures to ensure the Company's performance is on track. Collecting comprehensive data helps in understanding not only the energy savings, but also the economic benefits that can be achieved through specific measures.

The energy consumption during the year was 464,033 GJ. Compared to 2019, the total energy consumption during the year under review decreased by 6.4% on account of lower production levels and new initiatives adopted as part of our green practices. The energy consumption per motorcycle has been brought down to 427 KJ/Motorcycle.



The Company's products are in compliance with requirements of Pakistan Standards for Quality Control Authority (PSQCA) in respect of CO<sub>2</sub> emissions, noise levels and smoke. Further, all products of the Company comply with EURO II standards of carbon emission. The emissions during the year were 23,958 tons mainly comprising of CO<sub>2</sub>. Emissions per bike have been brought down to 22.20 kg/motorcycle.



## Energy Conservation and Emission Reduction Initiatives

Lack of access to energy supplies and transformation systems is a constraint to human and economic development. Increased use of fossil fuels without actions to mitigate greenhouse gases will have climate change implications. Energy efficiency and increase use of renewables contribute to climate change mitigation and disaster risk reduction. To reduce the Company's energy consumption and emissions, primarily CO<sub>2</sub>, investments have been made and energy efficiency measures have been implemented at the Company's offices and production facilities. During the year, energy conservation of 6,552 GJ and emission reduction of 826 tons was achieved through following initiatives:

### Solar Panels

The Company is determined to extend its use of renewable sources for energy. Installation of solar power systems is one of the major projects under the efforts in this area. This is aimed to derive clean & affordable energy to reduce greenhouse gas emissions and Atlas Honda's dependence on fossil fuel or grid-based electricity. This year, the Company increased solar energy utilization from 360 KW to 1,398 KW at Sheikhupura plant. This initiative will help to save 5,032 GJ of energy and reduce CO<sub>2</sub> emissions by 645 tons every year.



### LED Lights

As part of the Company's project of replacing fluorescent tube lights and mercury bulbs with LED lights, this year, lights at gas power house, security gates and walkways of engine plant were replaced in addition to arrangements to use day light wherever possible. This has helped the Company in saving 552 GJ of energy and reducing 70 tons of CO<sub>2</sub> in a year.

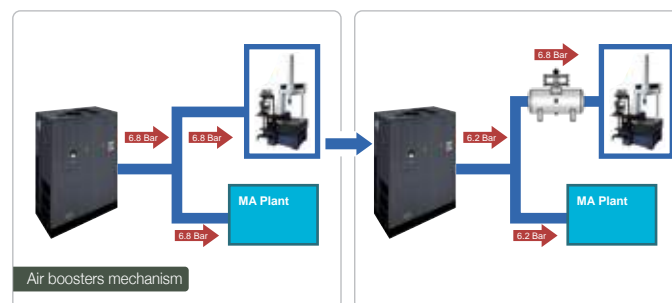
### Installation of Light Dependent Resistors

To save energy, LDRs have been connected to lights at streets and boundary walls which regulate and automatically turn off the lights during daytime. This is helping the Company to save 219.5 GJ of energy and reduce 28.2 tons of CO<sub>2</sub> per annum.



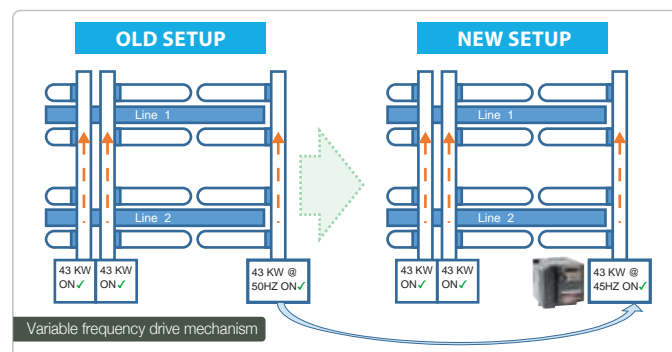
### Installation of Air Boosters

Previously, for engine plant, compressors were operating at 6.8 bar pressure as against the requirement of 6.2 bar pressure for all machines except Coordinate Measuring Machine (CMM). Now, after installation of air booster into the line of CMM, compressors are being operated at 6.2 bar pressure. This initiative has resulted in reduction of 32 tons of CO<sub>2</sub> per year.



### Installation of Variable Frequency Drive

Previously, air blowers were operating at full capacity of 43 KW at 50 HZ. Since, air blowing requirement varies based on weather, temperature, working hours, etc., considering the variation in requirements, variable frequency drive has been installed. Now, air blower can be operated at variable capacity from 35 HZ to 45 HZ as per the requirement. This measure has reduced 9 tons of CO<sub>2</sub> during the year.





### Installation of Inverter Mig Welding

Previously, conventional mig welding plants were being used at the welding shop of Sheihkhupura plant. During the year, the Company upgraded to inverter mig welding plants which are more energy efficient. This helped in saving 63 GJ of energy and reduced 8 ton CO<sub>2</sub> emissions.



A view of inverter mig welding plant



### Optimization of Cooling Power Plants

The Company has two cooling plants at die casting section. The Company has achieved optimization of the cooling efficiency of one of the cooling plants. This optimization has enabled the Company to operate only one plant, while meeting the requirements of all die casting shops. Saving through this measure is 685 GJ of energy and reduction of 34 tons of CO<sub>2</sub> per year.



A view of cooling power plant



### Plantation of Trees

Over the years, the Company has been undertaking initiatives such as tree plantation to negate the impact of greenhouses gases. These activities cover in-house plantation of trees as well as those planted at schools, government institutes and reservoirs in collaboration with Environmental Protection Agency. During the year, 16,100 trees were planted. The Company also received awards from Punjab Horticulture Society for Horticulture, Landscaping and Gardening.



Atlas Honda receiving award from Parks & Horticulture authority



### Materials, Effluents & Waste

To ensure sustainable consumption and production practices necessarily entails to respect the biophysical boundaries of the planet and to reduce current consumption rates in order to fit with the biophysical capacity to produce ecosystem services and benefits. At Atlas Honda, environmental friendly use of raw materials is taken into account as early as the development phase through life cycle engineering. The Company's supply chain and material cycles have been shaped accordingly. Natural resources are being used in the most efficient manner with the objective to minimize depletion of the planet's resources. The Company is working to replace artificial materials with renewable materials wherever it makes technical, business and environmental sense and is socially viable. Consumption of raw materials, having substantial impact on the environment, is closely monitored and treated according to the Company's environment policy. Following table shows the materials used:

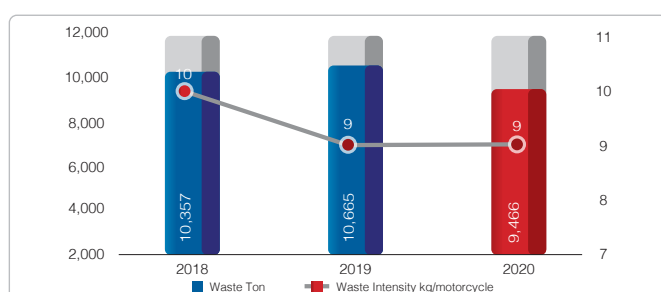
Renewable / Non-renewable	Material	Unit	2018	2019	2020
Non-renewable	Ferrous casting	Ton	71,850	75,236	72,082
Non-renewable	Non-Ferrous casting	Ton	8,692	9,102	8,425
Non-renewable	Oil paints	Ton	273	286	274
Non-renewable	Lubricants	KL	1,685	1,627	1,559
Both	Rubber	Ton	6,351	6,650	5,348
Non-renewable	Plastic	Ton	4,585	4,800	3,895



Waste resulting from the Company's production processes mainly includes waste water, metal, plastic & rubber scrap, packing & used oil. Waste water is treated through Waste Water Treatment Plant before it is released in sewerage drains. The remaining waste and effluents are discharged through

incineration, recycling, landfill and disposal to legitimate contractors at certified waste disposal facilities. During the year, 9,466 tons of waste was released with the reduced intensity of 8.8% per motorcycle. There were no significant spills during the year.

Hazardous / Non-Hazardous	Waste by disposal method	Unit	2018	2019	2020
Non-Hazardous	Recycling/Reuse (metal scrap, packing, plastic)	Ton	9,647	8,785	8,417
Non-Hazardous	Landfill (waste sludge)	Ton	580	315	265
Hazardous	Incineration - mass burn (sludge, oil contaminated waste)	Ton	130	136	130
Non-Hazardous	On-site storage (in-house scrap yard)	m3	250	250	250



## Packaging Wastage

Vendors deliver motorcycle chain case, wrapped in bubble paper. The Company has started reusing it by sending back the used bubble paper to vendor. Vendors reuse such paper to wrap the motorcycle chain case in subsequent deliveries. Wastage reduction through this initiative is 608 tons.



## Reuse of Tools

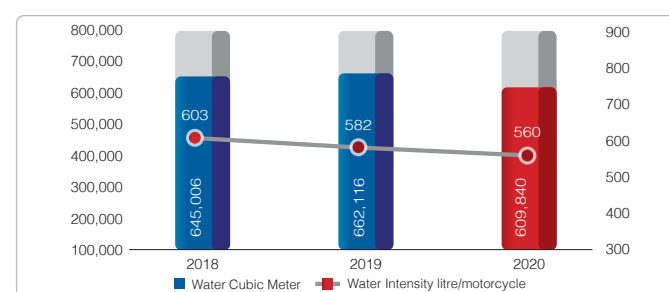
Previously machine tools were scrapped at engine plant, after use. The Company has started to reuse these tools after re-grinding at tool grinding facility of the Company. Wastage has been reduced by 1,320 ton per annum.



## Water

The Company seeks to reduce its water footprint by promoting water-saving practices amongst employees and adopting water-efficient technologies and equipment wherever possible. Sustainable management of water resources and access to safe water and sanitation are essential for unlocking economic growth and productivity, and provide significant leverage for existing investments in health and education. The natural environment e.g. forests, soils and wetlands contribute to management and regulation of water availability and water quality. The Company has special focus on this goal and clean drinking water and sanitation facilities are ensured at all the business offices. The majority of the Company's water use is attributable to its production processes, cooling and water consumed by employees. Main areas of action are thoughtful use and reuse of water and safe disposal of treated wastewater. Most of the water consumed is drawn from earth which is not designated as a protected area whereas the size or volume of the water body cannot be estimated reliably.

Water consumption and discharge is recorded through flow meters installed at water tanks and treatment plant, respectively. During the year, 609,840 cubic meters of water was consumed with a reduced intensity of 4% per vehicle as compared to the last year. After proper treatment, water used in manufacturing process is released back to environment. Such treatment removes pollutants from the water and makes the same suitable for safe drainage. During the year, 83,440 cubic meters (14%) of the water was recycled.





## Waste Water Treatment Plant

Water is used throughout the Company's production processes which results in wastewater. To prevent the wastewater from being discharged as produced, waste water from all over the plant is collected and treated to remove the harmful pollutants, at Waste Water Treatment Plant. The Company, as a responsible organization abides by the legal requirements of waste water treatment as well as meets "Punjab Environmental Quality Standards". This year, around 565,500 cubic meter of water was treated and safely drained into the sewerage.



A view of the waste water treatment plant

## Water Saving in Die Casting Machines

For cooling of die casting machines, water is supplied to dies through cooling tower and discharged into cooling tower tank through a blind common header. Blind common header, was unable to monitor the supply and discharge of water of each section which creates negative pressure, resultantly more water stayed stagnant and lesser circulated in the loop. The Company has replaced old water pipe header with new modified header for visual monitoring of each discharge points and water circulates in closed loop. 9,200 cubic meters water is annually saved through this measure.



A view of die-casting machine at Sheikhpura plant



## Biodiversity

The Company has clear vision from the onset of its business related to environment protection, therefore both of the manufacturing plants have been located away from protected areas to minimize the effects of CO<sub>2</sub> and greenhouse gases on the protected areas.

With reference to the Environment statement, the Company considers biodiversity conservation initiatives as imperative part of our commitment to the preservation of the environment. The Company will work incessantly towards the harmony between the commitment and its activities. Following are the broad guidelines related to biodiversity:

- Company will continue to channelize efforts towards the development of technologies for fuel-efficient vehicles and other technologies for the reduction of environmental impacts;
- Environmental impacts will be minimized by the effective use of resources through efficiency improvements;
- Community-based activities will be implemented in cooperation with stakeholders; and
- Company will promote transparency of information related to the outcomes of its activities.

# Product Responsibility

## Management Approach

The Company is committed to offer sustainable mobility solutions by maintaining the quality of products, ensuring customer safety, appropriate marketing and providing best after-sales service. The Company is continuously expanding its business and providing customers with a diversified selection of quality products. In addition, the Company keeps expanding its sales and service network across Pakistan. To ensure customer satisfaction, the Company takes dealer training initiatives and encourages customer feedback. Further, Company provides safety training to customers throughout the year. The Company follows Honda's vision and takes into account health and safety impacts of its products to ensure safety of customers and other road users. Constant monitoring and regular reviews are carried out on all business aspects and processes in order to ensure they continue to comply with the Company's commitment to produce quality products.

## Product Quality

Atlas Honda aims to be a company trusted by its customers for its quality products. The Company focuses on quality at every stage, from the planning of new products through development,

manufacturing, distribution and sales to after-sales. The Company evaluates its products' performance and health & safety impacts. Information derived is used to develop and implement effective solutions. During the year, all products of the Company were in compliance with requirements concerning health and safety impacts.

## Honda's Quality Cycle

The Company's global partner, Honda Motor Company Limited follows a uniform quality strategy worldwide. In order to live up to the high quality standards, quality assurance activities are governed by a central body at cross band level. By applying and reflecting design and development expertise at the preparation and production stages, the Company is able to deliver enhanced quality through the creation of drawings designed to facilitate manufacturing, as well as develop manufacturing control techniques that limit process variability. Post-sale, improvements are made to product quality based on an analysis of customer's feedback. These improvements are reflected in our know-how for the next round of design and development.





## Quality Improvement Programs

Program	Objective
Vendor Improvement Program (VIP)	To establish Quality Management System (QMS) at vendor end to control process rejections and improve quality management skills of suppliers.
Service Instructor Quality Program (SIQP)	To foster high quality, dedicated service staff and standardize training delivery across the company as per Honda standards. Future trainers are trained to achieve proficiency in training, communication skills and key instructional abilities.
Training of service and dealers Staff	A one day training program to improve their skills of judging problem pertaining to a claim to ensure timely and efficient rectification.
Quality Control (QC) Foreman course	A two day program to understand how to put into practice the quality control techniques and approaches needed in quality assurance activities in manufacturing.

## Marketing & After-Sale Service

### Product & Service Labelling

For product information and display, the Company does not only comply with strict local laws and regulations, but also places strong emphasis on safety, human rights, environmental issues and ethical standards. Product labelling is a key feature of the Company's products display which helps in marketing the product and contains detailed instructions for users. In order to convey product information, an Owner's Manual is provided to each customer with purchase of each product; it contains all information relating to operation including safe use and maintenance and details on features of the respective models. However, there is no requirement for disclosure of auto parts sourcing and details, therefore no such information is disclosed by the Company. At the time of delivery, technical features are explained to the customer through demonstration. Moreover, no incidents of non-compliance with regulations and voluntary codes concerning the product and service labelling were reported as all of the Company's products were in compliance.



### Marketing Communication & Anti-Competitive Behaviour

The Company facilitates its customers by providing information and purchasing support services and staying connected through website and social media including Facebook, Twitter and Instagram. Online presence enables the Company:

- To stay connected with customers round the clock;
- To help customers in locating the nearest dealers; and
- To provide customers with detailed information pertaining to product features and cost.

The Company makes sure that its advertisement content does not depict any anti-competitive behaviour & intentions and abstains from any kind of malicious, offensive or anti-social content in all its marketing communications at all levels. No incidents of non-compliance with regulations and voluntary codes concerning the provision and use of product and marketing communications, including advertising, promotion and sponsorship have been reported during the year. Further, there was no legal action taken against the Company relating to any anti-competitive behaviour, anti-trust and monopoly practices.

### Customer Confidentiality

The Company has implemented a B2B system to administer, control and store data centrally for smooth functioning of its business. Stringent privacy guidelines are in place to ensure security of critical data pertaining to customers. The Company has also developed a business continuity and disaster recovery plan to ensure business continuity. Owing to these measures, there has been no non-compliance pertaining to breach of customer privacy and loss of customer data during the year.

### Customer Feedback

The Company is aware that customer expectations and inputs are critical for bringing improvements in product quality and making it more user-friendly. Data on customer complaints and expectations is collected through external survey institutions, market surveys and visits to dealerships. The Company also maintains a track of time taken to resolve complaints. During the year 2019-20, the customer contact center satisfactorily responded to a total of 23,264 calls received from customers regarding complaints, comments and information about the Company's products.

### Dealers' Convention

Dealers are at fore-front and each dealership is vitally important to the Company's continued success. Therefore, the Company only engages with dealers who have the ability to consistently represent its brand. The Company organizes various training sessions to further enrich their skills. During the year, 157 training camps were held which were attended by 3,512 trainees including our staff, mechanics and dealers.

The Company provides its dealers with information on mid and long-term strategies, products, and services in a timely manner. The Company strives to cultivate a relationship of trust and improve



communication with dealers and between each other through various sales, service and parts dealer conventions. During the year, 107 conventions were organized in which 8,675 dealers' representatives participated.



A view of the Dealers Convention

### Free Checkup, Oil Change & Test Rides

The Company organizes a number of customer relationship building activities such as free checkup camps, test rides and oil change activities at different locations throughout the year. This strengthens the Company's bond with its customers and addresses their concerns. In 2019-20, more than 56,000 customers were served at 749 free checkup camps.



A view of free check-up service

### Customer Safety

The Company's safety vision is aligned with Honda's Global Safety slogan. Further, the efforts to create a safe environment for road users are marked by the Company's education and awareness initiatives and campaigns.

### Safety Riding Training and Education

This year, the Company trained 434 safety advisors at dealerships across all regions. These trainings are aimed at improving users' riding skills, road signs knowledge and know-how regarding electrical & mechanical maintenance. Further, follow ups were conducted covering 695 safetyadvisors throughout the network. Safety advisors then in turn imparted the knowledge to customers at dealerships. Further, the safety riding school in collaboration with City Traffic Police, Lahore continued to educate and train young riders. Safety lectures are an important feature of the Company's roadsafety program. Every year the Company engages various institutes, universities and colleges to hold these lectures that impart useful information and help reduce chances of accidents. Following are the details of activities carried out during the year under the banner of safety education:

- Safety riding training & lectures to employees of law enforcement agencies and various organizations such as Pakistan State Oil, Air Blue, Pakistan Navy, Bata Pakistan, Honda Cars, Rescue 1122 (3,179 Participants); and
- Safety lectures to students from various educational institutions (15,672 Participants).

### Safety Riding Awareness Campaigns

The Company coordinates with traffic police department to create awareness about the use of indicators, side mirrors and helmets. Under this campaign, the Company distributed 213,588 pamphlets in nationwide. Moreover, 1,229 helmets and 1,470 sets of back view mirrors were distributed. 6,246 lights were checked and replaced.

This year also, additional efforts were made to raise awareness regarding Separate Left Lane for motorcyclists. This was done through distribution of brochures, placement of standees, steamers & pylons and social media. Rallies and safety walks were also organized in Lahore, Karachi and Islamabad. On August 14, 2019, a Safety Awareness Rally on "Left Lane Awareness" was organized by the Company in collaboration with Safety Wing of Emergency Services Academy (ESA).

Moreover, a safety rally was held in Lahore, in collaboration with City Traffic Police, Lahore, on August 26, 2019 to discourage one wheeling in which more than 120 customers participated.



A view of safe riding awareness session with city traffic police



A view of left lane awareness campaign



A view of left lane awareness campaign

# Corporate Citizenship

## Management Approach

The Company believes that its activities contribute in overcoming societal challenges while also creating added value for the Company. Atlas Honda is fulfilling its responsibilities as a good corporate citizen through ongoing involvement in socially beneficial activities tailored for well-being of local communities. The Company's approach is driven by the needs of communities at its locations identified through surveys, social media pages, focal groups and meetings. The Company has integrated this perspective in to its development plans and overall strategy to garner the trust of and remain close to local residents. Further, the Company has a grievance mechanism in place for filing of issues with Manager Operations at both plants of the Company. During the year, no significant negative effects on local communities were identified.

Implementation and monitoring of social activities at the Company's locations are routed through senior management of Admin & Corporate Affairs department who are also responsible for review and analysis of monthly progress of such initiatives. Progress is reported to the senior management on a continuous basis. The Company's commitments & initiatives for society mainly focus on health, education and other communal initiatives. During the year following activities were undertaken:

## Education & Training

An educated and skilled nation is critical for socioeconomic development of a country. The Company believes that improving access to education & training is one of the most long-lasting investments it can make for the society. In this regard, following activities were carried out to support education & training:

### Paid Internships

The Company's internship program offers an opportunity to undergraduate students to help them in building their career foundations. Such programs give hands-on experience to interns which cannot be obtained in classrooms and is great way for them to acquaint themselves with the field of their interest. This also helps the Company to discover quality employees for future. During the year, 309 students from reputable universities including NED University, NUST, Quaid-e-Azam University, IoBM, SZABIST, Iqra University and LUMS completed their internships.



Students from various universities

## SOS Training Institute

The SOS Technical Training Institute trains deserving boys and girls every year to help them break the cycle of poverty, earn decent and dignified living and develop themselves to become productive members of the society. Demand driven technical education and vocational training in the field of automobile and electrical engineering is provided by experienced instructors. To support the Institute's efforts, the Company sponsors training students every year. Further, equipment/hardware support is also provided.

