

EXPANDING LIMITATION!

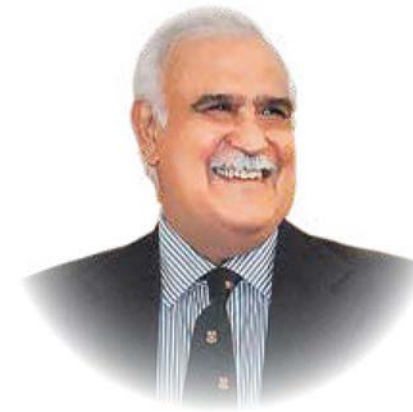
ANNUAL REPORT 2020





COVER CONCEPT

Sky is not the limit for Honda, in fact its just the beginning. Path-breaking ideas and technology that makes life easier is what we stand for and believe in!



OBITUARY

October 20, 2019 will be remembered as the 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 superb business acumen. He will be long remembered as one of the most successful first generation entrepreneurs of Pakistan. After working briefly in public and private sector, 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 Japan 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.

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.

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 and Bank of Tokyo (MUFG).

While we mourn his passing we will celebrate his life with the goal to continue building his beloved Atlas Group Generation after Generation.



COMPANY PROFILE



Honda Atlas Cars (Pakistan) Limited is a joint venture between Honda Motor, Japan and the Atlas Group, Pakistan. The company is public limited and listed on Pakistan Stock Exchange Limited.

The company was incorporated on November 04, 1992 and joint venture agreement was signed on August 05, 1993. The ground breaking ceremony was held on April 17, 1993 and within a record time of 11 months, construction and erection of machinery was completed. The first car rolled off the assembly line on May 26, 1994. Official inauguration was done by the then President of Pakistan, Sardar Farooq Ahmad Khan Leghari. Mr. Nobuhiko Kawamoto, President of Honda Motor, Japan and late Mr. Yusuf H. Shirazi; Founder of Atlas Group were also present to grace the occasion. The company enlisted on then Karachi & Lahore Stock Exchanges (now Pakistan Stock Exchanges) and Initial Public Offer (IPO) was made in November 1994.

On July 14, 1994, car bookings started at six dealerships in Karachi, Lahore, and Islamabad. Since then the dealerships network has expanded and now the company has thirty-three 3S (Sales, Service and Spare Parts), eighteen 2S (Service and Spare Parts), and six 1S (Spare Parts) authorized dealerships network in all major cities of Pakistan. All dealerships are constructed in accordance with the standards defined by Honda World over.

We started production in 1994, with the launch of 5th generation of Honda Civic model in Pakistan. Later on, the company enriched the product line with the launch of Honda City in 1997 and Honda BR-V in 2017. Since the start of production, the company has produced and sold more than 440,000 cars in Pakistan. The company consistently increased the production with the progress of car market and to meet the growing customer

demand. A major plant expansion was done in 2006 and the production capacity was increased to 50,000 units/ year.

Percentage of local parts conforms to the government’s policy. Local vendors are continuously patronized to develop parts locally. The quality of local parts is thoroughly checked to meet stringent international standards.

We always strive to give outstanding service to our valued customers. In addition to providing regular service to customers, the company also regularly conducts Service Campaigns to facilitate customer’s need for service. This has given our customers absolute confidence in our cars which is clearly evident from the ever increasing sale volumes.

It is the constant endeavor of Honda Atlas Cars (Pakistan) Limited to achieve No .1 Customer satisfaction. Honda Atlas Cars (Pakistan) Limited is committed to meet customer expectations and to provide good value for money.

The company believes that human beings are born to think, create and express their individuality, thus realizing their hopes and dreams. We strive to attract individuals who share this belief and who will respect one another’s individuality. We pursue to foster an atmosphere of mutual trust & fairness in which our associates are able to realize their potential and creating new value for society by following the Honda Philosophy.

Currently, we are offering imported models of Honda Accord & Honda CR-V and locally manufactured Honda Civic (four variants), Honda BR-V, Honda City Aspire (two variants), and Honda City (four variants) in wide range of colors with advanced technological features.

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VISION STATEMENT

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

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Aamir H. Shirazi
Chairman

Mr. Hironobu Yoshimura
President / CEO

Mr. Saquib H. Shirazi
Director & Senior Advisor

Mr. Kenichi Matsuo
Executive Director / VP (P)

Mr. Akira Murayama
Director

Mr. Kazunori Shibayama
Director

Mr. Feroz Rizvi
Independent Director

Mr. Ariful Islam
Independent Director

Ms. Rie Mihara
Independent Director

AUDIT COMMITTEE

Mr. Feroz Rizvi
Chairman

Mr. Saquib H. Shirazi
Member

Mr. Akira Murayama
Member

Mr. Kazunori Shibayama
Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Feroz Rizvi
Chairman

Mr. Saquib H. Shirazi
Member

Mr. Hironobu Yoshimura
Member

Mr. Kenichi Matsuo
Member

Mr. Akira Murayama
Member

EXECUTIVE COMMITTEE

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

COMPANY SECRETARY

Mr. Maqsood-ur-Rehman Rehmani

CHIEF FINANCIAL OFFICER

Mr. Ahmad Umair Wajid

HEAD OF INTERNAL AUDIT

Mr. Hamood-ur-Rahman

BANKERS

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

AUDITORS

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

LEGAL ADVISOR

Cornelius, Lane & Mufti
Bokhari Aziz & Karim

REGISTERED OFFICE

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

FACTORY

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

REGIONAL OFFICES

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

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

BOARD OF DIRECTORS



Mr. 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.



Mr. Hironobu Yoshimura
President & CEO

Mr. Hironobu Yoshimura has been associated with Honda Motor Company Limited, Japan for more than 32 years. He joined Honda in 1988 and began his career in Service Technology Division, Honda Motor Company, Japan.

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

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

Mr. Yoshimura is graduate from Sophia University, Japan.

Mr. Saquib H. Shirazi
Director & Senior Advisor

Mr. 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.

Mr. Kenichi Matsuo
Executive Director / VP (P)

Mr. Matsuo is associated with Honda Motor Company for last 40 years. He started his career as Engineer in Automobile Assembly, HM Japan and he has a vast experience of Automobile Assembly and Business Planning Operations.

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

He was appointed on the Board of Honda Atlas Cars (Pakistan) Limited on April 2016 as Director & Vice President Production.



Mr. Akira Murayama
Director

Mr. Murayama has been associated with Honda Motor, Japan for last 31 years. He has vast experience of Financial Management and Business Planning operations. He has been working in Honda Motor, Japan and different Honda ventures and subsidiaries in Europe.

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

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

Mr. Feroz Rizvi
Independent Director

Mr. Rizvi is a Chartered Accountant, having qualified from England & Wales. He has over 42 years of local & international experience in some of the largest companies in the world.

On returning to Pakistan post qualification, he joined ICI Pakistan Ltd, a subsidiary of ICI PLC, one of the largest chemical companies in the world. He also worked for a brief period in Petromin Refinery Riyadh, KSA. In 1996 he was seconded to ICI PLC's headquarters in London. During his secondment, he was involved in ICI PLC's strategic shift from industrial to consumer & effect chemicals along with a major acquisition of US\$ 8 bln from Unilever PLC as part of the company's major strategic priority. In addition, he was also responsible for a number of divestments of ICI PLC's industrial chemical businesses. He also completed the demerger of ICI Pakistan's Paints and PTA businesses into separate listed companies beside implementing state-of-the-art SAP ERP system across the group. He retired from ICI Pakistan Ltd as CFO & Finance Director.

Mr. Rizvi has extensive experience in corporate & finance strategy, taxation, corporate governance, restructuring and mergers & acquisitions. He has also been CEO of Pakistan Institute of Corporate Governance and is also on the Board of Engro Chemicals and Polymer Ltd., and Pakistan Oxygen Ltd. He joined the Board of the company in May 2018. He is an alumni of INSEAD and Wharton Business School and lectures on corporate governance, business strategy and related areas.

Mr. Ariful Islam
Independent Director

Mr. Ariful Islam is a senior banker with 35 years' experience with various banks in Bahrain and Pakistan. He is a Chartered Accountant from England and Wales and a Fellow member of the Institute of Chartered Accountants of Pakistan. He worked with Peat, Marwick, Mitchell & Co. (now KPMG) in their main London Office from 1982 - 1985. He started his banking career with Faysal Islamic Bank of Bahrain, Bahrain in 1985 and after a short stint in Bahrain, he was moved to Pakistan and was a key member of the team that set-up Faysal Islamic Bank of Bahrain in Pakistan (presently known as Faysal Bank). In 1992 he moved to MCB and held various senior positions, lastly as SEVP & Head of Investment Banking. He joined Meezan Bank in April 1999 as the Bank's first Chief Operating Officer. Currently, Mr. Islam is Deputy CEO & Executive Director of Meezan Bank Limited. He is a 'Certified Director' from IBA, Karachi. He is also the Chairman of the Board of Al Meezan Investment Management Limited - the Bank's asset management subsidiary.

He joined on the Board of Honda Atlas Cars (Pakistan) Limited on March 2020 as an Independent Director.



Ms. Rie Mihara
Independent Director

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

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

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

Mr. Kazunori Shibayama
Director

Mr. Shibayama has been associated with Honda Motor Company, Japan for last 28 years. He has vast experience of Automobile Business & Product Planning and Marketing, working on different Honda ventures, around the globe.

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

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

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

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

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

KEY MANAGEMENT



MR. MUHAMMAD ASHRAF
Assistant Vice President
Model Planning & Production

Mr. Ashraf has more than 38 years experience of automobile production operations and new model development. He started his career with Awami Autos Limited in 1982 and has also worked with Pak Suzuki Motor Co for nine years. He joined Honda Atlas Cars (Pakistan) Limited in 1993 and has qualified Management Courses from AOTS Japan. He has worked in different management capacities and currently he is Head of Model Planning & Production Division.



MR. IQBAL AHMED
Senior General Manager
After Sales

Mr. Iqbal has BSc in Mechanical Engineering from UET, Lahore and Executive MBA from LUMS. He has more than 28 years experience of production, quality, manufacturing operations, stores and project management. He started his career as trainee engineer with Atlas Honda Limited and served in different management positions. He joined Honda Atlas Cars (Pakistan) Limited in November 2014 as Head of Import Purchase & Logistics Division. Since August 2017, he is working as Head of After Sales.



MR. ASIF MAHMOOD
General Manager
Purchasing

Mr. Asif graduated from UET Lahore as Mechanical Engineer and completed his Executive MBA from LUMS. Having joined the company in 1994 as trainee engineer, he has served in Material Service, Production Planning & Control, ISO, New Model Control (NMC) & Spec Control in various management capacities. He has aced multiple management courses from HIDA Japan and ASH Thailand. In 2012, he was assigned the responsibilities in Purchasing & Quality Development dept. In December 2015, he was appointed as the Head of Purchasing Division.



MR. AHMAD UMAIR WAJID
Chief Financial Officer
General Manager

Mr. Umair is a Fellow Member of the Institute of Chartered Accountant of Pakistan and having more than 15 years post qualification experience. He has been involved in financial management, budgeting, strategic business planning, corporate compliance and risk management operations. Prior to joining with the Company, he has also worked as Manager - Assurance and Business Advisory services in A.F. Ferguson & Co., for more than 5 years.



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

Mr. Ajmal has been associated with the Company for last 26 years. He has vast experience of working in Frame Assembly, Vehicle Quality, Market Quality & Quality Control Department. He has qualified Management course from AOTS, Japan in "Automobile-New Model Development" in 1999, and from HIDA, Japan in Production Management in 2017. He also did Diploma in Business Management (DBM) from FCCU in 2019. Currently, he is working as Chief Engineer Quality (CEQ) since April 2018.



MR. BASHARAT ALI RANA
General Manager
Quality Control

Mr. Rana has more than 35 years experience of automobile production operations. He has been associated with Honda Atlas Cars (Pakistan) Ltd since 1993. He has qualified management courses on Quality, Production Operations & New Model Development from Japan. He has worked for all production & quality control operations. He has also served more than 3 years as Head of Plant Maintenance, facilities and Engineering department. Currently he is working as Head of Quality Control Division.



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

Mr. Dar has been associated with Atlas Group for last 25 Years. He joined Atlas Honda Limited in 1995 and started his carrier in Production Planning & Control Department. He is an Executive MBA from Punjab University and having Post Graduate Diploma from LUMS. He has vast experience of working in Supply Chain Area at National level, Production, Quality and Project Management. He has qualified Management Courses from HIDA Japan, LUMS and other renowned institutes. In 2016, he became the Management Committee Member of Atlas Honda Limited as GM Production Planning & Control. He was transferred to Honda Atlas Cars (Pakistan) Limited in 2018 as General Manager Import, Purchase and Logistics.



MR. AMIR NAZIR
General Manager
Sales & Marketing

Mr. Amir Nazir is associated with the Company for 19 years. He is graduate from UET Lahore and an Executive MBA from LUMS. He started his career in Technical Purchasing and worked on sourcing, budgeting and costing. In addition, he added his valuable input to, much needed, localization and new model development. His efforts helped in controlling the cost and maintaining a strong brand image.

He has qualified management course from HIDA, Japan. Currently, he is working as General Manager Sales and Marketing.



MR. SOHAIL QAISAR
General Manager
HR & Administration

Mr. Sohail holds BE Mechanical Engineering from UET, Executive MBA & DBM from LUMS, Lahore. He has more than 26 years experience of Production, Project Management, Supply Chain and Production Planning & Control Operations. He has also attended various management courses from ILO & AOTS, Japan.

He started his career as trainee engineer with Atlas Honda Limited and was transferred to Honda Atlas Cars (Pakistan) Limited in April 2019 as General Manager HR & Administration.



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

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

He has been associated with company for last 25 years and joined as Executive Shares. He has served in Shares department, HR & Administration and Corporate Affairs. He has experience of planning & organizing Secretarial matters and compliances with stock exchanges, SECP, CDC and other regulatory bodies. He has also attended Executive Program on Corporate Management from AOTS, Japan in 2019.

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



MR. MUHAMMAD ALI
General Manager
Information Technology

Mr. Muhammad Ali is associated with the Company for last 5 years. He has previously worked with IBM and other IT companies mainly in the field of SAP implementations, both local & abroad. He has a diverse experience of working in the industry like Chemical, Petrochemical, FMCG, Auto, Textile etc. He is SAP certified consultant and has attended course from AOTS Japan in addition to other Management/Leadership training programs.

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

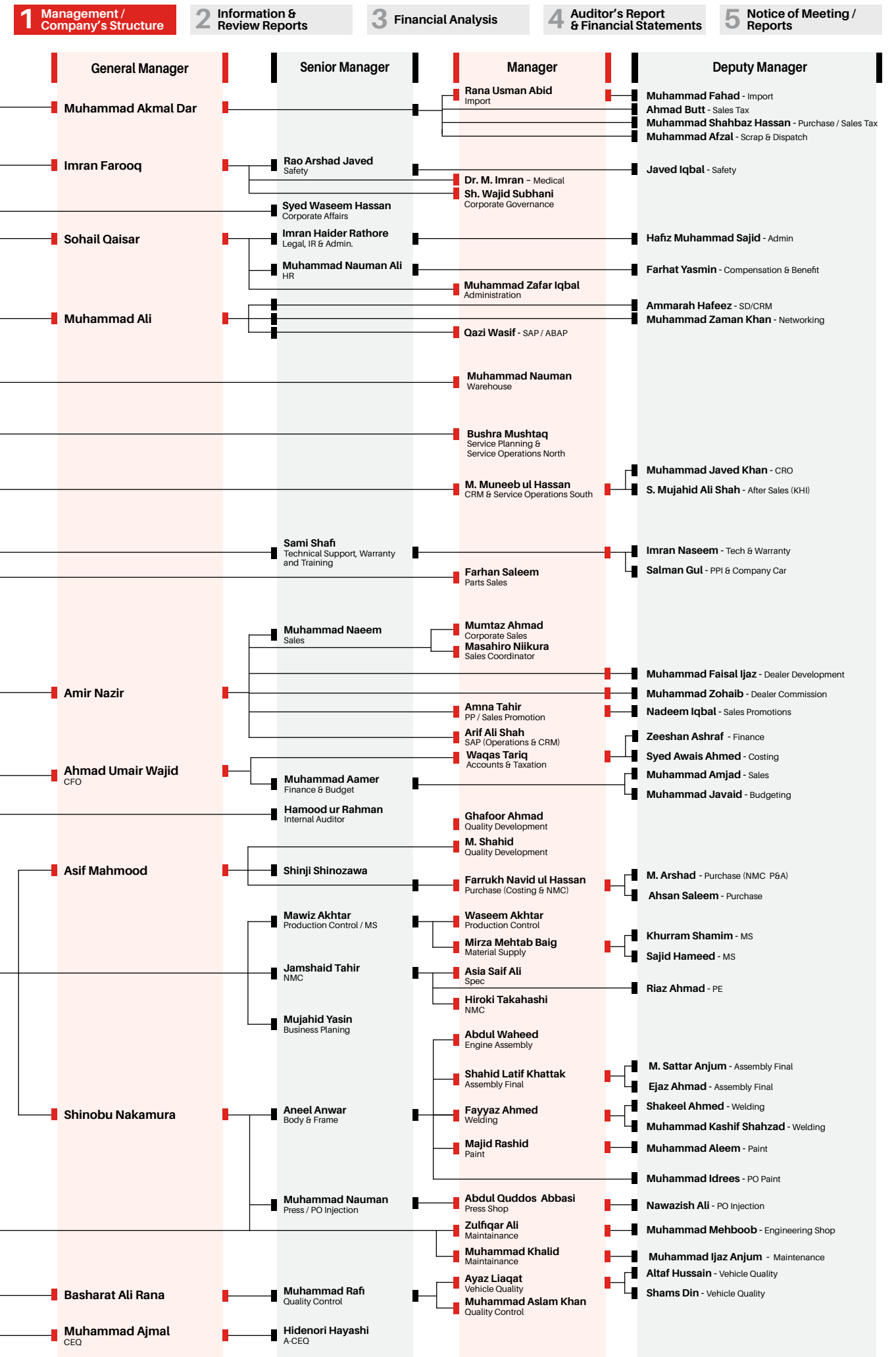
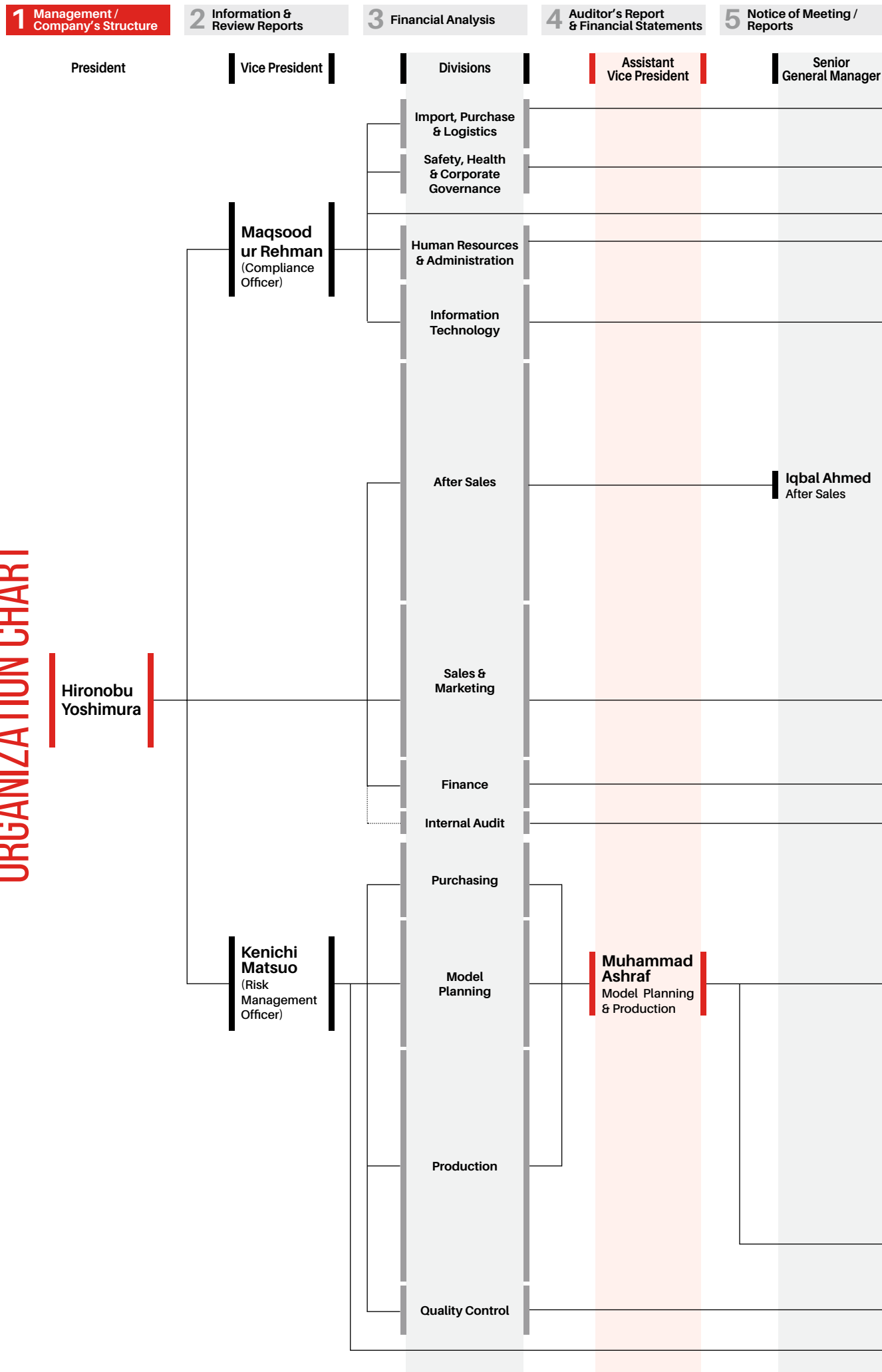


MR. SHINOBU NAKAMURA
General Manager
Production

Mr. Nakamura has been associated with Honda Motor since 1989. He has experience of Welding and Production Process management. He started his career as Process Associate in Honda Suzuka Plant, Japan and served for more than twenty years in different positions. He has also worked in Honda Manufacturing of Alabama, LLC, USA for four years. He has also served as Welding BUKAI Head in Honda Tochigi Plant, Japan.

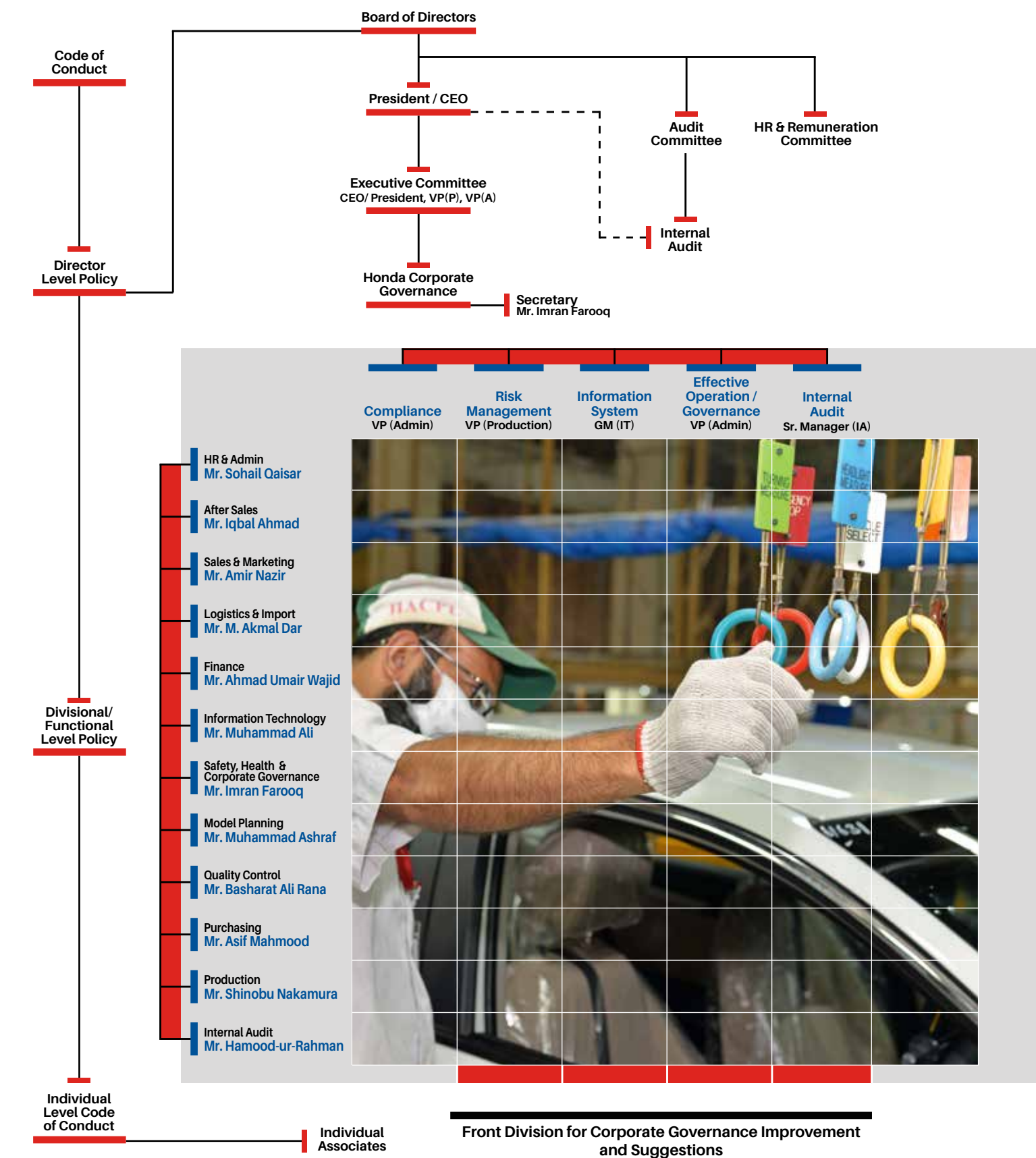
He has been working with Honda Atlas Cars (Pakistan) Limited since Nov 2019 as GM Production.

ORGANIZATION CHART



CORPORATE GOVERNANCE

(ORGANIZATION STRUCTURE)





BUSINESS PRINCIPLES

HONDA MOTOR CO., LIMITED, JAPAN

Corporate Philosophy

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

Management Policy

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

HONDA ATLAS CARS (PAKISTAN) LIMITED

Corporate Philosophy

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

Management Policy

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

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

Priority Standards of Conduct

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



Human Resources and Succession Plan

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

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

Quality Policy

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

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

Environment Policy

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

Our environmental philosophy is firmly based on the following principles:

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

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

Safety, Health and Environment

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

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

Operating Principles

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

HONDA PHILOSOPHY

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

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

Additionally, Honda engages in corporate activities under the concept of "Free and Open, Challenge, Co-evolution." Specifically, this concept puts into practice Honda's corporate culture of "taking up the challenge without fear of failure, free from the prejudice of preconceived ideas, and with a foundation of teamwork based on trust."

Society's expectations toward Honda continue to evolve with the times. As a responsible company, Honda will resolve problems while listening to the voices of its diverse stakeholders so as to meet their expectations and earn their trust.

Fundamental Beliefs

RESPECT FOR THE INDIVIDUAL



INITIATIVE

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



EQUALITY

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



TRUST

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

THE THREE JOYS



THE JOY OF BUYING

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



THE JOY OF SELLING

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



THE JOY OF CREATING

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

Stakeholders' Engagement

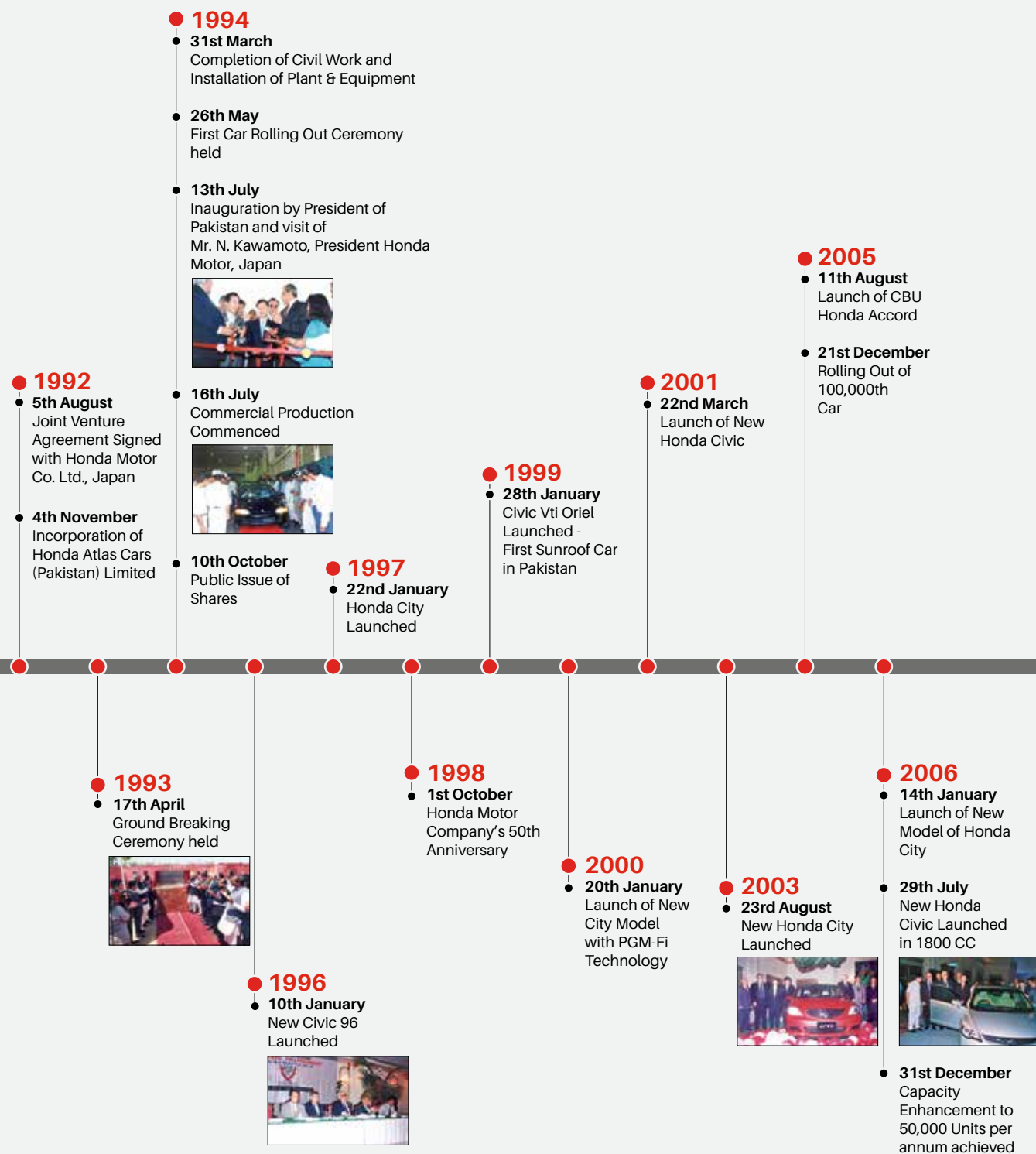
To be a "company that society wants to exist," Honda must put into practice a communication cycle. This means appropriately and accurately conveying to society the value that it seeks to provide. It also means to engage in dialogue with diverse stakeholders to grasp and understand the demands and expectations placed on the Company, translate these into concrete measures and implement them and finally listen to stakeholders' evaluations of its activities.

Especially in recent years, the growing scale of the companies in Pakistan, along with the proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads to a proper understanding of stakeholders regarding the Company's initiatives while also giving the Company an understanding of changes and risks in the social environment.

Based on this understanding, the company directly engages with key stakeholders in the diagram and respective divisions within the Company.



CHRONICLE OF EVENTS



1992 / 2020



PATTERN OF SHAREHOLDING

AS ON MARCH 31, 2020

Number of Shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
2591	1	- 100	134,933	0.09
1439	101	- 500	478,103	0.33
1043	501	- 1000	903,527	0.63
969	1001	- 5000	2,227,266	1.56
266	5001	- 40000	3,623,993	2.54
29	40001	- 100000	1,706,850	1.20
18	100001	- 235000	2,724,100	1.91
1	265001	- 270000	266,300	0.19
1	280001	- 285000	283,500	0.20
1	310001	- 315000	313,300	0.22
1	360001	- 365000	364,705	0.26
1	370001	- 375000	373,150	0.26
1	445001	- 450000	446,200	0.31
1	475001	- 480000	477,100	0.33
1	710001	- 715000	711,400	0.50
1	740001	- 745000	740,300	0.52
1	825001	- 830000	829,466	0.58
1	845001	- 850000	850,000	0.60
1	885001	- 890000	886,500	0.62
1	1000001	- 1005000	1,000,400	0.70
1	1360001	- 1365000	1,360,843	0.95
1	1940001	- 1945000	1,941,989	1.36
1	1960001	- 1965000	1,961,500	1.37
1	2245001	- 2250000	2,250,000	1.58
1	43115001	- 43120000	43,119,650	30.20
1	72825001	- 72830000	72,828,000	51.00
6,374			142,800,000	100.00

CATEGORIES OF SHAREHOLDERS

AS ON MARCH 31, 2020

Sr. No.	Description	Number of Shareholders	Shares Held	Percentage of Total Capital
1	Individuals	6192	9,240,213	6.47
2	Foreign Company	1	72,828,000	51.00
3	Associated Undertaking / Company	1	43,119,650	30.20
4	Joint Stock Companies	69	2,370,683	1.66
5	Financial Institutions	12	4,476,693	3.13
6	Insurance Companies	10	1,560,400	1.09
7	Investment Companies	7	1,369,970	0.96
8	Mutual Funds	35	4,884,629	3.42
9	Funds	38	903,302	0.63
10	Others	9	2,046,460	1.43
		6,374	142,800,000	100.0

SHAREHOLDING INFORMATION

AS ON MARCH 31, 2020

Categories	Number of Shareholders	Shares Held
Associated Companies		
+ M/s. Honda Motor Company Ltd.	1	72,828,000
+ M/s. Shirazi Investments (Pvt) Limited	1	43,119,650
M/s. Atlas Insurance Limited	1	850,000
Mutual Funds		
M/s First Capital Mutual Fund	1	170
CDC - Trustee Alhamra Islamic Stock Fund	1	139,300
CDC - Trustee Meezan Balanced Fund	1	6,000
CDC - Trustee JS Islamic Fund	1	20,000
CDC - Trustee Alfalah GHP Value Fund	1	15,500
CDC - Trustee AKD Index Tracker Fund	1	6,670
CDC - Trustee AKD Opportunity Fund	1	65,000
CDC - Trustee Al Meezan Mutual Fund	1	6,300
CDC - Trustee Meezan Islamic Fund	1	67,500
CDC - Trustee NBP Stock Fund	1	711,400
CDC - Trustee NBP Balanced Fund	1	24,700
CDC - Trustee JS Pension Savings Fund - Equity Account	1	20,000
CDC - Trustee Alfalah GHP Islamic Stock Fund	1	54,700
CDC - Trustee NBP Islamic Sarmaya Izafa Fund	1	6,700
CDC - Trustee MCB Pakistan Asset Allocation Fund	1	40,000
CDC - Trustee JS Islamic Pension Savings Fund - Equity Account	1	11,000
CDC - Trustee Alfalah GHP Stock Fund	1	44,000
CDC - Trustee Alfalah GHP Alpha Fund	1	27,100
CDC - Trustee NIT-Equity Market Opportunity Fund	1	50,350
CDC - Trustee First Habib Stock Fund	1	6,000
CDC - Trustee NBP Sarmaya Izafa Fund	1	100
CDC - Trustee KSE Meezan Index Fund	1	70,100
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	1	1,000
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	400
CDC - Trustee National Investment (Unit) Trust	1	1,941,989
CDC - Trustee NBP Islamic Stock Fund	1	266,300
CDC - Trustee NIT Islamic Equity Fund	1	82,900
CDC - Trustee NITPF Equity Sub-Fund	1	3,000
CDC - Trustee NITPF Equity Sub-Fund	1	1,500
CDC - Trustee NBP Islamic Active Allocation Equity Fund	1	33,400
CDC - Trustee Alfalah GHP Islamic Dedicated Equity Fund	1	12,100
CDC - Trustee Alfalah GHP Islamic Value Fund	1	1,000
M/s Matthews Emerging Asia Fund [000910600034]	1	740,300
M/s Global X Funds-Global X MSCI Pakistan ETF	1	373,150
M/s Azimut Pakistan Equity Fund (OEIC) PIC	1	35,000
Directors, CEO, Their Spouse and Minor Children		
Mr. Aamir H. Shirazi	1	#
Mr. Saquib H. Shirazi	1	#
Mr. Hironobu Yoshimura	1	*
Mr. Kenichi Matsuo	1	*
Mr. Akira Murayama	1	*
Mr. Kazunori Shibayama	1	*
Ms. Rie Mihara	1	500
Mr. Ariful Islam	1	500
Mr. Feroz Rizvi	1	500
Executives	5	803
Public Sector Companies & Corporations (Joint Stock Companies)	69	2,370,683
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension/Other Funds	75	9,506,825
Others, Individuals	6,178	9,237,910
TOTAL:	6,374	142,800,000

Note: + The above mentioned associated companies have 5% or more voting rights.
Mr. Aamir H. Shirazi and Mr. Saquib H. Shirazi holde 500 qualification shares each. The ultimate ownership remains with M/s. Shirazi Investments (Pvt) Limited.
* The shareholding of Honda Motor Co. Limited, Japan include 3 directors holding 525 shares each and 1 director holding 500 shares (Total 2,075) in the name Mr. Hironobu Yoshimura, Mr. Kenichi Matsuo, Mr. Akira Murayama and Mr. Kazunori Shibayama in the capacity of its nominee directors. The ultimate ownership remains with Honda Motor Co., Limited, Japan.

INVESTOR RELATIONS INFORMATION

AS ON MARCH 31, 2020

COMPANY INFORMATION

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

Web Site

STOCK INFORMATION

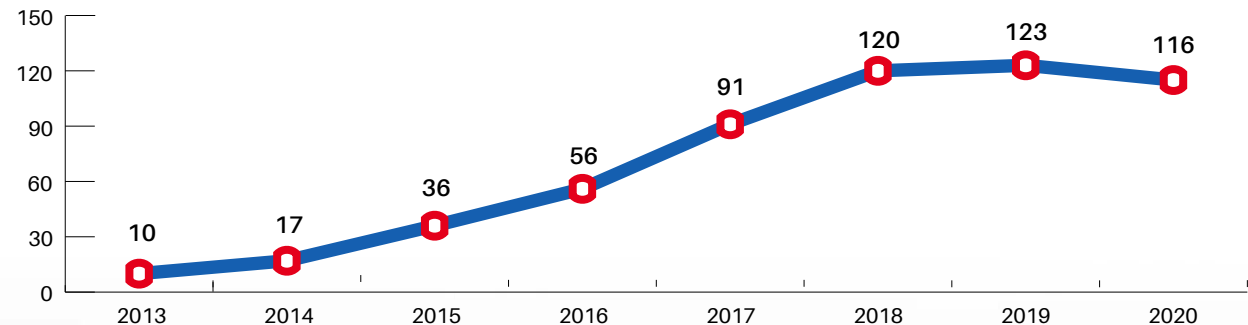
Security Code
Number of Shares Authorized
Number of Shares Issued
Number of Shareholders
Number of Shares per Trading Unit
Stock Exchange Listing
General Meeting of Shareholders
Book Closing

Next Election of Directors
Dividend
Dividend Payment

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

HCAR
200,000,000
142,800,000
6,374 (March 31, 2020)
100 Shares
Pakistan Stock Exchange Limited
July 14, 2020
July 06, 2020 to July 14, 2020
(both days inclusive)
April 2021
Re. 1.00 per share
July 2020

BREAKUP VALUE PER SHARE (Rs.)



SIGNIFICANT EVENTS

DURING 2019-20



Launch of Honda Civic RS Turbo

April 2019



Graduation ceremony of 2nd DBM Batch held

June 2019



AGM held on June 27, 2019. 121.5% cash dividend was approved



Celebrated Pakistan Independence day

August 2019



Board of Directors meeting was held for approval of Annual Accounts

May 2019



Board of Directors meeting was held for approval of 1st Qtr Accounts,

July 2019



Inauguration ceremony for plantation of 30,000 trees in Lahore

September 2019



Two new 3S Dealerships started operations in Abbottabad & Karachi



Launch of MMC of Honda BR-V

October 2019

Demise of Mr. Yusuf H Shirazi, CM of AG on 20th Oct

Operation startup of new 3S Dealership in Karachi



Conducted Mega Safe evacuation drill

Sponsored 4th Annual Road Safety Traffic Environment Conference

November 2019



Annual Vendor Conference

Board of Directors meeting was held for approval of 2nd Qtr Accounts,



A new 3S dealership commenced operations in Multan

December 2019



Launch of Honda Civic Turbo Oriel

Board of Directors meeting was held for approval of 3rd Qtr Accounts,

January 2020

2019-20

CHAIRMAN'S REVIEW

AS ON MARCH 31, 2020



I am pleased to present the 28th Annual Report of the Company for the year ended March 31, 2020.

With the passing away of Beloved Chairman, Mr. Yusuf H. Shirazi, the year marked the end of an era. He was an iconic national figure - one who will long be remembered for his entrepreneurship, patriotism and hard work. It was his focus on developing the human resource that made him unique. While the Chairman is irreplaceable, however, we are committed to guide the Company into the future for growing sustainably.



THE ECONOMY

The COVID-19 pandemic has surfaced as a major event forcing the world into a lockdown 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 shutdowns 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.

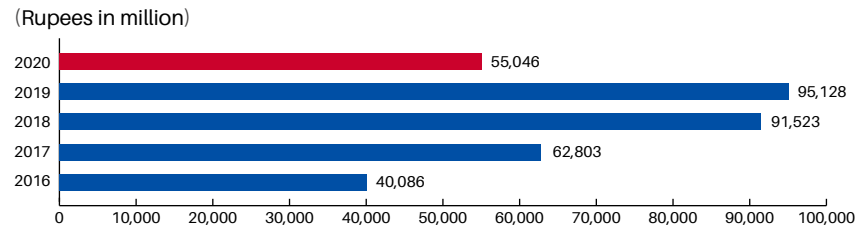
The external sector improved significantly. The current account deficit contracted by 73% to USD 2.8 billion during Jul-Mar FY20. This was driven by a significant reduction in imports and modest growth in workers' remittances. Monetary assistance from IMF and support from other multilateral partners 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.

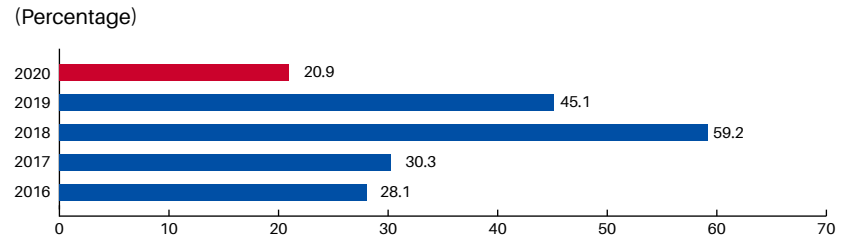
CHAIRMAN'S REVIEW

AS ON MARCH 31, 2020

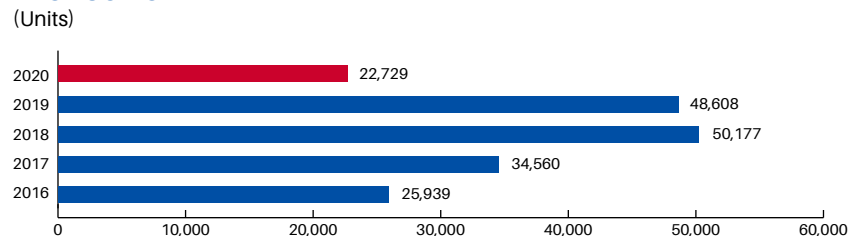
SALES REVENUE



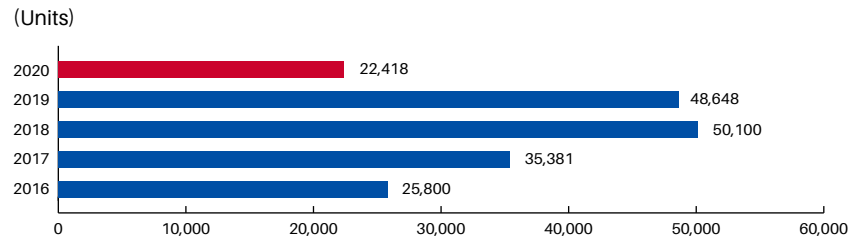
DIVIDEND PAYOUT RATIO



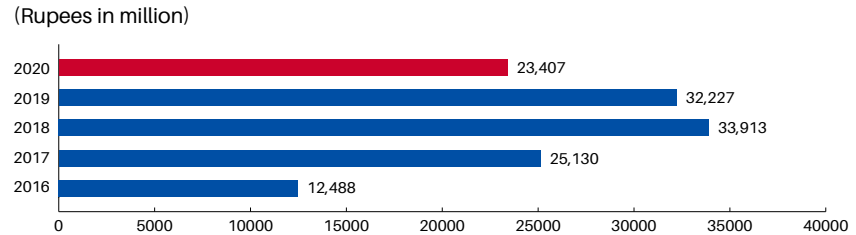
PRODUCTION



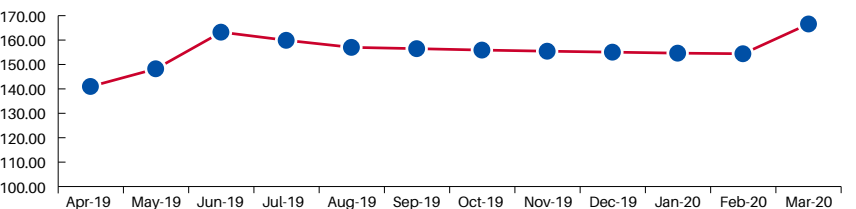
SALES



CONTRIBUTION TO NATIONAL EXCHEQUER



PKR TO USD MOVEMENT



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

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 observed in the 9M FY 20. For the full year, the contraction will be much higher due to the ongoing shutdowns on account of COVID-19.

AUTOMOBILE INDUSTRY

This has been a turbulent year for the automobile industry for many reasons. Unfavorable economic



Launch of Honda Civic RS Turbo

conditions such as devaluation of Pak Rupee against USD, imposition of FED ranging from 2.5% to 7.5% on different models, and levy of 5% additional customs duty on imported parts resulted in higher input cost. This forced the auto sector to raise prices. On the other hand, high inflation reduced purchasing power of customers leaving them with lower levels of disposable incomes. This led to the contraction in demand that translated in slowdown of new car bookings.

During the financial year under review, industry production declined by a massive 42.5% to 132,835 units. Sale of cars witnessed a decline of 38.7% to 137,710 units from 224,653 units in the last year. Cars ranging from 801cc to 1000cc recorded sales decline of 32% whereas 1300cc & above segment dropped by 45.3%. Adverse reasons stated above kept customers on hold and new orders inflow dropped significantly.

THE COMPANY

During the current financial year, the Company produced 22,729 units as compared to 48,608 units produced

of last year, whereas sales were recorded at 22,418 units against 48,648 units of last year, showing a decline of 54% in sales volume.

Following are the key highlights for the year ended March 2020:

● Launch of Honda Civic RS Turbo

The current year saw the launch of new Honda Civic 1.5L RS Turbo, which sets a new benchmark with its innovative features and futuristic design. Road Sailing (RS) represents Honda's challenging spirit, dynamism and creativity with pursuit towards perfection and sophistication.

The new model is introduced in three grades of 1.8 i-VTEC, 1.8 i-VTEC Oriel and 1.5L RS VTEC TURBO. A new 1.5-litre DOHC VTEC TURBO engine coupled with CVT, both developed under Honda's 'Earth Dreams Technology', powers the Civic RS VTEC TURBO variant. The distinctive features include the class-leading safety systems with Electric Parking Brake

(EPB), Auto Brake Hold (ABH), Vehicle Stability Assist (VSA), Anti-Lock Braking System (ABS), Hill Start Assist (HSA), Emergency Stop Signal (ESS), reverse camera as well as SRS airbags.

● Launch of updated BR-V

During the year, the Company introduced a model update with the launch of face lifted Honda BR-V. The dynamic BR-V is equipped with unique bold stance, bundled with spacious and exciting interior with high ground clearance. The Aerodynamics focuses on noise insulation with enhanced exterior refinement, sharply designed door visors, step garnish and stylish shark fin antenna with improved radio reception. The new Honda BR-V is also equipped with advanced technology such as 'Smart Entry' with a 'Push Start'. The interior design is spacious with a seating capacity of 7 persons. The seats for the driver and passenger are provided with enhanced support and a center console to carry essentials to

CHAIRMAN'S REVIEW

AS ON MARCH 31, 2020



Launch of Honda BRV Facelift

have a comfortable journey. To ensure safety, BR-V is equipped with 2 SRS airbags for driver and front-seat passenger.

● Addition of New Dealerships

During the year, seven new dealerships were added - three in Karachi and one each in Multan, Mardan, Jehlum and Abbottabad. With the addition of seven dealerships, the Company extended its network to thirty-three 3S dealerships, covering almost all major consumer markets of the country. The new dealerships will provide not only the convenience for booking of new vehicles but also the presence of extended and efficient after-sales services to our valued customers.

● Vendor Conference

The Company considers its vendors as strategic partners, critical for the smooth production operations. The Company is cognizant of the fact that smooth supply chain operation largely depends on

efficient vendors' operations for supply of quality parts with timely delivery. A close liaison with vendors has always helped improve their operations, enabling them to meet stringent quality criteria of Honda.

Annual Vendors Conference is a forum to review and value the support provided by our vendors throughout the year. This year, with the aim of "Evolving the Future Together", Annual Vendor Conference was arranged on November 29, 2019 at Faletti's Hotel, Lahore. Mr. Hironobu Yoshimura, President / CEO of the Company addressed the participants. Changes in business structure and relevant business information were shared with vendors to draw the future road map of localization. Accolades were also distributed amongst the vendors for best quality achievement, cost Improvement, parts delivery, parts development and environment excellence.

FINANCIAL RESULTS

The current financial year was challenging for the Company due to escalating costs and contracting demand of automobiles. Sales revenue dipped by 42% to Rs 55.05 billion in the year under review as compared to Rs 95.13 billion in the previous year. Apart from the imposition of regulatory taxes and currency depreciation, underutilization of plant capacities due to demand contraction raised fixed cost per unit that dragged the gross margins to Rs 4.09 billion, a drop of 44% from the last year. Selling & General Administrative (SGA) expenses declined by 19% to Rs.1.41 billion against Rs.1.73 billion of last year. Other income witnessed a substantial decline of 51% and was recorded at Rs. 0.64 billion. The decline in other income was mainly due to reduced liquidity on account of drop in new car bookings and realization of short-term investments for working capital requirement. Financial & other charges recorded at Rs.1.78 billion, up by 37% as compared to the last year, primarily due to higher interest rate and increase in borrowing to meet working capital requirements. Resultantly, the profit before tax dropped to Rs. 1.55 billion against Rs. 5.59 billion, representing a substantial decrease of 72%. Likewise, net profit after tax took a hit and plummeted 82% to Rs. 0.68 billion, from Rs. 3.85 billion of the corresponding last year. This translated into earnings per share of Rs. 4.77 against Rs. 26.97 of the last year.



Annual Vendor Conference

MANUFACTURING EXCELLENCE

The Company continues to invest in the resources and capabilities to achieve stringent quality and safety standards of Honda. During the year, the Company maintained its top ranking in product quality in the Asia Oceania region. The quality award is the testimony of the tireless efforts by our dedicated workers. Paint shop was equipped with chillers, which not only improved working environment, but also helped in improving paint quality of cars. Engineering department enhanced capability to develop in-house jigs both for City and Civic models. The Company aims to achieve greater localization in upcoming models by replacing imported jigs with in-house jigs. 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 installed solar panels at its engine assembly and final assembly areas. Moreover, safety was given a prime focus. Extensive trainings were carried out to enhance safety

awareness among associates.

Safety audits were conducted and corrective actions were taken, where needed, to ward off any untoward happenings. Consequent to the efforts to enhance workers' safety, a major investment was made at PO Injection plant, where certain manual work was replaced with

robotics. Considerable improvement was witnessed both in quality and safety of environment. Further, after the COVID-19 outbreak, all necessary precautionary measures have been taken aimed at preventing pandemic's spread and ensuring safety of staff members.



CHAIRMAN'S REVIEW
AS ON MARCH 31, 2020

COMPOSITION OF THE BOARD

The following is the composition of the Board of Directors:

Total Number of Directors:	9
a) Male	8
b) Female	1

Composition of the Board:

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

There were a couple of changes on the Board during the year, however, the statutory composition of the Board was maintained.

BOARD OF DIRECTORS

In order to respond to the mandate of the shareholders to achieve sustainable growth and enhance the corporate value of the Company over the medium to long term, the duties of the Board of Directors include making decisions concerning key business matters and strategic guidance. In addition, the Board of Directors discusses and makes decisions concerning matters specified in the Articles of Association of the company and Code of Corporate Governance.

In order to fulfill these roles, the Company focuses on considering the balance in the diverse knowledge and experience of the Board of Directors as a whole. Accordingly, the Company has members on the Board that have diverse knowledge & insight, with high expertise and abundant experience.

During the year, five meetings of the Board of Directors were held. The attendance of the Board members was as follows:

Sr. No.	Name of Director	Appointed on	Attendance
1.	Mr. Yusuf H. Shirazi *	2 May 2018	3
	Mr. Saquib H. Shirazi *	21 October 2019	2
2.	Mr. Hironobu Yoshimura	2 May 2018	5
3.	Mr. Aamir H. Shirazi	2 May 2018	5
4.	Mr. Kenichi Matsuo	2 May 2018	5
5.	Mr. Feroz Rizvi	2 May 2018	5
6.	Mr. Akira Murayama	2 May 2018	2
7.	Mr. Kazunori Shibayama	1 April 2019	2
8.	Ms. Mashmooma Zehra Majeed #	2 May 2018	4
	Mr. Ariful Islam #	14 March 2020	-
9.	Ms. Rie Mihara	2 May 2018	5
	Mr. Maqsood ur Rahman (Company Secretary)		4
	Mr. Ahmed Umair Wajid (CFO)		5

Leave of absence was granted to the members who did not attend the Board meetings.
* Following the sad demise of Mr. Yusuf H. Shirazi on 20 Oct 2019, Mr. Saquib H. Shirazi was appointed as Director and Senior Advisor on the Board
Mr. Ariful Islam replaced Ms. Mashmooma Zehra Majeed as Independent Director on 14 Mar 2020

AUDIT COMMITTEE

There are four members on the Audit Committee, comprising of three non-executive directors and one independent director. The Chairman of the Audit Committee is an independent director. The Audit Committee was reconstituted in May 2018 after election of Directors. The primary purpose of Audit Committee is to provide oversight of the financial reporting process, the audit process, review internal audit reports, the system of internal controls and compliance with laws and regulations. The committee also meets separately with internal auditor and external auditors to discuss matters that the committee believe should be discussed separately.