## Industrial Visits

The Company facilitates students and officials from various institutes and allows them to visit its Karachi and Sheikhpura plants. This year students from NUST, COMSATS, FAST, IT University of Lahore, Technical College Abbottabad, UET Peshawar, Institute of Management Peshawar, SOS Technical Training Institute, British Council members, WAPDA Staff College and OGRA officials visited the plants and observed the process of production of motorcycles and parts. Visitors took keen interest in the assembly line and appreciated the precision exhibited by the workers.



Students visit to Karachi plant



## Communal Initiatives

The Company acknowledges that the community initiatives are an investment that works hand in hand with its overall business strategy and values. Therefore, the Company collaborates with various stakeholders to address social issues and carry out initiatives that matter to local people.



### Donation

The Company supports Atlas Foundation, a welfare and charitable organization formed with a mission of betterment of society with particular emphasis on health and education. It provides assistance to the needy and deserving without discrimination, directly and/or through organizations of repute in the field of health, education and general welfare.

The Company recognizes the Foundation's role annually in improving quality of life of local communities and donates at least one percent of its profits to it. In 2019-20, the Company made a contribution of Rs. 46.2 million.

The Company does not make any contributions to any political party or for any political purpose to any individual or body.



### Women on Wheels

The Company has been undertaking initiatives to empower women and help them to be more independent and be able to contribute more effectively to the society. Such initiatives include training and distribution of motorcycles under project of Women on Wheels. The project has been initiated by Government of Punjab in various districts. This year, bike riding trainings have been provided to 578 women. In addition, rallies in the cities of Lahore, Multan, Sargodha, Faisalabad and Rawalpindi were also organized.



A view of training to female bike riders



A view of women's rally



### Promoting Sports

To keep up with the larger objective of nation building, the Company remains committed to support and nurture multiple disciplines of sports. In this regard, the Company also sponsored sports event of 27<sup>th</sup> Sindh Women's Swimming Championship held in Karachi.



A view of prize distribution at Sindh women's swimming championship



### Hiring Disabled Persons at Dealerships

The Company believes that to reduce inequalities, policies should be made while keeping in view the needs of disadvantaged and marginalized populations. Over the last two years, the Company has added hiring of special persons in the business score cards for dealers. In this regard 155 special persons have been employed at dealerships. Furthermore, the Company also organizes visits of such persons at its plants.



A view of disabled employees visit at Sheikhpura plant



### Hiring Female Staff at Dealerships

Contributing towards sustainable development goal of gender equality and women empowerment, Atlas Honda Limited inspired its dealers to hire female staff. As a result, 95 female employees are hired at various dealerships nationwide. To spur motivation and encouragement, these employees were offered opportunity to visit Company plants, where they were given orientation regarding Atlas culture.



### Response to COVID-19

Due to the outbreak of global pandemic COVID-19, businesses all over the country were locked down by the Government to minimize the spread of the virus and the overall economic activity has come to a halt. Realizing shortage of food, medical supplies and other amenities faced by the under privileged sector of the society, Atlas Honda took the following steps:

- The Company donated Rs. 45 million to Atlas Foundation, out of which Rs. 25 million was contributed to Government relief funds and the remaining amount was used for the purchase of medical equipment for medical care providers; and
- The Company also donated Rs. 20 million to Atlas Foundation for supply of food packages to support daily wage workers in sustaining their livelihood during lockdown of economic activities.

Strict compliance with Government SOPs is being ensured at both Sheikhupura and Karachi Plants to prevent spread of the pandemic virus. Amount of Rs. 30 million has been allocated for procurement of:

- Infra-red thermometers, masks, gloves, sanitizers and other personal protective equipment; and
- Installation of disinfectant tunnels and thermal scanners at gates.



# Vendor Management

## Management Approach

The Company's engagement with vendors is a major source of value creation. Therefore, working closely with them on issues, including sustainability is key for achievement of the Company's long-term goals. The Company's supply chain has a wide network of vendors and it recognizes the complexity of maintaining sustainability standards within it. At the same time, the Company sees great opportunities in leveraging its expertise and know-how to help vendors improve their performance.

The Company's supply chain is based on the philosophy of 3As which are:

1. Agility: Quick response to any change in demand.
2. Alignment: Design strategies aligned with the business plan of company.
3. Adaptability: Continuously updated with the latest tools, technologies and methodologies of modern era.

During engagement with vendors, challenges and opportunities are discussed and in-depth analysis is carried out. Solutions to key issues are arrived at mutually. Policies relating to suppliers are evaluated regularly and updated, if required. The Company seeks mutual benefit and carries out business transactions based on principles of unrestricted competition with rational evaluation criteria. The Company's core focus areas are parts quality, vendor development & environmental and social performance of its vendors.



All relevant departments at the Company, including Coordination & Planning, Procurement, Quality Assurance and Logistics are jointly responsible for ensuring sustainable supply chain management. The Company's focus is on managing and minimizing vendor risks and leveraging vendor potential, in order to ensure sustainability and continuous improvement. A number of company-specific guidelines and policies have been implemented to ensure that the Company and its business partners are aware of local environmental, health, safety, and labour laws, as well as legal requirements and international sustainability principles. These guidelines and policies enable the Company to drive forward the sustainability goals and ensure their compliance.

The Company procures most of its required materials from Pakistan i.e. where its operating facilities are located as far as the same is qualitatively compatible, technically feasible and economically justifiable. The raw materials and parts which are easily available in Pakistan are procured locally, except for those which are not available in Pakistan. However, it is ensured that all materials and parts are strictly aligned with Honda quality standards and are cost effective.

## Vendor Induction and Communication

### Vendor Selection

The Company's vendor selection and approval process is based on a criteria comprising not only on their ability to provide quality parts at competitive terms but also their adherence to sustainability principles. Input for sourcing decisions is received from Supply Chain, Production, Coordination & Planning, Logistics and Finance departments. The Company also identifies and works with companies that have standards aligned or consistent with its own procurement and production practices. The Company also ensures that its Vendor Policy and Vendor CSR Guidelines are acknowledged and signed by all of its vendors.

In line with the Company's selection criteria, all new vendors are screened and inducted only if they comply with sustainability principles detailed in 'environmental and social performance' section.

## Vendor Diversity

The Company recognizes that a diverse supply base is an integral part of growth and success. It is crucial to deliver the promise of providing the best mobility solutions. The Company is committed to work with and developing businesses by creating opportunities and initiatives that enable diverse vendors to grow into profitable and sustainable enterprises. The Company continues to foster productive relationships with entrepreneurs from a wide range of backgrounds to meet its customers' needs and expectations.

## Business to Business Communication Portal

Open and transparent communication with fair and consistent behaviours is a key component in establishing strong and lasting relationships with the Company's vendors. The Company has made available various forums for engagement at different levels, including regional vendor meetings, business unit reviews, quarterly business update calls and participation in events organized by vendors and industry associations. In addition, Business to Business link has been established which allows the Company's supply chain department and vendors to communicate without delays. It has helped to achieve:

- Real Time Communication;
- Paper less Environment;
- On-Time Receiving & delivery; and
- Improvement in efficiency and effectiveness of Supply Chain.

Further, this portal enables evaluation and appraisal of vendors on the basis of standardized quality and timely deliveries.

## Parts Quality

The Company aims to keep its customers' trust by emphasizing on importance of quality throughout its supply chain. To achieve this objective, the Company binds its vendors to establish and operate within a quality assurance system. Apart from the Company's objective of procuring inspection free parts, its vendors validate that parts delivered through their manufacturing processes meet the drawings accurately and achieve target of 0.1% rejection for incoming parts. Following measures were taken to achieve these quality objectives:

## Vendor Improvement Program (VIP)

The Company assists its vendors in improving quality and operations through various initiatives especially the Company's VIP program launched few years ago. This program focuses on following six core areas:

- Drawing & Specification Control
- Dies & Tool Management
- In Process Inspection System
- Incoming Inspection
- Final Inspection System
- Warranty Analysis system

Certificates are awarded to vendors at the time of completion of the program. Further, they are reviewed and audited each year for recertification. Continuous follow up is carried out by VIP designated team which comprises of the Company's employees from Supply Chain and Quality Assurance department. This year, 10 more vendors were analyzed and assessed under this program.

## ALA Mayar Quality Event

ALA MAYAR Quality Event is an initiative where the Company's vendors are encouraged to participate and collaborate to solve problems, add value and introduce innovation. Circles are formed where the Company's employees and those of its vendors work together to discuss issues and devise solutions. This year, more than 150 themes were presented by the Company's vendors out of which three best themes each from Karachi & Sheikhpura plants were awarded on basis of a pre-defined criteria. The 29th ALA MAYAR Awards were distributed at our Annual Vendor Conference 2019 held on April 29, 2019.



## Vendor Development

The Company encourages its vendors to invest in their facilities including enhancing their manufacturing capacity and adapting new technology. The idea is to ensure that the Company's vendors remain well-equipped to meet the demands of business while earning attractive returns on their investments.

The Company also believes in developing and strengthening competencies and skills of its vendors apart from their manufacturing capacities. For the purpose, the Company has been providing major technological assistance to its vendors, resulting in enhancement of their engineering skills and creation of employment opportunities.

## Environmental and Social Performance

The Company applies the same level of scrutiny to its suppliers with regards to labor rights, human rights, and health, social and environmental requirements as it does to its own operations. The Company's goal is to follow best practices and enable its vendors to replicate the same and be accountable for their sustainability performance.

## Guidelines to Vendors

Corporate Social Responsibility is embedded in the Company's day to day operations in a clear and practical manner. All products and services are regularly monitored for their impact on society and the environment. Given the increased

expectations regarding sustainability, the Company recognizes that it is essential to share its approach to sustainability with its vendors. In this regard, following guidelines have been issued to vendors. The Company believes that these guidelines help its vendors in maintaining a shared understanding of sustainability, to carry out initiatives proactively and to continue growing together.

- Establish and monitor a company-wide social management system;
- Prevent climate change via reducing GHG emissions;
- Optimize packaging and establish efficient logistics operations in order to reduce waste disposal and transport emissions;
- Prevent pollution and contamination of air, water, soil, etc;
- Enforce proper disposal of waste and implement optimum recycling of waste and disposals etc; and
- Compliance with laws and regulations along with commitment to protect human rights.

All vendors are monitored and evaluated against these guidelines and based on such evaluation, the Company has not come across any significant actual or potential negative impact of its supply chain or vendors' on labour practices, human rights and society requiring termination of relationship.

### Emission Reduction Caravan

In 2014, the Company undertook an initiative called 'Emissions Reduction Caravan' for its vendors. Since then, under this initiative, the Company's supply chain associates are working in close coordination with major vendors to reduce their environmental footprint. Technical guidance is being provided for process improvements focused on production efficiency, energy conservation, material recycling, reuse and reduction in CO<sub>2</sub> emission. 33 vendors from both plants, covering 75% of total purchases have participated and achieved the target of reduction in CO<sub>2</sub> emission by 1%.



### Logistics Operations

The Company's supply chain operations manage the transportation of parts and components from its vendors to manufacturing facilities ("inbound" freight) while logistics operations ensure the same for finished motorcycles from the Company's plants to its dealerships ("outbound" freight). With activities coordinated regionally, the responsibilities include designing and operating the transportation network and

devising high-quality and efficient packaging to protect materials in transit. Freight emissions are influenced by a wide and complex range of inter-related factors, including the mode of transportation, the efficiency of the equipment used and the design of the freight network. The Company finds the most effective ways of achieving reductions through:

- Improving the design and operation of transportation networks
- Increasing vehicle utilization
- Increasing the use of greener modes of transport such as using rail network

### Environmental Impact Assessment Survey

Every year, the Company participates in environmental impact assessment survey developed by Honda Motor Japan. This year, 33 vendors were assessed on basis of following criteria:

- Direct & Indirect GHG Emissions
- Green Purchasing Guideline
- Chemical Substance Management
- Environmental Management System
- Energy Conservation Guidelines
- Water Resources Guidelines
- Pollution Prevention Guidelines
- Biodiversity Guidelines

None of the selected vendors were identified as having any significant actual and potential negative environmental impacts.

### Human Rights & Working Conditions

Respecting and protecting human rights - the fundamental and inalienable rights and freedoms to which all people are entitled - is at the core of the Company's labour practices. The Company aims to ensure that everything it makes or that others make for the Company is consistent with local laws and the Company's commitment to protecting human rights. The Company has implemented strict requirements within its operations and for suppliers to protect the rights of employees as detailed in following guidelines issued:

- Eliminate discrimination and ensure zero harassment at workplace in any aspect of employment based on race, ethnicity, nationality, religion, gender, or other characteristics;
- Avoid employment of workers who do not meet the legal minimum working age of each country and region;
- Avoid practicing forced labour. Guarantee that all labour is voluntary and those employees are free to leave their jobs;
- To comply with the laws & regulations regarding minimum wages, overtime, wage deductions, performance-based pay and other remuneration;
- To obey with the laws & regulations regarding the setting of employees' working hours (including overtime) and granting of scheduled days off and paid annual vacation time etc; and

- Ensure a safe and healthy working environment for all associates.

### Responsible Sourcing of Minerals

International regulations such as the Dodd-Frank Act in the United States obligate companies to disclose the origin of certain raw materials to ensure that “conflict minerals”, such as tin, tungsten, tantalum and gold from the Democratic Republic of Congo or neighbouring states, do not enter their products through their supply chain. The Company, therefore, monitors all vendors to make sure they do not source raw materials from the affected regions. Using a structured survey process and by

working closely with vendors for increased supply chain transparency, the Company obtains confirmation that its suppliers and their upstream suppliers are obtaining material free from conflict minerals. Furthermore, the Company provides clear guidelines for suppliers and raises awareness on conflict mineral related issues through education and support. The Company also collaborates with a cross-industry group called Conflict-Free Sourcing Initiative (CFSI) in this regard. In order to be confirmed as conflict free, the smelters and refiners are required to pass an independent third-party audit. The results from this year’s survey confirmed that our supply chain is based on conflict free sourcing.



# Employee Management

## Management Approach

The Company ensures long-term employee development by seeking out the right employees, making the most of their talents, developing potential and ensuring employability. The Company strives to unlock the potential of human resources management and resultantly, add value to its business. A corporate culture guided by the principles of the Atlas Way (as described in Sustainability Strategy) forms the basis of the Company's efforts in this area.

The Company has policies in place covering all aspects of employment, including employee relations, training, equal opportunity and health & safety of its workforce. The Company fully complies with applicable labour and health & safety laws and regulations that prohibit forced, compulsory and child labour. The Company is committed to the observance of fair working conditions and human rights. Gender equality and respect for diversity is deep rooted in the Company's culture to encourage talented individuals with diverse backgrounds to demonstrate their full potential and evolve into leaders. The Company is continuously working to upgrade its human resources expertise, practices, systems, and service quality. As part of the Company's talent management, performance appraisals are carried out which help in identification of career development and training needs. This also helps the Company in ensuring a fair reward system. Further, the Company's performance is constantly evaluated through surveys and awards.

## Recruitment and Retention

To sustain its market leadership, the Company aims to attract, recruit and retain the best talent. The Company's ability to offer unique opportunities, such as a diverse and supportive work environment, helps differentiate Atlas Honda from other employers and attracts high-performing professionals who are competent and highly skilled. Recruitment and retention of appropriate workforce becomes more crucial as the Company has been undergoing a phase wise capacity expansion plan. A uniform policy for hiring, job placement and human resource development is followed. A comprehensive "Employee Orientation Training Program / Onboarding Program" has been designed to provide an overview of the Company's culture and processes to all new joiners.

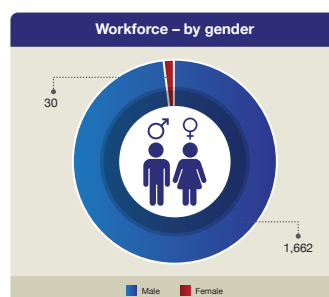
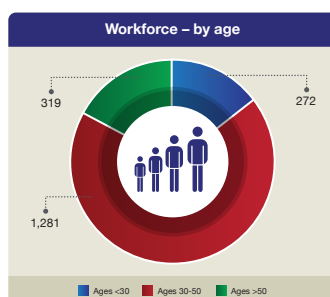
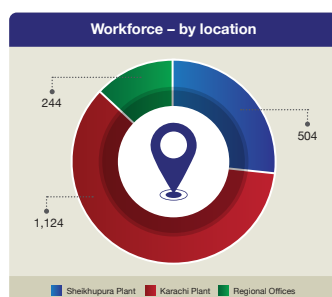


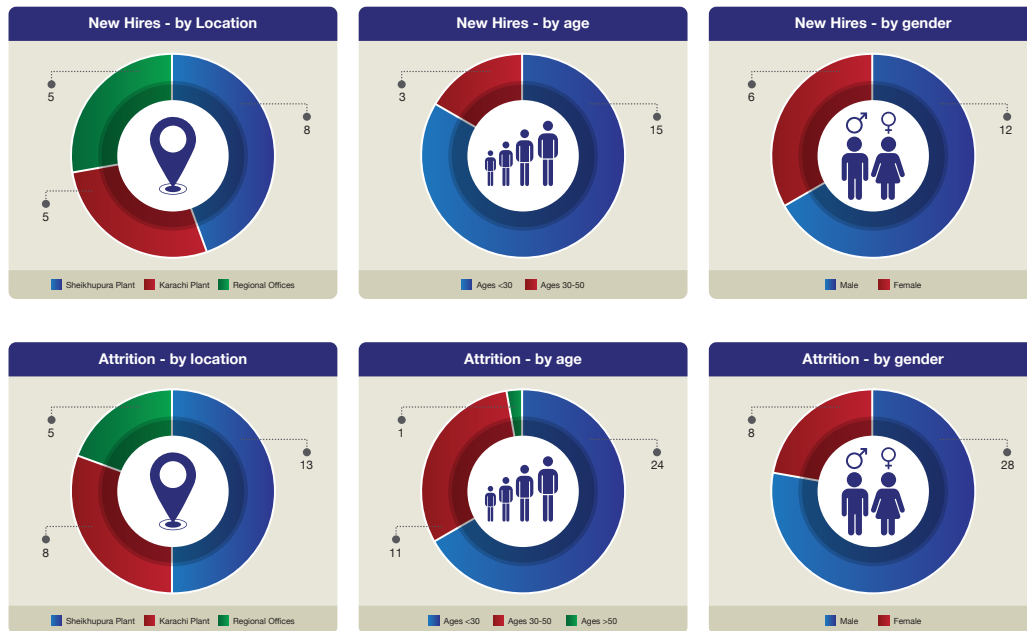
A view of recruitment drive

## Employee Composition

The Company's employees' composition is as follows. No major variations have been reported. Further, the data has been

compiled by the Company's human resource department as per actual and no assumptions have been made. During the year, the hiring rate was 1% while the turnover rate was 2%.





## Diversity and Inclusion

The Company values equality, diversity and inclusion. Gender equality and empowering women lies at the heart of the agenda for sustainable development, which asserts gender equality as both a fundamental human right and a necessary foundation for a peaceful, prosperous and sustainable world. In this regard the Company has been pursuing a non-discriminative hiring mechanism. During the year, 33% of the new hires were females. Merit-based recruitment practices have been adopted and equal employment opportunities for all regardless of race, religion, gender, marital status and age or disability are being made available by the Company. During the year, no incidents of discrimination were reported. For hiring workers, equal weightage is given to candidates from across the country. The Company also focuses on recruitment and qualification of local personnel as a way of developing the local communities and regions in which it operates.

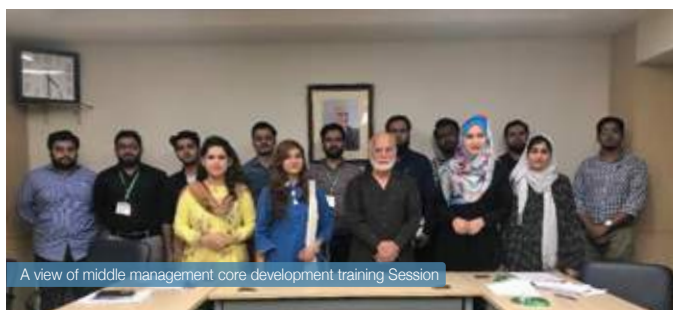
The Company hires males and female with vast experiences, from different industry backgrounds, cultures, beliefs and ethnicities. This ensures that the Company is able to adapt to the changing needs of business. However, it is currently a challenge for the entire auto industry in Pakistan to attract sufficient number of female employees. Various initiatives are being undertaken to enhance the participation of women. During the year, 6 female executives were hired. Female and male staff is entitled to three-month and five day maternal leaves respectively. During the year under review, three female associates availed maternal leave.

The Company also supports creation of job opportunities for persons with disabilities through provision of additional facilities and appropriate training. Currently, 22 individuals, who are differently-abled, are working for the Company.

## Career Development and Training

The Company believes in the principle of “Organization Development through Self-Development” and places great emphasis on capacity and skill building. Life-long learning is promoted through the 70:20:10 formula, where 70% learning comes from an individual’s performance at their current job, 20% from coaching and 10% from formal training. Accordingly, the Company provides a broad range of opportunities to its employees in form of on-the-job learning, mentoring programs, trainings and courses. Such programs include various in-house, national and international programs. We support development at all levels – starting from career training through to further development of top management. The Company also provides support to its employees for higher education and management courses at renowned business schools such as Harvard Business School and INSEAD. A number of rotational programs are strategically and systematically implemented to give employees the experience needed to serve at management positions. The Company’s efforts, during the year under review, for training and development of its employees are presented in the following table:

Internal Training Programs	36
No. of Persons trained in internal training	617 (Female: 23)
External Training Programs	13
Foreign Training Programs	8
No. of Persons trained in external trainings	24 (Female: 2)
Trainings days	747 (Female: 26)
Training hours	5,976 (Female: 208)
Average training hours per year per employee	3.3
Average training days per employee	2.3 (Female: 0.5)



## Performance Appraisal and Reward System

The Company adheres to all laws and regulations with regard to employee benefits, including minimum wages and separation benefits. Basic salaries and packages are set on the basis of education and experience of the employees. Compensation packages offered are competitive and equitable and are in line with the industry benchmarks. These include salaries, bonus, health care benefits, transportation allowances, company provided vehicles, fuel allowances and retirement benefits. An employee's salary is adjusted based on the results of performance evaluations. The Company only provides full time employment and does not offer part time jobs.