During the year under review, four (4) meetings of the Audit Committee were held to review and discuss the financial statements, internal audit reports, compliance with the relevant laws and regulations and other associated matters.

The attendance of the Audit Committee members was as under:

Sr.No.	Name of Committee Member		Appointed on	Attendance
1.	Mr. Feroz Rizvi	Chairman	2 May 2018	4
2.	Mr. Saquib H. Shirazi	Member	21 October 2019	2
3.	Mr. Akira Murayama	Member	2 May 2018	2
4.	Ms. Mashmooma Zehra Majeed *	Member	2 May 2018	3
5.	Mr. Kazunori Shibayama	Member	1 April 2019	2

Leave of absence was granted to the members who did not attend the Audit Committee meetings.
* Ms. Mashmooma Zehra Majeed resigned on 13 Mar 2020.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The purpose of the Committee is to provide oversight the human resource's strategy & policy framework; recommending Board the evaluation & compensation of personnel on key management positions and assessing the efficiency of the Company's HR policy.

The Human Resource & Remuneration (HR&R) Committee comprises of five directors, including two executive directors, two non-executive directors and one independent director. The Chairman of the HR&R Committee is an independent director. The HR&R Committee was reconstituted in May 2018 after election of the Board of Directors.

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

Sr.No.	Name of Committee Member		Appointed on	Attendance
1.	Ms. Mashmooma Zehra Majeed *	Chairperson	2 May 2018	-
	Mr. Feroz Rizvi *	Chairman	14 March 2020	1
2.	Mr. Aamir H. Shirazi #	Member	2 May 2018	-
	Mr. Saquib H. Shirazi #	Member	21 October 2019	1
3.	Mr. Hironobu Yoshimura	Member	2 May 2018	1
4.	Mr. Kenichi Matsuo	Member	2 May 2018	1
5.	Mr. Akira Murayama	Member	2 May 2018	-

Leave of absence was granted to the members who did not attend the HR&R Committee meeting.
Mr. Saquib H. Shirazi was appointed as member on 21 October 2019 in place of Mr. Aamir H. Shirazi,
* Mr. Feroz Rizvi replaced Ms. Mashmooma Zehra Majeed as Chairman on 14 Mar 2020.



CHAIRMAN'S REVIEW

AS ON MARCH 31, 2020

CHANGES ON THE BOARD

On October 20, 2019, our worthy Chairman Mr. Yusuf H. Shirazi left us for the heavenly abode. The Board would like to place on record deep sorrow and grief on his passing away. He was a visionary with brilliant business acumen and will always be remembered as the most successful and leading first generation entrepreneur of Pakistan. Though his esteemed position can never be replaced, Mr. Saquib H. Shirazi was appointed as member on the Board of Directors.

On April 1, 2019, Mr. Satoshi Suzuki was replaced by Mr. Kazunori Shibayama in regular annual rotations by Honda Motor, Japan. On March 14, 2020, Ms. Mashmooma Zehra Majeed resigned from the Board and the vacancy was filled by Mr. Ariful Islam as Independent Director.

I along with the Board acknowledges the valuable contributions made by the outgoing directors and welcome the new members on the Board.

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 risk 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 automobile sector 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.

کیا جھینے گا غنپ سے کوئی ذوقِ شکرِ قند
(Entrepreneurial ability and management always grows and grows better)

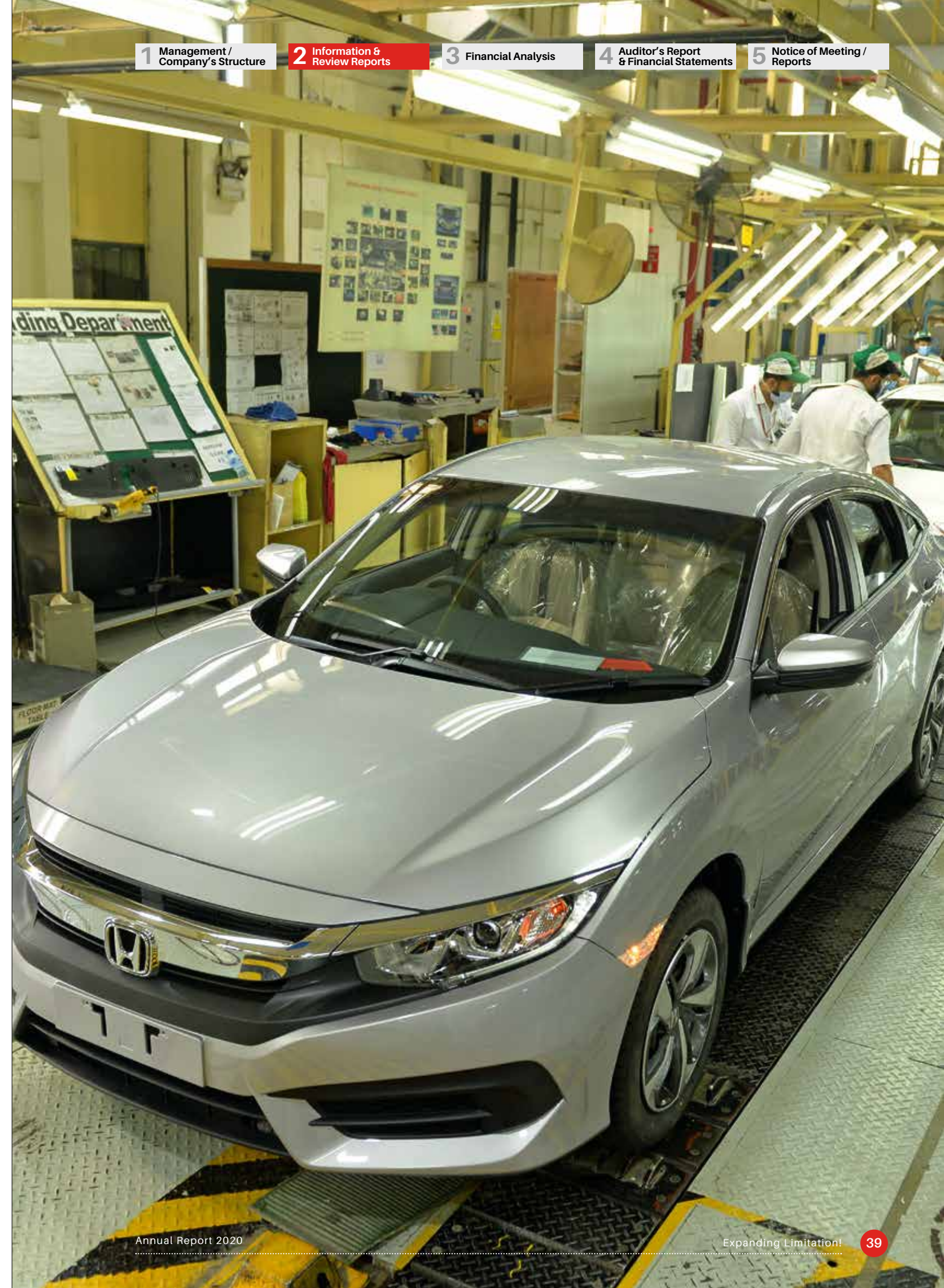
ACKNOWLEDGEMENT

I would like to thank our valued customers for their trust and confidence in the Company product. I also thank to dealers, vendors, bankers, government institutions and shareholders for their support and Honda Motor Company and Atlas Group for their always guidance. Mr. Hironobu Yoshimura & his team deserve appreciation for managing difficult last year and the Board has full confidence in his leadership to fight through the challenging times ahead. I wish the Company all the success in the coming years.



Aamir H. Shirazi
Chairman

June 02, 2020
Karachi.





First Honda Civic produced in Pakistan in 1994

DIRECTORS' REPORT

AS ON MARCH 31, 2020

The Directors are pleased to present their report together with the 28th Annual Report of the company along with Audited Financial Statements for the year ended March 31, 2020.

FINANCIAL RESULTS:
Key financial results for the year are as follows:

Rupees in million	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax for the year	1,547.20	5,593.57
Taxation	(865.45)	(1,742.46)
Other comprehensive loss for the year	(16.13)	(49.25)
Un-appropriated profit	665.62	3,801.86
Opening retained earnings	157.63	90.79
Total balance available for appropriation	823.25	3,892.65
Appropriations: *		
Transfer to general reserves	(650.00)	(2,000.00)
Proposed dividend 10% (2019: 121.5%)	(142.80)	(1,735.02)
	(792.80)	(3,735.02)
Earnings per share - basic & diluted (Rs.)	4.77	26.97
* The Board of Directors has proposed these appropriations, which are not reflected in the financial statements in compliance with the Fourth schedule of the Companies Act 2017.		

BUSINESS ENVIRONMENT
The business environment has been quite challenging throughout the year. The automobile industry was hit hard by imposition of additional taxes and duties, sharp devaluation of currency, higher interest rates and an overall slowdown of the economy. The outbreak of Covid-19 in March 2020, the terminal month of our financial year, and the resultant domestic containment policies stalled the business activities and the Company marginally missed the set production and sales targets.

DIRECTOR'S REPORT

AS ON MARCH 31, 2020

DIVIDEND

Following the unprecedented business environment during last year whereby company's earnings were down to Rs 4.77 per share, therefore the Board has decided to recommend a dividend of Re. 1/- (10%) per share for the year ended March 31, 2020.

EARNINGS PER SHARE

The basic and diluted earnings per share after tax was Rs. 4.77 (2019: Rs. 26.97).

INTERNAL AUDIT

The Company has an independent Internal Audit function which regularly monitor the internal business transactions based on company policy and approvals. The primary function of the internal audit is to review the internal controls and risk management system of the company and critically analysis the accuracy of announcements relating to company's financial statements. Further any escape in the policy or process are duly identified and recommended for policy improvement. The reports are shared with the President, followed by review of Audit Committee in its quarterly meetings.

DIRECTORS REMUNERATION

The remuneration of Directors is paid as approved by the shareholders in its General Meeting, based on the Director's Remuneration Policy approved by the Board of Directors on October 12, 2018. The remuneration policy has been designed to attract suitable candidate on the Board.

For the year ending March 31, 2021, the Board has recommended the

following remunerations for the directors', subject to the approval by the shareholders:

- the remuneration of Chairman for attending Board meetings (Non-executive Director) at Rs. 50.69 million (2019-20: Rs. 45.5 million),
- the remuneration of the President/CEO at Rs. 17.36 million (2019-20: Rs 14.2 million); and
- the remuneration of one fulltime director at Rs. 17.37 million (2019-20: Rs 15.5 million).

DIRECTORS' TRAINING PROGRAM (DTP)

The Board has ensured the compliance of the requirement of Code of Corporate Governance in respect of directors' training program of the Board members. Currently, the Board fulfills the required condition of the Code through directors' training program and possessing the minimum qualification & experience criteria for the exemption of DTP as stipulated in the Code.

HONDA CODE OF CONDUCT

The Board sets out standards of good management practices to achieve sustainable growth, ensure competitive advantage in the market and meet the confidence and trust of all stakeholders. Recognizing this, the Board has adopted the 'Honda Code of Conduct' guidelines, which summarizes the sincere behavior to be practiced by associates working at Honda. This is shared with all associates in the company through internal training programs; and also included in the standard orientation program of new joiners.

RISK MANAGEMENT STRUCTURE

The Board has also adopted the Honda Global Risk Management Policy. The policy aims at driving the Company's sustainable growth and stabilizing management based on the Honda Philosophy and targets all risks with the potential to impact the company operations.

The purpose of these activities is to foresee potential risks surrounding company business and respond before hand to minimize these risks. Each department performs a risk evaluation using common evaluation criteria for the 63 risk items list and chooses the division priority risks. Each of the operations carries out repeated discussions in accordance with the results of the risk assessment of each department. The company then choose the priority risks based on the judgement of the Divisional Heads and Executive Committee.

COMPLIANCE

In order to earn the trust of customers & society and grow sustainably, companies must not only comply with laws and regulations but go beyond those legal structures by practicing ethical corporate conduct. Recognizing this, the Board reviewed and adopted the Honda Code of Conduct, which summarizes the honest behavior to be practiced by the associates at work place and covering business compliances with all regulatory bodies.

The Company works to instill the Code of Conduct in each and every associate through actions such as the distribution of handbook, orientation programs, posting of information on intranet and through training.



Annual General Meeting of Shareholders 2019

BUSINESS ETHICS PROPOSAL LINE (BEPL)

The Board has established the Business Ethics Proposal Line as a mechanism for improving corporate ethics issues. This hotline addresses issues involving corporate ethics in cases of actions that violate laws or internal rules. This allows the Company to accept suggestions and provide consultation, from a fair and neutral standpoint, for associates who face barriers in improving or resolving issues in the workplace for reasons such as difficulties in consulting with superiors.

Furthermore, in addition to cases of a clear violation of laws or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable actions have occurred, and also engages in fact checking related to such cases. Suggestions are accepted by email, drop box, telephone or fax from associates and suppliers as well. Anonymous suggestions are also accepted for the protection of submitters.

INITIATIVES TO PREVENT BRIBERY

The Company's Code of Conduct requires that the compliance with laws and regulations, and appropriate and fair relationships be maintained with all administrative & regulatory bodies of Government. To adhere this compliance, the Board has established a Bribery Prevention Policy, which specifies basic policy, and guideline for the Prevention of Bribery - compliance items and prohibited items, with a focus on prevention of bribery.

The regulations also specify the restriction to offer entertainment or gifts (both monetary and non-monetary) to business contacts, that are prohibited by laws, regulations and company policies and thereby prohibits bribery.

INFORMATION MANAGEMENT

To ensure the protection of the personal information of its customers, associates, business partners and business information, the Board has adopted the Global Confidentiality Policy (GCP). At the same time, the Company has also established the Confidentiality

Committee, with the Chief Executive Officer as its Head. The company has also established the documents retention policy which is part of the GCP. This policy describes the time period for retention of documents, in compliance with requirements of Companies Act 2017.

HUMAN RESOURCE MANAGEMENT

Company believes that human beings are born as free and unique individuals with the capacity to think, reason and create - and the ability to dream. Our associates are one of the vital parts of our long term strategy and we continuously striving to increase their market competitiveness through different HR initiatives started a couple of years before.

During the year, 19 associates completed Diploma in Business Management (DBM) from Foreman Christian College (FCCU). One senior management associate completed Executive MBA from LUMS, Lahore. This year, the company started a new 'Executive MBA Program' with FCCU and four associates were nominated for the

DIRECTOR'S REPORT

AS ON MARCH 31, 2020

course. On part of foreign trainings, four associates attended trainings on corporate management, organization development and future leadership programs from HIDA, Japan and Thailand. All these efforts will increase management diversity and develop leaders for future business needs.

OCCUPATIONAL HEALTH AND SAFETY

The company always strives to build a safe and secure work environment for its associates. Under the fundamental safety principle of “no safety, no production”, the management seeks to realize a work environment that brings the joy that all people can work with a true sense of safety.

Based on this principle, the company has been following the basic principles for associates’ safety and promote activities aimed at preventing industrial accidents and their recurrence, as well as ensuring the health of associates. As a part of health program, all associates go through mandatory annual medical checkup every year and necessary precautions are taken in case there is any deviation from standard health parameters.

The company has been taking different measures to update the fire safety system in the premises, through adding new fire safety fixtures, improving existing installations and conducting firefighting training of associates. A comprehensive firefighting organization has been developed and fire drills & trainings of every department are regularly conducted.



Free Medical Camp



Inauguration of Plantation of 30,000 trees



Drive Safe Seminar at Lahore

During the year, a mega safe evacuation and firefighting drill was conducted in the factory. All associates participated in the drill and were evacuated to their designated rescue areas after the mock fire incidence took place. The exercise helped associates to learn how to react in case any accident take place.

CSR ACTIVITIES

The company undertakes the various social contribution activities, aiming to share joy with people and to ‘become a company society wants to exist’. In order to be able to share joy, the company continued to pursue various social contribution activities in medical, education, traffic safety and environment during last year.

- **Free Medical Camps**
The company continued to arrange free medical camps during this year. We have widened the areas and have started to arrange free medical camps in remote areas far from our factory. In this effort, we have conducted medical camps in villages of Jhang, Kharian and Bahawalnagar. This year, the company arranged eight medical camps and a total 4,479 patients were given free medical treatment and medicines. Since the start of this activity in 2014, the company has arranged 36 medical camps, wherein more than 21,000 patients have been provided medical assistance.



Participants of Safe Driving Training



Mega Fire Fighting and Safe Evacuation Drill

- **Tree Plantation**
During the year, the company took the initiative to participate in the national campaign of “Clean and Green Pakistan”. The inauguration ceremony for tree plantation was held in factory on 5th September 2019 and ceremonial trees were planted by Executive Committee members. Thereafter, the company planted more than 30,000 trees in Lahore and its surrounding in liaison with local government authority.

- **Road Safety**
In Pakistan, many lives are lost in the road accidents every year merely on lack of road sense and basic precautions for safe driving. The company has engaged for last couple of years to arrange the seminars to create awareness among community to improve road safety. The related government regulatory bodies,

institutions and students also attend the seminars.

Apart from that, the company, as envisioned “Safety for Everyone”, continued to arrange drive safe sessions at different Universities and Corporate houses to enhance participants’ knowledge about road safety sense. Such sessions were also arranged for customers at our different dealerships. Our associates who ride a motorcycle in their daily life, are also being trained for safe driving in sessions held every quarter. During last year, 129 associates were provided safe drive training in eight sessions.

- **Firefighting trainings**
During the year, the company started to provide firefighting

training to our dealers and suppliers’ premises. The company arranged firefighting trainings at four 3S Dealers and two suppliers’ premises and 128 employees were trained. The standard session included theoretical knowledge about fire and its contents, followed by practical demonstration to control the fire. These sessions have been helpful to raise the importance of fire safety among our business.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

DIRECTOR'S REPORT

AS ON MARCH 31, 2020

- a. The financial statements for the year ended March 31, 2020 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- b. Proper books of accounts have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended March 31, 2020 and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e. The systems of internal control are sound in design and has been effectively implemented and monitored;
- f. There are no doubts about the Company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance, as detailed in listing regulations;
- h. The book value of investments held by Employees Provident Fund and Employees Gratuity Fund as on March 31, 2020 were Rs. 530 million and Rs. 483 million respectively.
- i. The key operating and financial data for last ten years is given in this report.

MATERIAL CHANGES

There have been no material changes since March 31, 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.

SHARE TRANSFER

No transaction of sale or purchase of shares of the Company by Directors, Company Secretary, Chief Financial Officer and their spouses or minor children was reported during the period under review, except transfer of 500 qualification shares in the name of Mr. Kazunori Shibayama at the time of change of director.

CHAIRMAN'S REVIEW

The Chairman's review included in the Annual Report deals interalia with the performance of the Company for the year ended March 31, 2020 and the future outlook. The directors endorse the contents of the review.



Aamir H. Shirazi
Chairman

June 02, 2020
Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A statement to this effect is annexed with this report.

HOLDING COMPANY

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

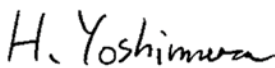
PATTERN OF SHAREHOLDING

The pattern of shareholding as on March 31, 2020 and its disclosure is annexed with this report.

AUDITORS

M/s A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending March 31, 2021. The Audit Committee has recommended their reappointment to the Board.

For and on behalf of
The Board of Directors



Hironobu Yoshimura
President/CEO

STATEMENT OF COMPLIANCE

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



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

Name of Company: **Honda Atlas Cars (Pakistan) Limited**
Year ended: **March 31, 2020**

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

1. The total number of directors are 9 as per the following:

a. Male	8
b. Female	1

2. The composition of board is as follows:

Sr No	Category	Names
1.	Independent Directors	Mr. Feroz Rizvi
2.		Mr. Ariful Islam
3.		Ms. Rie Mihara
4.	Other Non-Executive Directors	Mr. Aamir H. Shirazi
5.		Mr. Saquib H. Shirazi
6.		Mr. Akira Murayama
7.		Mr. Kazunori Shibayama
8.	Executive Directors	Mr. Hironobu Yoshimura
9.		Mr. Kenichi Matsuo

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

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

9. More than 66% Directors has completed Directors' Training program. However, during the year, No Directors' Training Program was arranged.

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

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

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

1. Mr. Feroz RizviChairman

2. Mr. Saquib H. Shirazi

a) Audit Committee3. Mr. Akira Murayama

4. Mr. Kazunori Shibayama

1. Mr. Feroz RizviChairman

2. Mr. Saquib H. Shirazi

b) Human Resource & Remuneration Committee3. Mr. Hironobu Yoshimura

4. Mr. Kenichi Matsuo

5. Mr. Akira Murayama

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

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

a) Audit Committee

Four quarterly meetings were held during the financial year ended March 31, 2020.

b) HR & Remuneration Committee

One meeting was held during the financial year ended March 31, 2020.

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Aamir H. Shirazi
Chairman

Date: June 02, 2020
Lahore.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF HONDA ATLAS CARS (PAKISTAN) LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Honda Atlas Cars (Pakistan) Limited 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.

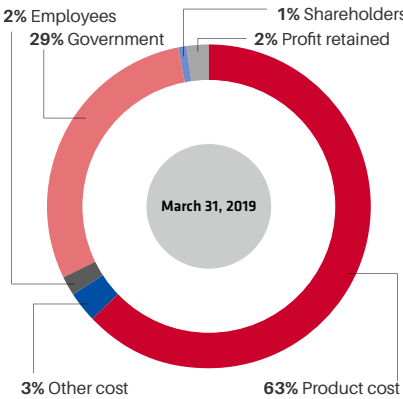
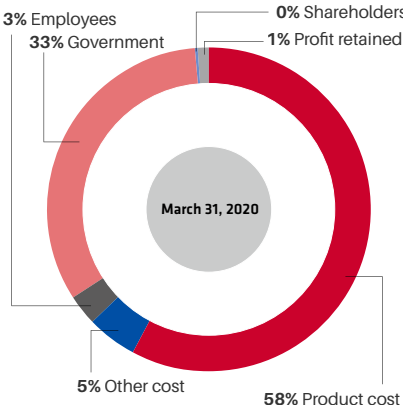
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent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

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

A. F. FERGUSON & CO.
Chartered Accountants

Date: June 02, 2020
Lahore.

REVENUE APPLICATION



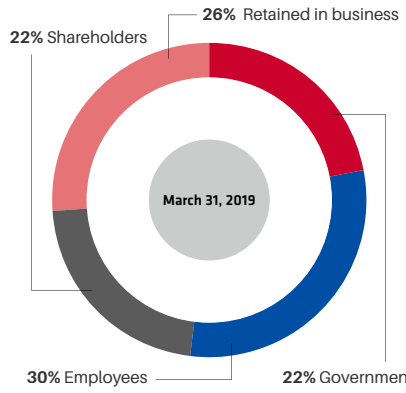
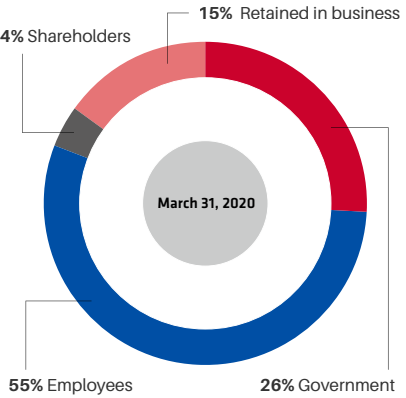
Rupees in thousand	2020	2019
REVENUE		
Gross sales	68,384,452	113,779,716
Other income	638,618	1,313,522
Total	69,023,070	115,093,238
APPLICATION		
Product Cost		
Cost of sales (excluding employees' remuneration and government levies)	40,093,256	71,967,872
Other costs		
Operating expenses (excluding employees' remuneration)	1,698,495	1,982,433
Dealers' commission	978,910	2,058,460
Financial charges	727,444	11,189
	3,404,849	4,052,082
Employees		
Workers' profit participation fund	83,296	297,480
Employees' remuneration	1,866,032	2,163,066
	1,949,328	2,460,546
Government		
Workers' welfare fund	35,423	58,548
Sales tax	12,359,278	16,592,967
Custom duties	9,649,866	14,416,903
Income tax	865,448	1,742,460
	22,910,015	32,810,878
Shareholders		
Dividend	142,800	1,735,020
Retained in Business		
Profit retained	522,822	2,066,840
Total	69,023,070	115,093,238

Percentage	2020	2019
APPLICATION		
Product cost	58	63
Other costs	5	3
Employees	3	2
Government	33	29
Shareholders	0	1
Profit retained	1	2
Total	100	100

VALUE ADDED AND ITS DISTRIBUTION

Rupees in thousand	2020	2019
VALUE ADDED		
Net sales	55,046,264	95,128,289
Other income	638,618	1,313,522
Cost of sales (excluding employees' remuneration)	(49,743,122)	(86,384,775)
Operating expenses (excluding employees' remuneration)	(1,698,495)	(1,982,433)
Finance cost	(727,444)	(11,189)
Total	3,515,821	8,063,414
DISTRIBUTION		
To Government		
Workers' welfare fund	35,423	58,548
Income tax	865,448	1,742,460
	900,871	1,801,008
To Employees		
Workers' profit participation fund	83,296	297,480
Employees' remuneration	1,866,032	2,163,066
	1,949,328	2,460,546
To Shareholders		
Dividend	142,800	1,735,020
Retained In Business		
Profit retained	522,822	2,066,840
Total	3,515,821	8,063,414

Percentage	2020	2019
DISTRIBUTION		
Government	26	22
Employees	55	30
Shareholders	4	22
Retained in business	15	26
Total	100	100