All employees undergo performance appraisals twice a year. Annual Performance Appraisal is used as a basis for positioning of personnel within the Company and determination of annual increment. High performing individuals are promoted to higher grades and are awarded higher increments. The Company's performance management policy, under the Individual Development Program for management cadre employees, requires determination of areas of focus for internal and external trainings necessary for creation of future leaders.

Long serving employees are recognized through award of gold medals for their association with the company for 15 years or more.

## Employee Engagement and Connectivity

The Company supports the creation of a high performing work environment by ensuring a balance between personal and professional lives of its employees. The Company believes in a culture of inclusion and well-being that inspires employee engagement for better productivity. For this, the Company organizes various activities such as family day, picnics, sports and other activities which provide employees an opportunity for leisure.

## Human Rights and Relations with CBA

The Company is responsible for creation of an environment free of discrimination and harassment, in which all individuals are treated with respect, equality and dignity and have equal opportunities. Human rights violations of any sort are not tolerated. Key management practices including: a guarantee of voluntary labour, observance of working hours, respect for diversity and workplace health and safety are continuously reinforced at the Company. The Company makes every effort to engage in sincere discussions with its employees about any issues that exist or might arise. This helps in maintaining a relationship of mutual trust. Moreover, the Company complies with all local statutory and operational requirements with regard to the provision of information to employee representatives and employees. An appropriate notification period is allowed before implementation of any change that can have an impact on employees. The Company recognizes the rights of employees to set up their representation and carry out collective bargaining to regulate working conditions. Constructive dialogue, negotiations and consultations are carried out with labour unions, when needed, at both our plants. All non-management employees are covered under CBA, which cover more than 11% of total permanent employees.

The Company strongly discourages any form of child labour and firmly complies with local regulations concerning legal minimum age requirement for work permits. The Company has a mechanism of periodical evaluation of its vendors for any possible violation of human rights. The Company does not have any child labour within its operations nor is it aware of any such cases at its suppliers. There were no complaints reported during the year related to violation of human rights.

## Health and Safety

The Company is committed to ensure the health and safety of its employees, contractors and visitors. Aspects related to this area are documented in contracts and agreements with the trade union. All workers are represented by the health and safety committee. The risks of injury, death or ill-health of our employees and those who work with the Company is a fundamental concern and have a significant impact on our operations. The Company is striving to create a dynamic working environment that is conducive to the mental and physical well-being of its employees. Issues relating to employee safety and health are managed in accordance with the Health, Safety & Environment policy of the Company at all its sites.



The responsibility for health and safety impacts rests with the General Manager Human Resource. The management approach comprises of health and safety policy, procedures and guidance documents. Health and safety committees are operational at each plant as per applicable laws and best available practices. The meetings of these committees are held on a regular basis to monitor health and safety issues and recommend improvements.

During the year 2019-20 no major fatalities and injuries were reported. Important guidelines derived from the HSE policy have been displayed at prominent places within the Company premises to manage safe working environment. Further, the Company undertook following steps to promote healthy mindset and safety amongst employees:

- To address various health, safety and environment related issues regular, HSE Flyers are disseminated. To date, topics covered include updates on rain emergency, earthquake, and road safety.
- During the year, 5 training sessions on basic first aid and firefighting training were conducted in which 187 associates participated. 6 evacuation drills were also carried out in which 583 associates participated.
- “Stop for Safety Talk Program” was conducted by HSE department to create awareness. During the year, 40 training sessions were conducted by HSE department creating awareness about general electric safety, office ergonomics,

fire prevention & emergency response planning, use of personal protective equipment, chemical safety, first aid, slip, trip & fall prevention and forklift safety. 231 associates participated in the training sessions.

In relation to the COVID-19 spread throughout the world, the Company’s management has taken various steps including:

- installation of sanitizers dispensers at various location inside business premises;
- distribution of masks to associates to ensure their health safety at work place;
- body temperature screening of associates and visitors at business premises; and
- work from home initiative to ensure minimum interactions of human capital at work place and maintaining social distancing as advised by World Health Organization.



A view of safety awareness session



# Definition, Methodology and Scope

The Sustainability Report is issued by us to disseminate information about our economic, environmental and social impacts to our stakeholders, enabling them to make informed decisions.

This section provides definitions, methodology guide and information on scope of the report. Unless otherwise specified or required by the context in which they are used, the terms “Atlas Honda” or “the company” or “we” refer to the Atlas Honda Limited and do not include its associated companies.

The information and data contained in this report relates to financial year 2020 (April 1, 2019 to March 31, 2020). The data presented in the report includes all plants and offices of Atlas Honda and does not include data on its associated companies.

The quality of the information contained in the report is in compliance with principles for defining report content and quality of the report as per GRI Standards.

The compilation of data has been done on the basic scientific measurement and mathematical calculus methods on actual basis, but in some cases where actual data is unavailable due to some reasons; different logical methodologies are used for calculations. The usage of any such method is mentioned at respective places in the report, where applicable. The data measurement techniques are same as used for previous year.

There has been no change in the reporting period, scope, boundary or measurement methods applied in the report. There are no changes that can significantly affect the comparability of data from period to period. Previous years' figures have been regrouped / rearranged wherever found necessary to conform to this year's classification. Preparation of the sustainability report is part of annual reporting process subject to independent review, analysis and approval of relevant authorities. We make every effort to ensure the accuracy of the sustainability information contained in this report. From time to time, however, figures may be updated. The online pdf version of the sustainability report will be considered the most current version and takes precedence over any previously printed version.

## The Sustainability Report is:

- prepared by the sustainability reporting team that coordinates and engages relevant functions;
- approved by the Board of Directors;
- subject to an independent review by Corporate Social Responsibility Centre Pakistan, an independent reviewer, in compliance with GRI Sustainability Reporting Standards and ISAE 3000 (2003);
- published and freely available for download from the publication section of the company website ([www.atlashonda.com.pk](http://www.atlashonda.com.pk)).



Office No. 01,  
3rd Floor, VIP Square,  
I-8 Markaz, Islamabad.  
Phone: +92-51-4861116  
Fax: +92-51-4938022  
E-mail: enquiry@csrccp.com  
Web: www.csrccp.com

## Independent Assurance Statement for the Atlas Honda Limited Sustainability Report 2020

Corporate Social Responsibility Centre Pakistan (CSRCP) performed an independent review of the Atlas Honda Limited (AHL) Sustainability Report 2020, which was prepared 'in accordance' with Global Reporting Initiative's (GRI) Standards' Core option. The objective of the critical independent review is to provide AHL's Management with an independent opinion about the quality of the report and adherence to the principles of Inclusivity, Materiality, and Responsiveness.

### Responsibility of AHL and of CSRCP

The Management of AHL is responsible for preparation of the Sustainability Report and for the information and statements contained within it. The Management is responsible for determining the sustainability goals, targets, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to express independently a conclusion on the Sustainability Report as defined within the scope of work to The Management of AHL only in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the report is entirely at its own risk.

### Scope of Assurance

CSRCP was asked to express an opinion in relation to the review scope which includes following aspects:

- Review of the policies, initiatives, practices and performance described in the non-financial - qualitative and quantitative information (sustainability performance) reported and referenced in the report.
- Evaluation of the disclosed information in the report to check adherence to the GRI's Universal and Topic Specific Standards.
- Adherence to ISAE 3000 (Revised) to provide limited assurance on performance data within the Sustainability Report.
- Adherence to the principles of Inclusivity, Materiality and Responsiveness.

### Assurance methodology

Our activities included a desk review of the final draft report. We communicated with AHL to determine the accuracy and authenticity of the report content, data points, methodologies and policies around the organization's social, environmental and economic data and activities.

Our procedures on this engagement included:

- Critical review of the Sustainability Report 2020 and respective Content Index to check consistency and adherence to GRI's Universal and Topic-Specific Standards
- Evaluation of the report adherence to the in accordance: Core option
- Analysis of the report content against principles of Inclusivity, Materiality and Responsiveness
- Elaboration of an adjustment report
- Final review of the report content

The work was planned and carried out to provide limited, rather than absolute assurance and we believe that the desk review of the AHL Sustainability Report completed by CSRCP provides an appropriate basis for our conclusions.

### Opinion

#### GRI Standards in accordance option

AHL declares the report to be in accordance with GRI Standards: Core option. CSRCP evaluated the quality of the application of GRI Universal and Topic Specific Standards. Based on the evaluation, CSRCP made a series of recommendations to complete the content or adjust the disclosure level in the Content Index, which have been accepted by AHL. Based on the rectifications, we can confirm that the report is attending the above mentioned 'in accordance' option, giving a complete overview of AHL's sustainability governance and management systems in place to report on a relevant set of disclosures related to the identified material topics.

### Main Conclusions on Adherence to Principles of Inclusivity, Materiality and Responsiveness

**Inclusivity – addresses the stakeholders' participation in the process of developing and implementing a transparent and strategic sustainability management process.**

- AHL report addresses how company identifies and engages with different stakeholders, including AHL focus for engagement and AHL response. The material issues emerging from the stakeholders' engagement were identified, prioritized and the results are fairly reflected in the report.
- It is important that AHL carries out a sustainability specific engagement and demonstrate a deeper perspective on stakeholders' concerns discussed in these sessions and how AHL utilizes stakeholders' input in strategic decision making.

## Materiality – issues required by stakeholders to make decisions on the organization's economic, environmental and social performance.

- Material issues have been identified by AHL in a Materiality Matrix which considers the influence on stakeholder assessment and decisions and the significance of environmental, social and economic impacts, using a commonly accepted approach. The parameters of risks and opportunities were considered in the materiality determination process, which makes the process more focused on prioritizing issues relevant to AHL.
- AHL material topics of energy, emissions, human rights, health and safety, employment and labor practices and supply chain impacts having outreach in the supply chain are monitored by AHL Vendor Management practices. However it is necessary that company discloses more details about current status of suppliers towards these material topics, AHL approach to managing the associated impacts and methodology towards assessing its supply chain impacts on these material topics.

## Responsiveness – addresses the action taken by the organization as a result of specific stakeholders' demands.

- AHL has appropriate policies and externally certified quality, environmental and health & safety management systems, which involve a high level of analysis of risks, non-compliance and corrective actions.
- Sustainability management at AHL maintains high level support, conforming AHL's commitment to address sustainability challenges, stakeholder concerns, and promoting sustainable practices in its operations and supply chain. It would be recommendable to define adequate sustainability targets for material topics to demonstrate AHL commitment towards better management of its environmental, social and economic impacts.

## Statement of conclusion

Based on the scope of our work and the assurance procedures we performed using the ISAE 3000 (Revised) assurance standard, we conclude that nothing has come to our attention that causes us to believe that the information in AHL's Sustainability Report 2020 is in all material aspects not fairly stated.

We confirm that the report is aligned with the requirements of the GRI Standards and reports the material topics in an adequate manner. The compliance with GRI Standards has been disclosed in more detail in the Content Index which provides overview of which standards have been fully complied and which have been partially complied in the report. In our opinion AHL has appropriate systems for collection, aggregation and analysis of the data presented in the report.

## Limitations and exclusions

Excluded from the scope of our work is any verification of information relating to:

- Physical verification of data and content of AHL's Sustainability Report;
- Positional statements (expression of opinion, belief, aim or future intention of AHL) and statements of future commitment.

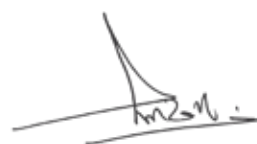
## Statement of independence, impartiality and competence

CSRCP operates strict conflict of interest checks and has confirmed our independence to work on this engagement with AHL. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the report. CSRCP is a consulting firm specialized in sustainability. The review team has the required combination of education, experience, training and skills for this engagement.

Islamabad, June 08, 2020



Muhammad Arfan Nazir,  
Director,  
Corporate Social Responsibility Centre Pakistan.



Muhammad Imran,  
Muhammad Imran & Co.,  
Cost & Management Accountants Pakistan.  
ICMAP Membership # 1382


































# GRI Content Index

The following table lists all disclosures in accordance with the GRI Standards included in the report and helps the reader in locating content within the document. Each disclosure is followed by reference to the appropriate pages in this report or other publicly available sources.










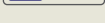
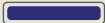


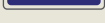
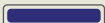











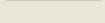















## Key

 Fully disclosed

 Partially disclosed

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
GRI 101: FOUNDATION 2016	GRI 101 does not contain any disclosure requirements			
<b>GENERAL DISCLOSURES</b>	<b>ORGANIZATIONAL PROFILE</b>			
GRI 102: GENERAL DISCLOSURES 2016	102-1	Name of the organization	78	
	102-2	Activities, brands, products, and services	78	
	102-3	Location of headquarters	78	
	102-4	Location of operations	78	
	102-5	Ownership and legal form	78	
	102-6	Markets served	78	
	102-7	Scale of the organization	78	
	102-8	Information on employees and other workers	78	
	102-9	Supply chain	78	
	102-10	Significant changes to the organization and its supply chain	78	
	102-11	Precautionary Principle or approach	93	
	102-12	External initiatives	54	
	102-13	Membership of associations	78	
	<b>STRATEGY</b>			
	102-14	Statement from senior decision-maker	79	
	<b>ETHICS AND INTEGRITY</b>			
	102-16	Values, principles, standards, and norms of behavior	6-7	
	<b>GOVERNANCE</b>			
	102-18	Governance structure	82	
	<b>STAKEHOLDER ENGAGEMENT</b>			
	102-40	List of stakeholder groups	88-90	
	102-41	Collective bargaining agreements	110	
	102-42	Identifying and selecting stakeholders	88	
	102-43	Approach to stakeholder engagement	88-90	
	102-44	Key topics and concerns raised	88-90	
	<b>REPORTING PRACTICE</b>			
	102-45	Entities included in the consolidated financial statements	112	
	102-46	Defining report content and topic boundaries	76, 90-91	
	102-47	List of material topics	91	
	102-48	Restatements of information	112	
	102-49	Changes in reporting	112	
	102-50	Reporting period	76	
	102-51	Date of most recent report	76	
	102-52	Reporting cycle	76	
	102-53	Contact point for questions regarding the report	76	
	102-54	Claims of reporting in accordance with the GRI Standards	76	
	102-55	GRI content index	115 -119	
	102-56	External assurance	76, 113-114	



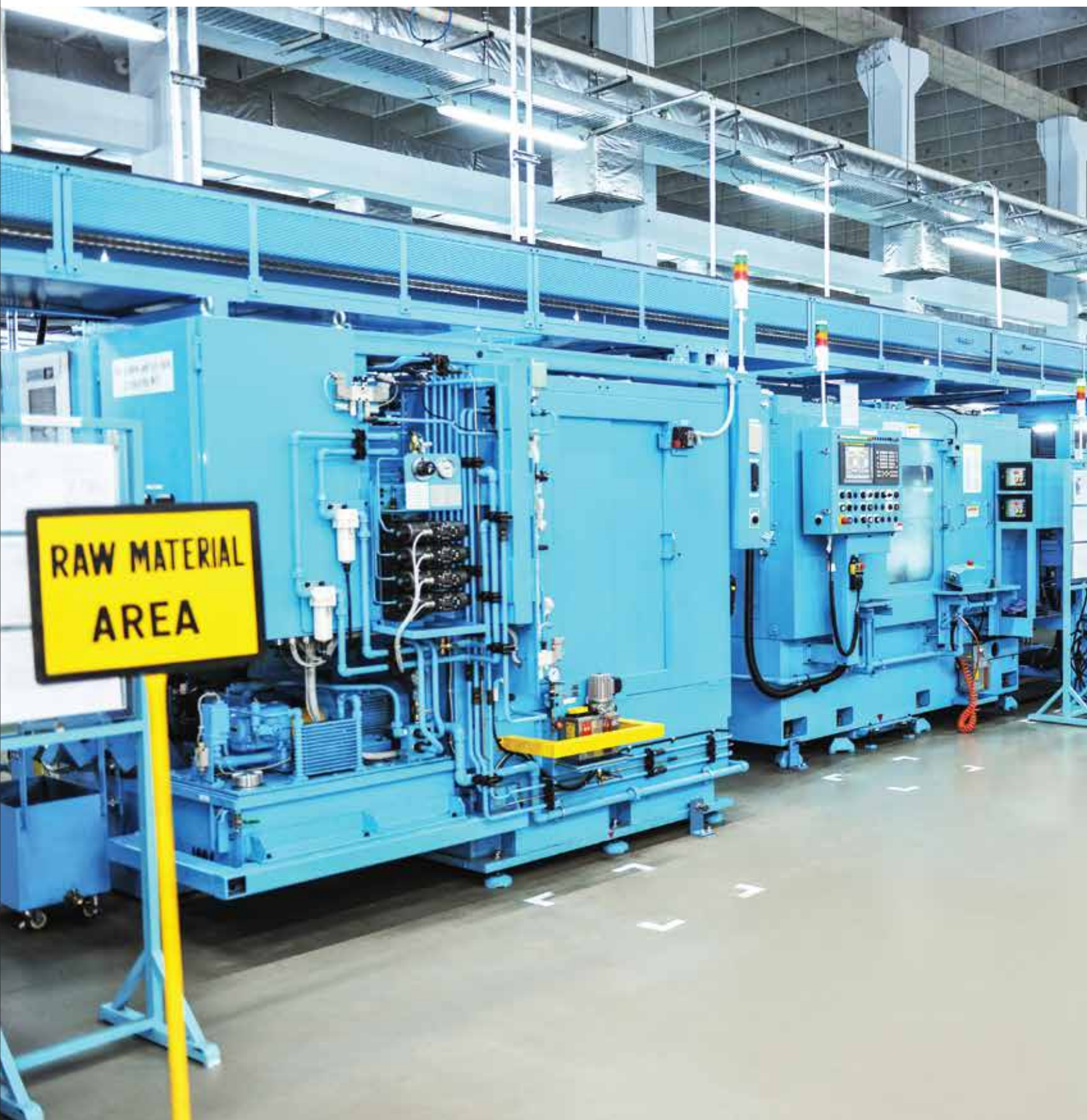
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
<b>MATERIAL TOPICS</b>				
<b>ECONOMIC PERFORMANCE</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	82-87	
	103-3	Evaluation of the management approach	82-87	
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed	72	
	201-3	Defined benefit plan obligations and other retirement plans	139, 151	
<b>MARKET PRESENCE</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	108-109	
	103-3	Evaluation of the management approach	108-109	
GRI 202: MARKET PRESENCE 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	110	
	202-2	Proportion of senior management hired from the local community	109	
<b>INDIRECT ECONOMIC IMPACTS</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	101	
	103-3	Evaluation of the management approach	101	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Infrastructure investments and services supported	101-102	
<b>PROCUREMENT PRACTICES</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	104	
GRI 204: PROCUREMENT PRACTICES 2016	103-3	Evaluation of the management approach	104	
	204-1	Proportion of spending on local suppliers	104	
<b>ANTI-CORRUPTION</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	86	
	103-3	Evaluation of the management approach	86	
GRI 205: ANTI-CORRUPTION 2016	205-1	Operations assessed for risks related to corruption	86	
	205-3	Confirmed incidents of corruption and actions taken	86	
<b>ANTI-COMPETITIVE BEHAVIOUR</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	99	
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016	103-3	Evaluation of the management approach	99	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	99	
<b>MATERIALS</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	92-93	
GRI 301: MATERIALS 2016	103-3	Evaluation of the management approach	92-93	
	301-1	Materials used by weight or volume	95	
<b>ENERGY</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	92-93	
GRI 302: ENERGY 2016	103-3	Evaluation of the management approach	92-93	
	302-1	Energy consumption within the organization	93-94	
	302-3	Energy intensity	93-94	
	302-4	Reduction of energy consumption	94-95	
<b>WATER</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	92-93	
GRI 303: WATER 2016	103-3	Evaluation of the management approach	92-93	
	303-1	Water withdrawal by source	96-97	
	303-3	Water recycled and reused	96-97	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
<b>EMISSIONS</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	92-93	
	103-3	Evaluation of the management approach	92-93	
	GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	
	305-4	GHG emissions intensity	94-95	
	305-5	Reduction of GHG emissions	94-95	
<b>EFFLUENTS AND WASTE</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	92-93	
	103-3	Evaluation of the management approach	92-93	
	GRI 306: EFFLUENTS AND WASTE 2016	306-1	Water discharge by quality and destination	
	306-2	Waste by type and disposal method	95-97	
	306-3	Significant spills	95-97	
<b>ENVIRONMENTAL COMPLIANCE</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	92-93	
	103-3	Evaluation of the management approach	92-93	
	GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91, 104	
	103-2	The management approach and its components	104	
	103-3	Evaluation of the management approach	104	
	GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	
	308-2	Negative environmental impacts in the supply chain and actions taken	106	
<b>EMPLOYMENT</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91, 108	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
	GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	110	
	401-3	Parental leave	110	
<b>LABOUR/MANAGEMENT RELATIONS</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
	GRI 402: LABOUR/MANAGEMENT RELATIONS 2016	402-1	Minimum notice periods regarding operational changes	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	110-111	
	103-3	Evaluation of the management approach	111	
	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	403-1	Workers representation in formal joint management-worker health and safety committees	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	111	
	403-4	Health and safety topics covered in formal agreements with trade unions	110	
<b>TRAINING AND EDUCATION</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
	GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
	404-2	Programs for upgrading employee skills and transition assistance programs	109	
	404-3	Percentage of employees receiving regular performance and career development reviews	110	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
	405-1	Diversity of governance bodies and employees	82	
	405-2	Ratio of basic salary and remuneration of women to men	109	
<b>NON-DISCRIMINATION</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	108-109	
	103-3	Evaluation of the management approach	108	
GRI 406: NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	109	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	104, 108 , 110	
	103-3	Evaluation of the management approach	108	
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	110	
<b>CHILD LABOUR</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	108, 110	
	103-3	Evaluation of the management approach	108	
GRI 408: CHILD LABOUR 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	110	
<b>HUMAN RIGHTS ASSESSMENT</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	108, 110	
	103-3	Evaluation of the management approach	108	
GRI 412: HUMAN RIGHTS ASSESSMENT 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	110	
<b>LOCAL COMMUNITIES</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	101	
	103-3	Evaluation of the management approach	101	
GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community engagement, impact assessments, and development programs	101-103	
	413-2	Operations with significant actual and potential negative impacts on local communities	101-103	
<b>SUPPLIER SOCIAL ASSESSMENT</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91, 104	
	103-2	The management approach and its components	104 -106	
	103-3	Evaluation of the management approach	104	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria	104	
	414-2	Negative social impacts in the supply chain and actions taken	106	
<b>CUSTOMER HEALTH AND SAFETY</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	98	
	103-3	Evaluation of the management approach	98	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	98	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	98	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
<b>MARKETING AND LABELING</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	<input type="checkbox"/>
	103-2	The management approach and its components	98	<input type="checkbox"/>
	103-3	Evaluation of the management approach	98	<input type="checkbox"/>
	GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	<input type="checkbox"/>
	417-2	Incidents of non-compliance concerning product and service information and labeling	99	<input type="checkbox"/>
	417-3	Incidents of non-compliance concerning marketing communications	99	<input type="checkbox"/>
<b>CUSTOMER PRIVACY</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	<input type="checkbox"/>
	103-2	The management approach and its components	98	<input type="checkbox"/>
	103-3	Evaluation of the management approach	98	<input type="checkbox"/>
	GRI 418: CUSTOMER PRIVACY 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<input type="checkbox"/>
<b>SOCIOECONOMIC COMPLIANCE</b>				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	91	<input type="checkbox"/>
	103-2	The management approach and its components	86-87	<input type="checkbox"/>
	103-3	Evaluation of the management approach	86-87	<input type="checkbox"/>
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	419-1	Non-compliance with laws and regulations in the social and economic area	86, 99, 109-110	<input type="checkbox"/>





# Financial Statements

- Statement of Compliance with Code of Corporate Governance
- Review Report to the Members on Code of Corporate Governance
- Auditors' Report to the Members
- Statement of Financial Position
- Statement of Profit or Loss & Other Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements





# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company has applied the principles contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 in the following manner:

1. Total Number of directors are eight as per following:

a.	Male	Seven
b.	Female	One

2. The composition of Board of Directors is as follows:

Category	Number	Names
Independent Directors	2	Mr. Abid Naqvi Ms. Mashmooma Zehra Majeed
Other Non-Executive Directors	3	Mr. Aamir H. Shirazi Mr. Ryo Takahashi Mr. Sanaullah Qureshi
Executive Directors	3	Mr. Saquib H. Shirazi Mr. Yukitoshi Fujisaka Mr. Hirofumi Yada

The Board was reconstituted on March 13, 2020 for a term of three years.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Atlas Honda Limited.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board was presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of the eight, seven Directors have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019. While the remaining one Director will undertake the Directors' Training Program within the stipulated time.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

## a) Audit Committee

Mr. Abid Naqvi	Chairman
Mr. Sanaullah Qureshi	Member
Ms. Mashmooma Zehra Majeed	Member

## b) HR and Remuneration Committee

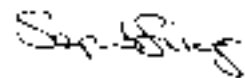
Mr. Abid Naqvi	Chairman
Mr. Sanaullah Qureshi	Member
Mr. Saquib H. Shirazi	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

Audit Committee	Quarterly
HR and Remuneration Committee	On required basis

15. The Board has set up an effective internal audit function.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with. However, fractional requirement for Independent directors have not been rounded up as one and that of Executive Director is rounded up to one keeping in view the understanding with the Japanese joint venture partners.

On behalf of the Board of Directors



Saquib H. Shirazi  
Chief Executive Officer

Karachi: June 01, 2020





**SHINEWING HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS

Karachi Chambers.  
Hasrat Mohani Road, Karachi.  
Tel: +92 21 32412754, 32411474  
Fax: +92 21 32424835  
Email: khi@hccpk.com

Principal Office:  
HM House,  
7-Bank Square, Lahore.  
Tel: +92 42 37235084-87  
Fax: +92 42 37235083  
Email: lhr@hccpk.com  
www.hccpk.com

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

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Atlas Honda Limited (the Company) for the year ended March 31, 2020, in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended March 31, 2020.

SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
KARACHI;

DATED: JUNE 01, 2020

a member firm of *ShineeWing* International

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# Report on the Audit of the Financial Statements

## Opinion

We have audited the annexed financial statements of Atlas Honda Limited (the Company), which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2020 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 Auditors' 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.

Following are the Key Audit Matters:

### S.No. Key Audit Matter

### How the matter was addressed in our audit

#### 1. Stock-in-trade

Refer note 4.10 and 10 to the financial statements, the Company has stock-in-trade aggregating Rs.4,888,616 thousand comprising raw materials, finished goods and work in progress. We identified this area as a key audit matter because stock-in-trade constitutes 15.74% of the total assets of the Company as at March 31, 2020 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.

Our audit procedures in respect of this area included:

Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;

Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;

Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards;

Assessed the provision for slow moving as at year end is in accordance with the Company policy and relevant accounting standard; and

We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

## 2. Adoption of IFRS 16 - 'Leases'

Refer notes 3.1(c) to the financial statements. The Company has adopted IFRS 16 'Leases' on April 1, 2019. Under the requirement of IFRS 16, the Company recognized right of use assets and lease liabilities for certain lease payments - i.e. these leases are on the statement of financial position. The application of this standard requires management to make judgements, estimates and assumptions with regard to lease term and discount rate for calculation of lease liabilities and consequently considered as a key audit matter.

Our audit procedures in respect of this area included:

Obtained an understanding of the Company's processes and related internal controls for lease accounting, including those relating to assessment of discount rates, lease term and extension options and considered their appropriateness;

On a sample basis, tested the lease data by comparing the lease agreement with related IFRS 16 lease calculations;

Tested, on a sample basis, the calculation of right of use asset and lease liabilities by performing recalculations and tracing the terms with relevant supporting documents;

We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

## Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2020, but does not include the financial statements and our auditors' 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.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 auditors' 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- 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 Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Raheel Ahmed.



SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
KARACHI

DATED: JUNE 01, 2020

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# Statement of Financial Position

## As at March 31, 2020

		2020	2019
	Note	---- Rupees in '000 ----	
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	10,041,495	8,950,633
Intangible assets	6	135,121	168,924
Long term investments	7	322,240	323,497
Long term loans and advances	8	36,671	33,467
Long term deposits		13,025	13,882
		<u>10,548,552</u>	<u>9,490,403</u>
<b>Current assets</b>			
Stores, spares and loose tools	9	683,123	725,754
Stock-in-trade	10	4,888,616	5,069,836
Trade debts	11	813,980	1,116,000
Loans and advances	12	42,752	43,794
Trade deposits and prepayments	13	686,517	1,007,128
Accrued mark-up / interest		22,392	37,614
Other receivables	14	329,021	573,080
Taxation - net		1,487,667	1,149,424
Short term investments	15	5,248,268	5,261,724
Cash and bank balances	16	6,308,616	7,480,159
		<u>20,510,952</u>	<u>22,464,513</u>
		<u>31,059,504</u>	<u>31,954,916</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	1,240,879	1,034,066
Reserves	18	15,339,529	14,331,698
		<u>16,580,408</u>	<u>15,365,764</u>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Lease liabilities	19	209,148	-
Staff retirement benefits	20	342,594	296,409
Deferred taxation	21	604,200	700,024
		<u>1,155,942</u>	<u>996,433</u>
<b>Current liabilities</b>			
Trade and other payables	22	13,191,935	15,500,137
Unclaimed dividend		100,985	92,582
Current portion of lease liabilities	19	30,234	-
		<u>13,323,154</u>	<u>15,592,719</u>
		<u>14,479,096</u>	<u>16,589,152</u>
<b>Contingencies and commitments</b>			
	24	<u>31,059,504</u>	<u>31,954,916</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

  
**Aamir H. Shirazi**  
Chairman

  
**Saquib H. Shirazi**  
Chief Executive Officer


  
**Kashif Yasin**  
Chief Financial Officer

# Statement of Profit or Loss and Other Comprehensive Income For the Year Ended March 31, 2020

	Note	2020 --- Rupees in '000 ---	2019
Sales	25	84,775,972	82,412,548
Cost of sales	26	(78,660,040)	(75,856,677)
Gross profit		6,115,932	6,555,871
Sales and marketing expenses	27	(1,981,571)	(1,924,062)
Administrative expenses	28	(652,273)	(640,209)
Other income	29	1,370,948	1,097,636
Other operating expenses	30	(388,968)	(463,793)
Share of net profit of an Associate		4,443	15,698
Operating profit		4,468,511	4,641,141
Finance costs	31	(56,718)	(25,818)
Profit before taxation		4,411,793	4,615,323
Income tax expense	32	(1,333,393)	(1,406,664)
Profit for the year		3,078,400	3,208,659
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurements of staff retirement benefit obligation		(32,405)	(24,070)
Income tax relating to the re-measurement		9,287	6,499
Other comprehensive loss for the year - net of tax		(23,118)	(17,571)
Total comprehensive income for the year		3,055,282	3,191,088
		----- Rupees -----	Restated
Earnings per share - basic and diluted	33	24.81	25.86

The annexed notes 1 to 45 form an integral part of these financial statements.

  
**Aamir H. Shirazi**  
 Chairman

  
**Saquib H. Shirazi**  
 Chief Executive Officer

  
**Kashif Yasin**  
 Chief Financial Officer

# Statement of Changes in Equity For the Year Ended March 31, 2020

	Share capital	Capital reserves	Gain on sale of land	Revenue reserves		Total
		Share premium		General reserve	Unappropriated profit	
	----- Rupees in '000 -----					
Balance as at April 1, 2018	1,034,066	39,953	165	7,992,000	6,934,537	16,000,721
Transfer to general reserve	-	-	-	1,500,000	(1,500,000)	-
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2018 at the rate of Rs.27.0 per share	-	-	-	-	(2,791,979)	(2,791,979)
Interim dividend for the half year ended September 30, 2018 at the rate of Rs.10.0 per share	-	-	-	-	(1,034,066)	(1,034,066)
Total comprehensive income for the year ended March 31, 2019						
Profit for the year	-	-	-	-	3,208,659	3,208,659
Other comprehensive loss	-	-	-	-	(17,571)	(17,571)
	-	-	-	-	3,191,088	3,191,088
Balance as at March 31, 2019	1,034,066	39,953	165	9,492,000	4,799,580	15,365,764
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2019 at the rate of Rs.10.0 per share	-	-	-	-	(1,034,066)	(1,034,066)
Bonus shares issued for the year ended March 31, 2019 in ratio of 1 share for every 5 shares held	206,813	-	-	-	(206,813)	-
Interim dividend for the half year ended September 30, 2019 at the rate of Rs.6.5 per share	-	-	-	-	(806,572)	(806,572)
Total comprehensive income for the year ended March 31, 2020						
Profit for the year	-	-	-	-	3,078,400	3,078,400
Other comprehensive loss	-	-	-	-	(23,118)	(23,118)
	-	-	-	-	3,055,282	3,055,282
Balance as at March 31, 2020	1,240,879	39,953	165	9,492,000	5,807,411	16,580,408

The annexed notes 1 to 45 form an integral part of these financial statements.

  
**Aamir H. Shirazi**  
 Chairman

  
**Saquib H. Shirazi**  
 Chief Executive Officer

  
**Kashif Yasin**  
 Chief Financial Officer

# Statement of Cash Flows

## For the Year Ended March 31, 2020

	Note	2020 --- Rupees in '000 ---	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	34	3,617,552	1,705,238
Income taxes paid		(1,758,173)	(1,821,857)
Contribution made to gratuity funds		(30,152)	(24,443)
Compensated absences paid		(20,752)	(19,012)
Mark-up / interest received		837,497	590,502
Workers' profit participation fund paid		(249,161)	(333,728)
Workers' welfare fund paid		(81,419)	(116,209)
Long term loans and advances - net		(3,204)	(1,986)
Long term deposits - net		857	8,691
Net cash generated from / (used in) operating activities		2,313,045	(12,804)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(2,182,337)	(2,106,954)
Proceeds from sale of property, plant and equipment		63,821	65,467
Payments for intangible assets		(8,392)	(142,840)
Payments for investments		(3,626,096)	(1,289,232)
Proceeds from sale of investments		3,729,255	4,304,034
Dividend received		438,026	477,939
Net cash (used in) / generated from investing activities		(1,585,723)	1,308,414
<b>CASH USED IN FINANCING ACTIVITIES</b>			
Lease rentals paid		(66,630)	-
Dividend paid		(1,832,235)	(3,797,066)
Net cash generated used in financing activities		(1,898,865)	(3,797,066)
Net decrease in cash and cash equivalents		(1,171,543)	(2,501,456)
Cash and cash equivalents at beginning of the year		7,480,159	9,981,615
Cash and cash equivalents at end of the year	16	6,308,616	7,480,159

The annexed notes 1 to 45 form an integral part of these financial statements.

  
**Aamir H. Shirazi**  
Chairman

  
**Saquib H. Shirazi**  
Chief Executive Officer

  
**Kashif Yasin**  
Chief Financial Officer



# Notes to the Financial Statements For the Year Ended March 31, 2020

## 1. LEGAL STATUS AND OPERATIONS

Atlas Honda Limited (the Company) was incorporated as a public limited company on October 16, 1962 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The registered office is located at 1 - McLeod Road, Lahore. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts.

The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 52.43% of issued, subscribed and paid-up capital of the Company as at March 31, 2020.

The geographical location and addresses of the Company's business units including plants are as follows:

### Business unit                      Geographical location and address

**Registered office**              1 - McLeod Road, Lahore.

### Manufacturing plant

Karachi                              F-36, Estate Avenue, S.I.T.E., Karachi.

Sheikhupura                      26-27 Km, Lahore-Sheikhupura Road, Sheikhupura.

### Branch offices

Lahore                              1st Floor, 28-Mozang Road, Lahore.

Islamabad                        Plot No. 784/785, Golra Road, Islamabad.

Faisalabad                        1st Floor, Meezan Executive Tower, Liaquat Road, Faisalabad.

Multan                              Azmat Wasti Road, Multan.

Hyderabad                        2nd Floor, Dawood Centre, Autobhan Road, Hyderabad.

Rahimyar Khan                      Makhdoom Altaf Road, West Sadiq Canal Bank, Near City School, Rahimyar Khan.

## 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provision 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 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at fair values and staff retirement benefit - gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.

## 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the functional currency of the Company and figures are rounded off to the nearest thousand of Rupees.

## 2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgements are:

- (i) Estimated useful life of property, plant and equipment and intangible assets [notes 4.1 and 4.2];
- (ii) Lease term and discount rate for calculation of lease liabilities [note 4.1(b)];
- (iii) Provision for slow moving inventories [notes 4.9 and 4.10];
- (iv) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 4.15 and 22.7];
- (v) Estimate of provision for warranty [note 4.20]; and
- (vi) Estimation of current and deferred tax [note 4.21].

## 3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

### 3.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning April 1, 2019:

- |     |         |  |                                   |
|-----|---------|--|-----------------------------------|
| (a) | IFRS 9  | Financial instruments  | Effective date: June 30, 2019     |
|     |         | <p>IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39, 'Financial Instruments - Recognition and Measurement'. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.</p> <p>The adoption of IFRS 9 have changed the classification of financial assets and related disclosures as stated in note 4.5, 4.11 and note 37.3 to the financial statements. As a result of this, financial assets of the Company previously classified as "loans and receivables" have now been classified as "at amortised cost". The adoption of standard doesn't effect the reported figures of the financial assets and liabilities of the Company, accordingly the opening equity as at April 1, 2019 has not been restated in these financial statements as allowed in IFRS 9.</p> |                                   |
| (b) | IFRS 15 | Revenue from contracts with customers  | SECP effective date: July 1, 2018 |
|     |         | <p>IFRS 15 has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers at amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>As stated in note 4.23 to the financial statements the management has concluded that the adoption of IFRS 15 doesn't not have significant impact on the timing and amount of revenue recognition of the Company.</p>   |                                   |

**(c) IFRS 16 Leases****Effective date: January 1, 2019**

IFRS 16 primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors has not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Company recognises right of use assets and lease liabilities for leases - i.e. these leases are now disclosed in the Statement of Financial Position.

The Company has adopted IFRS 16 retrospectively from April 1, 2019, but has not restated comparatives for the 2019, as allowed under the specific transitional provisions in the standard. On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognises the lease payments associated with these leases as an expense in statement of profit or loss.

The accounting policies relating to Company's right of use asset and related lease liabilities are disclosed in note 4.1(b), details pertaining to right of use assets are disclosed in note 5.6 and related leases are disclosed in note 19.

**(c) The Act Amendment in Fourth Schedule****Notification date: July 29, 2019**

SECP brought certain alterations in Fourth Schedule of the Act with regard to preparation and presentation of financial statements. These alterations resulted in elimination of certain disclosures in these financial statements of the Company as at March 31, 2020.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on April 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

**3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company**

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on April 1, 2019 and have not been early adopted by the Company:

**(a) IAS 1 & 8 Definition of material****Effective date: January 1, 2020**

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

**(b) IAS 1 Presentation of Financial Statements****Effective date: January 1, 2022**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied 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 Property, plant and equipment

#### a) Owned assets

The Company has adopted cost model for its property, plant and equipment. Property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset, including any borrowing cost (note 4.24). The cost of a self constructed asset includes cost of materials, labour and other overheads that are directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling / removing the asset and restoring the site on which it is located. Items of property, plant and equipment individually costing Rs. 25,000 or less are charged to the statement of profit or loss as and when purchased.

Capital work-in-progress is stated at cost accumulated upto the reporting date less accumulated impairment loss, if any. Capital work-in-progress is recognised as an operating fixed asset when it is made available for its intended use.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for in the books of account as separate items of property, plant and equipment.

Subsequent costs including major renewals and improvements are included in the carrying amount of the asset or are recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised at the time of replacement. Normal repair and maintenance and day-to-day servicing are charged to the statement of profit or loss as and when incurred.

Depreciation is charged to the statement of profit or loss using reducing balance method except for dies and jigs, office equipment, computers and accessories and furniture & fixtures, without considering extra shifts. Depreciation on dies and jigs, office equipment, computers and accessories and furniture & fixtures is charged to the statement of profit or loss using straight line method. Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged for the month in which the asset is disposed-off.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods.

Disposal of an item of property, plant and equipment is recognised when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. Gain and loss on disposal is determined by comparing the carrying amount of that asset with the sales proceed and is recognised within 'other income / other operating expenses' in the statement of profit or loss.

#### b) Right of use assets and related liabilities

The Company generally leases warehouses, showrooms and related properties. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Company's incremental borrowing rate of 11.70%. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected



pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right to use assets equal to the present value of lease payments.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## 4.2 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any and represent cost of software licenses, SAP implementation & support cost and license fee of certain products / components that are being manufactured by the Company under technology transfer arrangements.

Costs associated with maintaining these assets are charged to the statement of profit or loss as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset. Direct costs include purchase cost of the asset, salaries and other service benefits of staff deployed towards development of the asset and other related overheads. Expenditure incurred in respect of design, construction and testing of an intangible asset are also added to the carrying amount of that asset.

Expenditure which enhances or extends the performance of the asset beyond its original specifications is recognised as a capital improvement and added to the original cost of the asset.

All intangible assets are estimated to have definite useful lives and are amortised from the month the software / license is acquired, made available for use or extended support cost is incurred, using the straight line method over a period of 2 to 5 years.

## 4.3 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. 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 cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

## 4.4 Investments in equity instruments of an Associate

Investment in an Associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the investee after the date of acquisition.

The Company's share of post acquisition profit or loss is recognised in the statement of profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an Associate equals or exceeds its interest in the Associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value and recognises the amount adjacent to share of profit / loss of an Associate in the statement of profit or loss.

## 4.5 Financial assets

The details of new accounting policies after the application of IFRS 9 is as follows. The new IFRS effectively eliminated loans and receivables category of the previous IAS 39.

### 4.5.1 Classification

The Company has classified its financial assets into following categories: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

#### (a) Financial assets at amortised cost

A financial asset shall be classified as financial asset at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(b) Financial assets at fair value through other comprehensive income**

Debt instruments where contractual cash flows are solely payments of principal and interest and the objective of the Company is achieved by both collecting cash flows and selling the financial assets.

Equity investment that are not held for trading and the Company made an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in profit or loss.

**(c) Financial assets at fair value through profit or loss**

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different basis.

#### 4.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments 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 investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, financial assets are measured at fair value or amortised cost.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'other income / other operating expenses' 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.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognised in other comprehensive income with only dividend income recognised in profit or loss.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. Impairment testing of other receivables is described in note 4.11.