FINANCIAL HIGHLIGHTS

		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
STATEMENT OF PROFIT OR LOSS											
Sales	Rs in million	55,046	95,128	91,523	62,803	40,086	37,764	39,153	30,275	16,600	22,026
Gross profit / (loss)	Rs in million	4,091	7,304	10,449	9,122	6,047	4,773	2,857	1,447	(44)	199
Operating profit / (loss)	Rs in million	2,275	5,605	9,493	8,660	5,186	3,786	2,135	716	(347)	(93)
Profit / (loss) before tax	Rs in million	1,547	5,594	9,479	8,636	5,179	3,767	2,097	525	(499)	(245)
Profit / (loss) after tax	Rs in million	682	3,851	6,494	6,135	3,556	3,162	1,074	244	(532)	(298)
Proposed dividend	Rs in million	143	1,735	3,846	1,856	1,000	714	428	43	-	-
STATEMENT OF FINANCIAL POSITION											
Share capital	Rs in million	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Shareholders' equity	Rs in million	16,557	17,627	17,073	13,065	7,941	5,120	2,391	1,365	1,128	1,677
Capital expenditure	Rs in million	724	961	1,266	1,812	1,346	662	239	466	397	55
Fixed assets - at cost	Rs in million	13,129	12,621	11,961	11,454	9,844	8,531	8,150	7,957	8,202	7,821
Fixed assets - net	Rs in million	4,905	5,245	5,373	4,974	3,781	2,933	3,041	3,503	3,668	3,945
Non current liabilities	Rs in million	474	465	540	440	226	64	56	43	110	417
Total assets	Rs in million	31,842	32,101	58,809	51,497	16,205	13,926	12,317	15,146	9,489	10,573
Working capital	Rs in million	11,792	12,286	12,047	8,419	4,300	1,806	(1,043)	(3,180)	(3,622)	(2,816)
Capital employed	Rs in million	16,557	17,627	17,073	13,065	7,941	5,120	2,391	1,365	1,294	2,511
SIGNIFICANT RATIOS											
Profitability											
Gross profit / (loss) margin	%	7.4	7.7	11.4	14.5	15.1	12.6	7.3	4.8	(0.3)	0.9
Operating profit / (loss) margin	%	4.1	5.9	10.4	13.8	12.9	10.0	5.5	2.4	(2.1)	(0.4)
Profit / (loss) before tax	%	2.8	5.9	10.4	13.7	12.9	9.9	5.4	1.7	(3.0)	(1.1)
Profit / (loss) after tax	%	1.2	4.0	7.1	9.8	8.9	8.4	2.7	0.8	(3.2)	(1.4)
Liquidity											
Current ratio	Times	1.8	1.9	1.3	1.2	1.5	1.2	0.9	0.8	0.6	0.7
Quick ratio	Times	1.0	1.2	1.1	1.0	1.0	0.6	0.5	0.4	0.2	0.2
Long term debt to equity	Times	-	-	-	-	-	-	-	-	0.2	0.5
Total liabilities to equity	Times	1.9	1.8	3.4	3.9	2.0	2.7	5.2	11.1	8.4	6.3
Activity											
Total assets turnover	Times	1.7	3.0	1.6	1.2	2.5	2.7	3.2	2.0	1.7	2.1
Fixed assets turnover	Times	11.2	18.1	17.0	12.6	10.6	12.9	12.9	8.6	4.5	5.6
Stock turnover ratio	Times	5.1	10.4	10.9	10.1	7.1	7.0	8.9	8.0	5.3	7.6
Interest cover (BT)	Times	3.1	500.9	655.8	369.4	741.8	202.8	56.1	3.7	(2.3)	(0.6)
Interest cover (AT)	Times	1.9	345.2	449.6	262.7	509.6	170.4	29.2	2.3	(2.5)	(1.0)
Number of days stock	Days	72	35	33	36	51	52	41	45	69	48
Earning											
Return on capital employed	%	4.0	22.2	43.1	58.4	54.5	84.2	57.2	18.4	(28.0)	(10.0)
Return on equity (BT)	%	9.1	32.2	62.9	82.2	79.3	100.3	111.7	42.1	(35.6)	(13.4)
Return on equity (AT)	%	4.0	22.2	43.1	58.4	54.5	84.2	57.2	19.6	(37.9)	(16.3)
Earning / (loss) per share (BT)	Rs.	10.8	39.2	66.4	60.5	36.3	26.4	14.7	3.7	(3.5)	(1.7)
Earning / (loss) per share (AT)	Rs.	4.8	27.0	45.5	43.0	24.9	22.1	7.5	1.7	(3.7)	(2.1)
Price earning ratio (AT)	Times	27.7	8.9	10.5	17.5	10.1	8.3	7.3	17.1	(3.0)	(4.8)
Dividend per ordinary share	Rs.	1.0	12.2	26.9	13.0	7.0	5.0	3.0	0.3	-	-
Dividend pay out ratio	%	21.0	45.1	59.2	30.3	28.1	22.6	39.9	17.6	-	-
OTHER INFORMATION											
Break up value per share	Rs.	116	123	120	91	56	36	17	10	8	12
Market value per share	Rs.	133	240	477	752	252	183	55	29	11	10
Contribution to national exchequer	Rs in million	23,407	32,227	33,913	25,130	12,488	11,758	13,750	10,664	6,281	8,229
Units produced	Units	22,729	48,608	50,177	34,560	25,939	23,320	23,223	19,387	11,040	16,440
Units sold	Units	22,418	48,648	50,100	35,381	25,800	23,311	23,310	18,915	11,406	16,467
Manpower (permanent+contractual)	Nos.	1,483	2,284	2,278	2,033	1,256	1,160	1,122	1,003	934	975
Exchange rates at year end date											
¥ to \$	¥	108.29	110.64	106.06	111.65	112.74	119.93	104.00	93.97	82.10	83.01
Rs to \$	Rs.	166.59	140.51	115.60	104.95	104.85	101.94	98.53	98.57	90.75	85.50
Rs to ¥	Rs.	1.54	1.27	1.09	0.94	0.93	0.85	0.95	1.05	1.11	1.03

HORIZONTAL ANALYSIS

	2020	2019	2018	2017	2016	2015	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015
	Rupees in thousand						Percentage				
STATEMENT OF FINANCIAL POSITION											
EQUITY AND LIABILITIES											
SHARE CAPITAL AND RESERVES											
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	-	-	-	-	-
Reserves	14,306,000	12,306,000	9,706,000	5,506,000	2,956,000	526,000	16.25	26.79	76.28	86.27	461.98
Revenue reserve: Unappropriated profit	823,254	3,892,652	5,939,492	6,130,847	3,556,949	3,165,752	(78.85)	(34.46)	(3.12)	72.36	12.36
NON-CURRENT LIABILITIES											
Employee retirement benefits	187,484	164,766	93,385	61,645	82,824	52,552	13.79	76.44	51.49	(25.57)	57.60
Deferred taxation	270,510	288,058	433,591	367,144	134,108	-	(6.09)	(33.56)	18.10	173.77	100.00
Deferred revenue	16,438	11,829	12,838	10,842	8,835	11,623	38.96	(7.86)	18.41	22.72	(23.99)
CURRENT LIABILITIES											
Current portion of deferred revenue	20,498	5,232	3,026	4,480	6,194	4,651	291.78	72.90	(32.46)	(27.67)	33.18
Short term loan from related party - unsecured	2,332,246	-	-	-	-	-	100.00	-	-	-	-
Accrued mark-up	75,547	17	782	14,218	689	1,762	444,294.12	(97.83)	(94.50)	2,025.26	(62.03)
Trade, dividend and other payables	12,381,837	14,004,637	41,191,665	37,668,732	8,031,319	8,735,729	(11.59)	(66.00)	9.35	369.02	(8.06)
Income tax payable	-	-	-	305,126	-	-	-	-	(100.00)	100.00	-
	31,841,814	32,101,191	58,808,779	51,497,034	16,204,898	13,926,069	(0.81)	(45.41)	14.20	217.79	16.36
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	4,518,634	4,905,667	4,991,899	4,402,000	2,511,897	2,822,852	(7.89)	(1.73)	13.40	75.25	(11.02)
Intangible assets	289,015	215,951	305,124	373,092	71,035	71,373	33.83	(29.23)	(18.22)	425.22	(0.47)
Capital work-in-progress	97,062	123,487	76,348	199,194	1,198,229	38,776	(21.40)	61.74	(61.67)	(83.38)	2,990.13
Long term trade debts	117,080	208,959	-	-	-	-	(43.97)	100.00	-	-	-
Long term loans and advances	213,814	346,959	189,023	107,251	81,547	62,438	(38.37)	83.55	76.24	31.52	30.80
Long term deposits	4,042	4,042	4,042	4,042	4,042	4,042	-	-	-	-	-
Deferred taxation	-	-	-	-	-	378,307	-	-	-	-	(100.00)
CURRENT ASSETS											
Stores and spares	194,479	169,004	138,779	134,569	122,954	132,724	15.07	21.78	3.13	9.45	(7.36)
Stock-in-trade	11,268,644	8,670,614	8,208,043	6,658,735	4,009,825	5,523,796	29.96	5.64	23.27	66.06	(27.41)
Trade debts	868,505	1,122,986	92,441	49,536	86,242	44,224	(22.66)	1,114.81	86.61	(42.56)	95.01
Loan, advances, prepayments and other receivables	8,653,570	10,173,428	13,135,180	9,088,890	1,006,233	1,489,154	(14.94)	(22.55)	44.52	803.26	(32.43)
Short term investments	4,053,057	4,768,252	20,674,900	20,943,345	1,149,777	-	(15.00)	(76.94)	(1.28)	1,721.51	100.00
Derivative financial instruments	42,205	-	-	-	-	-	100.00	-	-	-	-
Cash and bank balances	1,521,707	1,391,842	10,993,000	9,536,380	5,963,117	3,358,383	9.33	(87.34)	15.27	59.92	77.56
	31,841,814	32,101,191	58,808,779	51,497,034	16,204,898	13,926,069	(0.81)	(45.41)	14.20	217.79	16.36
STATEMENT OF PROFIT OR LOSS											
Sales	55,046,264	95,128,289	91,522,872	62,802,753	40,085,521	37,764,159	(42.13)	3.94	45.73	56.67	6.15
Cost of sales	(50,955,042)	(87,824,215)	(81,073,777)	(53,681,061)	(34,038,741)	(32,991,341)	(41.98)	8.33	51.03	57.71	3.17
Gross profit	4,091,222	7,304,074	10,449,095	9,121,692	6,046,780	4,772,818	(43.99)	(30.10)	14.55	50.85	26.69
Distribution and marketing costs	(667,901)	(931,787)	(916,906)	(542,321)	(333,046)	(434,257)	(28.32)	1.62	69.07	62.84	(23.31)
Administrative expenses	(738,757)	(800,040)	(677,602)	(497,269)	(351,863)	(319,940)	(7.66)	18.07	36.26	41.32	9.98
Other operating income	638,618	1,313,522	1,883,025	1,115,189	309,777	218,979	(51.38)	(30.24)	68.85	260.00	41.46
Other operating expenses	(1,048,538)	(1,281,007)	(1,244,569)	(537,523)	(485,775)	(451,897)	(18.15)	2.93	131.54	10.65	7.50
Profit from operations	2,274,644	5,604,762	9,493,043	8,659,768	5,185,873	3,785,703	(59.42)	(40.96)	9.62	66.99	36.99
Finance cost	(727,444)	(11,189)	(14,476)	(23,443)	(6,991)	(18,666)	6,401.42	(22.71)	(38.25)	235.33	(62.55)
Profit before taxation	1,547,200	5,593,573	9,478,567	8,636,325	5,178,882	3,767,037	(72.34)	(40.99)	9.75	66.76	37.48
Taxation	(865,448)	(1,742,460)	(2,984,117)	(2,501,335)	(1,623,100)	(604,660)	(50.33)	(41.61)	19.30	54.11	168.43
Profit after taxation	681,752	3,851,113	6,494,450	6,134,990	3,555,782	3,162,377	(82.30)	(40.70)	5.86	72.54	12.44

VERTICAL ANALYSIS

	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
		Rupees in thousand					Percentage			
STATEMENT OF FINANCIAL POSITION										
EQUITY AND LIABILITIES										
SHARE CAPITAL AND RESERVES										
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	4.48	4.45	2.43	2.77	8.81
Reserves	14,306,000	12,306,000	9,706,000	5,506,000	2,956,000	44.93	38.33	16.50	10.69	18.24
Revenue reserve: Unappropriated profit	823,254	3,892,652	5,939,492	6,130,847	3,556,949	2.59	12.13	10.10	11.91	21.95
NON-CURRENT LIABILITIES										
Employee retirement benefits	187,484	164,766	93,385	61,645	82,824	0.59	0.51	0.16	0.12	0.51
Deferred taxation	270,510	288,058	433,591	367,144	134,108	0.85	0.90	0.74	0.71	0.83
Deferred revenue	16,438	11,829	12,838	10,842	8,835	0.05	0.04	0.02	0.02	0.05
CURRENT LIABILITIES										
Current portion of deferred revenue	20,498	5,232	3,026	4,480	6,194	0.06	0.02	0.01	0.01	0.04
Short term loan from related party - unsecured	2,332,246	-	-	-	-	7.32	-	-	-	-
Accrued mark- up	75,547	17	782	14,218	669	0.24	-	-	0.03	0.01
Trade, dividend and other payables	12,381,837	14,004,637	41,191,665	37,668,732	8,031,319	38.89	43.62	70.04	73.15	49.56
Income tax payable	-	-	-	305,126	-	-	-	-	0.59	-
	31,841,814	32,101,191	58,808,779	51,497,034	16,204,898	100.00	100.00	100.00	100.00	100.00
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	4,518,634	4,905,667	4,991,899	4,402,000	2,511,897	14.19	15.28	8.49	8.55	15.50
Intangible assets	289,015	215,951	305,124	373,092	71,035	0.91	0.67	0.52	0.72	0.44
Capital work-in-progress	97,062	123,487	76,348	199,194	1,198,229	0.30	0.38	0.13	0.39	7.39
Long term trade debts	117,080	208,959	-	-	-	0.37	0.65	-	-	-
Long term loans and advances	213,814	346,959	189,023	107,251	81,547	0.67	1.08	0.32	0.21	0.50
Long term deposits	4,042	4,042	4,042	4,042	4,042	0.01	0.01	0.01	0.01	0.02
Deferred taxation	-	-	-	-	-	-	-	-	-	-
CURRENT ASSETS										
Stores and spares	194,479	169,004	138,779	134,569	122,954	0.61	0.53	0.24	0.26	0.76
Stock-in-trade	11,268,644	8,670,614	8,208,043	6,658,735	4,009,825	35.39	27.01	13.96	12.93	24.75
Trade debts	868,505	1,122,986	92,441	49,536	86,242	2.73	3.50	0.16	0.10	0.53
Loan, advances, prepayments and other receivables	8,653,570	10,173,428	13,135,180	9,088,890	1,006,233	27.18	31.70	22.33	17.65	6.21
Short term investments	4,053,057	4,768,252	20,674,900	20,943,345	1,149,777	12.73	14.85	35.15	40.66	7.10
Derivative financial instruments	42,205	-	-	-	-	0.13	-	-	-	-
Cash and bank balances	1,521,707	1,391,842	10,993,000	9,536,380	5,963,117	4.78	4.34	18.69	18.52	36.80
	31,841,814	32,101,191	58,808,779	51,497,034	16,204,898	100.00	100.00	100.00	100.00	100.00
STATEMENT OF PROFIT OR LOSS										
Sales	55,046,264	95,128,289	91,522,872	62,802,753	40,085,521	100.00	100.00	100.00	100.00	100.00
Cost of sales	(50,955,042)	(87,824,215)	(81,073,777)	(53,681,061)	(34,038,741)	(92.57)	(92.32)	(88.58)	(85.48)	(84.92)
Gross profit	4,091,222	7,304,074	10,449,095	9,121,692	6,046,780	7.43	7.68	11.42	14.52	15.08
Distribution and marketing costs	(667,901)	(931,787)	(916,906)	(542,321)	(333,046)	(1.21)	(0.98)	(1.00)	(0.86)	(0.83)
Administrative expenses	(738,757)	(800,040)	(677,602)	(497,269)	(351,863)	(1.34)	(0.84)	(0.74)	(0.79)	(0.88)
Other operating income	638,618	1,313,523	1,883,025	1,115,189	309,777	1.16	1.38	2.06	1.78	0.77
Other operating expenses	(1,048,538)	(1,281,007)	(1,244,569)	(537,523)	(485,775)	(1.90)	(1.35)	(1.36)	(0.86)	(1.21)
Profit from operations	2,274,644	5,604,762	9,493,043	8,659,768	5,185,873	4.13	5.89	10.37	13.79	12.94
Finance cost	(727,444)	(11,189)	(14,476)	(23,443)	(6,991)	(1.32)	(0.01)	(0.02)	(0.04)	(0.02)
Profit before taxation	1,547,200	5,593,573	9,478,567	8,636,325	5,178,882	2.81	5.88	10.36	13.75	12.92
Taxation	(865,448)	(1,742,460)	(2,984,117)	(2,501,335)	(1,623,100)	(1.57)	(1.83)	(3.26)	(3.98)	(4.05)
Profit after taxation	681,752	3,851,113	6,494,450	6,134,990	3,555,782	1.24	4.05	7.10	9.77	8.87



FINANCIAL STATEMENTS

For the year ended March 31, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONDA ATLAS CARS (PAKISTAN) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONDA ATLAS CARS (PAKISTAN) LIMITED

Following is a Key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
1	<p>Impact of COVID-19 (Corona virus)</p> <p><i>(Refer note 45 to the annexed financial statements)</i></p> <p>Due to the COVID-19 situation and lockdown in the country since March 2020, business activity has been adversely affected. The Company's factory and offices were closed that resulted in a decline in the Company's sales from March 2020. Further, due to this closure, various year end activities relating to close of financial books including but not limited to carrying out of physical stock check were impacted. Many of the functions and operations were carried out remotely. This affected the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p> <p>In relation to the accounting and reporting obligations, management assessed the following significant areas for incorporating COVID-19 impact in the financial statements:</p> <ul style="list-style-type: none">• expected credit losses (ECL) under IFRS 9, 'Financial Instruments';• the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';• the net realisable value (NRV) of inventory under IAS 2, 'Inventories';• deferred tax assets in accordance with IAS 12, 'Income taxes';• provisions and contingent liabilities under IAS 37, including onerous contracts; and• going concern assumption used for the preparation of the financial statements. <p>The COVID-19 pandemic is a significant development during the year having the most significant impact on audit strategy and its execution and involved assessment of significant management judgments in the preparation of financial statements. Therefore, we considered it to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">– Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy;– Utilised technology for communication and evidence gathering;– Utilised audit software for review and supervision of audit work;– Obtained management's plan regarding execution of physical inventory check at a date subsequent to the year-end;– Observed physical inventory check carried out by management subsequent to year-end and tested the roll-back of the inventory quantities prepared by management on a sample basis;– For information/record provided by management in scanned form, the original record was checked subsequently when the lockdown was relaxed;– For confirmation received through email, the authenticity of the confirmations was ensured by performing alternate procedure such as making telephone calls to confirming parties;– Assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model;– Evaluated whether any impairment indicators exist that could trigger impairment for tangible and intangible assets;– Obtained the computation of NRV and checked its reasonableness;– Checked the recoverability of deferred tax asset;– Evaluated management's assessment as to whether any provisions were required to be recorded as a result of COVID-19;– Evaluated management's going concern assessment by reviewing the approved budget/future cash flow forecast and assessed whether going concern assumption is appropriate; and– Reviewed the adequacy of the disclosures made by the Company under applicable accounting and reporting standards.

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

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

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 auditor's report is Khurram Akbar Khan.

A. F. Ferguson & Co.
Chartered Accountants

Lahore.
Date: June 02, 2020

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

Rupees in thousand	Note	2020	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (2019: 200,000,000)			
ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital			
142,800,000 (2019: 142,800,000)			
ordinary shares of Rs 10 each	5	1,428,000	1,428,000
Reserves	6	14,306,000	12,306,000
Revenue reserve: Un-appropriated profits		823,254	3,892,652
		16,557,254	17,626,652
NON-CURRENT LIABILITIES			
Employee retirement benefits	7	187,484	164,766
Deferred taxation	8	270,510	288,058
Deferred revenue		16,438	11,829
		474,432	464,653
CURRENT LIABILITIES			
Current portion of deferred revenue		20,498	5,232
Short term borrowings - secured	9	-	-
Short term loan from related party - unsecured	10	2,332,246	-
Accrued markup	11	75,547	17
Unclaimed dividend		48,038	46,663
Trade and other payables	12	12,333,799	13,957,974
		14,810,128	14,009,886
CONTINGENCIES AND COMMITMENTS			
	13		
		31,841,814	32,101,191

The annexed notes 1 to 46 form an integral part of these financial statements.



Amir H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

Rupees in thousand	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	4,518,634	4,905,667
Intangible assets	15	289,015	215,951
Capital work-in-progress	16	97,062	123,487
Long term trade debts	17	117,080	208,959
Long term loans	18	213,814	346,959
Long term deposits		4,042	4,042
		5,239,647	5,805,065
CURRENT ASSETS			
Stores and spares	19	194,479	169,004
Stock-in-trade	20	11,268,644	8,670,614
Trade debts	21	868,505	1,122,986
Loans, advances, prepayments and other receivables	22	8,653,570	10,173,428
Derivative financial instruments	23	42,205	-
Short term investments	24	4,053,057	4,768,252
Cash and bank balances	25	1,521,707	1,391,842
		26,602,167	26,296,126
		31,841,814	32,101,191



Amir H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED MARCH 31, 2020

Rupees in thousand	Note	2020	2019
Sales	26	55,046,264	95,128,289
Cost of sales	27	(50,955,042)	(87,824,215)
Gross profit		4,091,222	7,304,074
Distribution and marketing costs	28	(667,901)	(931,787)
Administrative expenses	29	(738,757)	(800,040)
Other income	30	638,618	1,313,522
Other expenses	31	(1,048,538)	(1,281,007)
Finance cost	32	(727,444)	(11,189)
Profit before taxation		1,547,200	5,593,573
Taxation	33	(865,448)	(1,742,460)
Profit for the year		681,752	3,851,113
Earnings per share - basic and diluted (in Rupees)	34	4.77	26.97

The annexed notes 1 to 46 form an integral part of these financial statements.


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Chairman


Hironobu Yoshimura
Chief Executive


Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2020

Rupees in thousand	Note	2020	2019
Profit for the year		681,752	3,851,113
Other comprehensive loss for the year:			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss:			
- Remeasurement of post retirement benefits obligation	7.6	(22,718)	(71,381)
- Income tax on remeasurement of post retirement benefits obligation		6,588	22,128
		(16,130)	(49,253)
Total comprehensive income for the year		665,622	3,801,860

The annexed notes 1 to 46 form an integral part of these financial statements.


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Chief Executive


Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

Rupees in thousand	Share capital	Capital Reserve	Revenue Reserves		Total
		Share premium	General reserve	Un-appropriated profit	
Balance as on April 1, 2018	1,428,000	76,000	9,630,000	5,939,492	17,073,492
Appropriation of reserves					
Transfer to general reserve	-	-	2,600,000	(2,600,000)	-
Total comprehensive income for the year					
Profit for the year	-	-	-	3,851,113	3,851,113
Other comprehensive loss for the year	-	-	-	(49,253)	(49,253)
	-	-	-	3,801,860	3,801,860
Transactions with owners in their capacity as owners recognised directly in equity					
Final dividend for the year ended March 31, 2018 @ Rs 22.75 per share	-	-	-	(3,248,700)	(3,248,700)
Balance as on March 31, 2019	1,428,000	76,000	12,230,000	3,892,652	17,626,652
Appropriation of reserves					
Transfer to general reserve	-	-	2,000,000	(2,000,000)	-
Total comprehensive income for the year					
Profit for the year	-	-	-	681,752	681,752
Other comprehensive loss for the year	-	-	-	(16,130)	(16,130)
	-	-	-	665,622	665,622
Transactions with owners in their capacity as owners recognised directly in equity					
Final dividend for the year ended March 31, 2019 @ Rs 12.15 per share	-	-	-	(1,735,020)	(1,735,020)
Balance as on March 31, 2020	1,428,000	76,000	14,230,000	823,254	16,557,254

The annexed notes 1 to 46 form an integral part of these financial statements.



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Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

Rupees in thousand	Note	2020	2019
Cash flows from operating activities			
Cash generated from/(used in) operations	34	1,697,630	(17,190,321)
Finance cost paid		(517,318)	(69)
Employees' retirement benefits and other obligations paid		(113,128)	(113,373)
Net decrease/(increase) in loans to employees		72,155	(208,932)
Income tax paid		(645,814)	(2,855,008)
Royalty paid		(1,054,689)	(1,900,162)
Insurance recovery relating to fire		-	201,334
Net increase in deferred revenue		25,681	5,354
Net cash outflow from operating activities		(535,483)	(22,061,177)
Cash flows from investing activities			
Purchase of property, plant and equipment		(556,363)	(903,757)
Purchase of intangible assets		(168,029)	(57,079)
Proceeds from disposal of property, plant and equipment		104,652	116,888
Purchase of short term investments		-	(260,997)
Proceeds from disposal of short term investments		332,446	7,063,404
Insurance recovery relating to fire		-	3,684
Dividend received		4,354	433,334
Interest received		121,894	312,891
Net cash (outflow)/inflow from investing activities		(161,046)	6,708,368
Cash flows from financing activities			
Short term borrowing acquired	10	2,172,940	-
Dividends paid		(1,733,645)	(3,224,637)
Net cash inflow/(outflow) from financing activities		439,295	(3,224,637)
Net decrease in cash and cash equivalents		(257,234)	(18,577,446)
Cash and cash equivalents at the beginning of the year		5,595,197	24,172,643
Cash and cash equivalents at the end of the year	35	5,337,963	5,595,197

Refer note 10 for reconciliation of liabilities arising from financing activites.

The annexed notes 1 to 46 form an integral part of these financial statements.



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Hironobu Yoshimura
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Ahmad Umair Wajid
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- i)

International Financial Reporting Standards (‘IFRS’) issued by the International Accounting Standards Board (‘IASB’) as notified under the Companies Act, 2017 (the ‘Act’); and
- ii)

Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on April 1, 2019 but are considered not to be relevant or to have any significant effect on the Company’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 9 ‘Financial Instruments’

This standard was notified by the Securities and Exchange Commission of Pakistan (‘SECP’) to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard (‘IAS’) 39, ‘Financial Instruments: Recognition and Measurement’. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses (‘ECL’) model that replaces the current incurred loss impairment model. Accordingly, the Company has changed its accounting policies which are disclosed in note 4.

In respect of application of IFRS 9, the Company has adopted modified retrospective approach as permitted by this standard, according to which the Company is not required to restate the prior period results. There is no material impact of adoption of IFRS 9 on opening equity of the company, hence, no restatement to opening equity has been made. In respect of classification of financial assets, the Company’s management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories, such as ‘amortised cost’ as follows:

	Measurement category		Carrying amount at April 1, 2019		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
(Rupees in thousand)					
Non-current financial assets					
Long term trade debts	Loans and receivables	Amortised cost	208,959	208,959	-
Long term loans	Loans and receivables	Amortised cost	346,959	346,959	-
Long term deposits	Loans and receivables	Amortised cost	4,042	4,042	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	1,122,986	1,122,986	-
Loans, advances, prepayments and other receivables	Loans and receivables	Amortised cost	10,173,428	10,173,428	-
Cash and bank balances	Loans and receivables	Amortised cost	1,391,842	1,391,842	-

(b) IFRS 16, ‘Leases’

Effective January 1, 2019, the Company has adopted IFRS 16, ‘Leases’ which replaces existing guidance on accounting for leases, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an arrangement contains a Lease’, SIC-15 ‘Operating Leases- Incentive’ and SIC-27 ‘Evaluating the substance of transactions involving the legal form of a Lease’. IFRS 16 introduces a single, on statement of financial position, lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the previous standard i.e. lessors continue to classify leases as finance or operating leases. The Company has assessed that the application of this standard does not have any material financial impact on the financial statements of the Company.

(c) IFRIC 23, ‘Uncertainty over income tax treatments’

Effective April 1, 2019, the Company has adopted IFRIC 23, ‘Uncertainty over income tax treatments’ which clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The Company is already in compliance with the requirements of this IFRIC.

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

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after April 1, 2020 but are considered not to be relevant or to have any significant effect on the Company’s operations and are, therefore, not detailed in these financial statements, except for the following:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

a) **Definition of Material – Amendments to IAS 1 and IAS 8: (effective for periods beginning on or after April 1, 2020)**

The IASB has made amendments to IAS 1 ‘Presentation of Financial Statements’ and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

The Company is yet to assess the impact of this amendment.

b) **Revised Conceptual Framework for Financial Reporting: (effective for periods beginning on or after April 1, 2020)**

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect.

Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from effective date. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The Company is yet to assess the impact of this amendment.