#### 4.6 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method.

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

#### 4.7 Off setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

#### 4.8 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, if so, the nature of the item being hedged. The Company designates certain derivatives as either fair value hedge or cash flow hedge.

##### (a) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognised asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recognised in the statement of profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

##### (b) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss. Amounts accumulated in equity are reclassified to the statement of profit or loss in the periods when the hedged item affects the statement of profit or loss.

#### 4.9 Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realisable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost accumulated upto the reporting date. The Company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment is also made for slow moving items.

#### 4.10 Stock-in-trade

Stock-in-trade are stated at the lower of cost and net realisable value. Cost of raw materials and components represent invoice values plus other charges incurred thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represent direct cost of raw materials, wages and appropriate manufacturing overheads. Goods in transit are valued at cost accumulated upto the reporting date.

The Company reviews the carrying amount of stock-in-trade on an on-going basis and as appropriate, inventory is written down to its net realisable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

Net realisable value is the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

#### 4.11 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables.

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of the receivables.

#### 4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks.

#### 4.13 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

#### 4.14 Share capital

Ordinary shares are classified as equity and recognised at their face value.

#### 4.15 Retirement and other service benefit obligations

##### 4.15.1 Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognised as an employee service benefit expense in the statement of profit or loss when it is due.

The Company operates defined contribution plans for its permanent employees excluding ex-patriates, through either one of the following ways:

- a recognised provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

All the newly appointed employees are offered voluntary pension scheme only. However, those employees who are provident fund trust members, have the option to opt for either of two above-mentioned defined contribution plans.

Equal monthly contributions at the rate of 11% of the basic salary are made to the fund / scheme both by the Company and the employees. The fund is a separate legal entity and its assets are being held separately under the control of its Trustees.

##### 4.15.2 Defined benefit plans

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Defined benefit plans define an amount of gratuity that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The Company has established separate funded gratuity schemes for its management and non-management staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 22.7 to the financial statements.

The amount arising as a result of re-measurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past service cost are recognised immediately in the statement of profit or loss.

##### 4.15.3 Compensated absences

Employees' entitlement to annual leaves is recognised when they accrue to the employees. A provision, based on actuarial valuations, is made for the estimated liability for annual leaves as a result of services rendered by employees up to the reporting date. Current Service cost, actuarial gains or losses and past service cost are recognised immediately in the statement of profit or loss.

#### 4.16 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

#### 4.17 Obligation under finance lease

Total outstanding obligation under the lease arrangements less finance cost attributable to future periods is presented as liability. Finance cost under the lease arrangements is distributed over the lease term so as to produce a constant periodic rate of finance cost on the balance of principal liability outstanding at the end of each period.

#### 4.18 Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership are retained by the Muj'ir (lessor) are classified as operating Ijarah. Payments made during the year are charged to the statement of profit or loss on a straight-line basis over the period of the Ijarah in accordance with Islamic Financial Accounting Standard-2.



#### 4.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that 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 current best estimate.

#### 4.20 Warranty

The Company recognises the estimated liability to repair or replace damaged parts of products still under warranty at the reporting date on the basis of historical claim information. The Company offers 3 years' warranty on all engine spare parts and six months warranty on all other spare parts of its motorcycles. The ratio of warranty claims filed during the year to previous year's sales is taken into account for determining the estimated liability.

#### 4.21 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### Current

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

##### Deferred

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### 4.22 Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the reporting date. 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 recognised in the statement of profit or loss.

#### 4.23 Revenue recognition

According to the core principle of IFRS 15, the Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

The Company manufactures and sales of motorcycles and related spare parts. Revenue from sale of goods is recognised when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts. Income from different sources other than above is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.

This criteria of revenue recognition for its timing and amount is consistent with repealed IAS 18. Therefore, the management concludes that the adoption of IFRS 15 does not have impact on the timing and amount of revenue recognition of the Company.

#### 4.24 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

#### 4.25 Research and development costs

Research and development costs are recognised in the statement of profit or loss as and when incurred.

#### 4.26 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. 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 period.

#### 4.27 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

#### 4.28 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

### 5. PROPERTY, PLANT AND EQUIPMENT

	Note	2020 --- Rupees in '000 ---	2019
Operating fixed assets	5.1	9,748,903	8,915,228
Capital work-in-progress	5.5	61,562	35,405
Right of use assets	5.6	231,030	-
		<u>10,041,495</u>	<u>8,950,633</u>

## 5.1 Operating fixed assets

	Freehold lands	Leasehold lands	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Dies and jigs	Factory equipment	Office equipment	Computers and accessories	Furniture and fixtures	Electric and gas fittings	Vehicles	Total
----- Rupees in '000 -----													
<b>As at April 1, 2018</b>													
Cost	225,082	34,132	1,542,991	307,744	8,567,066	1,393,583	498,695	59,270	209,620	109,767	486,131	395,574	13,829,655
Accumulated depreciation	-	(12,066)	(457,219)	(135,555)	(3,519,903)	(990,088)	(186,812)	(31,434)	(166,972)	(67,622)	(246,775)	(156,908)	(5,971,354)
Net book amount	225,082	22,066	1,085,772	172,189	5,047,163	403,495	311,883	27,836	42,648	42,145	239,356	238,666	7,858,301
<b>Year ended March 31, 2019</b>													
Opening net book amount	225,082	22,066	1,085,772	172,189	5,047,163	403,495	311,883	27,836	42,648	42,145	239,356	238,666	7,858,301
Additions	109,201	-	226,155	34,362	1,022,275	431,238	74,630	12,612	20,502	14,375	105,818	138,181	2,189,349
Disposals													
Cost	-	-	(7,812)	-	(11,139)	-	(2,259)	(61)	(465)	(1,139)	(9,537)	(103,902)	(136,314)
Accumulated depreciation	-	-	6,207	-	8,374	-	1,408	61	435	1,139	6,615	43,243	67,482
	-	-	(1,605)	-	(2,765)	-	(851)	-	(30)	-	(2,922)	(60,659)	(68,832)
Depreciation charge	-	(513)	(112,214)	(18,718)	(543,980)	(221,862)	(35,730)	(9,173)	(20,202)	(16,037)	(27,217)	(57,944)	(1,063,590)
Closing net book amount	334,283	21,553	1,198,108	187,833	5,522,693	612,871	349,932	31,275	42,918	40,483	315,035	258,244	8,915,228
<b>As at March 31, 2019</b>													
Cost	334,283	34,132	1,761,334	342,106	9,578,202	1,824,821	571,066	71,821	229,657	123,003	582,412	429,853	15,882,690
Accumulated depreciation	-	(12,579)	(563,226)	(154,273)	(4,055,509)	(1,211,950)	(221,134)	(40,546)	(186,739)	(82,520)	(267,377)	(171,609)	(6,967,462)
Net book amount	334,283	21,553	1,198,108	187,833	5,522,693	612,871	349,932	31,275	42,918	40,483	315,035	258,244	8,915,228
<b>Year ended March 31, 2020</b>													
Opening net book amount	334,283	21,553	1,198,108	187,833	5,522,693	612,871	349,932	31,275	42,918	40,483	315,035	258,244	8,915,228
Additions	448,151	-	5,383	33,281	1,008,269	356,218	12,571	2,716	28,157	1,092	23,980	236,362	2,156,180
Disposals (note 6.4)													
Cost	-	-	-	-	(33,795)	(199,234)	(72)	-	(1,178)	(51)	(241)	(96,961)	(331,532)
Accumulated depreciation	-	-	-	-	28,663	154,941	47	-	595	51	70	37,075	221,442
	-	-	-	-	(5,132)	(44,293)	(25)	-	(583)	-	(171)	(59,886)	(110,090)
Depreciation charge (note 6.3)	-	(513)	(120,125)	(20,634)	(597,760)	(285,541)	(35,590)	(9,586)	(20,456)	(14,325)	(32,588)	(75,297)	(1,212,415)
Closing net book amount	782,434	21,040	1,083,366	200,480	5,928,070	639,255	326,888	24,405	50,036	27,250	306,256	359,423	9,748,903
<b>As at March 31, 2020</b>													
Cost	782,434	34,132	1,766,717	375,387	10,552,676	1,981,805	583,565	74,537	256,636	124,044	606,151	569,254	17,707,338
Accumulated depreciation	-	(13,092)	(683,351)	(174,907)	(4,624,606)	(1,342,550)	(256,677)	(50,132)	(206,600)	(96,794)	(299,895)	(209,831)	(7,958,435)
Net book amount	782,434	21,040	1,083,366	200,480	5,928,070	639,255	326,888	24,405	50,036	27,250	306,256	359,423	9,748,903
Annual rate of depreciation (%)		1.79	10	10	10	25	10	20	25	20	10	20	

**5.2** Free hold lands of the Company are located at Sheikhpura with an area of 382,721 square yards and leasehold lands of the Company are located at Karachi with an area of 27,543 square yards.

**5.3** Depreciation expense of Rs. 1,115,586 thousand (2019: Rs. 978,326 thousand) has been charged in 'Cost of sales' and Rs. 96,829 thousand (2019: Rs. 85,264 thousand) in 'Administrative expenses'.

## 5.4 Details of operating fixed assets disposed-off during the year:

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Loss	Method of disposal	Sold to:
----- Rupees in '000 -----							
Assets with individual net book amount exceeding Rs. 500,000 each							
Plant and machinery	14,435	(11,824)	2,611	396	(2,215)	Scrap	Machine Tech Enterprises, New Bilal Ganj Housing Scheme Wahga Town Lahore
	2,500	(1,874)	626	24	(602)	Scrap	Ashraf Scrap Dealer, Machike Stop Sarghoda Road, Sheikhpura
	16,935	(13,698)	3,237	420	(2,817)		
Dies and Jigs	8,732	(3,820)	4,912	69	(4,843)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	12,039	(8,277)	3,762	96	(3,666)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	10,441	(6,743)	3,698	83	(3,615)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	12,446	(9,335)	3,111	99	(3,012)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	4,406	(2,203)	2,203	35	(2,168)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	4,346	(2,173)	2,173	35	(2,138)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	8,118	(7,103)	1,015	65	(950)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	8,118	(7,103)	1,015	65	(950)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	8,118	(7,103)	1,015	65	(950)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	8,118	(7,103)	1,015	65	(950)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	3,538	(1,548)	1,990	28	(1,962)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	6,561	(5,331)	1,230	52	(1,178)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,800	(933)	1,867	22	(1,845)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,660	(887)	1,773	21	(1,752)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,807	(1,345)	1,462	22	(1,440)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	3,688	(2,536)	1,152	29	(1,123)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	4,840	(4,134)	706	38	(668)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	4,759	(4,065)	694	38	(656)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,728	(1,648)	1,080	22	(1,058)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	3,688	(2,843)	845	29	(816)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,854	(1,962)	892	23	(869)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,854	(1,962)	892	23	(869)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,780	(1,911)	869	22	(847)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,717	(1,868)	849	22	(827)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,640	(1,815)	825	21	(804)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	2,592	(1,782)	810	21	(789)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road, Sheikhpura
	139,388	(97,533)	41,855	1,110	(40,745)		



Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Loss	Method of disposal	Sold to:
----- Rupees in '000 -----							
Vehicles	1,745	(116)	1,629	1,592	(37)	Negotiations	Mr. Humayoon Khan, Gulshan-e-Iqbal
							Employees of the Company
	2,363	(394)	1,969	1,969	-	Company policy	Mr. Noman Khan (Key Management Personnel)
	2,315	(1,052)	1,263	1,263	-	Company policy	Mr. Mujahid ul Malik Butt (Key Management Personnel)
	2,315	(1,028)	1,287	1,287	-	Company policy	Mr. Faisal Iqbal (Key Management Personnel)
	1,641	(989)	652	652	-	Company policy	Mr. Kashif Aqil
	1,607	(343)	1,264	1,264	-	Company policy	Mr. Zafar Iqbal (Key Management Personnel)
	1,270	(322)	948	948	-	Company policy	Mr. Ebrahim Abbas
	1,250	(348)	902	902	-	Company policy	Mr. Qareebullah
	1,250	(395)	855	855	-	Company policy	Ms. Maheen Fatima
	1,250	(395)	855	855	-	Company policy	Mr. Arsalan Hasan
	1,209	(499)	710	710	-	Company policy	Mr. M.Faisal Naveed
	1,204	(545)	659	659	-	Company policy	Mr. Moazzam Ali Gondal
	1,199	(566)	633	633	-	Company policy	Mr. M.Usman Malik
	1,199	(542)	657	657	-	Company policy	Mr. Sajjad Qaiser
	1,199	(542)	657	657	-	Company policy	Mr. Munawar Badshah
	1,174	(555)	619	619	-	Company policy	Mr. Naqi Shoukat
	1,174	(543)	631	631	-	Company policy	Mr. Fawad Tanwri
	1,174	(543)	631	631	-	Company policy	Mr. Rana Bilal
	1,174	(543)	631	631	-	Company policy	Ms. Sara Ahmed
	1,169	(610)	559	559	-	Company policy	Mr. M Sarfaraz Majid
	1,129	(545)	584	584	-	Company policy	Mr. M. Qamar Nazir
	1,129	(545)	584	584	-	Company policy	Mr. M. Nabeel Hasan
	1,124	(531)	593	593	-	Company policy	Mr. M. Imran Siddique
	1,124	(542)	582	582	-	Company policy	Mr. Wasim Ahmad Usmani
	1,124	(542)	582	582	-	Company policy	Mr. Rameez Baig
	1,124	(542)	582	582	-	Company policy	Mr. Syed Salman Rizvi
	1,099	(508)	591	591	-	Company policy	Mr. Masood Shiraz
	871	(58)	813	813	-	Company policy	Mr. Wajahat Hayat
	818	(268)	550	550	-	Company policy	Mr. Kashif Ashfaq
	762	(234)	528	528	-	Company policy	Ms. Hameem Noor
	1,703	(495)	1,208	1,208	-	Company policy	Mr. Nawaid Ali Khan
	1,250	(395)	855	855	-	Company policy	Mr. Asad Talib
							Ex-Employees of the Company
	2,997	(1,334)	1,663	1,663	-	Company policy	Mr. Suhail Ahmed (Key Management Personnel)
	2,319	(926)	1,393	1,393	-	Company policy	Mr. Naeem Mohsin
	2,542	(297)	2,245	2,245	-	Company policy	Mr. Zeeshan Haris
	1,703	(517)	1,186	1,186	-	Company policy	Mr. Zahoor Abbas
	2,225	(529)	1,696	1,696	-	Company policy	Mr. Raja Mohsin
	2,001	(1,164)	837	837	-	Company policy	Mr. Imtiaz Ahmed Sheikh
	1,512	(227)	1,285	1,285	-	Company policy	Mr. Sohail Qaiser
	1,476	(123)	1,353	1,353	-	Company policy	Mr. Adeel Ahmed
	1,250	(400)	850	850	-	Company policy	Mr. Asad Maqbool
	1,101	(18)	1,083	1,083	-	Company policy	Mr. Aamir Aftab
	1,101	(110)	991	991	-	Company policy	Ms. Sara Ashraf
	762	(152)	610	610	-	Company policy	Mr. Ayaz Ashraf
	762	(254)	508	508	-	Company policy	Mr. Jawad Ahmad
	63,889	(22,126)	41,763	41,726	(37)		
Various assets having net book amount upto Rs. 500,000 each	220,212	(133,357)	86,855	43,256	(43,599)		
	111,320	(88,085)	23,235	20,565	(2,670)		
Year Ended: March 31, 2020	331,532	(221,442)	110,090	63,821	(46,269)		
Year Ended: March 31, 2019	136,314	(67,482)	68,832	65,467	(3,365)		

	2020	2019
	--- Rupees in '000 ---	
5.5 Capital work-in-progress		
Civil works	5,374	3,519
Plant and machinery	48,003	22,727
Dies and jigs	1,019	-
Factory equipment	1,703	7,863
Computers and accessories	1,473	-
Furniture and fixtures	-	81
Electric and gas fittings	-	1,215
Vehicles	3,990	-
	<u>61,562</u>	<u>35,405</u>

	Note	2020	2019
		--- Rupees in '000 ---	
5.6 Right of use assets			
Balance at beginning of the year		-	-
Transition effect on initial application		277,040	-
Depreciation charged during the year		46,010	-
Net book value at end of the period		<u>231,030</u>	<u>-</u>

5.6.1 Depreciation expense relating to right to use asset - properties of Rs. 37,624 thousand has been charged in 'Sales and marketing expenses' and Rs. 8,386 thousand in 'Administrative expenses'.

5.6.2 Right of use assets include Rs. 107,494 thousand recognised against assets rented from related parties.

## 6. INTANGIBLE ASSETS

	Software licenses	SAP implementation and support cost	License fee	Total
	----- Rupees in '000 -----			
As at April 1, 2018				
Cost	60,447	38,041	57,616	156,104
Accumulated amortisation	(58,335)	(38,041)	(14,823)	(111,199)
Net book amount	<u>2,112</u>	<u>-</u>	<u>42,793</u>	<u>44,905</u>
Year ended March 31, 2019				
Opening net book amount	2,112	-	42,793	44,905
Additions (note 6.1)	4,070	-	138,770	142,840
Amortisation charge	(1,402)	-	(17,419)	(18,821)
Closing net book amount	<u>4,780</u>	<u>-</u>	<u>164,144</u>	<u>168,924</u>
As at March 31, 2019				
Cost	64,517	38,041	196,386	298,944
Accumulated amortisation	(59,737)	(38,041)	(32,242)	(130,020)
Net book amount	<u>4,780</u>	<u>-</u>	<u>164,144</u>	<u>168,924</u>
Year ended March 31, 2020				
Opening net book amount	4,780	-	164,144	168,924
Additions	8,392	-	-	8,392
Amortisation charge (note 26.1)	(3,961)	-	(38,234)	(42,195)
Closing net book amount	<u>9,211</u>	<u>-</u>	<u>125,910</u>	<u>135,121</u>
As at March 31, 2020				
Cost	72,909	38,041	196,386	307,336
Accumulated amortisation	(63,698)	(38,041)	(70,476)	(172,215)
Net book amount	<u>9,211</u>	<u>-</u>	<u>125,910</u>	<u>135,121</u>
Annual rate of amortisation (%)	<u>50</u>	<u>20</u>	<u>20</u>	

6.1 During the preceding year, the Company paid Rs.138,770 thousand to Honda Motor Company Limited, Japan - a related party, for licence fee and drawings of new product.

## 7. LONG TERM INVESTMENTS

	Note	2020 --- Rupees in '000 ---	2019
<b>Unquoted</b>			
Associate - equity accounted investment	7.1	322,240	323,497
Others - available for sale	7.2	-	-
		<u>322,240</u>	<u>323,497</u>
<b>7.1 Equity accounted investment - Atlas Hitec (Private) Limited</b>			
Balance at beginning of the year		323,497	324,899
Share of profit for the year - net of tax		4,443	15,698
Dividend received during the year		(5,700)	(17,100)
Balance at end of the year		<u>322,240</u>	<u>323,497</u>

**7.1.1** Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (2019: 29.23%) of its issued, subscribed and paid-up capital as at March 31, 2020. AHPL was incorporated in Pakistan as a private limited company on September 13, 2012 and its principal activity is to manufacture and sale any kind of automobile parts and allied products.

**7.1.2** The summary of financial information / reconciliation of AHPL as of March 31, 2020 is as follows:

	2020 --- Rupees in '000 ---	2019
<b>Summarised Statement of Financial Position</b>		
Non current assets	673,100	467,300
Current assets	<u>614,700</u>	<u>789,600</u>
	1,287,800	1,256,900
Non - current liabilities	<u>7,299</u>	<u>38,200</u>
Current liabilities	<u>193,400</u>	<u>127,297</u>
	200,699	165,497
Net assets	<u>1,087,101</u>	<u>1,091,403</u>
Reconciliation of carrying amount		
Opening net assets	1,091,403	1,096,200
Profit for the year	16,000	51,900
Other adjustments	(802)	1,803
Dividend paid during the year	(19,500)	(58,500)
Closing net assets	<u>1,087,101</u>	<u>1,091,403</u>
Company's share %	29.23%	29.23%
Company's share	317,769	319,026
Goodwill	4,471	4,471
Carrying amount of investment	<u>322,240</u>	<u>323,497</u>
<b>Summarised Statement of Profit or Loss</b>		
Revenue	<u>2,491,100</u>	<u>2,348,700</u>
Profit before tax	<u>22,600</u>	<u>65,300</u>
Profit after tax	<u>16,000</u>	<u>51,900</u>

**7.1.3** The financial information of AHPL is based on unaudited financial statements for the year ended March 31, 2020.