3. BASIS OF MEASUREMENT

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

3.2 Critical accounting estimates and judgements

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

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

- a) Employees’ retirement benefits - gratuity - note 4.1
- b) Provision for taxation - notes 4.2 and 33
- c) Useful lives and residual values of property, plant and equipment and intangible assets - notes 4.3, 4.4, 14 and 15
- d) Impairment of financial assets - note 4.8.4

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

3.3 Change in accounting estimate

During the year, as a result of annual assessment of the review of remaining useful lives of the Company’s property, plant and equipment and intangible assets, management identified that certain plant and machinery and license fees and drawings require an upward revision in their useful lives. Hence, the remaining useful lives of such plant and machinery and license fees and drawings have been increased. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’. Had there been no change in the accounting estimate, the profit before tax for the year ended March 31, 2020 would have been lower by Rs 201.569 million and carrying value of property, plant and equipment and intangible assets as at that date would have been lower by Rs 140.208 million and Rs 61.361 million respectively. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs 201.569 million.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Employee benefits

4.1.1 Short term obligations

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

4.1.2 Post employment benefits

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

(a) **Defined benefit plan - Gratuity**

The Company operates a funded defined benefit gratuity scheme for all its local permanent employees having a service period of more than 5 years. Gratuity is payable based on last drawn basic salary multiplied by length of years of service and gratuity factors which increase with completed service. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at March 31, 2020 using the “Projected Unit Credit Method”. Under the scheme, gratuity is payable on the basis of last drawn basic salary at the following rates:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at the rate of 6.80% (2019: 6.80%) per annum of basic salary.

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

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

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

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

Per annum	2020	2019
Discount rate	10.25%	13.25%
Expected increase in eligible pay	9.25 to 12.00%	12.25 to 14.00%
Expected rate of return on plan assets	10.25%	13.25%

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

The Company is expected to contribute Rs 70.66 million to the gratuity fund in the next year.

(b) Defined contribution plan

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

4.2 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

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

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

	Rate
Buildings on freehold land	5%
Plant and machinery	8.33% to 34.30%
Furniture and office equipment	20%
Vehicles	20%
Tools and equipment	20%
Computers	35%

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

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its property, plant and equipment during the year has been adjusted as explained in note 3.3.

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

4.3.2 Major spare parts and stand-by equipment

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

4.4 Intangible assets

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

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

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

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

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

	Rate
License fees and drawings	11% to 66%
Computer software	20% to 32%

The assets' useful lives are continually reviewed by the Company and adjusted if impact on amortisation is significant. The Company's estimate of the useful lives of its intangible assets during the year has been adjusted as explained in note 3.3.

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

4.5 Capital work-in-progress

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

4.6 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may

not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.7 Leases

The Company is a lessee.

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

From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid 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.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability 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 asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In case of warehouses, security deposits are made part of the cost of right of use assets and treated as residual value of the warehouses. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.8 Financial assets

4.8.1 Classification

From April 1, 2019, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

4.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.8.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (‘FVPL’), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- i)

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.
- ii)

Fair value through other comprehensive income (‘FVOCI’): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.
- iii)

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.8.4 Impairment of financial assets other than investment in equity instruments

From April 1, 2019, the Company assesses on a forward-looking basis, the expected credit losses (‘ECL’) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 simplified approach to measure the ECL (‘loss allowance’) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables and contract assets, while general 3-stage approach for deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Long term trade debts
- Long term loans
- Long term deposits
- Trade debts
- Loans, deposits and other receivables
- Derivative financial instruments
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets’ gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

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The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 180 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognises an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.9 Accounting policies applied until March 31, 2019

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Financial assets

Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

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

d) Held-to-maturity

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

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Recognition and measurement

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

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category were presented in the statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss was recognised in the statement of profit or loss as part of other income when the Company’s right to receive payments was established. Interest income on financial assets at amortised cost calculated using the effective interest method was recognised in the statement of profit or loss as part of other income.

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

Impairment of financial assets

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

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

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

4.10 Financial liabilities

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

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

4.11 Offsetting of financial assets and financial liabilities

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

4.12 Derivative financial instruments

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 recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognised in the statement of profit or loss. Trading derivatives are classified as a current asset or liability.

4.13 Stores and spares

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

4.14 Stock-in-trade

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

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

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

4.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

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

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4.16

Borrowing costs

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

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

4.17

Provisions

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

4.18

Trade debts

Trade debts are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade debts are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

4.19

Trade and other payables

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

4.20

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at calls with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, bank overdrafts and short term borrowings. Bank overdrafts and short term borrowings are shown in current liabilities on the statement of financial position.

4.21

Investments

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

4.22

Revenue recognition

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

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

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

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

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

4.23

Contract asset and contract liability

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. A contract asset is the Company’s right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity’s right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. Whereas, a contract liability is recognised when amounts are received from customers in excess of the performance obligations satisfied.

4.24

Dividend and other appropriations

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

4.25

Segment reporting

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

4.26

Share capital

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

4.27

Earnings per share

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

4.28

Contingent liabilities

Contingent liability is disclosed when:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

4.29 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2020	2019		2020	2019
Number of shares			Rupees in thousand	
111,400,000	111,400,000	Ordinary shares of Rs 10 each fully paid in cash	1,114,000	1,114,000
31,400,000	31,400,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares	314,000	314,000
142,800,000	142,800,000		1,428,000	1,428,000

5.1 72,828,000 (2019: 72,828,000) ordinary shares of the Company which represent 51% (2019: 51%) of the issued, subscribed and paid up share capital of the Company are held by Honda Motor Co., Ltd., Japan, the holding company which is incorporated in Japan. The registered address of the holding company is 1-1, Minami-Aoyama, 2-Chome, Minato-ku, Tokyo, 107-8556, Japan.

5.2 Ordinary shares of the Company held by related parties (other than the holding company) as at year end are as follows:

Number of shares	Note	2020	2019
Directors			
Ms. Mashmooma Zehra Majeed		-	500
Mr. Arif Ul Islam		500	-
Mr. M. Feroz Rizvi		500	500
Ms. Rie Mihara		500	500
	5.2.1	1,500	1,500
Other related parties			
Atlas Insurance Limited		850,000	850,000
Shirazi Investments (Private) Limited		43,119,650	43,119,650
		43,971,150	43,971,150

5.2.1 These represent qualification shares held by the independent directors of the Company.

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

	Rupees in thousand	Note	2020	2019
6. RESERVES				
Movement in and composition of reserves is as follows:				
Capital				
Share premium		6.1	76,000	76,000
Revenue				
General reserve				
- At the beginning of the year			12,230,000	9,630,000
- Transferred from un-appropriated profits			2,000,000	2,600,000
			14,230,000	12,230,000
- At the end of the year			14,306,000	12,306,000

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

7. EMPLOYEE RETIREMENT BENEFITS

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

	Rupees in thousand	2020	2019
Present value of defined benefit obligation		670,361	581,862
Fair value of plan assets		(482,877)	(417,096)
Liability as at March 31		187,484	164,766
7.1 Movement in net liability of defined benefit obligation			
Net liability as at beginning of the year		164,766	93,385
Charged to statement of profit or loss		69,060	46,460
Total remeasurements for the year charged to OCI		22,718	71,381
Contributions made by the Company during the year		(69,060)	(46,460)
Net liability as at end of the year		187,484	164,766
7.2 Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation as at beginning of the year		581,862	474,310
Current service cost		47,229	37,588
Interest cost		74,244	43,563
Benefits paid during the year		(43,059)	(31,510)
Remeasurements on obligation recognised in OCI			
- Actuarial losses from changes in financial assumptions		12,033	13,101
- Experience adjustments		(1,948)	44,810
Present value of defined benefit obligation as at end of the year		670,361	581,862
7.3 Movement in the fair value of plan assets			
Fair value of plan assets as at beginning of the year		417,096	380,925
Interest income on plan assets		52,413	34,691
Contributions made during the year		69,060	46,460
Benefits paid during the year		(43,059)	(31,510)
Remeasurements on fair value of plan assets recognised in OCI		(12,633)	(13,470)
Fair value of plan assets as at end of the year		482,877	417,096

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	Rupees in thousand	2020	2019
7.4 Plan assets are comprised as follows:			
Debt		305,467	250,339
Mutual funds		64,158	67,968
Cash		113,252	98,789
		482,877	417,096
7.5 Amounts recognised in the statement of profit or loss			
Current service cost		47,229	37,588
Interest cost		74,244	43,563
Interest income on plan assets		(52,413)	(34,691)
Net expense charged in the statement of profit or loss		69,060	46,460
7.6 Remeasurements charged to other comprehensive income ('OCI')			
Actuarial losses from changes in financial assumptions		12,033	13,101
Experience adjustments		(1,948)	44,810
Remeasurements on fair value of plan assets		12,633	13,470
Total remeasurements charged to OCI		22,718	71,381

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

Rupees in thousand	2020	2019	2018	2017	2016
As at March 31					
Present value of defined benefit obligation	(670,361)	(581,862)	(474,310)	(396,551)	(327,013)
Fair value of plan assets	482,877	417,096	380,925	334,906	244,189
Deficit	(187,484)	(164,766)	(93,385)	(61,645)	(82,824)
Experience adjustment:					
- on obligation	2%	10%	7%	5%	9%
- on plan assets	-3%	-3%	-4%	1%	-1%

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

Rupees in thousand	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	608,945	741,701
Salary growth rate	1.00%	742,505	607,169

The average duration of the defined benefit obligation is 10 years.

7.9 Risks faced by the Company on account of gratuity obligation

- **Final salary risks** - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.
- **Asset volatility** - Investments in units of mutual funds are subject to adverse fluctuations as a result of change in the market price.

- **Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.
- **Investment risks** - The risk of the investments underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.
- **Risk of insufficiency of assets** - This is managed by making regular contribution to the fund as advised by the actuary.

	Rupees in thousand	Note	2020	2019
8. DEFERRED TAXATION				
The gross movement in net deferred tax liability during the year is as follows:				
Opening deferred tax liability			288,058	433,591
Credited to statement of profit or loss	33		(17,548)	(145,533)
Closing deferred tax liability			270,510	288,058
The liability for deferred taxation comprises of taxable/(deductible) temporary differences relating to:				
Accelerated tax depreciation			279,932	320,504
Unrealised gain on short term investments			4,620	10,183
Minimum tax available for carry forward	8.1		-	(33,621)
Provision for custom duties and warranties			(14,042)	(9,008)
			270,510	288,058

8.1 Deferred tax asset on deductible temporary differences arising due to discounting of long term loans and trade debts amounting to Rs 28.733 million and deferred tax asset on tax credit representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 has not been recognised as sufficient taxable profits would not be available for adjustment/utilisation in the foreseeable future. Minimum tax would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax (Rupees in thousand)	Accounting year in which minimum tax will expire
2019	33,621	2024
2020	338,100	2025
	371,721	

9. SHORT TERM BORROWINGS - SECURED

9.1. Running finances - secured

Short term borrowings available from commercial banks under mark up arrangements amount to Rs 13,860 million (2019: Rs 5,510 million). These arrangements carry mark up ranging from 11.54% to 14.85% per annum (2019: 11.05% to 12.66%). The aggregate short term borrowings are secured by first pari passu hypothecation charge over current and fixed assets of the Company.

9.2. Letters of credit and guarantees

Of the aggregate facility of Rs 2,267 million (2019: Rs 2,491 million) for opening letters of credit, the amount utilized at March 31, 2020 was Rs 122 million (2019: Rs 77 million). The aggregate facility for opening letters of credit is secured by lien over import documents.

Of the aggregate facility of Rs 3,200 million (2019: Rs 1,600 million) for bank guarantees, which is available as a sub-limit of the above mentioned facilities for short term borrowings, the amount utilized at March 31, 2020 was Rs 2,430 million (2019: Rs 1,500 million).

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10. SHORT TERM LOAN FROM RELATED PARTY - UNSECURED

This represents a short term loan of 14 million United States Dollars ('USD') obtained from Asian Honda Motor Co., Ltd., Thailand (a related party) to meet the working capital requirements of the company. As per the terms of the agreement, the loan is repayable in three equal monthly instalments commencing June 2, 2020. The loan carries fixed mark up at the rate of 3.2% per annum payable along with the instalments. The reconciliation of the carrying amount is as follows:

Rupees in thousand	Note	2020	2019
Balance as at beginning of the year		-	-
Receipts during the year		2,172,940	-
Exchange loss on translation		159,306	-
Balance as at end of the year		2,332,246	-

11. ACCRUED MARKUP

Accrued mark up on:

- Short term loan from related party - unsecured	10	23,427	-
- Short term borrowings - secured	9	52,119	17
		75,547	17

12. TRADE AND OTHER PAYABLES

Creditors	12.1	821,700	1,552,689
Accrued liabilities		551,873	1,134,658
Bills payable	12.2	3,848,587	2,839,333
Deposits against display cars	12.3	2,074,097	1,946,441
Accumulating compensated absences	12.4	116,091	68,956
Contract liabilities	12.5	1,972,510	3,931,107
License fee, technical fee and royalties	12.6	542,004	587,897
Provision for custom duties		32,169	32,169
Punjab sales tax payable		84,335	94,601
Withholding income tax payable		90,316	115,977
Punjab infrastructure development cess payable		628,188	522,469
Sindh development and maintenance of infrastructure cess payable		1,072,332	879,375
Workers' Welfare Fund	12.7	35,587	82,401
Workers' Profit Participation Fund	22.4	-	2,929
Custom duty payable		266,422	1,721
Payable to provident fund		14,817	13,008
Security deposits	12.8	139,052	110,835
Others		43,719	41,408
		12,333,799	13,957,974

12.1 Includes amounts due to the following related parties:

Holding company	1,278	241
Other related parties	30,380	38,686
	31,658	38,927

12.2 Includes amounts due to the following related parties:

Holding company	322,693	415,660
Other related parties	3,476,943	2,378,718
	3,799,636	2,794,378

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

Rupees in thousand	2020	2019
12.4 Accumulating compensated absences		
Balance as at beginning of the year	68,956	54,397
Provision for the year	91,203	81,472
	160,159	135,869
Payments made during the year	(44,068)	(66,913)
Balance as at end of the year	116,091	68,956

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

12.6 Includes amounts due to the following related parties:

Rupees in thousand	Note	2020	2019
Holding company		520,174	510,813
Other related parties		8,400	65,482
		528,574	576,295

12.7 Workers' Welfare Fund

Balance as at beginning of the year		82,401	177,610
Provision for the year	31	35,423	58,548
		117,824	236,158
Payments during the year		(82,237)	(153,757)
Balance as at end of the year		35,587	82,401

12.8 These represent interest free deposits from dealers and customers of scrap amounting to Rs 124.59 million (2019: Rs 99.59 million) and Rs 10.40 million (2019: Rs 11.25 million) against spare parts sales and scrap sales respectively. These are repayable on demand and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. These have been kept in a separate bank account in accordance with the requirements of section 217 of the Act.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

The Company approached custom authorities on the grounds that the components specified in the above mentioned notices included certain components which were duly appearing in the indigenization program of the Company for the relevant period. Hence, CBU rate of duty was not applicable on import of these components. However, the Customs, Excise & Sales Tax, Appellate Tribunal, Lahore ('CESTAT'), vide its order

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dated November 30, 2007, decided the matter against the Company against which references were filed in the Lahore High Court ('LHC'). The LHC remanded back the cases to CESTAT on December 27, 2016 which are pending adjudication. The Company has made a provision of Rs 32 million against the total demand of Rs 110 million. As the management is confident that the matter would be settled in its favour, consequently, no provision for the balance amount has been made in these financial statements in respect of the above mentioned notices.

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

Also, the Collector of Customs (Adjudication) has endorsed the demand of Rs 1,049.28 million on similar grounds in respect of imports affected during the period from April 2017 to December 2017 taking the total amount involved in the matter to Rs 4,243.83 million.

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

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

- (iv) Bank guarantees of Rs 2,430 million (2019: Rs 1,500 million) have been issued in favour of third parties.

13.2 Commitments in respect of

- (i) Letters of credit and purchase orders for capital expenditure aggregating Rs 98.57 million (2019: Rs 19.09 million).
- (ii) Letters of credit and purchase orders for other than capital expenditure aggregating Rs 1,089.71 million (2019: Rs 385.95 million).

14. PROPERTY, PLANT AND EQUIPMENT - OPERATING FIXED ASSETS

Rupees in thousand		2020						
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
At April 1, 2019								
Cost	417,319	2,396,615	7,922,245	257,338	608,305	196,311	209,454	12,007,587
Accumulated depreciation	-	(1,100,018)	(5,464,682)	(109,554)	(188,773)	(103,923)	(134,971)	(7,101,920)
Net book value	417,319	1,296,597	2,457,563	147,784	419,532	92,388	74,483	4,905,667
Year ended March 31, 2020								
Opening net book value	417,319	1,296,597	2,457,563	147,784	419,532	92,388	74,483	4,905,667
Additions at cost	-	5,412	342,844	17,343	148,806	10,787	16,044	541,236
Disposals								
Cost	-	-	17,459	119	178,386	301	19,894	216,159
Accumulated depreciation	-	-	-	(103)	(95,373)	(285)	(18,673)	(114,434)
	-	-	17,459	16	83,013	16	1,221	101,725
Depreciation for the year	-	(64,986)	(584,106)	(31,409)	(96,406)	(19,611)	(30,026)	(826,544)
Closing net book value	417,319	1,237,023	2,198,842	133,702	388,919	83,548	59,280	4,518,634
At March 31, 2020								
Cost	417,319	2,402,027	8,247,630	274,562	578,725	206,797	205,604	12,332,664
Accumulated depreciation	-	(1,165,004)	(6,048,788)	(140,860)	(189,806)	(123,249)	(146,324)	(7,814,030)
Net book value	417,319	1,237,023	2,198,842	133,702	388,919	83,548	59,280	4,518,634

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

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- 14.1 Plant and machinery includes dies and moulds having book value of Rs 12.11 million (2019: Rs 85.64 million) which are in possession of various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.
- 14.2 Freehold land represents 184,000 square meters of land situated at 43 km, Multan Road, Manga Mandi, Lahore out of which approximately 86,000 square meters represents covered area.

Rupees in thousand	Note	2020	2019
14.3 The depreciation charge has been allocated as follows:			
Cost of sales - own manufactured	27	713,429	775,695
Distribution and marketing costs	28	40,708	37,643
Administrative expenses	29	72,407	68,281
		826,544	881,619

14.4 Sale of operating fixed assets

Rupees in thousand		2020				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain /(loss) on sale	Mode of disposal
Vehicles	Employees					
	Abdul Quddus Abbasi	1,596	514	547	33	As per Company policy
	Waseem Akhter	1,488	508	558	50	-do-
	Muhammad Shahid	1,488	508	558	50	-do-
	Muhammad Nauman Butt	1,488	508	558	50	-do-
	Majid Rashid	1,495	651	706	55	-do-
	Muhammad Imran	1,569	1,213	1,323	110	-do-
	Syed Awais Ahmed Shah	1,425	912	912	-	-do-
	Ahmad Butt	1,475	554	554	-	-do-
	Khurram Shamim	1,475	554	554	-	-do-
	Muhammad Fahad	1,425	912	912	-	-do-
	Muhammad Aleem	1,364	829	829	-	-do-
	Muhammad Attique Tariq (ex-employee)	1,567	1,212	1,355	143	-do-
	Dr. Mehboob Ur Rehman (ex-employee)	1,732	1,533	1,694	161	-do-
	Mati Ur Rahman	1,495	618	664	46	-do-
	Javed Iqbal	1,475	517	592	75	-do-
	Imran Naseem	1,475	517	592	75	-do-
	Muhammad Idrees	1,491	475	533	58	-do-
	Sh. Wajid Subhani	1,477	518	592	74	-do-
	Muhammad Mumtaz Hussain	1,475	517	517	-	-do-
	Muhammad Munir Malik	1,475	517	517	-	-do-
	Muhammad Tanveer	1,475	517	517	-	-do-
	Maqbool Ahmad	1,475	517	517	-	-do-
	Subah Sadiq	1,475	517	517	-	-do-
	Imtiaz Hussain Khan	1,475	517	517	-	-do-
	Sher Dil Khan	1,475	517	517	-	-do-
	Muhammad Scheraz (ex-employee)	2,867	2,444	2,513	69	-do-
	Employees - Key management personnel					
	Zia Ul Hassan Khan (ex-employee)	2,472	1,582	1,929	347	As per Company policy
	Outsiders					
	Adnan Naseer Ahmed	2,088	946	2,063	1,117	Auction
	Augmentec Business Solutions	110,603	51,933	56,505	4,572	-do-
	Bilal Nazeer	11,146	5,350	2,151	(3,199)	-do-

Rupees in thousand		2020				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain /(loss) on sale	Mode of disposal
Plant & Machinery	Outsiders					
	Asian Parts Manufacturing	17,459	17,459	12,837	(4,622)	Negotiation
		183,960	96,386	95,650	(736)	

Rupees in thousand		2019				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain /(loss) on sale	Mode of disposal
Vehicles	Employees					
	Muhammad Zafar Iqbal	1,451	789	886	97	As per Company policy
	Rana Usman Abid	1,473	1,139	1,266	127	-do-
	Syed Arif Ali Shah	1,488	635	698	63	-do-
	Muhammad Muneeb Ul Hassan	1,458	793	882	89	-do-
	Muhammad Mumtaz Ahmed	1,464	922	1,030	108	-do-
	Abdul Waheed	1,495	1,037	1,135	98	-do-
	Farrukh Navid Ul Hassan	1,451	789	886	97	-do-
	Muhammad Khalid	1,612	1,397	1,471	74	-do-
	Shafiq Ahmad (ex-employee)	2,234	1,443	1,509	66	-do-
	Shahzad Wahla (ex-employee)	1,466	846	943	97	-do-
	Muhammad Ammar Iftikhar (ex-employee)	1,496	801	865	64	-do-
	Khalil Rahman (ex-employee)	1,570	1,389	1,556	167	-do-
	Mehroz (ex-employee)	1,445	803	912	109	-do-
	Jamshaid (ex-employee)	1,475	588	588	-	-do-
	Muhammad Nauman	2,235	1,241	1,281	40	-do-
	Zulfiqar Ali	2,230	1,238	1,281	43	-do-
	Muhammad Arshad Javed	2,298	1,845	2,002	157	-do-
	Muhammad Rafi	2,237	1,243	1,281	38	-do-
	Aneel Anwar	2,296	1,844	2,002	158	-do-
	Ayaz Liaqat	2,230	1,238	1,281	43	-do-
	Fayyaz Ahmad	2,231	1,239	1,281	42	-do-
	Jamshaid Tahir	2,296	1,844	2,002	158	-do-
	Muhammad Aslam Khan	2,232	1,240	1,281	41	-do-
	Ghafoor Ahmad Kaiser	2,121	1,386	1,509	123	-do-
	Muhammad Aamer	2,227	1,237	1,281	44	-do-
	Asia Saif Ali Rizvi	2,232	1,240	1,281	41	-do-
	Imran Farooq	2,311	1,283	1,363	80	-do-
	Mawiz Akhtar	2,316	1,286	1,363	77	-do-
	Mujahid Yasin	2,296	1,844	2,002	158	-do-
	Shahid Latif Khattak	2,231	1,239	1,281	42	-do-
	Sami Shafi	2,313	1,285	1,363	78	-do-
	Imran Haider Rathore	2,234	1,241	1,281	40	-do-
	Hamood Ur Rahman Qaddafi	2,300	1,847	2,002	155	-do-
	Mirza Mahtab Baig	2,121	1,386	1,509	123	-do-
	Muhammad Nauman Ali	2,232	1,240	1,281	41	-do-
	Syed Waseem Hasan	2,181	1,425	1,605	180	-do-
	Farhan Saleem	2,122	1,340	1,454	114	-do-
	Muhammad Naeem	2,122	1,340	1,454	114	-do-
	Amna Tahir	2,043	1,446	1,632	186	-do-
	Muhammad Khalid	2,232	1,822	2,008	186	-do-
	Muhammad Zafar Iqbal	2,233	1,823	2,008	185	-do-
	Syed Ali Arif Shah	2,231	1,822	2,008	186	-do-
	Muhammad Muneeb Ul Hassan	2,234	1,824	2,008	184	-do-
	Abdul Waheed	2,234	1,824	2,008	184	-do-
	Muhammad Mumtaz Ahmed	2,235	1,825	2,008	183	-do-
	Farrukh Navid Ul Hassan	2,233	1,824	2,008	184	-do-
	Rana Usman Abid	2,233	1,823	2,008	185	-do-
	Muhammad Scheraz	2,547	2,250	2,446	196	-do-

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Rupees in thousand		2019				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain /(loss) on sale	Mode of disposal
Employees - Key management personnel						
	Nadeem Azam (ex-employee)	2,701	1,837	2,049	212	As per Company policy
	Muhammad Ashraf	1,564	1,256	1,369	113	-do-
	Muhammad Ashraf	2,706	1,503	1,672	169	-do-
	Basharat Ali Rana	2,740	2,200	2,378	178	-do-
	Muhammad Ajmal	2,740	2,200	2,378	178	-do-
	Samina Naz (ex-employee)	2,679	2,288	2,536	248	-do-
	Asif Mahmood	2,699	1,499	1,672	173	-do-
	Maqsood Ur Rehman	2,707	1,503	1,672	169	-do-
	Maqsood Ur Rehman	2,707	1,503	1,672	169	-do-
	Amir Nazir	2,740	2,200	2,378	178	-do-
	Ahmad Umair Wajid	2,665	1,741	1,950	209	-do-
	Iqbal Ahmad	2,709	1,505	1,672	167	-do-
	Muhammad Ali	2,299	1,846	2,002	156	-do-
Outsiders						
	Adnan Naseer Ahmed	7,375	2,965	6,247	3,282	Auction
	Kashif Azeem	2,042	522	1,315	793	-do-
	Farida Toor	1,475	669	1,297	628	-do-
	Muratib Ali	1,475	669	1,266	597	-do-
	Farooq Toor	1,475	669	1,223	554	-do-
	Nabahat Toor	1,475	669	1,269	600	-do-
	Khalid Toor	1,475	669	1,299	630	-do-
		148,125	95,158	109,806	14,648	

Rupees in thousand		2020		
		License fees and drawings	Computer softwares	Total
15. INTANGIBLE ASSETS				
At April 1, 2019				
	Cost	422,314	67,454	489,768
	Accumulated amortisation	(227,709)	(46,108)	(273,817)
	Net book value	194,605	21,346	215,951
Year ended March 31, 2020				
	Opening net book value	194,605	21,346	215,951
	Additions	209,581	-	209,581
	Amortisation for the year	(122,723)	(13,794)	(136,517)
	Closing net book value	281,463	7,552	289,015
At March 31, 2020				
	Cost	631,895	67,454	699,349
	Accumulated amortisation	(350,432)	(59,902)	(410,334)
	Net book value	281,463	7,552	289,015

Rupees in thousand		2019		
		License fees and drawings	Computer softwares	Total
At April 1, 2018				
	Cost	422,314	62,998	485,312
	Accumulated amortisation	(147,088)	(33,100)	(180,188)
	Net book value	275,226	29,898	305,124
Year ended March 31, 2019				
	Opening net book value	275,226	29,898	305,124
	Additions	-	4,456	4,456
	Amortisation for the year	(80,621)	(13,008)	(93,629)
	Closing net book value	194,605	21,346	215,951
At March 31, 2019				
	Cost	422,314	67,454	489,768
	Accumulated amortisation	(227,709)	(46,108)	(273,817)
	Net book value	194,605	21,346	215,951
Rupees in thousand		Note	2020	2019
15.1 The amortisation charge has been allocated as follows:				
	Cost of sales - own manufactured	27	122,723	80,621
	Administrative expenses	29	13,794	13,008
			136,517	93,629
16. CAPITAL WORK-IN-PROGRESS				
	Plant and machinery [including in transit Rs 21.67 million (2019: Rs 36.91 million)]		84,498	60,354
	Other tangible assets		-	9,017
	Intangible assets under development		12,564	54,116
			97,062	123,487
16.1 The reconciliation of the carrying amount is as follows:				
	Opening balance		123,487	76,348
	Additions during the year		761,300	960,836
			884,787	1,037,184
	Transfers during the year		(787,725)	(913,697)
	Closing balance		97,062	123,487
17. LONG TERM TRADE DEBTS				
	Considered good		213,055	294,252
	Discounting of long term trade debts	32	(51,851)	-
	Unwinding of discount	30	19,445	-
			180,649	294,252
	Current portion shown under current assets		(63,569)	(85,293)
			117,080	208,959

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

17.1 These represent interest free receivables in respect of vehicles sold on monthly instalments in accordance with the Company's policy and are recoverable within a period of 3 to 5 years. Included in these receivables is an amount aggregating to Rs 105.41 million (2019: Rs 160.63 million) which is due from employees of related parties (on the basis of common directorship). Long term trade debts have been carried at fair value by discounting future cash flows at a rate of 11.5% per annum.

Rupees in thousand	Note	2020	2019
18. LONG TERM LOANS			
Loans to employees - considered good			
- Key management personnel	18.1	10,779	12,466
- Others		400,368	470,836
		411,147	483,302
Discounting of long term loans	32	(66,673)	-
		344,474	483,302
Current portion shown under current assets			
- Key management personnel		(4,571)	(4,104)
- Others		(126,089)	(132,239)
	22	(130,660)	(136,343)
		213,814	346,959

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

Staff welfare loans carry interest at the rate of 14% per annum (2019: 11.5% per annum) and are recoverable within a period of 7 years commencing from the date of disbursement through monthly deductions from salaries.

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

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

House rent loans are interest free and are recoverable within a period of 3 years from the date of disbursement through monthly deduction from salaries. Loans other than staff welfare loans, which are interest free have been carried at fair value by discounting future cash flows at the market rate prevailing on the date of disbursement of loan which ranges from 6.37% to 13.84% per annum.

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

18.1 These comprise loans to the following key management personnel: Ahmad Umair Wajid, Iqbal Ahmad, Muhammad Ali, Basharat Ali Rana, Asif Mehmood, Imran Farooq and Amir Nazir.

The maximum amount of loan outstanding at the end of any month during the year was Rs 17.17 million (2019: Rs 12.47 million)

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

19. STORES AND SPARES

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

Spares amounting to Rs 12.40 million (2019: Rs 12.40 million) are in the possession of various vendors which relate to the dies and moulds. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Rupees in thousand	Note	2020	2019
20. STOCK-IN-TRADE			
Raw materials [including in transit Rs 3,405.37 million (2019: Rs 4,420.47 million)]	20.1	8,348,583	6,896,477
Work-in-process		577,187	482,331
Finished goods			
- Own manufactured	20.2	1,467,376	449,644
- Trading stock [including in transit Rs 209.89 million (2019: Rs 250.20 million)]	20.3	875,498	842,162
		11,268,644	8,670,614

20.1 Raw materials amounting to Rs 173.68 million (2019: Rs 106.30 million) are in the possession of various vendors of the Company for further processing into parts to be supplied to the Company.

20.2 Own manufactured finished goods amounting to Rs 861.76 million (2019: Rs 410.54 million) are in the possession of various dealers as consignment stock for display at dealerships.

20.3 Trading stock amounting to Rs 13.91 million (2019: Rs 19.51 million) are in possession of various dealers as consignment stock for display at dealerships.

Rupees in thousand	Note	2020	2019
21. TRADE DEBTS			
Considered good			
- Current portion of long term trade debts	17	63,569	85,293
- Others	21.1	804,936	1,037,693
		868,505	1,122,986
Considered doubtful			
Loss allowance (2019: Provision for doubtful debts)		16,142	16,142
		(16,142)	(16,142)
		-	-
		868,505	1,122,986

21.1 These include Rs 0.33 million (2019: Rs 0.27 million) receivable from Honda Access Asia Oceania Co. Limited, a related party (group company) against export sales made by the Company. During the year, the Company made export sales amounting to Rs 3.22 million (2019: Rs 3.02 million) to the related party.

The maximum amount receivable from Honda Access Oceania Co. Limited at the end of any month during the year was Rs 1.37 million (2019: Rs 1.02 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

	Rupees in thousand	Note	2020	2019
22. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES				
Current portion of loans to employees	18		130,660	136,343
Advances - considered good:				
- to employees			60	394
- to suppliers and contractors	22.1		656,010	495,741
			656,070	496,135
Due from related parties	22.2		190,349	211,031
Recoverable from government authorities:				
- Income tax			991,282	1,304,112
- Sales tax			5,635,708	5,314,697
- Custom duty			39,152	39,152
			6,666,142	6,657,961
Custom duty paid in advance against imports			-	800,000
Prepayments	22.3		169,057	102,662
Margin held against imports			789,651	1,657,087
Profit receivable on bank deposits			14,839	10,193
Workers' Profit Participation Fund	22.4		1,704	-
Other receivables - considered good	22.5		35,098	102,016
			8,653,570	10,173,428

22.1 Includes interest bearing advances to suppliers and contractors aggregating Rs 10.16 million (2019: Rs 56.12 million). Such advances carry markup at the rate of 3 months KIBOR plus 1.25%. Markup rate charged during the year on the outstanding balances ranged from 12.38% to 15.17% (2019: 7.75% to 11.80%).

	Rupees in thousand	2020	2019
22.2 Due from related parties			
Holding company			
Honda Motor Co., Ltd., Japan		1,867	4,732
Other related parties - group companies			
Honda Automobile (Thailand) Co., Ltd.		158,205	203,598
Honda Malaysia SDN. BHD. Malaysia		28,263	-
PT Honda Prospect Motor Indonesia		1,088	1,913
PT Honda Precision Parts Mfg		702	788
Honda Trading Asia Co., Ltd		208	-
American Honda Motor Co., Inc.		16	-
		190,349	211,031

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

22.2.2 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 386.79 million (2019: Rs 211.03 million).

22.3 This includes prepaid insurance to Atlas Insurance Limited, a related party (on the basis of common directorship) amounting to Rs 145.63 million (2019: Rs 86.82 million).

	Rupees in thousand	Note	2020	2019
22.4 Workers' Profit Participation Fund				
Balance as at beginning of the year			2,929	-
Provision for the year	31		83,296	297,480
Interest for the year			570	-
			86,795	297,480
Payments during the year			(88,499)	(294,551)
Balance (recoverable)/payable as at end of the year			(1,704)	2,929

22.5 Other receivables include an amount of Rs 3.15 million (2019: Rs 1.00 million) due from Atlas Insurance Limited, a related party (on the basis of common directorship). It is in the normal course of business and is interest free. This also includes receivable from key management personnel of the Company amounting to Nil (2019: Rs 19.02 million) against sale of Company cars to such employees. The maximum aggregate amount due from the related parties at the end of any month during the year was Rs 3.15 million (2019: Rs 20.02 million).

23. This represents cross currency forward contract entered into with a commercial bank for the purchase of USD 4.667 million on June 02, 2020 at a rate of PKR 161.91 per USD and USD 2.333 million on July 02, 2020 at a rate of PKR 163.31 per USD.

	Rupees in thousand	Note	2020	2019
24. SHORT TERM INVESTMENTS				
At fair value through profit or loss				
- Units of mutual funds			-	564,897
- Treasury bills	24.1		4,053,057	4,203,355
			4,053,057	4,768,252

24.1 This represents investment in 3 and 6 months Government Treasury Bills which bear markup ranging from 10.52% to 13.30% (2019:10.52% to 10.53%) per annum.

	Rupees in thousand	Note	2020	2019
25. CASH AND BANK BALANCES				
At banks on:				
- Current accounts			10,163	103,854
- Deposit accounts	25.1		1,508,719	1,284,599
			1,518,882	1,388,453
Cash in hand			2,825	3,389
			1,521,707	1,391,842

25.1 Balances in deposit accounts bear mark up which ranges from 8.75% to 12.5% (2019: 8.25% to 9.40%) per annum.

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	Rupees in thousand	Note	2020	2019
26. SALES				
Sales - own manufactured goods	26.1 & 26.2		65,068,216	111,462,010
Sales tax			(9,441,641)	(16,195,080)
Federal excise duty			(2,440,980)	(121,318)
Commission to dealers	26.3		(978,395)	(2,057,840)
Discount to customers	26.4		(8,500)	(657,025)
			52,198,700	92,430,747
Sales - trading goods			3,324,736	2,974,731
Sales tax			(476,657)	(276,569)
Commission to dealers			(515)	(620)
			2,847,564	2,697,542
			55,046,264	95,128,289

26.1 Contract liabilities as at the beginning of the year, aggregating to Rs 3.93 billion (2019: Rs 28.41 billion), have been recognized as sales upon dispatch of vehicles against such advances.

26.2 Includes amortization of deferred revenue amounting to Rs 5.81 million (2019: Rs 4.16 million) that has been recognised in respect of deferred revenue outstanding as at the beginning of the year.

26.3 This includes reversal of provision for commission amounting to Rs 107.71 million in respect of prior year.

26.4 This represents discount to customers as explained in note 12.5 to these financial statements.

	Rupees in thousand	Note	2020	2019
27. COST OF SALES				
Raw material consumed			46,185,802	80,771,728
Stores and spares consumed			107,800	222,743
Salaries, wages and benefits	27.1		1,211,920	1,439,440
Fuel and power			172,137	222,174
Insurance			112,486	71,436
Travelling and vehicle running			187,343	241,089
Freight and handling			133,351	260,463
Repairs and maintenance			46,176	133,666
Technical assistance			32,429	36,593
Depreciation on property, plant and equipment	14.3		713,429	775,695
Amortisation on intangible assets	15.1		122,723	80,621
Royalty	27.2		1,057,479	1,923,393
Canteen subsidy			47,789	85,306
Cost of providing free goods and services	27.3		128,037	-
Other expenses	27.4		61,038	17,332
	27.5		50,319,939	86,281,679
Opening stock of work-in-process			482,331	429,540
Closing stock of work-in-process			(577,187)	(482,331)
			(94,856)	(52,791)
Cost of goods manufactured			50,225,083	86,228,888
Own work capitalized			(100,421)	(147,192)
Cost of damaged cars			(1,788)	(19,146)
			50,122,874	86,062,550
Opening stock of finished goods			449,644	467,021
Closing stock of finished goods			(1,467,376)	(449,644)
			(1,017,732)	17,377
Cost of sales - Own manufactured goods			49,105,142	86,079,927
Cost of sales - Trading goods			1,849,900	1,744,288
			50,955,042	87,824,215
27.1 Salaries, wages and benefits include following amounts in respect of gratuity:				
Current service cost			33,967	25,764
Net interest on defined benefit obligation			15,701	6,082
			49,668	31,846

In addition to above, salaries, wages and benefits include Rs 45.19 million (2019: Rs 40.18 million) on account of provident fund contributions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

Company name	Address	Relationship with Company	2020	2019
(Rupees in thousand)				
Honda Motor Co., Ltd., Japan	1-1, Minami-Aoyama, 2-Chome, Minato-ku,Tokyo,107-8556,Japan	Holding company	1,043,521	1,853,462
Honda Lock Mfg. Co. Japan	3700, Shimonaka Sadowara-Cho Miyazaki City Miyazaki Pref, 880-0293 Japan	Group company	2,277	3,906
Honda Access Asia Oceania Co. Limited	2754/1 Soi Sukhumvit 66/1, Sukhumvit Rd; Kwaeng Bangna, Bangkok 10260 Thailand	Group company	173	46
Yutaka Giken Co., Ltd.	508-1, Yutaka-cho, Higashi-ku Hamamatsu-Shi SZK 431-3194	Group company	5,728	10,033
Other parties	Various	None	3,823	7,548
			1,055,522	1,874,995

27.3 This represents cost of various promotional schemes and incentives in relation to cars sold to customers.

27.4 Includes operating lease rentals amounting to Rs 52.57 million (2019: Rs 8.52 million).

27.5 Cost of sales includes certain inventory items written off amounting to Nil (2019: Rs 42.64 million).

Rupees in thousand	Note	2020	2019
28. DISTRIBUTION AND MARKETING COSTS			
Salaries, wages and benefits	28.1	233,877	237,347
Fuel and power		6,551	6,471
Insurance		16,730	14,402
Travelling and vehicle running		42,434	39,984
Freight and handling		31,080	33,295
Repairs and maintenance		14,031	32,454
Printing and stationery		8,403	17,103
Warranty costs - net of claims		(99,317)	115,344
Advertising and sales promotion		294,725	304,325
Depreciation on property, plant and equipment	14.3	40,708	37,643
Training expenses		175	6,090
Canteen subsidy		9,264	10,455
Free service claims		8,091	12,493
Rent, rates and taxes	28.2	23,368	21,007
Fees and subscriptions		29,696	33,199
Others		8,085	10,175
		667,901	931,787

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

Current service cost	5,691	4,475
Net interest on defined benefit obligation	2,630	1,056
	8,321	5,531

In addition to above, salaries, wages and benefits include Rs 9.87 million (2019: Rs 8.70 million) on account of provident fund contributions.

28.2 This represents operating lease rentals.

Rupees in thousand	Note	2020	2019
29. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	29.1	404,104	437,026
Fuel and power		5,385	5,940
Insurance		14,553	11,192
Travelling and vehicle running		62,505	55,536
Repairs and maintenance		38,417	58,776
Printing and stationery		10,425	12,329
Communications		39,613	37,288
Postage		734	1,704
Auditors' remuneration	29.2	12,009	10,865
Legal and professional charges		20,284	23,855
Depreciation on property, plant and equipment	14.3	72,407	68,281
Amortisation on intangible assets	15.1	13,794	13,008
Fees and subscriptions		5,079	3,286
Canteen subsidy		9,915	12,933
Security expenses		295	697
Training expenses		16,460	29,701
Others		12,778	17,623
		738,757	800,040

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

Current service cost	7,571	7,349
Net interest on defined benefit obligation	3,500	1,734
	11,071	9,083

In addition to above, salaries, wages and benefits include Rs 14.70 million (2019: Rs 12.68 million) on account of provident fund contributions.

Rupees in thousand	2020	2019
29.2 Auditors' remuneration		
The charges for professional services (excluding sales tax) consist of the following in respect of auditors' services for:		
Statutory audit	1,984	1,804
Half yearly review	586	532
Taxation services	6,660	3,382
Certifications and audits required by various regulations	925	1,109
Assistance in preparation of statutory documentation	1,116	3,289
Out of pocket expenses	738	749
	12,009	10,865

29.3 Administrative expenses includes operating lease rentals of Rs 1.62 million (2019: Rs 1.94 million).

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	Rupees in thousand	Note	2020	2019
30. OTHER INCOME				
Profit on bank deposits			116,444	261,889
Interest on loans to employees			6,564	4,365
Unwinding of discount on long term trade debts	17		19,445	-
Dividend income			4,354	433,334
Fair value gain on financial assets at fair value through profit or loss:				
- Realised			79,901	486,757
- Unrealised			30,801	67,886
			110,702	554,643
Net gain on disposal of property, plant and equipment			2,926	3,032
Markup on advances to suppliers			3,532	7,144
Unclaimed liabilities written back	30.1		290,264	696
Compensation from insurer for assets destroyed in fire			-	36,132
Gain on derivative financial instruments			42,205	-
Others			42,182	12,287
			638,618	1,313,522

30.1 This primarily includes Rs 283.634 million (2019: Nil) write back of unclaimed discount payable to customers on late deliveries of vehicles as referred to in note 12.5.

	Rupees in thousand	Note	2020	2019
31. OTHER EXPENSES				
Workers' Welfare Fund	12.7		35,423	58,548
Workers' Profit Participation Fund	22.4		83,296	297,480
Exchange loss - net			928,501	916,733
Freight loss - net			1,318	5,869
Others			-	2,377
			1,048,538	1,281,007

32. FINANCE COST				
Interest/mark up on:				
- Short term borrowing from related party - unsecured			23,427	-
- Short term borrowings - secured			569,421	105
- Workers' Profit Participation Fund			570	-
Discounting of long term trade debts	17		51,851	-
Discounting of long term loans to employees	18		66,673	-
Bank charges			15,502	11,084
			727,444	11,189

33. TAXATION				
Current				
- For the year			873,259	1,610,902
- Prior years			9,737	277,091
			882,996	1,887,993
Deferred	8		(17,548)	(145,533)
			865,448	1,742,460

	Percentage	2020	2019
33.1 Tax charge reconciliation			
Numerical reconciliation between the average effective tax rate and the applicable tax rate			
Applicable tax rate as per Income Tax Ordinance, 2001		29.00	29.00
Tax effect of:			
- change in prior years' tax		0.71	4.95
- change in tax rate		0.69	(0.46)
- tax credit		-	(0.80)
- super tax		-	2.08
- deferred tax asset on tax credit derecognised		2.17	-
- deferred tax asset not recognised		23.70	-
- lower tax rates and final tax regime		(0.33)	(3.62)
		26.94	2.15
Average effective tax rate charged to statement of profit or loss		55.94	31.15

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

	Rupees in thousand	Note	2020	2019
34. CASH GENERATED FROM/(USED IN) OPERATIONS				
Profit before taxation			1,547,200	5,593,573
Adjustments for:				
Depreciation on property, plant and equipment	14.3		826,544	881,619
Net gain on disposal of property, plant and equipment	30		(2,926)	(3,032)
Profit on bank deposits	30		(116,444)	(261,889)
Markup on advances to suppliers	30		(3,532)	(7,144)
Interest on loans to employees	30		(6,564)	(4,365)
(Gain)/loss on short term investments - units of mutual funds	30		(4,350)	127,954
Unclaimed liabilities written back	30		(290,264)	(696)
Discounting of trade receivables	32		51,851	-
Discounting of long term loans	32		66,673	-
Finance cost			608,920	-
Provision for employees' retirement benefits and other obligations			160,263	127,932
Amortisation on intangible assets	15.1		136,517	93,629
Amortisation of deferred revenue			(5,806)	(4,157)
Royalty	27		1,055,521	1,874,995
Compensation from insurer for assets destroyed in fire			-	(36,132)
Dividend income	30		(4,354)	(433,334)
Exchange loss - net	31		928,501	916,733
Gain on derivative financial instruments	30		(42,205)	-
Working capital changes	34.1		(3,207,915)	(26,056,007)
			1,697,630	(17,190,321)

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	Rupees in thousand	Note	2020	2019
34.1 Working capital changes				
(Increase)/decrease in current assets				
- Stores and spares			(25,475)	(30,225)
- Stock-in-trade			(2,598,030)	(631,457)
- Trade debts			294,509	(1,239,504)
- Loans, advances, prepayments and other receivables			1,205,991	3,808,641
			(1,123,005)	1,907,455
(Decrease)/increase in current liabilities				
- Trade and other payables			(2,084,910)	(27,963,462)
			(3,207,915)	(26,056,007)
35. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the statement of cash flows comprise of the following:				
- Cash and bank balances	25		1,521,707	1,391,842
- Short term investments - Treasury bills	24		3,816,256	4,203,355
			5,337,963	5,595,197

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non Executive Directors		Executives	
Rupees in thousand	2020	2019	2020	2019	2020	2019	2020	2019
Short term employee benefits								
Managerial remuneration	987	897	1,374	1,202	18,516	15,329	212,607	168,411
House rent and utilities	3,537	3,334	3,758	3,402	10,181	8,428	120,695	92,345
Bonus	-	-	-	-	3,581	7,919	54,229	87,084
Reimbursement of medical expenses	-	-	-	-	11	-	4,865	3,096
Meeting fee	-	-	-	-	780	640	-	-
Other allowances	9,939	4,934	9,346	7,810	2,548	2,420	41,536	27,529
Post employment benefits								
Contributions to Provident and Gratuity Funds	-	-	-	-	2,791	3,994	41,488	42,538
	14,463	9,165	14,478	12,414	38,408	38,730	475,420	421,003
Number of persons	1	1	1	1	4	4	95	78

- 36.1** The Chief Executive, certain directors and executives of the Company are provided with Company maintained cars and furnished accommodation.
- 36.2** Total number of directors of the Company (excluding Chief Executive) is 8 (2019: 8). No remuneration was paid to any of the other directors.

		2020	2019
37. EARNINGS PER SHARE			
37.1 Basic earnings per share			
Profit for the year	Rupees in thousand	681,752	3,851,113
Weighted average number of ordinary shares	Number in thousand	142,800	142,800
Basic EPS	Rupees	4.77	26.97

37.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2020 and March 31, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

38. OPERATING SEGMENTS

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

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

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

- (a) Manufacturing**
This segment relates to the sale of locally manufactured cars and parts.
- (b) Trading**
This segment relates to the trading of CBUs and parts.

38.2 Segment information

	Manufacturing		Trading		Total	
Rupees in thousand	2020	2019	2020	2019	2020	2019
Segment revenue	52,198,700	92,430,747	2,847,564	2,697,542	55,046,264	95,128,289
Segment expenses						
- Cost of sales	(49,105,142)	(86,079,927)	(1,849,900)	(1,744,288)	(50,955,042)	(87,824,215)
Gross profit	3,093,558	6,350,820	997,664	953,254	4,091,222	7,304,074
Distribution and marketing costs					(667,901)	(931,787)
Administrative expenses					(738,757)	(800,040)
Other income					638,618	1,313,522
Other expenses					(1,048,538)	(1,281,007)
Finance cost					(727,444)	(11,189)
Profit before taxation					1,547,200	5,593,573
Taxation					(865,448)	(1,742,460)
Profit for the year					681,752	3,851,113

- 38.2.1** Segment wise assets and liabilities are not being reviewed by the CODM.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

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

In thousand	2020	2019
In USD		
Cash and bank balances	312	384
Other receivables	178	26
Trade and other payables	(20,108)	(14,837)
Short term loan from related party - unsecured	(14,000)	-
Net exposure	(33,619)	(14,427)
In JPY		
Other receivables	1,899	4,880
Trade and other payables	(256,615)	(410,867)
Net exposure	(254,716)	(405,987)
In THB		
Other receivables	31,104	46,351
Trade and other payables	(27,780)	(64,305)
Net exposure	3,324	(17,954)

If the functional currency, at reporting date, had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on post tax profit for the year would have been Rs 198.59 million (2019: Rs 72.21 million) lower/higher, mainly as a result of exchange losses/gains on translation of foreign exchange denominated financial instruments.

If the functional currency, at reporting date, had weakened/strengthened by 5% against the JPY with all other variables held constant, the impact on post tax profit for the year would have been Rs 13.93 million (2019: Rs 18.45 million) lower/higher, mainly as a result of exchange losses/gains on translation of foreign exchange denominated financial instruments.

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

(ii) Other price risk

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

(iii) Interest rate risk

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

As the Company has no floating interest rate assets, the company's income is independent of changes in market interest rates. The Company's interest rate risk mainly arises from short term borrowings obtained at variable rates from various financial institutions. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

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

Rupees in thousand	Note	2020	2019
Fixed rate instruments			
Financial assets			
Long term loans	24.1	51,455	64,087
Short term investments - treasury bills		4,053,057	4,203,355
Bank balances - deposit accounts		1,508,719	1,284,599
		5,613,231	5,552,041
Financial liabilities			
Short term loan from related party - unsecured		(2,332,246)	-
Net exposure		3,280,985	5,552,041

Fair value sensitivity analysis for fixed rate instruments

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

Cash flow sensitivity analysis for variable rate instruments

As at March 31, 2020, the Company does not hold any variable rate financial instruments.

(b) Credit risk

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

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of these credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

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

Rupees in thousand	2020	2019
Long term deposits	4,042	4,042
Long term trade debts	117,080	208,959
Trade debts	868,505	1,122,986
Loans, advances and other receivables	1,029,937	1,980,327
Short term investments	4,053,057	4,768,252
Balances with banks	1,518,882	1,388,453
	7,591,503	9,473,019
As of March 31, age analysis of trade debts was as follows:		
Neither past due nor impaired	862,976	332,088
Past due but not impaired - 1 to 180 days	122,609	999,857
Past due and impaired	16,142	16,142
	1,001,727	1,348,087

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

(ii) Impairment of financial assets

The Company's trade debts against sales of stock-in-trade are subject to the expected credit loss model. While bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

In respect of trade debts, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance.

To measure the expected credit losses, trade debts have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before March 31, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade debts. The Company has identified the Gross Domestic Product and the Consumer Price Index of

Pakistan i.e. where it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Security deposits pledged by the dealers to Company have been regarded as collateral against trade receivables. These security deposits are in liquid form.

On that basis, the loss allowance as at March 31, 2020 and April 01, 2019 (on adoption of IFRS 9) was determined to be immaterial and hence has not been accounted for.

(iii) Credit quality of financial assets

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

	Rating Short term	Rating Long term	Rating Agency	2020 Rupees in thousand	2019 Rupees in thousand
Banks					
Citibank N.A.	P-1	AA3	Moody's	52,428	167,153
Deutsche Bank A.G.	A-2	BBB+	S&P	267	78,144
Faysal Bank Limited	A1+	AA	PACRA	1,854	2,540
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,343	10,109
MCB Bank Limited	A1+	AAA	PACRA	89,965	309,759
National Bank of Pakistan	A-1+	AAA	JCR-VIS	715	715
Meezan Bank Limited	A-1+	AAA	JCR-VIS	15	-
Allied Bank Limited	A-1+	AAA	PACRA	47	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	280,655	537,768
Soneri Bank Limited	A1+	AA-	PACRA	1,089,601	273,161
United Bank Limited	A-1+	AAA	JCR-VIS	1,992	9,104
				1,518,882	1,388,453
Mutual Funds					
NAFA Money Market Fund	Not applicable	AA(f)	PACRA	-	280,539
Atlas Money Market Fund	Not applicable	AA(f)	PACRA	-	284,358
				-	564,897

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

(c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

Management monitors the forecasts of the Company’s cash and cash equivalents (note 34) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company’s liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring reporting date liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

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

Rupees in thousand	Carrying amount	Less than one year	One to five years	More than five years
At March 31, 2020				
Accrued markup	75,547	75,547	-	-
Unclaimed dividend	48,038	48,038	-	-
Trade and other payables	8,151,940	8,151,940	-	-
Short term loan from related party				
- unsecured	2,332,246	2,332,246	-	-
	10,607,771	10,607,771	-	-
At March 31, 2019				
Accrued markup	17	17	-	-
Unclaimed dividend	46,663	46,663	-	-
Trade and other payables	8,295,225	8,295,225	-	-
	8,341,905	8,341,905	-	-

39.2 Fair value estimation

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

The different levels for fair value estimation used by the Company have been explained as follows:

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

The following table presents the financial assets and liabilities that are measured at fair value at March 31, 2020:

Rupees in thousand	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
At fair value through profit or loss				
Derivative financial instruments	-	42,205	-	42,205
Short term investments	-	4,053,057	-	4,053,057
	-	4,095,262	-	4,095,262
Liabilities	-	-	-	-

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

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

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

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company has no such type of financial instruments as on March 31, 2020.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

39.3 Financial instruments by categories

Rupees in thousand	At fair value through profit or loss	At amortised cost	Total
As at March 31, 2020			
Assets as per statement of financial position			
Long term loans	-	213,814	213,814
Long term deposits	-	4,042	4,042
Long term trade debts	-	117,080	117,080
Trade debts	-	868,505	868,505
Loans, advances and other receivables	-	1,160,597	1,160,597
Short term investments	4,053,057	-	4,053,057
Derivative financial instruments	42,205	-	42,205
Cash and bank balances	-	1,521,707	1,521,707
	4,095,262	3,885,745	7,981,007

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

	Financial liabilities at amortized cost	
Rupees in thousand	2020	2019
Liabilities as per statement of financial position		
Accrued markup	75,547	17
Unclaimed dividend	48,038	46,663
Trade and other payables	8,151,940	8,295,225
Short term loan from related party - unsecured	2,332,246	-
	10,607,771	8,341,905

39.4 Offsetting financial assets and financial liabilities

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

39.5 Capital management

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

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

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

Rupees in thousand	Note	2020	2019
Borrowings	10	2,332,246	-
Less: Cash and cash equivalents	35	5,337,963	5,595,197
Net debt		(3,005,717)	-
Total equity		16,557,254	17,626,652

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

40. TRANSACTIONS WITH RELATED PARTIES

40.1 The related parties include the holding company, subsidiaries and associates of the holding company, group companies, related parties on the basis of common directorship, key management personnel of the Company and its holding company and post employment benefit plans (Gratuity Fund and Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Rupees in thousand	Note	Holding company	Key management personnel	Other related parties
For the year ended March 31, 2020				
Purchase of goods		4,378,676	-	25,198,415
Purchase of property, plant and equipment		5,419	-	265,645
Purchase of intangible assets		148,708	-	-
Sale of goods		-	-	245,067
Insurance premium		-	-	382,805
Insurance claims		-	-	59,489
Technical assistance and training charges		38,735	-	46,148
Sale of property, plant and equipment		-	-	12,837
Dividend paid		884,860	-	523,904
Recovery booked against warranty claims		5,037	-	1,244,392
Short-term employment benefits	40.1.1	-	209,203	-
Post-employment benefits	40.1.1	-	13,982	-

For the year ended March 31, 2019				
Purchase of goods		8,271,914	-	40,889,455
Purchase of property, plant and equipment		1,076	-	37,083
Sale of goods		-	-	181,847
Insurance premium		-	-	570,221
Insurance claims		-	-	258,184
Technical assistance and training charges		52,169	-	27,193
Sale of property, plant and equipment		-	-	3,002
Dividend paid		1,656,837	-	980,949
Recovery booked against warranty claims		15,040	-	479,851
Short-term employment benefits	40.1.1	-	187,660	-
Post-employment benefits	40.1.1	-	16,225	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

40.1.1 These represent remuneration of the Chief Executive, executive directors and certain executives that are included in the remuneration disclosed in note 36 to these financial statements.