		2020	2019
	Note	--- Rupees in '000 ---	
<b>7.2 Others - available for sale</b>			
Arabian Sea Country Club Limited			
200,000 ordinary shares of Rs.10 each - cost		2,000	2,000
Less: Impairment in the value of investment		2,000	2,000
		-	-
Automotive Testing & Training Centre (Private) Limited			
50,000 ordinary shares of Rs.10 each - cost		500	500
Less: Impairment in the value of investment		500	500
		-	-
		-	-
<b>8. LONG TERM LOANS AND ADVANCES</b>			
Considered good			
<b>Loans and advances to:</b>	8.1		
Related parties - Key Management Personnel		2,816	1,292
Other employees		71,560	65,958
		74,376	67,250
<b>Less: amounts due within twelve months and shown under current assets:</b>	12		
Related parties - Key Management Personnel		2,102	1,292
Other employees		35,603	32,491
		37,705	33,783
		36,671	33,467
<b>8.1</b>	These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs. 55,400 thousand (2019: Rs. 48,436 thousand) are provided for purchase of motorcycles and are repayable in forty eight equal monthly instalments for management staff and forty equal monthly instalments for non-management staff. These loans are secured against respective motorcycles and employees' vested retirement benefits. Advances are unsecured and are repayable in eighteen equal monthly instalments.		
<b>8.2</b>	The maximum amount of loans and advances to the key management personnel outstanding at the end of any month during the year ended March 31, 2020 was Rs. 2,991 thousand (2019: Rs. 3,387 thousand).		
<b>8.3</b>	The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.		
<b>9. STORES, SPARES AND LOOSE TOOLS</b>			
	Note	2020	2019
		--- Rupees in '000 ---	
Consumable stores		133,189	142,383
Maintenance spares		456,005	398,523
Loose tools		184,389	274,975
		773,583	815,881
Provision for slow moving items	10.2	(90,460)	(90,127)
		683,123	725,754
<b>10. STOCK-IN-TRADE</b>			
Raw materials and components			
- in hand		3,548,078	3,957,414
- held with vendors	10.1	140,321	224,344
		3,688,399	4,181,758
Work-in-process		10,245	582
Finished goods			
- motorcycles		204,375	293,882
- spare parts		659,933	571,546
		864,308	865,428
Items in transit		422,625	109,070
		4,985,577	5,156,838
Provision for slow moving items	10.2	(96,961)	(87,002)
		4,888,616	5,069,836



- 10.1 Includes raw materials amounting Rs. Nil (2019: Rs. 8,759 thousand) held with Atlas Autos (Private) Limited (a related party) for further processing into parts to be supplied to the Company.

10.2 Movement of provision for slow moving inventories

	Stores, spares & loose tools		Stock-in-trade	
	2020	2019	2020	2019
	----- Rupees in '000 -----			
Balance at beginning of the year	90,127	92,517	87,002	77,698
Provision made during the year	26,843	-	67,163	9,304
Provision reversed during the year	(26,510)	(2,390)	(57,204)	-
Balance at end of the year	90,460	90,127	96,961	87,002

- 10.3 Stock-in-trade and trade debts upto a maximum amount of Rs. 4,058,000 thousand (2019: Rs. 4,058,000 thousand) are under hypothecation of commercial banks as security for short term finance facilities (note 23).

11. TRADE DEBTS

	Note	2020 --- Rupees in '000 ---	2019
Considered good			
Export - secured	11.1	12,005	-
Local - unsecured		801,975	1,116,000
		813,980	1,116,000
Considered doubtful		996	-
		814,976	1,116,000
Impairment loss allowance		996	-
		813,980	1,116,000

- 11.1 These trade debts are secured against letters of credit issued by customers in favour of the Company.
- 11.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs. 429,980 thousand (2019: Rs. 195,487 thousand).
- 11.3 At March 31, 2020, trade debts aggregating to Rs. 77,682 thousand (2019: Rs. 46,755 thousand) were past due but not impaired. These relate to various customers for which there is no recent history of default. The ageing analysis of these trade debts is as follows:

	Note	2020 --- Rupees in '000 ---	2019
Past due within 30 days		65,518	45,320
Past due beyond 30 days		12,164	1,435
		77,682	46,755

12. LOANS AND ADVANCES

Considered good			
Current portion of long term loans and advances to key management personnel and other employees	8	37,705	33,783
Loans to employees	12.1	354	342
Advances to suppliers, contractors and others		4,693	9,669
		42,752	43,794

- 12.1 These represent interest free welfare and festival loans provided to employees in accordance with Company's policy and have maturities upto ten months.
- 12.2 The carrying values of loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

**13. TRADE DEPOSITS AND PREPAYMENTS**

	Note	2020 --- Rupees in '000 ---	2019
Trade deposits - unsecured and considered good		11,703	6,203
Prepayments	13.1	105,459	113,451
Margin against letters of credit		569,355	887,474
		<u>686,517</u>	<u>1,007,128</u>

- 13.1 Includes prepayments of Rs. 45,982 thousand (2019: Rs. 47,698 thousand), Rs. 42,514 thousand (2019: Rs. 35,583 thousand) and Rs. 190 thousand (2019: Rs. 4,838 thousand) to Atlas Insurance Limited, Shirazi Investments (Private) Limited and Atlas Foundation, related parties respectively.

**14. OTHER RECEIVABLES**

	2020 --- Rupees in '000 ---	2019
Unsecured and considered good		
Sales tax receivable - net	324,637	565,692
Duty drawback receivable	-	5,672
Others	4,384	1,716
	<u>329,021</u>	<u>573,080</u>

**15. SHORT TERM INVESTMENTS - At fair value through profit or loss**

2020 --- Number of units ---	2019	Related parties		
7,380,828	8,249,552	Atlas Money Market Fund	3,720,306	4,162,477
396,267	396,267	Atlas Islamic Capital Preservation Plan	197,563	199,279
175,943	175,289	Atlas Islamic Stock Fund	66,174	88,105
150,495	145,853	Atlas Income Fund	86,899	76,307
27,734	26,332	Atlas Stock Market Fund	12,124	15,291
4,429,237	113	Atlas Sovereign Fund	504,224	12
33	32	Atlas Islamic Income Fund	19	17
		<b>Others</b>	4,587,309	4,541,488
6,191,288	2,548,499	Lakson Money Market Fund	622,601	271,214
-	3,743,327	Lakson Income Fund	-	398,699
815,389	795,579	National Investment (Unit) Trust	38,356	50,320
62	53	NIT Government Bond Fund	1	1
176	172	NIT Islamic Equity Fund	1	2
			660,959	720,236
			<u>5,248,268</u>	<u>5,261,724</u>

**16. CASH AND BANK BALANCES**

	Note	2020 --- Rupees in '000 ---	2019
Cash at banks in:			
- current accounts [including US\$ 36 thousand (2019: US\$ 11 thousand)]		494,156	148,504
- savings deposit accounts	16.1	112,618	831,655
- term deposit receipts	16.2	5,700,000	6,500,000
Cash in hand		1,842	-
		<u>6,308,616</u>	<u>7,480,159</u>

- 16.1 Savings deposit accounts carry mark-up upto 12% (2019: 9.39%) per annum.
- 16.2 Term deposit receipts (TDR) have maturity of 30 days (2019: 30 days) from respective date of acquisition. TDRs carry mark-up at the rates ranging from 12% to 15% (2019: 11.10% to 11.20%) per annum.

## 17. SHARE CAPITAL

### 17.1 Authorised capital

**2020**                      2019  
--- Number of shares ---

150,000,000	150,000,000	Ordinary shares of Rs. 10 each
-------------	-------------	--------------------------------

**2020**                      2019  
--- Rupees in '000 ---

1,500,000	1,500,000
-----------	-----------

### 17.2 Issued, subscribed and paid-up capital

**2020**                      2019  
--- Number of shares ---

6,352,748	6,352,748	Ordinary shares of Rs. 10 each fully paid in cash
117,475,887	96,794,565	Ordinary shares of Rs. 10 each issued as fully paid bonus shares
259,300	259,300	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash
124,087,935	103,406,613	

63,528	63,528
1,174,758	967,945
2,593	2,593
1,240,879	1,034,066

### 17.3 Movement in issued, subscribed and paid-up capital

**2020**                      2019  
--- Number of shares ---

103,406,613	103,406,613	At beginning of the year
20,681,322	-	Ordinary shares of Rs.10 each issued during the year as fully paid bonus shares
124,087,935	103,406,613	At end of the year

1,034,066	1,034,066
206,813	-
1,240,879	1,034,066

### 17.4 Ordinary shares of the Company held by the related parties as at March 31

**2020**                      2019  
-- Number of shares --

Shirazi Investments (Private) Limited  
Honda Motor Company Limited, Japan  
Atlas Insurance Limited

65,064,831	54,220,693
43,430,778	36,192,315
3,518,073	2,931,728
112,013,682	93,344,736

- 17.5 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets.

**18. RESERVES**

**2020**                      **2019**  
**--- Rupees in '000 ---**

Capital reserves		
Share premium	39,953	39,953
Gain on sale of land	165	165
	<u>40,118</u>	<u>40,118</u>
Revenue reserves		
General reserve:		
- at April 1 at beginning of the year	9,492,000	7,992,000
- transferred from unappropriated profit	-	1,500,000
- at end of the year	9,492,000	9,492,000
Unappropriated profit	5,807,411	4,799,580
	<u>15,299,411</u>	<u>14,291,580</u>
	<u>15,339,529</u>	<u>14,331,698</u>

**19. LEASE LIABILITIES**

Balance at beginning of the year	-	-
Impact of initial application of IFRS 16	277,040	-
Interest accrued	28,972	-
Prepaid / adjusted during the year	<u>(66,630)</u>	<u>-</u>
	239,382	-
Current portion grouped under current liabilities	<u>(30,234)</u>	<u>-</u>
Balance at end of the year	<u>209,148</u>	<u>-</u>

- 19.1 These represents lease contracts for regional sales offices and registered office used in its operations and have estimated lease terms between 3 to 9 years. These are discounted using incremental borrowing rate of the Company. These includes Rs.89,235 thousand due to Atlas Foundation, a related party.

The future minimum lease payments to which the Company is committed under the agreements will be due as follows:

Particulars	Upto one year	From one to five years	Over five years	Total 2020
	----- Rupees in '000 -----			
Minimum lease payments	56,033	245,399	41,094	342,526
Finance cost allocated to future periods	(25,799)	(74,052)	(3,293)	(103,144)
Present value of minimum lease payments	<u>30,234</u>	<u>171,347</u>	<u>37,801</u>	<u>239,382</u>

**20. STAFF RETIREMENT BENEFITS**

**Note**                      **2020**                      **2019**  
**--- Rupees in '000 ---**

Compensated absences	20.1	272,604	254,120
Provision for gratuity	22.7	69,990	42,289
		<u>342,594</u>	<u>296,409</u>

**20.1 Compensated absences**

Balance at beginning of the year	254,120	241,681
Provision for the year	39,236	31,451
	<u>293,356</u>	<u>273,132</u>
Encashed during the year	(20,752)	(19,012)
Balance at end of the year	<u>272,604</u>	<u>254,120</u>

- 20.1.1 Includes liability in respect of key management personnel aggregating to Rs.36,508 thousand (2019: Rs.40,573 thousand).



**21. DEFERRED TAXATION - Net**

**2020**                      2019  
**--- Rupees in '000 ---**

The liability for deferred taxation comprises temporary differences relating to:

Accelerated tax depreciation	931,652	847,307
Provision for slow moving inventories	(53,711)	(47,246)
Compensated absences	(78,123)	(67,781)
Warranty obligations	(17,281)	(12,933)
Staff retirement benefit - gratuity	(31,092)	(19,323)
Lease liabilities - net	(2,394)	-
Minimum tax recoupable	(144,851)	-
	<u>604,200</u>	<u>700,024</u>

**21.1 Movement in deferred taxation**

	Accelerated tax depreciation	Provision for slow moving inventories	Compens- ated absences	Warranty obligations	Staff retirement benefit - gratuity	Lease liabilities - net	Minimum tax recoupable	Total
----- Rupees in '000 -----								
As at April 1, 2018	852,111	(50,476)	(71,668)	(18,390)	(13,535)	-	-	698,042
Charge / (credited) to:								
Profit and loss account	(4,804)	3,230	3,887	5,457	(2,606)	-	-	5,164
Other comprehensive income	-	-	-	-	(3,182)	-	-	(3,182)
	(4,804)	3,230	3,887	5,457	(5,788)	-	-	1,982
As at March 31, 2019	847,307	(47,246)	(67,781)	(12,933)	(19,323)	-	-	700,024
Charge / (credited) to:								
Profit and loss account	84,345	(6,465)	(10,342)	(4,348)	(2,482)	(2,394)	(144,851)	(86,537)
Other comprehensive income	-	-	-	-	(9,287)	-	-	(9,287)
	84,345	(6,465)	(10,342)	(4,348)	(11,769)	(2,394)	(144,851)	(95,824)
As at March 31, 2020	<u>931,652</u>	<u>(53,711)</u>	<u>(78,123)</u>	<u>(17,281)</u>	<u>(31,092)</u>	<u>(2,394)</u>	<u>(144,851)</u>	<u>604,200</u>

**22. TRADE AND OTHER PAYABLES**

**2020**                      2019  
**--- Rupees in '000 ---**

	Note		
Creditors	22.1	4,871,563	5,060,110
Accrued liabilities	22.2	2,456,105	1,727,824
Royalty payable	22.3	970,535	990,607
Warranty obligations		60,302	45,629
Contract liabilities - advances from customers	22.4	4,051,943	6,993,562
Retention money		2,847	12,746
Workers' profit participation fund	22.5	238,371	249,161
Workers' welfare fund	22.6	89,950	81,216
Payable to staff retirement benefit funds - gratuity	22.7	38,505	30,153
Provision for Sindh government infrastructure fee		377,770	277,991
Others	22.9	34,044	31,138
		<u>13,191,935</u>	<u>15,500,137</u>

**22.1** Includes Rs. 316,556 thousand to Atlas Autos (Private) Limited, a related party and Rs. 2,774 thousand (2019: Rs. 25,637 thousand) due to other related parties.

**22.2** Includes Rs. 19,908 thousand (2019: Rs. 747 thousand) due to Honda Motor Company Limited, Japan - a related party.

**22.3** Includes Rs. 964,403 thousand (2019: Rs. 985,521 thousand) due to Honda Motor Company Limited, Japan - a related party.

**22.4** These represent advances from customers against sale of motorcycles & parts and carry no mark-up. It includes Rs. 712 thousand due to related parties.

	Note	2020 --- Rupees in '000 ---	2019
<b>22.5 Workers' profit participation fund (the Fund)</b>			
Balance at beginning of the year		249,161	333,728
Allocation for the year	30	236,711	246,352
Interest on funds utilised in the Company's business	31	1,660	2,809
		487,532	582,889
Paid to trustees of the Fund		(249,161)	(333,728)
Balance at end of the year		238,371	249,161
<b>22.6 Workers' welfare fund</b>			
Balance at beginning of the year		81,216	116,373
Charge for the year		89,950	81,216
Adjustment for prior year		203	(164)
	30	90,153	81,052
		171,369	197,425
Payment / adjustment made during the year		(81,419)	(116,209)
Balance at end of the year		89,950	81,216

## 22.7 Staff retirement benefit - gratuity

22.7.1 The Company has established two separate funded gratuity schemes for its management and non-management staff, who completes qualifying period of service.

22.7.2 These benefit plans are trustee-administered funds and are governed by local regulations which mainly includes Trust Act, 1882, the Act, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contributions schedules lies with the board of trustees. The Company appoints the trustees and all trustees are employees of the Company.

22.7.3 The latest actuarial valuations of the Funds as at March 31, 2020 were carried out using the 'Projected Unit Credit Method'. Details of the Funds as per the actuarial valuations are as follows:

	Management		Non-management		Total	
	2020	2019	2020	2019	2020	2019
<b>22.7.4 Reconciliation</b>	----- Rupees in '000 -----					
Present value of defined benefit obligation at March 31 - note 22.7.5	388,205	350,107	39,016	38,449	427,221	388,556
Fair value of plan assets at March 31 - note 22.7.6	(244,302)	(218,525)	(85,577)	(85,671)	(329,879)	(304,196)
Payable to / (receivable from) related parties in respect of transferees	11,153	(11,918)	-	-	11,153	(11,918)
	155,056	119,664	(46,561)	(47,222)	108,495	72,442
Less: payable within next twelve months	38,505	30,153	-	-	38,505	30,153
	116,551	89,511	(46,561)	(47,222)	69,990	42,289
<b>22.7.5 Movement in the present value of defined benefit obligation</b>						
Balance at beginning of the year	350,107	321,813	38,449	36,621	388,556	358,434
Benefits paid	(28,215)	(21,110)	(4,230)	(2,752)	(32,445)	(23,862)
Current service cost	22,841	23,609	1,174	1,170	24,015	24,779
Interest expense	46,502	27,803	4,896	3,179	51,398	30,982
Remeasurement on obligation	16,219	(1,631)	(1,273)	231	14,946	(1,400)
Payable to related parties in respect of transferees	(19,249)	(377)	-	-	(19,249)	(377)
Balance at end of the year	388,205	350,107	39,016	38,449	427,221	388,556
<b>22.7.6 Movement in the fair value of plan assets</b>						
Balance at beginning of the year	218,525	260,280	85,671	86,119	304,196	346,399
Contributions	30,152	24,443	-	-	30,152	24,443
Benefits paid	(28,215)	(21,110)	(4,230)	(2,752)	(32,445)	(23,862)
Interest income	30,838	21,259	10,775	7,332	41,613	28,591
Remeasurement	(10,819)	(20,443)	(6,639)	(5,028)	(17,458)	(25,471)
Payable to related parties in respect of transferees	3,821	(45,904)	-	-	3,821	(45,904)
Balance at end of the year	244,302	218,525	85,577	85,671	329,879	304,196

## 22.7.7 Expense / (income) recognised in the statement of profit or loss

	<b>Management</b>		<b>Non-management</b>		<b>Total</b>	
	<b>2020</b>	2019	<b>2020</b>	2019	<b>2020</b>	2019
	<b>----- Rupees in '000 -----</b>					
Current service costs	22,841	23,609	1,174	1,170	24,015	24,779
Net interest expense / (income)	15,664	6,544	(5,879)	(4,153)	9,785	2,391
	<b>38,505</b>	<b>30,153</b>	<b>(4,705)</b>	<b>(2,983)</b>	<b>33,800</b>	<b>27,170</b>

## 22.7.8 Remeasurement recognised in other comprehensive income

(Loss) / gain from change in financial assumptions	(5,880)	(2,070)	601	(720)	(5,279)	(2,790)
Experience loss / (gain)	22,099	438	(1,873)	951	20,226	1,389
Loss on remeasurement of plan assets	10,819	20,443	6,639	5,028	17,458	25,471
Net remeasurements	<b>27,038</b>	<b>18,811</b>	<b>5,367</b>	<b>5,259</b>	<b>32,405</b>	<b>24,070</b>

## 22.7.9 Net recognised liability

Net liability / (asset) at beginning of the year	119,664	95,143	(47,222)	(49,498)	72,442	45,645
Charge / (income) for the year	38,505	30,153	(4,705)	(2,983)	33,800	27,170
Contributions made during the year	(30,152)	(24,443)	-	-	(30,152)	(24,443)
Remeasurement recognised in other comprehensive income	27,038	18,811	5,367	5,259	32,405	24,070
Recognised liability / (asset) as at March 31	<b>155,055</b>	<b>119,664</b>	<b>(46,560)</b>	<b>(47,222)</b>	<b>108,495</b>	<b>72,442</b>
Less: payable within next twelve months	38,505	30,153	-	-	38,505	30,153
	<b>116,550</b>	<b>89,511</b>	<b>(46,560)</b>	<b>(47,222)</b>	<b>69,990</b>	<b>42,289</b>

## 22.7.10 Actual return on plan assets

	<b>20,018</b>	<b>817</b>	<b>4,317</b>	<b>2,348</b>	<b>24,335</b>	<b>3,165</b>
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## 22.7.11 Plan assets comprise of:

Fixed income instruments	126,801	117,116	50,592	46,620	177,393	163,736
Mutual fund securities	114,844	100,728	34,398	37,471	149,242	138,199
Others	2,657	681	587	1,580	3,244	2,261
	<b>244,302</b>	<b>218,525</b>	<b>85,577</b>	<b>85,671</b>	<b>329,879</b>	<b>304,196</b>

22.7.12 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

## 22.7.13 Significant actuarial assumptions and sensitivity:

	<b>Management</b>		<b>Non-management</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>-- % per annum --</b>		<b>-- % per annum --</b>	
Discount rate at March 31	9.50	13.25	9.50	13.25
Expected rate of increase in future salaries				
- first year	9.00	9.00	9.00	9.00
- long term	8.50	12.25	8.50	12.25
Demographic assumptions				
- Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)
- Rates of employee turnover	Moderate	Moderate	Moderate	Moderate

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

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
	---- Rupees in '000 ----		
Discount rate	1.00%	397,006	461,931
Future salary increase	1.00%	459,824	398,314
Withdrawal rates : light		421,860	
Withdrawal rates : heavy		429,858	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised within the statement of financial position.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

22.7.14 Expected charge and income to management and non-management gratuity plans for the year ending March 31, 2021 are Rs. 39,635 thousand and Rs. 3,052 thousand respectively.

22.7.15 The weighted average duration of defined benefit obligation for management and non-management plans is 7.37 years and 4.73 years respectively. The expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	----- Rupees in '000 -----				
March 31, 2020					
Management staff	27,794	50,833	132,546	340,010	551,183
Non-management staff	3,753	4,661	22,261	32,052	94,779
Total	31,547	55,494	154,807	372,062	645,962

#### 22.7.16 Historical information

	2020	2019	2018	2017	2016
	----- Rupees in '000 -----				
Present value of defined benefit obligation	427,221	388,556	358,434	366,741	345,259
Fair value of plan assets	329,879	304,196	346,399	348,288	316,879
Deficit provided in financial statements	97,342	84,360	12,035	18,453	28,380

22.8 Payable to staff retirement benefit funds - gratuity includes liability in respect of key management personnel aggregating to Rs. 55,814 thousand (2019: Rs. 65,941 thousand).

22.9 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs. 19,428 thousand (2019: Rs. 15,584 thousand).

## 23. SHORT TERM BORROWINGS - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs. 2,790,000 thousand (2019: Rs. 2,540,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to extent of Rs. 4,058,000 thousand (2019: Rs. 4,058,000 thousand). The rates of mark-up of these facilities during the year ranged from 11.32% to 14.89% (2019: 7.02% to 11.99%) per annum. These facilities are expiring on various dates by December 31, 2020.

The facilities for opening letters of credit as at March 31, 2020 aggregated to Rs. 5,436,000 thousand (2019: Rs. 4,036,000 thousand) of which the amount remained unutilised at year end was Rs. 4,252,051 thousand (2019: Rs. 2,509,052 thousand). These finance facilities are also secured against pari passu joint hypothecation charge on stocks-in-trade and trade debts of the Company.

## 24. CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies

24.1.1 Various cases have been filed against the Company by some former employees for reinstatement of service and are pending in different courts of Pakistan. The management is confident that outcome of these cases will be in favour of the Company and hence no provision is made in these financial statements.

24.1.2 Guarantees aggregating to Rs. 875,370 thousand (2019: Rs. 782,422 thousand) have been issued by commercial banks to government and semi government institutions for import of raw materials and supply of goods.

### 24.2 Commitments

24.2.1 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at March 31, 2020 aggregated to Rs. 1,183,949 thousand (2019: Rs. 1,526,948 thousand).

24.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at March 31, 2020 aggregated to Rs. 100,799 thousand (2019: Rs. 6,789 thousand).

24.2.3 The Company has entered into Ijarah arrangements for vehicles with various banks. Aggregate commitments for these Ijarah arrangements as at March 31, are as follows:

	Note	2020 --- Rupees in '000 ---	2019
Not later than one year		36,668	60,749
Later than one year and not later than five years		33,610	70,387
		<u>70,278</u>	<u>131,136</u>

## 25. SALES - Net

Gross sales			
- local		100,048,785	95,522,477
- export		163,190	250,380
		<u>100,211,975</u>	<u>95,772,857</u>
Less:			
- trade discount and commission		674,199	521,737
- sales tax		14,761,804	12,838,572
		<u>15,436,003</u>	<u>13,360,309</u>
		<u>84,775,972</u>	<u>82,412,548</u>

## 26. COST OF SALES

Opening stock of finished goods		865,428	474,868
Cost of goods manufactured	26.1	73,744,292	70,366,787
Purchases during the year		4,914,628	5,880,450
		<u>78,658,920</u>	<u>76,247,237</u>
Closing stock of finished goods		(864,308)	(865,428)
		<u>78,660,040</u>	<u>75,856,677</u>



		2020	2019
		--- Rupees in '000 ---	
<b>26.1 Cost of goods manufactured</b>	<b>Note</b>		
Opening stock of work-in-process		582	5,980
Raw materials and components consumed	26.2	63,216,788	60,629,205
Direct labour	26.3	1,415,757	1,254,458
Technical directors' remuneration		2,852	2,675
Staff salaries, wages and other benefits	26.3	1,241,473	1,095,551
Stores consumed		693,021	702,184
Fuel and power		950,937	742,885
Insurance		140,909	135,752
Rent, rates and taxes	26.4	172,973	171,464
Ijarah rentals		44,421	40,517
Repair and maintenance		439,269	444,788
Royalty including provincial taxes	26.5	3,858,199	3,700,264
Technical assistance fee		55,160	52,757
Travelling, conveyance and entertainment		64,157	103,284
Postage and telephone		6,711	9,293
Printing and stationery		29,268	26,635
Vehicle running expenses		42,683	34,830
Depreciation on operating fixed asset	5.3	1,115,586	978,326
Canteen		128,600	134,176
Newspapers, magazines and subscriptions		4,171	1,950
Amortisation	6	42,195	18,821
Provision for slow moving inventories - net	10.2	10,292	6,914
Marking fee		78,527	74,590
Other manufacturing expenses		6	70
		<u>73,754,537</u>	<u>70,367,369</u>
Closing stock of work-in-process		<u>(10,245)</u>	<u>(582)</u>
		<u>73,744,292</u>	<u>70,366,787</u>
<b>26.2 Raw materials and components consumed</b>			
Opening stock		4,181,758	1,730,235
Purchases during the year		<u>62,723,429</u>	<u>63,080,728</u>
		66,905,187	64,810,963
Closing stock		<u>(3,688,399)</u>	<u>(4,181,758)</u>
		<u>63,216,788</u>	<u>60,629,205</u>
<b>26.3</b>	Direct labour and staff salaries, wages & other benefits include Rs. 88,580 thousand (2019: Rs. 74,954 thousand) in respect of staff retirement benefits.		
<b>26.4</b>	Include expense related to short term leases aggregating to Rs. 158,534 thousand.		
<b>26.5</b>	Royalty charged in these financial statement pertains to Honda Motor Company Limited having registered office at 1-1, Minami-Aoyama 2-Chome, Minato-ku, Tokyo 107-8556, Japan, Toyo Denso Company Limited having registered office at 10-4, 2-Chome, Shinbashi Minato-ku, Tokyo, Japan and Yamada Manufacturing Company Limited having registered office at 1296-2, Koubayashi, Isesaki, Gunama, Japan.		
<b>27. SALES AND MARKETING EXPENSES</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		--- Rupees in '000 ---	
Directors' remuneration		36,662	36,564
Staff salaries and other benefits	27.1	391,288	347,833
Travelling, conveyance and entertainment		106,786	111,958
Vehicle running expenses		26,493	19,692
Rent, rates and taxes		29,312	61,171
Advertisement and sales promotion		541,638	560,587
Repairs and maintenance		6,574	6,117
Gas and electricity		17,495	14,355
Freight outward		549,728	518,896
Printing and stationery		4,429	4,200
Postage and telephone		18,802	20,930
First free service charges		194,479	203,764
Depreciation on right of use assets	5.6.1	37,624	-
Insurance		17,692	15,018
Newspapers, magazines and subscriptions		2,151	2,273
Others		418	704
		<u>1,981,571</u>	<u>1,924,062</u>

27.1 Staff salaries and other benefits include Rs. 34,235 thousand (2019: Rs. 25,096 thousand) in respect of staff retirement benefits.

## 28. ADMINISTRATIVE EXPENSES

	Note	2020 --- Rupees in '000 ---	2019
Non executive directors' fee		9,496	20,695
Staff salaries and other benefits	28.1	365,818	350,961
Travelling, conveyance and entertainment		16,150	17,837
Rent, rates and taxes		1,983	8,946
Insurance		6,234	5,534
Repairs and maintenance		15,993	13,176
Legal and professional charges		35,326	35,860
Gas and electricity		2,350	1,388
Newspapers, magazines, fees and subscriptions		8,437	4,903
Postage and telephone		2,343	2,769
Printing and stationery		18,476	16,340
Vehicle running expenses		18,022	13,766
Depreciation	5.3	96,829	85,264
Depreciation on right of use assets	5.6.1	8,386	-
Donation	28.2	46,198	62,648
Others		232	122
		<u>652,273</u>	<u>640,209</u>

28.1 Staff salaries and other benefits include Rs. 24,934 thousand (2019: Rs. 22,590 thousand) in respect of staff retirement benefits.

28.2 Donation of Rs. 46,198 thousand (2019: Rs. 62,648 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi.

## 29. OTHER INCOME

	Note	2020 --- Rupees in '000 ---	2019
<b>Income from financial assets</b>			
Mark-up / interest on savings deposit accounts, term deposit receipts and treasury bills	29.1	822,275	612,559
Gain on sale of investments at fair value through profit or loss		13,152	4,034
Fair value gain on investments at fair value through profit or loss		-	1,973
Dividend income		61,370	32,427
Net foreign exchange gains		-	1,749
<b>Income from investments in related parties</b>			
Gain on sale of investments at fair value through profit or loss		50,963	-
Fair value gain on investments at fair value through profit or loss		36,789	-
Dividend income		370,956	428,412
<b>Income from assets other than financial assets</b>			
Commission income		312	1,110
Scrap sales		14,531	14,094
Others		600	1,278
		<u>1,370,948</u>	<u>1,097,636</u>

29.1 Mark-up / interest at the rates ranged from 9.36% to 17.25% (2019: 5.48% to 11.25%) per annum has been earned during the year on savings deposit accounts, term deposit receipts, treasury bills and Pakistan investment bonds.

## 30. OTHER OPERATING EXPENSES

	Note	2020 --- Rupees in '000 ---	2019
Workers' profit participation fund	22.5	236,711	246,352
Workers' welfare fund	22.6	90,153	81,052
Auditors' remuneration	30.1	3,510	3,297
Impairment loss allowance on trade debts	11	996	-
Net foreign exchange loss		128	-
Fair value loss on investments at fair value through profit or loss		-	75,571
- Related parties		-	-
- Others		11,201	-
Loss on sale of investments at fair value through profit or loss from related parties		-	54,156
Loss on disposal of operating fixed assets	5.4	46,269	3,365
		<u>388,968</u>	<u>463,793</u>

		2020	2019
	Note	--- Rupees in '000 ---	
<b>30.1 Auditors' remuneration</b>			
Fee for:			
- audit of annual financial statements		1,500	1,500
- review of half yearly financial information		212	212
- review of Code of Corporate Governance		91	91
- audits of retirement funds and workers' profit participation fund		250	250
- certifications for payment of royalty, technical fee, dividend etc.		1,135	947
- out of pocket expenses		322	297
		<u>3,510</u>	<u>3,297</u>
<b>31. FINANCE COSTS</b>			
Interest on workers' profit participation fund	22.5	1,660	2,809
Bank and other financial charges		26,086	23,009
Interest on lease liabilities		28,972	-
		<u>56,718</u>	<u>25,818</u>
<b>32. INCOME TAX EXPENSE</b>			
<b>Current tax</b>			
Current tax on profits for the year		1,363,488	1,165,899
Adjustments for current tax of prior years		56,442	232,285
		<u>1,419,930</u>	<u>1,398,184</u>
<b>Deferred tax</b>			
Origination and reversal of temporary differences		(138,626)	78,364
Impact of change in tax rate		52,089	(69,884)
		<u>(86,537)</u>	<u>8,480</u>
		<u>1,333,393</u>	<u>1,406,664</u>

- 32.1 No numeric tax rate reconciliation for the year is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 148, 150, 154 and 233 of the Ordinance. Relationship between tax expense and accounting profit for the preceding financial year is as follows:

	2019 Rupees in '000
Profit before income tax expense	4,615,323
Tax at the applicable rate 29%	<u>1,338,444</u>
Tax effect of:	
- amounts not deductible for tax purposes	348,079
- amounts deductible for tax purposes but not taken to the statement of profit or loss	(411,402)
- income not subject to tax / income subject to final tax regime / tax credits	(191,482)
- Associate's result reported net of tax	(1,987)
Adjustments for current tax of prior years and super tax	316,532
Deferred tax	8,480
	<u>1,406,664</u>

- 32.2 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 5% of accounting profit before tax on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute at least 20% of accounting profit through cash dividend within six months of the end of said tax year.

The Board of Directors in their meeting held on June 01, 2020 has distributed sufficient cash dividend for the year ended March 31, 2020 (refer note 44) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognised in the financial statements for the year ended March 31, 2020.

**33. EARNINGS PER SHARE**

**2020**                      2019  
--- Rupees in '000 ---

**33.1 Basic earnings per share**

Net profit for the year	3,078,400	3,208,659
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--- Number of shares ---  
Restated

Weighted average ordinary shares in issue	124,087,935	124,087,935
---	-------------	-------------

----- Rupees -----  
Restated

Earnings per share	24.81	25.86
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**33.2 Diluted earnings per share**

No figures for diluted earnings per share have been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

**34. CASH GENERATED FROM OPERATIONS**

**Note**                      **2020**                      2019  
--- Rupees in '000 ---

Profit before taxation	4,411,793	4,615,323
Adjustments for:		
Depreciation	1,258,425	1,063,590
Amortisation	42,195	18,821
Provision for compensated absences	39,236	31,451
Provision for gratuity	33,800	27,170
Provision for slow moving inventories - net	10,292	6,914
Mark-up / interest on savings deposit accounts and term deposit receipts	(822,275)	(612,559)
(Gain) / loss on sale of investments at fair value through profit or loss	(64,115)	50,122
Fair value (gain) / loss on investments at fair value through profit or loss	(25,588)	73,598
Net foreign exchange loss / (gain)	128	(1,749)
Dividend income	(432,326)	(460,839)
Workers' profit participation fund	238,371	249,161
Workers' welfare fund	90,153	81,052
Loss on disposal of operating fixed assets	46,269	3,365
Share of net profit of an Associate	(4,443)	(15,698)
Interest on lease liabilities	28,972	-
Changes in working capital	34.1 (1,233,335)	(3,424,484)
	<u>3,617,552</u>	<u>1,705,238</u>

**34.1 Changes in working capital**

**2020**                      2019  
--- Rupees in '000 ---

Decrease / (increase) in current assets		
- Stores, spares and loose tools	42,298	(73,204)
- Stock-in-trade	171,261	(2,479,610)
- Trade debts	302,020	(254,776)
- Loans and advances	1,042	(3,687)
- Trade deposits and prepayments	320,611	(869,465)
- Other receivables	244,059	(557,552)
	<u>1,081,291</u>	<u>(4,238,294)</u>
(Decrease) / increase in current liabilities:		
- Trade and other payables	(2,314,626)	813,810
	<u>(1,233,335)</u>	<u>(3,424,484)</u>

	2020	2019
	--- Rupees in '000 ---	
<b>34.2 Cash flows from operating activities</b>		
- Direct method		
Receipts from customers	82,136,373	82,129,677
Mark-up / interest received	837,497	590,502
Payments to trade suppliers, service providers and employees	(78,521,168)	(80,417,734)
Income taxes paid	(1,758,173)	(1,821,857)
Contributions made to gratuity funds	(30,152)	(24,443)
Compensated absences paid	(20,752)	(19,012)
Workers' profit participation fund paid	(249,161)	(333,728)
Workers' welfare fund paid	(81,419)	(116,209)
	<b>2,313,045</b>	<b>(12,804)</b>

## 35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged during year in respect of remuneration and fee, including certain benefits, to the Chief Executive Officer, Directors and Executives of the Company are given below:

	----- Directors -----				Executives	
	Chief Executive Officer		Others			
	2020	2019	2020	2019	2020	2019
	----- Rupees in '000 -----					
Managerial remuneration and fee	21,081	20,691	12,348	23,370	214,880	182,566
Rent and utilities	8,914	9,896	-	-	107,137	87,314
Bonus	4,317	3,895	-	-	48,083	33,867
Retirement benefits	2,016	1,979	-	-	21,912	17,463
Medical and other reimbursable expenses	334	103	-	-	6,971	5,082
	<b>36,662</b>	<b>36,564</b>	<b>12,348</b>	<b>23,370</b>	<b>398,983</b>	<b>326,292</b>
Number of persons	<b>1</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>101</b>	<b>75</b>

- 35.1 The Chief Executive Officer, three Directors and two expatriate executives are provided with free use of Company maintained cars and telephones at residences. Two Directors and two expatriate executives are also provided with furnished accommodation.

## 36. RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties at mutually agreed terms and conditions. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

### 36.1 Name and nature of relationship

#### a) The Holding Company

Shirazi Investments (Private) Limited - 52.43% shares held in the Company

#### b) Associated Companies due to significant influence based on holding

Honda Motor Company Limited, Japan - 35.00% shares held in the Company

Atlas Hitec (Private) Limited - 29.23% shares held by the Company

#### c) Associated Companies due to common directorship

Atlas Engineering Limited

Atlas Power Limited

Atlas Autos (Private) Limited

Honda Atlas Cars Pakistan Limited

Atlas Battery Limited

Atlas DID (Private) Limited

Atlas Energy Limited

Atlas Global, FZE, Jebel Ali, UAE

Shirazi Trading Company (Private) Limited

Atlas Venture Limited

Pakistan Cables Limited

MYK Associates (Private) Limited

Madian Hydro Power Limited

Murree Brewery Company Limited



**d) Associated companies under common management**

Atlas Worldwide General Trading LLC, Dubai

SF Global Holdings Limited, Dubai

Atlas Insurance Limited

Honda Atlas Power Products (Private) Limited

Oyster International Holdings Limited, Dubai

Atlas Aluminium Limited

Atlas Metals (Private) Limited

Atlas Asset Management Limited

Atlas GCI (Private) Limited

Atlas Foundation

**36.2 Transactions with related parties****2020**                      2019  
**--- Rupees in '000 ---****The Holding Company**

Sales of:

- goods and services
- operating fixed assets

Purchases of operating fixed assets

Rent

Dividend paid

Bonus shares issued

Associated companies

Sales of:

- goods and services
- operating fixed assets

Purchases of:

- goods and services
- operating fixed assets

License and drawings fee paid

Sale of units in mutual funds

Purchase of units in mutual funds

Royalty paid

Export commission paid

Technical assistance fee

Commission income

Lease rentals paid

Insurance premium paid

Insurance claims received

Reimbursement of expenses - net

Dividend paid

Donation paid

Dividend received

Bonus shares issued

Other related parties

Contributions paid to:

- gratuity funds
- provident funds / pension schemes

Key Management Personnel

- salaries and other employment benefits
- sale of operating fixed asset under company policy

1,458	787
62	-
371,041	-
174,757	152,805
965,128	2,006,166
108,441	-
1,737,861	1,362,803
10,721	22,800
23,452,388	21,659,701
503,674	149,523
-	138,770
1,850,000	3,900,000
2,316,659	861,626
3,882,883	3,760,462
-	1,507
23,208	42,485
312	1,110
22,019	20,017
356,758	371,441
6,770	21,069
8,876	9,939
696,408	1,447,590
46,153	62,648
376,565	445,512
78,248	-
30,152	24,443
74,713	64,019
138,653	146,947
4,763	3,081

The related party status of outstanding balances as at March 31, 2020 is included in 'Long term loans and advances - note 8', 'Trade deposit and prepayments - note 13', 'Staff retirement benefits - note 20' and 'Trade and other payables - note 22' respectively. These are settled in ordinary course of business.

**37. FINANCIAL RISK MANAGEMENT****37.1 Financial risk factors**

The Company has exposure to the following risks from its use of financial instruments:

- market risk (including foreign exchange risk, interest rate risk and price risk);
- credit risk; and
- liquidity risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

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 a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

#### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Japanese Yen and the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company's exposure to foreign currency risk at the reporting date is as follows:

	2020		2019	
	Japanese Yen	US Dollars	Japanese Yen	US Dollars
	----- in '000 -----		----- in '000 -----	
Cash at bank / trade debts	-	36	-	11
Trade and other payables	(640,239)	(146)	(788,788)	(39)
Net exposure	(640,239)	(110)	(788,788)	(28)

The following significant exchange rates have been applied:

	2020	2019	2020	2019
	Average rate		Reporting date rate	
	----- Rupees -----			
Pakistani Rupee to Japanese Yen	1.41	1.16	1.53	1.27
Pakistani Rupee to US Dollar	153.40	128.89	166.75	140.70

As at March 31, 2020, if the Pakistani Rupee had strengthened / weakened by 5% against Japanese Yen and US Dollar with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gains / (losses) on translation of foreign denominated financial assets and liabilities.

	2020	2019
	--- Rupees in '000 ---	
Effect on profit for the year:		
Pakistani Rupee to Japanese Yen	48,962	50,088
Pakistani Rupee to US Dollar	917	197
	<u>49,879</u>	<u>50,285</u>

##### Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

The Company is exposed to interest rate risk on balances with banks in savings deposit accounts and term deposit receipts. Deposits in bank savings accounts held at variable interest rate expose the Company to cash flow interest rate risk and term deposit receipts issued by the banks at fixed interest rates give rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of deposits. At March 31, 2020, the Company's interest bearing financial assets amounted to Rs. 5,812,618 thousand (2019: Rs. 7,331,655 thousand).

At March 31, 2020, if the interest rate on the Company's deposits had been 1% higher / lower with other variables held constant, profit before tax for the year would have been higher / (lower) by Rs. 1,126 thousand (2019: Rs. 8,317 thousand) mainly as a result of higher / (lower) interest income.

## Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Company is exposed to price risk because of investments in mutual fund securities aggregating to Rs. 5,248,268 thousand (2019: Rs. 5,261,724 thousand) as changes in Net Asset Value (NAV) of mutual funds affects the Company. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolios.

As at March 31, 2020, if fair value (NAV) had been 5% higher / (lower) with all other variables held constant profit before tax for the year would have been higher / (lower) by Rs. 262,413 thousand (2019: Rs. 263,086 thousand).

## (b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to perform as contracted or discharge an obligation. The Company's credit risk arises from deposits with banks & financial institutions, loans & advances, deposits, trade debts, investments, accrued mark-up / interest and other receivables.

The carrying amounts of financial assets represent the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs. 12,497,098 thousand (2019: Rs. 13,984,890 thousand) as at March 31, 2020 and are as follows:

	2020	2019
	--- Rupees in '000 ---	
Long term loans and advances	36,671	33,467
Long term deposits	13,025	13,882
Trade debts	813,980	1,116,000
Loans and advances	38,059	34,125
Trade deposits	11,703	6,203
Accrued mark-up / interest	22,392	37,614
Other receivables	4,384	1,716
Short term investments	5,248,268	5,261,724
Bank balances	6,308,616	7,480,159
	<u>12,497,098</u>	<u>13,984,890</u>

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2020	2019
	--- Rupees in '000 ---	
Pakistan	802,971	1,116,000
United Arab Emirates	12,005	-
	<u>814,976</u>	<u>1,116,000</u>

The maximum exposure to credit risk for trade debts by type of counter party as at reporting date is as follows:

	2020	2019
	--- Rupees in '000 ---	
Government departments	7,303	6,050
Defence institutions	665,233	964,893
Others (including exports)	142,440	145,057
	<u>814,976</u>	<u>1,116,000</u>

Out of the total financial assets credit risk is concentrated in trade debts, investments in mutual funds securities and deposits with banks as they constitute 99% (2019: 99%) of the total financial assets. Significant part of sales of the Company occurs against advance payments, therefore, trade debts mainly arise from export sales and local sales that were made to Government and Defence Institutions. The Company believes that it is not exposed to any specific credit risk in respect of those trade debts.