40.2 Following are the related parties with whom the Company had entered into transactions or had arrangements/agreements in place during the year:

Name	Basis of relationship	Aggregate % of shareholding in the Company
Honda Motor Co. Ltd Japan	Group Company	51%
Shirazi Investments (Private) Limited	Common directorship	30%
Atlas Insurance Limited	Common directorship	1%
Atlas Autos (Private) Limited	Common directorship	None
Atlas Metals (Private) Limited	Common directorship	None
Atlas Power Limited	Common directorship	None
Honda Motor (China) Co., Ltd.	Group company	None
Honda Trading China Co., Ltd	Group company	None
Shanghai Honda Trading Co., Ltd.	Group company	None
Shirazi Trading Company (Private) Limited	Common directorship	None
Honda Autoparts Manufacturing M. Sdn. Bhd. - Malaysia	Group company	None
Atlas Battery Limited	Common directorship	None
Atlas Honda Limited	Common directorship	None
Atlas Asset Management Limited	Common directorship	None
Pakistan Oxygen Limited	Common directorship	None
Atlas Power Product (Private) Limited	Group Company	None
Honda Trading Corporation Japan	Group Company	None
American Honda Motor Company, Inc.	Group Company	None
Honda Trading America Corp.	Group Company	None
Honda Trading (South China) Co., Ltd.	Group Company	None
PT. Honda Trading Indonesia	Group Company	None
Honda Trading Viet Nam Co., Ltd.	Group Company	None
Honda Assembly (Malaysia) Sdn. Bhd.	Group Company	None
Honda Trading Europe Ltd	Group Company	None
Taiwan Honda Trading Co., Ltd.	Group Company	None
Honda Cars Philippines, Inc.	Group Company	None
Atlas Hitec (Pvt) Limited	Common directorship	None
Honda Access Asia & Oceania Co., Ltd	Group Company	None
Honda Trading Asia Co. Ltd.	Group Company	None
Honda Parts Manufacturing Co Ltd	Group Company	None
Honda Parts Manufacturing Corporation	Group Company	None
P.T Honda Prospect Motor Indonesia	Group Company	None
Atlas Honda Limited	Common directorship	None
Honda Trading Philippines Corp.	Group Company	None
Honda Lock Mfg. Co Japan	Group Company	None
Shirazi Trading Co., (Pvt) Ltd.	Common directorship	None
Yutaka Giken Co. Ltd	Group Company	None
Honda Automobile Thailand Co. Ltd	Group Company	None
Honda Malaysia Sdn Bhd Malaysia	Group Company	None
P.T.Honda Precision Parts	Group Company	None
Asian Honda Motor Co. Ltd., Thailand	Group Company	None

41. PLANT CAPACITY AND ACTUAL PRODUCTION

Number	Capacity		Production	
	2020	2019	2020	2019
Motor vehicles	50,000	50,000	22,729	48,608

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

Number	2020	2019
42. NUMBER OF EMPLOYEES		
Total number of employees (including contractual labour) as at March 31	1,483	2,284
Average number of employees during the year (including contractual labour)	1,749	2,286

43. PROVIDENT FUND RELATED DISCLOSURE

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

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on June 02, 2020 by the Board of Directors of the Company.

45. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 24, 2020. In the Company's case, the lockdown was subsequently relaxed from May 18, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. The lockdown has caused disruptions in supply chain including supply of cars to the customers resulting in a decline in sales. It is also expected that the outbreak may result in lower demand for the Company's cars in future. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- deferred tax assets in accordance with IAS 12, 'Income taxes'
- provisions and contingent liabilities under IAS 37, including onerous contracts; and

- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

46. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a final cash dividend for the year ended March 31, 2020 of Re 1/- per share amounting to Rs 142.80 million and transfer of Rs. 650.00 million from 'Un-appropriated profit' to 'General reserve' at their meeting held on June 02, 2020 for approval of the members at the Annual General Meeting to be held on July 14, 2020. These financial statements do not include the effect of the above appropriations which will be accounted for in the period in which they are approved.


Amir H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive


Ahmad Umair Wajid
Chief Financial Officer

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 28th Annual General Meeting of shareholders of Honda Atlas Cars (Pakistan) Limited will be held on Tuesday, July 14, 2020 at 10:30 a.m. to transact the following business. In wake of the outbreak of COVID-19, shareholders are encouraged to attend the meeting online as per the instructions given in notes section:

- To confirm the minutes of the Annual General Meeting held on Thursday, June 27, 2019;
- To approve and adopt the annual audited financial statements for the year ended March 31, 2020 together with the Directors' and Auditors' reports thereon;
- To approve cash dividend @ 10% (Re.1/- per share) for the year ended March 31, 2020 as recommended by the Board of Directors;
- To appoint Auditors for the next financial year and fix their remuneration.

SPECIAL BUSINESS:

- To approve remuneration of Chairman & Executive directors for the year 2020-21 and adopt the following resolution:
 - the remuneration of Chairman for attending Board meetings (Non-executive Director) at Rs. 50.69 million (2019-20: Rs. 45.5 million),
 - the remuneration of the President/CEO at Rs. 17.36 million (2019-20: Rs 14.2 million); and
 - the remuneration of one fulltime director at Rs. 17.37 million (2019-20: Rs 15.5 million).
- To transact any other business with permission of the Chairman.

By order of the Board



Lahore: June 22, 2020

Maqsood ur Rehman Rehmani
Company Secretary & Vice President (HR & Admin.)

NOTES:

- The share transfer books of the company will remain closed from July 06, 2020 to July 14, 2020 (both days inclusive).
- A member entitled to attend and vote at the Annual General Meeting may appoint another member as a proxy to attend and vote on his/her behalf. The proxy forms must be received at Registered Office of the Company duly stamped, signed and witnessed; not later than 48 hours before the time of the meeting.
- Any individual Beneficial Owner of Central Depository Company of Pakistan Ltd. (CDC), entitled to attend and vote at this meeting, must bring his/her CNIC or passport along with CDC account number to prove his/her identity and in case of proxy must enclose attested copy of his/her CNIC or passport. Representatives of Corporate members should bring the usual documents required for such purpose.
- Members are requested to immediately inform company's share registrar "M/s Hameed Majeed Associates, HM-House, 7-Bank Square, Lahore." of any change in their address and provide copy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the company to comply with the relevant laws.

Online Participation in AGM:

In view of the evolving situation on the spread of the COVID-19, the company has decided to conduct the Shareholders' Meeting online in order to protect the wellbeing of the shareholders.

The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the shareholders.

In this regard, shareholders are required to update their valid e-mail addresses with the Share Registrar, latest by July 1, 2020. A detailed procedure shall be communicated through e-mail directly to the shareholders who have provided their valid e-mail IDs and same shall be placed at the Company's website (<https://www.honda.com.pk>) in investor relation section.

The shareholders who have already updated their valid e-mail addresses with the Company or its Share Registrar and are interested to attend AGM may send below information at shares@honda.com.pk for their / their appointed proxy's verification. Such information should be sent from their duly registered valid e-mail address for the registration purposes latest by July 09, 2020.

No	Shareholder Name	CNIC Number	Folio/CDC No	Cell No	Registered Email ID

Statement Under Section 134(3) of the Companies Act 2017

As per requirements of the Articles of Association of the Company, approval of the Chairman's remuneration as 'nonexecutive director' and remuneration of two executive directors is required to be approved by Shareholders. The remuneration of Chairman and executive directors has already been approved by the board of directors in their meeting held on June 02, 2020.

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

AUTHORIZED SALES, SERVICE & SPARE PARTS DEALERS

3S DEALERS

KARACHI
Honda Shahrah-e-Faisal
13-Banglore Town,
Main Shahrah-e-Faisal.
Tel: (021) 34547113-6,
34527070, 34527373,
34527474, 34527575
Fax: (021) 34526758

Honda Defence
67/1, Korangi Road
Near HINO Circle.
Tel: (021) 35805291-4
Fax: (021) 35389648

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

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

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

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

Honda Port Qasim
Plot No. 3B & 4B, Block-B,
Gulshan-e-Benazir Township Scheme,
PQA, Bin Qasim.
Cell: 0333-1025816, 0333-1025817

Honda Khair
Plot 8B, Corridor Area,
near Gulshan e Mayamar Mor,
Main Super Highway.
UAN 03111-111-772, (021) 36881414-18,
(0300) 2006735, (0321) 2005413,
(0336) 2323602

Honda United
D-8, Block-B, North Nazimabad,
Karachi Central.
Tel: (021) 36680551-55

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

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

SAHIWAL
Honda Montgomery
Sahiwal Bypass Lahore Road near PSO
Tel: 0304-111-45-45
Fax: (040) 4502082

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

Honda Point
Main Defence Road.
Tel: (042) 35700994-5, 0333-4777921
Fax: (042) 35700993

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

Honda Township
Main Peco Road,
Kot Lakhpat.
Tel: (042) 35843995-7, 35943372
Fax: (042) 35943371

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

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

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

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

Honda Multan
Northern Bypass Road,
Near NCBA Institute.
Tel: (061) 8023241-44

JHELUM
Honda Express
Main GT Road, Kala Gujran.
Tel: (0544) 272081-83
Fax: (0544) 272086

MARDAN
Honda Mardan
Opposite Industrial Estate,
Surkh Dhery, Nowshera Road.
Tel: (0937) 881115
UAN: (0937) 111-627-326

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

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

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

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

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

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

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

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

ABBOTABAD
Honda Abbott
Kala Pull, Main Mansehra Road,
Musa Zai Colony.
Tel: (0992) 406991-7

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

Authorized Service & Spare Parts Dealers

2S DEALERS

KARACHI
Nazimabad Honda
1-J8/B Muslim League Quarter,
Main Road Nazimabad No.1,
Tel: 021-36603336-7

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

Aabpara Honda
Aabpara Market.
16-Wahdat Road,
Tel: 042-35866932,

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

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

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

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

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

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

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

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

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

ISLAMABAD
Margalla Honda
Service Road, E 11/4, Block B-2,
Near Aura Grand Marque.
Tel: 051-2318051-52, 051-2318059

AMX Honda
Plot No 141, I-9/2.
Tel: (051) 5617683

BAHAWALPUR
Horizon Honda
Bindra Pully, Multan Road.
Tel: 0321-6817729

MULTAN
Prime Honda
1- Mushtaq Colony,
Tel: 061-6538112, 8130005

OKARA
Modern Autos
Near Depalpur Chowk,
Depalpur Road.
Tel: 044-2528335

GUJRAT
River Edge Honda
Near Science College, G.T. Road.
Tel: 053-3523511

Authorized Spare Parts Dealers

1S Dealers

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

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

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

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

RAWALPINDI
Sugoi Potohar Parts Center
4318/5 Main Road, Opposite Nadir
Autos, Gawalmandi
Tel: 051-5550500

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

کارپوریٹ گورننس کے ضابطے کے مطابق

کمپنی نے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کی پوری طرح تعمیل کی ہے۔ اس رپورٹ میں اسی سلسلے کا ایک بیان بھی منسلک ہے۔

ہولڈنگ کمپنی

میسرز ہنڈا موٹر کمپنی لمیٹڈ جاپان %51 حصص کے ساتھ ہولڈنگ کمپنی ہے۔

شیر ہولڈنگ کا طریقہ کار

31 مارچ 2020 تک شیر ہولڈنگ کا طریقہ کار اس رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

میسرز A.F. Ferguson & CO چارٹرڈ اکاؤنٹنٹ ریٹائر ہونے کے بعد، 31 مارچ 2021 کو ختم ہونے والے مالی سال کے لیے اپنی اہلیت کی بنا پر خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے بورڈ میں ان کی دوبارہ تقرری کی سفارش کی ہے۔

برائے اور منجانب:

بورڈ آف ڈائریکٹرز



عامراتج شیرازی
چیرمین

H. Yoshimura

ہیرو نو بو یوشی مورا
پریذیڈنٹ/سی ای او

تاریخ: 2 جون 2020

کراچی

فائنگ تریبٹ کا اہتمام کیا۔ کمپنی نے چار 3S ڈیلر اور دو سپلائرز کی پریکسز میں 128 ملازمین کو تربیت دی۔ ان معیاری سیشنز میں آگ اور اُس کے متعلق نظریاتی معلومات شامل تھیں۔ اس کے بعد آگ پر قابو پانے کے لیے عملی مظاہرہ کیا گیا۔ یہ سیشن ہمارے کاروباری شراکت داروں میں آگ سے حفاظت اور بچاؤ کی اہمیت کو مزید اجاگر کرنے میں معاون ثابت ہوگا۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

بورڈ ممبران انتہائی مسرت کے ساتھ پاکستان شاک ایکیچینج کے لسٹنگ ضوابط کے شقوق کے مطابق مندرجہ ذیل معلومات پیش کر رہے ہیں۔

a- 31 مارچ 2020 کو ختم ہونے والے سال کے مالیاتی اعداد و شمار شفافیت کے ساتھ پیش کیے گئے جس میں اس کی کارکردگی، نقد بہاؤ اور ایکویٹی (Equity) میں تبدیلی جیسی معلومات شامل ہیں۔

b- حساب کتاب کے گواشاوے باقاعدہ طور پر تیار کیے گئے ہیں۔

c- 31 مارچ 2020 کو ختم ہونے والے سال کے مالی بیانات کی تیاری کے لیے باقاعدہ اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

d- مالیاتی بیانات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیار جو پاکستان میں قابل اطلاق ہیں، کو استعمال میں لایا گیا

e- اندرونی کنٹرول کے نظام مستند ہیں اور ان کو موثر انداز میں نافذ کرنے کے ساتھ ساتھ مسلسل چیک بھی کیا جا رہا ہے۔

f- کمپنی کی موجودہ تشویش ناک صورتحال کے باوجود کمپنی کی صلاحیت کے بارے میں کوئی شبہات نہیں ہیں۔

g- قواعد و ضوابط کی تفصیل کے مطابق کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی مراعات جاری نہیں ہوتیں۔

h- 31 مارچ 2020 کو، ملازمین پریڈنٹ فنڈ اور ایمپلائز گریجویٹ فنڈ کے ذریعے کی گئی سرمایہ کاری کی ویلیو بالترتیب 530 ملین اور 483 ملین ریکارڈ کی گئی ہے۔

i- اس رپورٹ میں گذشتہ دس سال کے اہم آپریٹنگ اور مالی اعداد و شمار شامل کیے گئے ہیں۔

مواد میں تبدیلیاں

31 مارچ 2020 سے لیکر آج تک اس رپورٹ میں کوئی مواد تبدیل نہیں کیا گیا ہے اور نہ ہی اس دوران کمپنی نے ایسے عزم کو قبول کیا ہے جس سے کمپنی پر منفی مالیاتی اثرات مرتب ہوں۔

حصص کی منتقلی

تبدیلی ڈائریکٹر کے وقت مسٹر کازونوری شیبامہ کے نام 500 حصص قابلیت حصص کی منتقلی کے علاوہ، ڈائریکٹرز، کمپنی سیکرٹری، CFO اور ان کے شریک حیات کا نابالغ بچوں کے ذریعہ کمپنی کے حصص میں کوئی لین دین نہیں ہوا۔

چیرمین کا اظہار خیال

سالانہ رپورٹ میں "چیرمین کے جائزہ" میں 31 مارچ 2020 کو ختم ہونے والے مالی سال کے متعلق معلومات شامل ہیں۔ اور تمام ڈائریکٹرز جائزہ کے معلومات کی توثیق کرتے ہیں۔

میں حصہ لینے کی پہل کی - پودے لگانے کی افتتاحی تقریب 5 ستمبر 2019 کو فیکٹری میں منعقد ہوئی اور EC ممبران نے رسی پودے لگائے اور اس کے بعد کمپنی نے مقامی حکومت کی اتھارٹی سے رابطوں کے بعد لاہور اور اُس کے مضافات میں 30,000 سے زیادہ پودے لگائے۔

روڈ سیفٹی

پاکستان میں ہر سال محض سڑک پر الٹ رہنے کی شعور کی کمی اور بنیادی احتیاطی تدابیر کو نظر انداز کرنے کی وجہ سے سڑک پر حادثات میں کئی جانیں ضائع ہو جاتی ہیں۔ کمپنی نے کچھ سالوں سے اس معاملے میں مختلف سیمینار کا اہتمام کرتی آرہی ہے۔ تاکہ لوگوں میں روڈ سیفٹی کے شعور کو بہتر کیا جاسکے۔ سیمینار میں متعلقہ سرکاری قواعد و ضوابط کے ادارے اور طلباء نے شرکت کی۔

اس کے علاوہ کمپنی نے "Safty for everyone" کے تصور کے مطابق مختلف یونیورسٹیوں اور کارپوریٹ ہاؤسز میں روڈ سیفٹی کے شعور کو بہتر کرنے کی غرض سے Drive Safe سیشن کا انتظام کرتی رہتی ہے۔ ہماری مختلف ڈیلرشپ پر بھی صارفین کے لیے اسی طرح کے سیشن کا اہتمام کیا گیا۔ ہمارے ایسے ایسوسی ایٹس جو روزمرہ زندگی میں موٹر سائیکل چلاتے ہیں انہیں ہر سہ ماہی میں ہونیوالے سیشنز میں محتاط ڈرائیونگ کی تربیت فراہم کی جاتی ہے۔ گذشتہ سال کے دوران 129 ایسوسی ایٹس کو 8 سیشنز میں محتاط ڈرائیونگ کی تربیت دی گئی۔

فائر فائٹنگ ٹریننگ

سال کے دوران کمپنی نے اپنے چار ڈیلر اور سپلائر کے لیے بھی فائر

فائٹنگ ڈرل کا انعقاد کیا گیا۔ تمام ایسوسی ایٹس نے مشق میں حصہ لیا اور فرضی آگ لگنے کے واقعات کے بعد اُن کو اپنے نامزد کردہ امدادی جگہوں پر منتقل کیا گیا اس مشق سے ایسوسی ایٹس کو حادثے سے بچنے کے لیے کافی کچھ سیکھنے کو ملا۔

CSR سرگرمیاں

کمپنی معاشرتی بہتری کے لیے مختلف سرگرمیاں سرانجام دیتی ہے جن کا مقصد لوگوں کے ساتھ خوشیاں بانٹنا اور کمپنی کے وجود کو معاشرے میں نمایاں کرنا شامل ہے۔ اسی سلسلے میں ماضی کی طرح کمپنی نے گذشتہ سال کے دوران فری میڈیکل کیمپ، تعلیمی میدان، ٹریفک سیفٹی اور ماحولیات کی سرگرمیاں جاری رکھیں۔

فری میڈیکل کیمپس

کمپنی نے اس سال کے دوران مفت میڈیکل کیمپوں کا انعقاد جاری رکھا کمپنی نے وسیع نظر کے ساتھ اپنی فیکٹری سے دور دراز علاقوں میں مفت میڈیکل کیمپوں کا اہتمام کیا۔ اس نیک کوشش میں کمپنی نے جھنگ، کھاریاں، بہاولپور اور بہاول نگر کے پسماندہ علاقوں میں میڈیکل کیمپ لگوائے۔

اسی سال کمپنی نے 8 میڈیکل کیمپ لگائے اور کل 4,479 مریضوں کو مفت علاج اور ادویات فراہم کیں 2014 میں اس سرگرمی کے آغاز سے اب تک کمپنی نے 36 میڈیکل کیمپوں کا اہتمام کیا۔ جس میں 21,000 سے زیادہ مریضوں کو طبی امداد فراہم کی گئی۔

شجر کاری

سال کے دوران کمپنی نے Clean & Green پاکستان کی مہم

ملکی تربیت کے سلسلے میں تھائی لینڈ اور جاپان میں منعقد ہونے والے تربیتی پروگرام جو کہ آرگنائزیشن ڈویلپمنٹ اور فیوچر لیڈرشپ سے متعلق تھیں اس میں چار ایسوسی ایٹس نے حصہ لیا ان تمام کوششوں کی وجہ سے انتظامی تنوع میں بہتری آئے گی جبکہ مستقبل کے لیے کاروباری ضروریات کے مطابق نئے قائدین بھی تیار ہو سکیں گے۔

پیشہ ورانہ صحت اور تحفظ

کمپنی ہمیشہ اپنے ایسوسی ایٹس کو صحت مند ماحول فراہم کرنے کے عمل کو جاری رکھے ہوئے ہے بنیادی حفاظتی اصول کے تحت (No Safty, No Production) جیسے اصول پر کاربند رہتے ہوئے ایسوسی ایٹس کو بہترین اور خوشگوار ورکنگ ماحول فراہم کرنے میں کوشاں ہیں۔ اسی اصول کی بنیاد پر کمپنی تحفظ اور متعلقہ سرگرمیوں کو فروغ دینے کے لیے بنیادی اصولوں پر عمل پیرا ہے۔ جس کا مقصد صنعتی حادثات اور ان کی تکرار کی روک تھام ہے اس کے ساتھ ہی ایسوسی ایٹس کی صحت کو مقدم رکھتے ہوئے صحت پروگرام کے تحت تمام ایسوسی ایٹس کا ہر سال سالانہ میڈیکل چیک اپ کا اہتمام کیا جاتا ہے اور صحت کے متعلق قائم کردہ اصولوں سے کسی بھی قسم کے انحراف کی صورت میں ضروری احتیاطی تدابیر اختیار کی جاتی ہیں۔

کمپنی آگ پر قابو پانے کے حفاظتی اقدامات میں جدت لا رہی ہے جس میں آگ سے بچاؤ کے نئے فلکسچر شامل کرنے، موجودہ تنصیبات میں بہتری لانے کے ساتھ ساتھ ایسوسی ایٹس کو فائر فائٹنگ کی تربیت بھی دی جاتی ہے۔

فائر فائٹنگ کی ایک جامع کمیٹی تشکیل دی گئی ہے اور اس طرح ہر شعبہ میں فائر ڈرل اور تربیت باقاعدگی سے کی جاتی ہے۔ سال کے دوران فیکٹری میں (Mega Safe Evacuation) اور فائر

ضوابط اور کمپنی کی پالیسیوں کے مطابق ممنوع قرار دی گئیں ہیں۔ اور اس طرح رشوت ستانی کی بھی ممانعت کی گئی ہے۔

انفارمیشن مینجمنٹ / اطلاعاتی نظام

اپنے صارفین، ایسوسی ایٹس، کاروباری شراکت داروں اور متعلقہ معلومات کے تحفظ کو یقینی بنانے کے لیے کمپنی نے عالمی رازداری کی پالیسی (GCP) کو اپنایا ہے اسی اثناء میں کمپنی نے رازداری کی کمیٹی بھی قائم کی ہے۔ جس کے سربراہ CEO ہیں۔

کمپنی نے دستاویزات برقرار رکھنے کی پالیسی بھی قائم کی ہے۔ جو GCP کا ایک فخر ہے یہ پالیسی کمپنیز ایکٹ 2017 کے تقاضوں کو پورا کرنے اور دستاویزات کو برقرار رکھنے کی مدت کے متعلق ہدایت بھی فراہم کرتی ہے۔

ہیومن ریسورس مینجمنٹ

کمپنی نے اس بات پر یقین رکھتی ہے کہ ہر انسان اپنی منفرد شخصیت کے ساتھ پیدا ہوا ہے جس میں انفرادی طور پر تخلیقی اور غور و فکر کرنے کی صلاحیت موجود ہوتی ہے۔ ہمارے ایسوسی ایٹس ہماری طویل المدتی حکمت عملی کا ایک اہم حصہ ہے۔ ہم HR کے کچھ سال قبل کیے گئے اقدامات کے تحت اپنے ایسوسی ایٹس کی قابلیت اور صلاحیتوں کو مزید بہتر کرنے کے لیے مستقل طور پر کوشاں ہیں۔

سال کے دوران 19 ایسوسی ایٹس نے FCCU سے ڈپلومہ ان بزنس مینجمنٹ مکمل کیا۔ مینجمنٹ کے ایک سینئر ساتھی نے LUMS سے Executive MBA بھی مکمل کیا اسی سال کمپنی نے FCCU کے ساتھ ایک نیا Executive MBA پروگرام بھی شروع کیا ہے اور اس کورس کے لیے چار ایسوسی ایٹس کو نامزد کیا گیا غیر

برنس انٹھکس پروپوزل لائن BEPL

کمپنی نے کاروباری اخلاقیات کے معاملات کو بہتر بنانے کے طریقہ کار کے طور پر BEPL قائم کی ہے۔ یہ ہاٹ لائن کاروباری معاملات میں کارپوریٹ اخلاقیات سے متعلق ایسے امور کا حل کرتی ہے جو کہ قوانین یا قواعد و ضوابط کی خلاف ورزی کرتے ہوں۔ ان اقدامات کی وجہ سے کمپنی کو غیر جانبدار اور مخلصانہ آراء موصول ہو سکتی ہیں جن کی مدد سے ورک پلیس پر بہت سی مشکلات حل ہو سکتی ہیں جیسا کہ اپنے اعلیٰ افسران سے مشورہ سازی میں دشواری مزید برآں، قوانین یا قواعد و ضوابط کی واضح خلاف ورزی کے معاملات پر یہ ہاٹ لائن پر مشاورت فراہم کرتی ہے اور جب قابل اعتراض کاروائی ہوتی ہے اُس کے متعلق تمام تفصیلات کی فراہمی اور جانچ پڑتال سے منسلک رہتی ہے۔ تجاویز ای میل، ڈراپ بکس، ٹیلی فون یا فیکس کے ذریعے دی جاسکتی ہیں۔ علاوہ ازیں ایسوائٹس اور سپلائرز کی تجاویز بھی قبول کی جاتی ہیں۔ گمنام تجاویز جمع کروانے والوں کو ان کے تحفظ کی مکمل یقین دہانی کرائی جاتی ہے