The credit quality of loans and receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. The credit quality of Company's bank balances and investments in mutual funds securities can be assessed with reference to the external credit ratings as follows:

Banks	Rating		
	Short term	Long term	Agency
<b>Conventional</b>			
Allied Bank Limited	A1+	AAA	PACRA
Askari Bank Limited	A1+	AA+	PACRA
Bank Al Habib Limited	A1+	AA+	PACRA
Bank Alfalah Limited	A1+	AA+	PACRA
Deutsche Bank AG	F-2	BBB	FITCH
Faysal Bank Limited	A1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	JCR-VIS
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Khushhali Bank Limited	A-1	A+	JCR-VIS
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS
<b>Shariah Compliant</b>			
BankIslami Pakistan Limited	A1	A+	PACRA
Meezan Bank Limited	A1+	AA+	JCR-VIS
<b>Mutual Funds</b>			
Atlas Income Fund		AA-(f)	PACRA
Atlas Islamic Income Fund		AA-(f)	PACRA
Atlas Money Market Fund		AA+(f)	PACRA
Atlas Sovereign Liquid Fund		AA-(f)	PACRA
Lakson Money Market Fund		AA(f)	PACRA
Lakson Income Fund		A+(f)	PACRA
National Investment (Unit) Trust		AM2++	PACRA

### (c) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient balances with banks. At March 31, 2020 there is no maturity mismatch between financial assets and liabilities that exposes the Company to liquidity risk.

### 37.2 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company is equity based with no financing through long term or short term borrowings.

### 37.3 Financial instruments by category

Financial assets as per statement of financial position	Amortised cost 2020	Loans and receivables 2019	At fair value through profit or loss	
	--- Rupees in '000 ---		2020	2019
	--- Rupees in '000 ---		--- Rupees in '000 ---	
Long term loans and advances	36,671	33,467	-	-
Long term deposits	13,025	13,882	-	-
Trade debts	813,980	1,116,000	-	-
Loans and advances	38,059	34,125	-	-
Trade deposits	11,703	6,203	-	-
Accrued mark-up / interest	22,392	37,614	-	-
Other receivables	4,384	1,716	-	-
Short term investments	-	-	5,248,268	5,261,724
Cash and bank balances	6,308,616	7,480,159	-	-
	7,248,830	8,723,166	5,248,268	5,261,724
<b>Financial liabilities measured at amortised cost</b>				
Financial liabilities as per statement of financial position	2020		2019	
	--- Rupees in '000 ---		--- Rupees in '000 ---	
	Trade and other payables		8,534,886	7,990,789

### 37.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 Company's financial assets that are measured at fair value at March 31, 2020 and March 31, 2019.

	March 31, 2020			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>Assets - Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss				
Short term investments	5,248,268	-	-	5,248,268

	March 31, 2019			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>Assets - Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss				
Short term investments	5,261,724	-	-	5,261,724

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

#### Valuation techniques used to determine fair values

Level 1: 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. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize 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 measure fair value of an instrument are observable market data, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no other material Level 1, 2 or 3 assets or liabilities during the current and preceding year.

## 38. ENTITY-WIDE INFORMATION

38.1 The Company markets and sells motorcycles and spare parts. Breakdown of net revenues for both the products of the Company is as follows:

	2020	2019
	--- Rupees in '000 ---	
Motorcycles	78,344,730	74,379,378
Spare parts	6,431,242	8,033,170
	<u>84,775,972</u>	<u>82,412,548</u>



38.2 Export sales are made to Afghanistan, Bangladesh and United Arab Emirates. Result of the Company's revenue from external customers in Pakistan is Rs. 84,612,782 thousand (2019: Rs. 82,162,939 thousand) and total revenue from external customers from other countries is Rs.163,190 thousand (2019: Rs. 249,609 thousand).

38.3 All the non-current assets of the Company are located in Pakistan.

38.4 The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

### 39. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
	--- Number of units ---	
Capacity - Motorcycles	1,350,000	1,350,000
Production	1,058,030	1,140,830

The capacity of the plants are determined based on a certain product mix and number of working days.

### 40. NUMBER OF EMPLOYEES

	2020	2019
	Numbers	
Total number of employees	1,872	1,693
Average number of employees	1,809	1,706

### 41. PROVIDENT FUND RELATED DISCLOSURE

The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. Equal monthly contributions at the rate of 11% of the basic salary are made to the Fund both by the Company and the employees. The following information is based on un-audited financial statements of the Fund for the year ended March 31, 2020:

	2020	2019
	--- Rupees in '000 ---	
Size of the Fund - Total assets	714,961	788,024
Fair value of investments	697,356	768,260
Cost of investments	702,172	777,333
Percentage of investments made	98.21%	98.64%

41.1 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

### 42. SHARIAH SCREENING DISCLOSURE

	----- 2020 -----		----- 2019 -----	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	----- Rupees in 000 -----			
Short term investments	4,984,512	263,756	4,974,321	287,403
Cash and bank balances	6,253,869	54,747	7,414,372	65,787
Revenue	-	84,775,972	-	82,412,548
Other income				
a) Mark-up / interest on savings deposit accounts and term deposit receipts	822,275	-	612,559	-
b) (Loss) / gain on sale of investments at fair value through profit or loss	64,115	-	(28,667)	(21,455)
c) Fair value (loss) / gain on investments at fair value through profit or loss	49,502	(23,914)	(62,422)	(11,176)
d) Dividend income	431,586	740	460,838	1
e) Others including exchange gain on actual currency	-	15,443	-	18,231

#### 43. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

#### 44. EVENTS AFTER REPORTING PERIOD

##### Appropriations

The Board of Directors, in their meeting held on June 01, 2020, (i) approved the transfer of Rs.Nil (2019: Rs.Nil) from unappropriated profit to general reserve and (ii) proposed a final cash dividend of Rs. 8.5 (2019: Rs.10.0) per share amounting to Rs. 1,054,747 thousand (2019: Rs. 1,034,066 thousand) for the year ended March 31, 2020 for approval of the members at the Annual General Meeting to be held on June 30, 2020. Previously for the year ended March 31, 2019, the Board of Directors had also approved the issue of bonus shares at the rate of 20%, that is 1 bonus share for every 5 shares held, amounting to Rs. 206,813 thousand.

The financial statements for the year ended March 31, 2020 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending March 31, 2021.

##### Covid - 19 (Coronavirus)

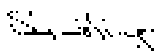
The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the production and sale volumes of the Company due to closure of plant during the lock down period. The management had analysed the events as these are indicative of conditions for a review of recoverable amounts of assets of the Company and consequently concluded that there is no change in recoverable amounts of Company's assets at the reporting date. Further, as per relaxation given by Authorities, the Company has resumed its operations with effect from May 20, 2020 with all precautionary measures to prevent the pandemic spread.

#### 45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on June 01, 2020 by the Board of Directors of the Company.



**Aamir H. Shirazi**  
Chairman



**Saquib H. Shirazi**  
Chief Executive Officer



**Kashif Yasin**  
Chief Financial Officer

# Pattern of Shareholding Additional Information As at March 31, 2020

## Shareholders Category

### Associated Companies, Undertakings and related Parties:

Atlas Insurance Limited

Honda Motor Company Limited, Japan

Shirazi Investments (Private) Limited

Number of Shareholder	No. of Shares held	Percentage
--------------------------	-----------------------	------------

1	3,518,073	2.84%
1	43,430,778	35.00%
1	65,064,831	52.43%
3	112,013,682	90.27%

### NIT and ICP:

National Bank Of Pakistan Trustee Department

IDBP (ICP Unit)

1	31,705	0.03%
1	914	0.00%
2	32,619	0.03%

### Directors, CEO and their Spouses and minor children and Associates:

Mr. Aamir H. Shirazi

Mr. Saquib H. Shirazi

Mr. Sanaullah Qureshi

Mr. Hirofumi Yada

Mr. Yukitoshi Fujisaka

Mr. Abid Naqvi

Ms. Mashmooma Zehra Majeed

Mr. Ryo Takahashi

1	1	0.00%
1	1	0.00%
1	480	0.00%
1	1	0.00%
1	1	0.00%
1	601	0.00%
1	501	0.00%
1	1	0.00%
8	1,587	0.00%

### Executives

- 0.00%

### Public Sector Companies and Corporations

- 0.00%

Banks, Development Finance Institutions,  
Non-Banking Finance Institutions, Insurance  
Companies, Modaraba and Mutual Funds.

6 332,499 0.27%

### Individuals

1,503 10,975,464 8.84%

### Others

25 732,084 0.59%

### Total

1,547 124,087,935 100.00%

### Shareholders holding 10% or more voting interest

Honda Motor Company Limited, Japan

43,430,778 35.00

Shirazi Investments (Private) Limited

65,064,831 52.43

There was no trading in the shares of the Company by Directors, their spouses, and minor children.

# Pattern of Shareholding As at March 31, 2020

No. of shareholders	Shareholdings				Total shares held
547	From	-	To	100	15,212
352	From	101	To	500	83,657
148	From	501	To	1,000	105,760
342	From	1,001	To	5,000	1,138,586
48	From	5,001	To	15,000	598,369
17	From	15,001	To	20,000	288,875
16	From	20,001	To	25,000	363,179
8	From	25,001	To	30,000	211,329
9	From	30,001	To	35,000	289,391
3	From	35,001	To	40,000	107,898
1	From	40,001	To	45,000	41,178
2	From	45,001	To	50,000	92,214
7	From	50,001	To	55,000	372,099
2	From	55,001	To	60,000	116,253
2	From	60,001	To	65,000	123,048
2	From	65,001	To	80,000	155,593
1	From	80,001	To	90,000	85,874
4	From	90,001	To	95,000	365,505
4	From	95,001	To	100,000	392,769
2	From	100,001	To	105,000	203,821
1	From	105,001	To	110,000	110,000
3	From	110,001	To	120,000	354,901
2	From	120,001	To	140,000	273,235
2	From	140,001	To	150,000	293,637
5	From	150,001	To	155,000	758,138
1	From	155,001	To	185,000	182,058
1	From	185,001	To	195,000	194,413
3	From	195,001	To	200,000	590,198
1	From	200,001	To	215,000	212,209
1	From	215,001	To	240,000	239,350
2	From	240,001	To	295,000	589,146
1	From	295,001	To	315,000	311,079
1	From	315,001	To	385,000	382,350
1	From	385,001	To	560,000	556,700
1	From	560,001	To	645,000	642,740
1	From	645,001	To	1,235,000	1,233,489
1	From	1,235,001	To	3,520,000	3,518,073
1	From	3,520,001	To	43,435,000	43,430,778
1	From	43,435,001	To	65,065,000	65,064,831
1,547					124,087,935

# Pattern of Shareholding As at March 31, 2020

Categories of Shareholders	Number of shareholder	Share held	Percentage
Directors, CEO their spouse and minor children and Associates	8	1,587	0.00
*Associated Companies, undertakings and related parties	3	112,013,682	90.27
NIT and ICP	2	32,619	0.03
Banks, Development Finance Institutions, Non-Banking Finance Institutions Insurance Companies Modarabas and Mutual Funds	6	332,499	0.28
General Public			
Local	1,503	10,975,464	8.85
Foreign			
Others			
Joint Stock Companies	23	730,918	0.59
Cooperative Society	1	1,165	0.00
Trustee of Iftikhar Shirazi Family Trust	1	1	0.00
	1,547	124,087,935	100.00

\* Note : Included in Associated Companies are:

Atlas Insurance Limited. 3,518,073 shares

Honda Motor Company Limited, Japan 43,430,778 shares

Shirazi Investments (Private) Limited 65,064,831 shares



# Product Portfolio

**CD 70****Pridor****CD 70  
Dream****CG 125 F****CG  
125****CG 150 F****CG  
125  
SELF****CG 150 F**

## Genuine Parts





## Atlas Group Companies

*Year of Establishment /  
Acquisition\**

 Shirazi Investments

1962

 Atlas Honda

1962

 Atlas Battery

1966

 Shirazi Trading

1975

 Atlas Insurance

1980\*

 Atlas Engineering

1981\*

**HONDA** Honda Atlas Cars

1992

**HONDA** Honda Atlas Power Product

1997

 Atlas Asset Management

2002

 Atlas Power

2007

 Atlas World Wide

2007

 Atlas Venture

2008

 Atlas Autos

2011

 Atlas Hitec

2012

 Atlas Global FZE

2015

 Atlas Energy

2016

 Atlas DID

2019

 Atlas GCI

2019

# Glossary of Terms

Acronym	Description
ACCA	Association of Chartered Certified Accountants
AGM	Annual General Meeting
AHL	Atlas Honda Limited
AHPL	Atlas Hitec (Private) Limited
AMP	Advance Management Program
ATL	Active Tax-payers List
AGM	Annual General Meeting
B2B	Business to Business
BAC	Board Audit Committee
BCR	Best Corporate Report
BCG	Boston Consulting Group
BMR	Balancing Modernization and Replacement
BSR	Best Sustainability Report
BOD	Board of Director
CAGR	Cumulative Average Growth Rate
CBA	Collective Bargaining Agent
CCG	Code of Corporate Governance
CD	Compact Disk
CDC	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CFSI	Conflict Free Sourcing Initiative
CKD	Completely Knocked Down
CMM	Coordinate Measuring Machine
CNIC	Computerized National Identity Card
COMSATS	The Commission on Science and Technology for Sustainable Development in the South
COO	Chief Operating Officer
CPEC	China - Pakistan Economic Corridor
CSR	Corporate Social Responsibility
CSRPC	Corporate Social Responsibility Centre Pakistan
COVID-19	Coronavirus disease of 2019
CO <sup>2</sup>	Carbon di Oxide
DFI	Development Finance Institutions
DVD	Digital Versatile Disc
EBIT	Earning Before Interest and Tax

Acronym	Description
EOBI	Employee Old-Age Benefits Institution
EHS&S	Environmental, Health, Safety and Security
EPS	Earnings per Share
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning - software
ESA	Emergency Services Academy
EMS	Environment Management System
EPA	Environmental Protection Agency
E-Voting	Electronic Voting
FAST	Foundation for Advancement of Science and Technology
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FRM	Financial Risk Manager
FAQs	Frequently Asked Questions
GAAP	Generally Accepted Accounting Principles
GDC	Gravity Die Casting
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
GHG	Green House Gases
GJ	Gigajoule
GRI	Global Reporting Initiative
HMC	Honda Motor Company
HPDC	High Pressure Die Casting
HSE	Health Safety Environment
HR	Human Resource
HZ	Hertz
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFAS	Islamic Financial Accounting Standards
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IoBM	Institute of Business Management
IP	Intellectual Property

Acronym	Description
IRR	Internal Rate of Return
ISO	International Standardization Organization
ISAE	International Standard on Assurance Engagements
IT	Information Technology
KPI	Key Performance Indicators
KSE	Karachi Stock Exchange
KJ	Kilojoule
KW	Kilo Watt
LC	Letter of Credit
LLB	Bachelor of Law
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LTD	Limited
LSM	Large Scale Manufacturing
LUMS	Lahore University of Management Sciences
m3	Cubic meter
MIS	Management Information System
MMC	Minor Model Change
MOU	Memorandum of Understanding
MSCI	Morgan Stanley Capital International
MTO	Management Trainee Officer
MUFAP	Mutual Funds Association of Pakistan
MUFG	Mitsubishi UFJ Financial Group
MW	Mega Watt
NAV	Net Asset Value
NBFI	Non-Banking Financial Institutions
NHC	New Honda Circle
NED	NED University of Engineering and Technology
NEQS	National Environmental Quality Standards
NFEH	National Forum for Health & Environment
NGO	Non-Governmental Organization
NPV	Net Present Value
NUST	National University of Science and Technology
OGRA	Oil and Gas Regulatory Authority
OHSAS	Occupational Health & Safety Assessment Series
OPM	Owner/President Management
PAMA	Pakistan Automotive Manufacturers Association

Acronym	Description
PAT	Profit After Tax
PBT	Profit Before Taxation
PDCA	Plan-Do-Check-Act
PERAC	Public Employee Retirement Administration Commission
PSQCA	Pakistan Standards and Quality Control Authority
PSX	Pakistan Stock Exchange
PAAPAM	Pakistan Association of Automotive Parts & Accessories Manufacturers
QA	Quality Assurance
QC	Quality Control
QMS	Quality Management System
RCSM	Risk and Counter Strategy Matrix
RMF	Risk Management Function
ROE	Return on Equity
SAFA	South Asian Federation of Accountants
SAP	Standard Application Protocol - ERP system
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
SIQP	Service Instructor Quality Program
SOPs	Standard Operating Procedures
SP	Spare Parts
SRO	Statutory Regulatory Order
SWOT	Strength Weaknesses Opportunities Threats
SSGC	Sui Southern Gas Company Limited
SNG	Synthetic Natural Gas
SZABIST	Syed Zulfikar Ali Bhutto Institute of Science & Technology
TDR	Term Deposit Receipt
UET	University of Engineering and Technology
UK	United Kingdom
UN	United Nations
USA	United States Aid
USB	Universal Serial Bus
VIP	Vendor Improvement Program
VP	Vice President
WAPDA	Pakistan Water & Power Development Authority
WWF	World Wildlife Fund

## Investors' Education

In pursuance of SRO 924(1)/2015 dated September 9, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

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Details of information provided on issues covered in the report

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<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input type="checkbox"/> Average
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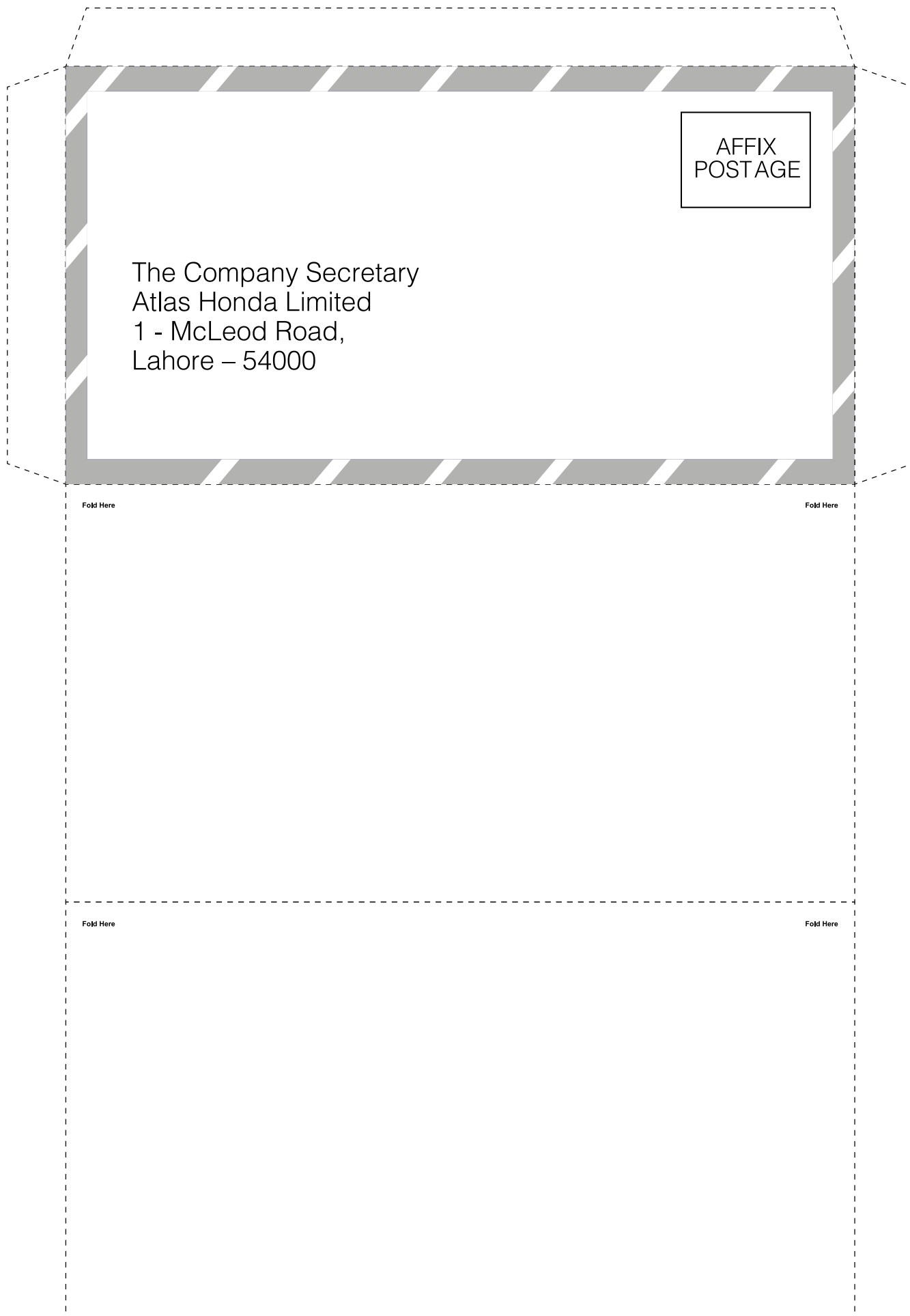
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## Atlas Honda Limited

1-McLeod Road, Lahore-54000

Ph: (92-42) 37225015-17, 37233515-17

Fax: (92-42) 37233518, 37351119

E-mail: [ahl@atlas.com.pk](mailto:ahl@atlas.com.pk)

Website: [www.atlashonda.com.pk](http://www.atlashonda.com.pk)