رشوت ستانی روکنے کے اقدامات

ہنڈا ضابطہ اخلاق کا تقاضہ یہ ہے کہ کمپنی قوانین اور ضوابط کی تعمیل کرے اور حکومت کے تمام انتظامی اور ضابطہ کار اداروں کے ساتھ مناسب اور خوشگوار تعلقات برقرار رکھے اس تعمیل پر عمل کرنے کے لیے کمپنی نے رشوت کی روک تھام کے لیے پالیسی قائم کی ہے جس میں رشوت کی روک تھام کے لیے ہنڈا گائیڈ لائن بھی فراہم کی گئی تفصیلات کے علاوہ تمام ممنوع اشیاء کی بھی وضاحت کی گئی ہے۔ قواعد میں کاروباری مہمانوں کو تفریح یا تحائف (مالیاتی و غیر مالیاتی) پیش کرنے کی پابندی کی وضاحت کی گئی ہے جو قوانین،

رہک مینجمنٹ سٹرکچر

کمپنی ہنڈا گلوبل ریسک مینجمنٹ پالیسی کے اصولوں پر عمل پیرا ہے پالیسی کا مقصد فلسفہ ہنڈا کی بنیاد پر کمپنی کی پائیدار ترقی، مستحکم مینجمنٹ کو آگے بڑھانا اور کمپنی کو متاثر کرنے والے تمام امکانات کی نشاندہی کرنا ہے۔ ان سرگرمیوں کا مقصد کمپنی کے کاربار سے منسلک ممکنہ خطرات کا اندازہ لگانا ہے اور خطرات رونما ہونے سے پہلے تمام حفاظتی اقدامات کرنا شامل ہے۔ ہر محکمہ مشترکہ طور پر 63 ریسک آئٹمز لسٹ کا استعمال کرتے ہوئے اپنے ڈویژن کے لیے ترجیحی / ممکنہ خطرات کی نشاندہی کرتا ہے۔ ہر شعبہ خطرے کی تشخیص کے نتائج کے مطابق موضوعات زیر بحث لاتا ہے اس کے بعد ڈویژنل ہیڈ اور ایگزیکٹو کمیٹی کے فیصلے کی بنیاد پر کمپنی ممکنہ / ترجیحی خطرات کا انتخاب کرتی ہے۔

تعمیل و تکمیل

صارفین اور معاشرے کا اعتماد حاصل کرنے کے لیے اور مستقل ترقی کے لیے کمپنی کو نا صرف قوانین اور ضوابط کی پابندی کرنی چاہیے بلکہ اخلاقی کارپوریٹ کے طرز عمل پر عمل پیرا ہو کر اور کچھ آگے بڑھ کر اقدامات کرنے چاہیں۔ کمپنی نے ہنڈا کے ضابطہ اخلاق کو اپنایا ہے جو ورک پلیس پر ایسوسی ایٹس کی مخلصانہ کاوشوں کا نمونہ پیش کرتا ہے اور قانون ساز اداروں کی دی گئی ہدایات پر بھی مکمل طور پر عمل پیرا ہے کمپنی کو اپنے ہر ایک ایسوائٹ میں ہنڈا کا ضابطہ اخلاق اجاگر کرنے کے لیے اقدامات کرنے ہوں گے۔ جس میں کمپنی ہینڈ بک کی تقسیم، اور مینٹیشن پروگرام، انٹرنیٹ پر معلوماتی پوسٹس اور مختلف تربیتی پروگرام شامل ہیں۔

ڈیویڈنڈ

31 مارچ 2021 کو ختم ہونے والے سال کے لیے بورڈ نے ڈائریکٹرز کے لیے مندرجہ ذیل معاوضوں کی سفارشات کی ہیں۔ جو کہ شیئر ہولڈرز کی منظوری کے ساتھ مشروط ہیں۔

a- چیئرمین (نان ایگزیکٹو ڈائریکٹر) کا معاوضہ 50.69 ملین روپے (ملین 45.5 Rs. 2019-20)

b- صدر / سی ای او کا معاوضہ 17.36 ملین روپے

(ملین 14.2 Rs. 2019-20) اور

c- فل ٹائم ڈائریکٹر کا معاوضہ 17.37 ملین روپے (ملین 15.5 Rs. 2019-20)

ڈائریکٹر کا تربیتی پروگرام (DTP)

کمپنی نے بورڈ کے اراکین کے ڈائریکٹرز کے تربیتی پروگرام کے سلسلے میں کارپوریٹ گورننس کی ضرورت کی تعمیل کو یقینی بنایا ہے۔

فی الحال کمپنی ڈائریکٹرز کے تربیتی پروگرام کے ذریعے ضابطہ اخلاق کی مطلوبہ شرائط کو پورا کرتی ہے اور کوڈ میں دی گئی DTP کی چھوٹ کے مطابق کم سے کم اہلیت اور تجربے کے معیار کی حامل ہے۔

ہنڈا ضابطہ اخلاق

کمپنی نے دیر پا ترقی کے حصول مارکیٹ میں مسابقتی فائدے کو یقیناً بنانے کے لیے اور تمام سٹیک ہولڈرز کے اعتماد کو قائم رکھنے کے لیے بہترین اقدام ترتیب دیے ہیں کمپنی نے یہ اصول تسلیم کرتے ہوئے ہنڈا کے ضابطہ اخلاق کو اپنایا ہے۔ جو کہ ہنڈا میں کام کرنے والوں کی مخلصانہ کاوشوں کا نمونہ پیش کرتا ہے۔ ان تمام معیاری اصولوں کے متعلق آگاہی ایسوسی ایٹس کو تربیتی پروگرام کے ذریعے جبکہ نئے آنے والوں کو اور مینٹیشن پروگرام کے تحت فراہم کی جاتی ہے۔

پچھلے سال کے دوران غیر معمولی کاروباری ماحول کے بعد کمپنی کی آمدنی فی حصص پر 4.77 روپے رہ گئی لہذا بورڈ نے 31 مارچ 2020 کو ختم ہونے والے سال کے لیے ایک روپیہ (10%) آمدنی فی حصص کی سفارشات کی ہیں۔

فی حصص آمدنی

ٹیکس کے بعد بنیادی اور ڈیویڈنڈ آمدنی منافع فی حصص 4.77 روپے (26.97 Rs. 2019) ہے۔

انٹرنل آڈٹ

کمپنی کا ایک آزاد انٹرنل آڈٹ فنکشن ہے جو باقاعدگی کے ساتھ کمپنی کی پالیسی اور منظوریوں پر مبنی اندرونی کاروباری لین دین کی نگرانی کرتا ہے انٹرنل آڈٹ کا بنیادی کام کمپنی کے انٹرنل کنٹرول اور ریسک مینجمنٹ سسٹم کا جائزہ لینا ہے اور کمپنی کے مالیاتی معلومات سے متعلق اعلانات کی درستگی کا تنقیدی جائزہ لینا ہے۔ مزید یہ کہ پالیسی کے کسی بھی قسم کے انحراف کی مناسب طریقے سے نشاندہی کی جاتی ہے اور پالیسی میں بہتری لانے کی سفارشات کی جاتی ہے۔ ان رپورٹس کو صدر کے علم میں لایا جاتا ہے اور سہ ماہی اجلاس میں آڈٹ کمیٹی کی رپورٹ کا جائزہ لیا جاتا ہے۔

ڈائریکٹرز کا معاوضہ

ڈائریکٹرز کا معاوضہ عمومی اجلاس میں شیئر ہولڈرز کی طرف سے منظور کیا جاتا ہے۔ جو کہ 12 اکتوبر 2018 میں ڈائریکٹرز کی طرف سے منظور شدہ ڈائریکٹرز کے معاوضے کی پالیسی پر مبنی ہے۔ معاوضے کی پالیسی بورڈ بہترین امیدواروں کو راغب کرنے کے لیے بنائی گئی ہے

ڈائریکٹرز کی رپورٹ

31 مارچ 2020

کمپنی میں ڈائریکٹرز کے لیے یہ بات خوشی کا باعث ہے کہ وہ 31 مارچ 2020 کو ختم ہونے والے سال پر اٹھائیسویں سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

مالی نتائج:

سال کے اہم مالیاتی نتائج درج ذیل ہیں:
(روپے ملین میں)

برائے اختتام سال	برائے اختتام سال	
31 مارچ 2019	31 مارچ 2020	
5,593.57	1,547.20	سال کا منافع قبل از ٹیکس
(1,742.46)	(865.45)	ٹیکسیشن
(49.25)	(16.13)	سال کا دیگر جامع خسارہ
3,801.86	665.62	غیر شخص منافع
90.79	157.63	مجوزہ منافع
3,892.65	823.25	کل بنیادی اور ترقیاتی منافع
		* تخصیصات
(2,000.00)	(650.00)	عمومی ذخائر میں منتقلی
(1,735.02)	(142.80)	تجویز کردہ ڈیویڈنڈ 10% (2019: 121.5%)
(3,735.02)	(792.80)	
26.97	4.77	فی حصص آمدنی۔۔۔ بیک اور ڈیویڈنڈ (روپوں میں)

* بورڈ آف ڈائریکٹرز نے ان خصوصیات کی تجویز پیش کی ہیں، جو کمپنیز ایکٹ 2017 کے چوتھے شیڈول کی تعمیل میں مالی گوشوارے میں ظاہر نہیں کی جاتی۔


کاروباری ماحول

کاروباری ماحول سال بھر کافی پریشان کن رہا گاڑیوں کی صنعت کو اضافی ٹیکس، اضافی ڈیوٹی، کرنسی کی قدر میں کمی، بڑھتی ہوئی شرح سود اور معیشت کی سست روی نے بے حد متاثر کیا۔ مارچ 2020 میں Covid-19 کی وبا اور ہمارے مالی سال کے آخری مہینے میں، اس وبا سے بچاؤ اور پھیلاؤ کی روک تھام کے لیے اٹھائے گئے اقدامات کی وجہ سے کاروباری سرگرمیاں معطل ہو کر رہ گئیں اور کمپنی اپنے سیلز اور پیداواری ہدف حاصل کرنے میں ناکام ہو گئی۔

اظہار تشکر

میں اپنے قابل قدر کسٹمرز کو کمپنی کی مصنوعات پر بھرپور اعتماد کے لیے اُن کا شکریہ ادا کرنا چاہتا ہوں۔ میں اپنے تمام ڈیلرز، وینڈرز، بکریز اور تمام سٹیک ہولڈرز اور حکومتی اداروں کا ان کی معاونت کے لیے شکریہ ادا کرتا ہوں۔

میں ہنڈا موٹر اور اٹلس گروپ کا ان کی ہما وقت رہنمائی اور مکمل اعتماد کے لیے انتہائی مشکور ہوں۔ میں ہیرو نیو یوشمپورا اور ان کی ٹیم کے گذشتہ سال کے چیلنجنگ وقت میں خالصتاً کارکردگی کی تعریف کرتا ہوں۔ بورڈ کے آگے آنے والے وقت میں اُن کی قیادت پر پورا بھروسہ ہے۔ میں کمپنی کے بہترین مستقبل کے لیے دعا گو ہوں۔


مسٹر عامراج شریواستی
چیئرمین

تاریخ: 2 جون 2020
کراچی

مرحلہ وار پابندیوں کو ختم کرنے کا اعلان کیا ہے۔ اگر یہ مرحلہ آسانی سے طے ہونے لگتا ہے تو آنے والے وقت میں معاشی سرگرمیوں کو فروغ مل سکے گا۔ ایک بار معیشت اپنا توازن بحال کر لیتی ہے تو توقع کی جاسکتی ہے کہ یہ دنیا ترقی کا سفر کامیابی سے جاری رکھ سکے گی۔ جس سے آٹوموبائل کی صنعت کو فروغ ملے گا۔ کمپنی نے ایک بار پھر مضبوط کارکردگی کا مظاہرہ کیا ہے جبکہ معاشی ماحول میں بتدریج بہتری کی توقع کی جا رہی ہے۔ قیمتوں میں کمی "نقدی بہاؤ میں بہتری اور مارکیٹ کے سازگار ماحول فراہم کرنا اہم ترجیحات میں شامل ہیں۔ ترقیاتی منصوبوں کا یہ سلسلہ اعلیٰ کارکردگی کا مظاہرہ کرنے والی انتظامیہ کی جانب سے ایک مضبوط مالی صورتحال کی مدد سے کمپنی بہتر طریقے سے مارکیٹ میں اپنا شیر بڑھانے کے ساتھ ساتھ سٹیک ہولڈر کی مالی صورتحال بھی بہتر کر سکتی ہے۔

حاضری	تقرری	کمیٹی کے ممبران کی تعداد
—	2 مئی 2018	مس مشومہ زہرہ مجید # چیرمین
1	14 مارچ 2020	مسٹر فیروز ضوی # چیرمین
—	2 مئی 2018	مسٹر عامر ایچ شیرازی * ممبر
1	21 اکتوبر 2019	مسٹر ثاقب ایچ شیرازی * ممبر
1	2 مئی 2018	مسٹر ہیر وٹو پوشپورا ممبر
1	2 مئی 2018	مسٹر کی اتپنی مائسو ممبر
—	2 مئی 2018	مسٹر اکیرہ مورایاما ممبر

بورڈ کے اجلاس میں شرکت نہ کرنے والے ممبران کی غیر حاضری پر ان کو رخصت دی گئی۔

* 21 اکتوبر 2019 کو مسٹر ثاقب ایچ شیرازی کو مسٹر عامر ایچ شیرازی کی جگہ ممبر قرار دیا گیا۔

14 مارچ 2020 کو مسٹر فیروز رضوی مسٹر مشومہ زہرہ مجید کی جگہ چیرمین قرار دیا گیا۔

بورڈ میں تبدیلی

20 اکتوبر 2019 کو ہمارے قابل قدر چیرمین جناب یوسف ایچ شیرازی جنت الفردوس کی آخری منزل کے لیے رخصت ہوئے بورڈ نے ان کی وفات پر گہرے دکھ اور رنج کا اظہار کیا ہے۔ وہ اعلیٰ بصیرت کے ساتھ شاندار کاروباری صلاحیت رکھنے والی شخصیت تھے انہیں ہمیشہ صفِ اوّل کے کاروباری رہنما کے طور پر یاد رکھا جائے گا ان کی وفات کے بعد پیدا ہونے والی خلا پیشک کبھی پُر نہیں ہو سکتا مسٹر ثاقب ایچ شیرازی کو بورڈ کے رکن کے طور پر مقرر کیا گیا۔

1 اپریل 2019 کو ہنڈاموٹر جاپان کی سالانہ روٹیشنر کے تحت مسٹر

ساتوشی سوزو کی جگہ مسٹر کا زونوری شیبایاما کی تقرری ہوئی۔

15 مارچ 2020 کو محترمہ مشومہ زہرہ مجید کے مستعفی ہونے کے بعد جناب عارف السلام کو بطور خود مختار ڈائریکٹر منتخب کیا گیا۔ میں اور بورڈ آف ڈائریکٹرز نے ممبران کا خیر مقدم جبکہ سبک دوش ہونے والے ممبران کی گراں قدر خدمات کو سراہتا ہوں۔

مستقبل پر ایک نظر

مجموعی طور عالمی اور ملکی معاشی نقطہ نظر غیر یقینی کا شکار ہے۔ اس صورتحال سے نپٹنے اور استحکام کو یقینی بنانے کے لیے ٹھوس اقدامات کرنے ہوں گے۔ اس کے ساتھ ساتھ فیصلہ کن حکمت عملی کی بھی یکساں ضرورت ہے۔ محدود مالی وسائل اور خارجی دباؤ والے ممکنہ معاشی منظر ناموں کا جائزہ بھی حکومت کی ترجیحات میں شامل ہے اس کے نتیجے میں فوری طور انکشافاتی پیش رفتوں کا جواب دینے کے لیے اقدامات کیے جا رہے ہیں۔ اگر معاشی سرگرمیاں اگلے سال کے منصوبے کے مطابق کام نہ کر سکی تو افراط زر مزید بڑھنے کا امکان ہے۔ دوسری جانب منفی زرعی صورتحال کے پیش نظر اشیائے خوردنی کی قیمتوں میں اضافے کا ممکنہ طور پر خدشہ ظاہر کیا جا رہا ہے۔ ایک مثبت پہلو میں کثیر الجہتی ایجنسیوں کے ذریعے مالی اعانت کا حصول غیر ملکی زرمبادلہ کے ذخائر کی فراہمی کو یقینی بنانے کے ساتھ ممکنہ مالی خلا کو پُر کرنے میں معاون ثابت ہوگا۔

مالی سال 2020-21 کے لیے بجٹ پیش کرنے کے ساتھ حکومت کو مزید ساختی اصلاحات کے ساتھ اپنی موجودہ کاوشوں کو جاری و ساری رکھنا ہوگا۔ درحقیقت ترقی کی مطلوبہ شرح حاصل کرنے کے لیے زیادہ مستحکم حکمت عملی اور معاونت درکار ہے حال ہی میں حکومت نے وقفے وقفے سے مستقبل کے منصوبوں کے لیے مختلف معاشی شعبوں کے لیے

کمیٹی کے اراکین کے نام	تقرری	حاضری
مسٹر فیروز ضوی	2 مئی 2018	4
مسٹر ثاقب ایچ شیرازی	21 اکتوبر 2019	2
مسٹر اکیرہ مورایاما	2 مئی 2018	2
مس مشومہ زہرہ مجید *	2 مئی 2018	3
مسٹر کا زونوری شیبایاما	1 اپریل 2019	2

آڈٹ کمیٹی کے اجلاس میں شرکت نہ کرنے والے ممبران کی غیر حاضری پر ان کو رخصت دی گئی۔

* 13 مارچ 2020 کو محترمہ مشومہ زہرہ مجید نے ممبر کی پوزیشن سے استعفیٰ دے دیا۔

ہیومن ریسورس اینڈ مشاہرہ کمیٹی

کمیٹی کا مقصد ہیومن ریسورس کی حکمت عملی اور پالیسی کے فریم ورک کی نگرانی کرنا ہے۔ اہم انتظامی عہدوں پر معمور اہلکاروں کے معاوضوں کی سفارشات اور کمیٹی کی ایچ آر پالیسی کی کارکردگی کا اندازہ لگانا شامل ہے۔

ہیومن ریسورس اور مشاہرہ کمیٹی 5 ڈائریکٹرز پر مشتمل ہے۔ جن میں دو ایگزیکٹو ڈائریکٹر، دو نان ایگزیکٹو ڈائریکٹر جبکہ ایک خود مختار ڈائریکٹر شامل ہیں۔ HR&R کمیٹی کے چیرمین آزاد ڈائریکٹر ہیں۔ مئی 2018 میں انتخاب کے بعد HR&R کمیٹی تشکیل ہوئی۔

زیر غور سال کے دوران، کمیٹی کے حوالے سے متعلق معاملات پر متبادلہ خیال اور منظوری کے لیے HR&R کمیٹی کا ایک اجلاس منعقد ہوا۔ HR&R کمیٹی کے ممبران کی حاضری درج ذیل ہیں۔

مس ری مسارہ	2 مئی 2018	5
مسٹر مقصود الرحمن رحمانی	کمیٹی سیکرٹری	4
مسٹر احمد عمیر واجد	سی ایف او	5

بورڈ کے اجلاس میں شرکت نہ کرنے والے ممبران کی غیر حاضری پر ان کو رخصت دی گئی۔

* 20 اکتوبر 2019 کو جناب یوسف ایچ شیرازی کے انتقال پر ملال کے بعد جناب ثاقب ایچ شیرازی کو بورڈ کا ڈائریکٹر اور سینئر ایڈوائزر تقرر کیا گیا۔

14 مارچ 2020 کو محترمہ مشومہ زہرہ مجید کی جگہ سینئر عارف السلام بطور خود مختار ڈائریکٹر مقرر کیا گیا۔

آڈٹ کمیٹی

آڈٹ کمیٹی کے 4 ممبران جن میں 3 نان ایگزیکٹو اور 1 خود مختار ڈائریکٹر شامل ہیں۔ آڈٹ کمیٹی کے چیرمین ایک خود مختار ڈائریکٹر ہیں۔ مئی 2018 ڈائریکٹرز کے انتخابات کے بعد آڈٹ کمیٹی کی تشکیل دوبارہ ہوئی۔ آڈٹ کمیٹی کا بنیادی مقصد مالیاتی رپورٹنگ کے عمل، آڈٹ کے عمل، انٹرنل آڈٹ کی رپورٹ کا جائزہ، انٹرنل کنٹرول کے نظام، خواتین اور قواعد و ضوابط کی تعمیل اور نگرانی کرنا ہے۔ کمیٹی انٹرنل اور ایکسٹرنل آڈیٹرز سے الگ الگ ملاقات کرتی ہے، تاکہ حساس معاملات شفافیت کے ساتھ زیر بحث لائیں۔

سال کے دورانیہ میں آڈٹ کمیٹی کے چار اجلاس ہوئے۔ جن میں مالیاتی رپورٹ، انٹرنل آڈٹ رپورٹس اور متعلقہ قوانین اور ضوابط کی تعمیل کے علاوہ دیگر امور شامل بحث رہے۔ آڈٹ کمیٹی کے ممبران کی حاضری درج ذیل ہے۔

منعقد کروائی گئی۔ مسٹر ہیرنوبویشیورپریڈنٹ/سی ای او نے شرکا سے خطاب کیا۔ مستقبل کے لیے Localization کی حکمت عملی اور کاروباری ڈھانچہ میں تبدیلی کے متعلق اہم معلومات فراہم کی گئی۔ وینڈر کی کارکردگی، لاگت میں کمی، بروقت ترسیل اور ماحول کو صحت مندرکھنے کے لیے کاوشوں کو سراہا گیا اور وینڈرز میں تحائف تقسیم کیے گئے۔

مالی نتائج

موجودہ مالی آٹو موبائل کی مانگ میں تخفیف اور پیداواری لاگت بڑھنے کی وجہ سے خاصہ چیلنجنگ رہا۔ سیلز ریونیو %42 تک کمی کے ساتھ 55.05 بلین روپے تک رہا۔ جو کہ گذشتہ برس 95.13 بلین روپے ریکارڈ کیا گیا تھا۔

اس صورتحال کی وجوہات میں ریگولیری ٹیکس میں اضافے کے علاوہ روپے کی قدر میں کمی، آٹو موبائل کی مانگ میں کمی کی وجہ سے پلانٹ کی پیداواری صلاحیت کے مقابلے میں کم پیداواری صلاحیت کے مقابلے میں کم پیداواری کی وجہ سے لاگت میں اضافے شامل ہیں۔ جو کہ گراس مارجن کو گذشتہ سال مقابلے میں %44 کمی کے ساتھ 4.09 بلین روپے تک کم کر چکے ہیں۔

سیلنگ اور جنرل انتظامی اخراجات %19 فیصد کمی کے ساتھ 1.41 بلین روپے ریکارڈ کیے گئے ہیں جو کہ گذشتہ برس 1.73 بلین روپے ریکارڈ کیے گئے تھے۔ دیگر آمدنی میں %51 کمی کے ساتھ 0.64 بلین روپے ریکارڈ کے ساتھ نمایاں کمی دیکھنے میں آئی۔ دیگر آمدنی میں کمی کی بنیادی وجوہات میں نئی کاربننگ میں کمی، اکیویڈیٹی اکاؤنٹ میں کمی اور قلیل المدتی سرمایہ کاری میں کمی

سولر پینل نصب کیے ہیں مزید یہ کہ سیفٹی کو بنیادی توجہ دی گئی۔ ایسوسی ایٹس میں سیفٹی کے شعور میں بہتری لانے کے لیے وسیع تربیتی پروگرام منعقد کرائے گئے۔ سیفٹی آڈٹ میں کسی ناخوشگوار واقعات کو روکنے کے لیے ضروری جگہ پہ اصلاحی اقدامات بھی اٹھائے گئے۔ ورکرز کے تحفظ کو بڑھانے کی کوششوں کے نتیجے میں PO Injection میں ایک بڑی سرمایہ کاری کے ساتھ ربٹس ٹیکنالوجی متعارف کروائے گی۔ جس کی وجہ سے بہت سے دستی کاموں کی جگہ ربٹس نے لے لی ہے۔ اس سے تحفظ ماحول اور معیار میں خاطر خواہ بہتری دیکھنے میں آئی ہے۔ مزید برآں COVID-19 کی وبا کے بعد تمام سٹاف کے تحفظ کو یقینی بنانے کے لیے اہم اقدامات کیے گئے تاکہ وبا کے پھیلاؤ کے ادراک کو یقینی بنایا جاسکے۔

بورڈ کی تشکیل

بورڈ آف ڈائریکٹرز کی تشکیل درج ذیل ہے۔

ڈائریکٹرز کی کل تعداد	9
(i) مرد	8
(ii) عورت	1

بورڈ کی تشکیل

(i) خود مختار ڈائریکٹر	3
(ii) نان ایگزیکٹو ڈائریکٹر	4
(iii) ایگزیکٹو ڈائریکٹر	2

سال کے دوران بورڈ میں دو مرتبہ تبدیلی ہوئی تاہم بورڈ کی واجبی تشکیل برقرار رہی۔

بورڈ آف ڈائریکٹر

دیر پا اور طویل المدتی کمپنی کی ترقی کے حصول اور شیر ہولڈر کے مینڈیٹ کا جواب دینے کے لیے بورڈ آف ڈائریکٹرز کے فرائض میں اہم کاروباری امور اور حکمت عملی کی رہنمائی سے متعلق فیصلے کرنا شامل ہیں۔ علاوہ ازیں بورڈ آف ڈائریکٹرز کمپنی کے کوڈ اور کارپوریٹ گورننس کے آرٹیکل آف ایسوسی ایشن کے تحت مخصوص معاملات پر تبادلہ خیال اور فیصلے مرتب کرتا ہے۔ کرداروں کی بھرپور ادائیگی کے لیے کمپنی مجموعی طور پر بورڈ آف ڈائریکٹرز کے متنوع علیم اور تجربے کے توازن پر یقین رکھتی ہے اور اس کے مطابق کمپنی کے بورڈ میں ایسے ممبران موجود ہیں، جن کے پاس اعلیٰ مہارت اور وسیع تجربہ ہونے کے ساتھ متنوع علیم اور بصیرت موجود ہے سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔

بورڈ ممبران کی حاضری درج ذیل ہے

ڈائریکٹرز کے نام	تقرری	حاضری
مسٹر یوسف ایچ شیرازی *	2 مئی 2018	3
مسٹر ثاقب ایچ شیرازی *	21 اکتوبر 2019	2
مسٹر ہیرنوبویشیورا	2 مئی 2018	5
مسٹر عامر ایچ شیرازی	2 مئی 2018	5
مسٹر کی اتھی ماسو	2 مئی 2018	5
مسٹر فیروز رضوی	2 مئی 2018	5
مسٹر اکیرہ مورایاما	2 مئی 2018	2
مسٹر کازونوری شیبایاما	1 اپریل 2019	2
مس مشومہ زہرہ مجید #	2 مئی 2018	4
مسٹر عارف اسلام #	14 مارچ 2020	

جدید ٹیکنالوجی سے بھی آراستہ ہے۔ انٹیر نیئر ڈیزائن سات افراد کے بیٹھنے کی گنجائش کے ساتھ کشادہ بھی ہے۔ ڈرائیور اور مسافر سیٹ کے درمیان ایک سنٹرل کنسول فراہم کی گئی ہے۔ تاکہ آرام دہ سفر کے لیے ضروری لوازمات ساتھ رکھی جاسکیں۔ تحفظ کو یقینی بنانے کے لیے BR-V میں دو SRS بیگ جو کہ ایک ڈرائیور کی سیٹ اور فرنٹ سیٹ پر آراستہ کیے گئے ہیں۔

نئے ڈیلرز کی شمولیت

سال کے دوران 7 نئے ڈیلر شپ تین کراچی کے لیے، ایک ایک ملتان، جہلم، مردان اور ایبٹ آباد کے لیے شامل کیے گئے۔ ان سات ڈیلر شپ کے اضافے کے ساتھ کمپنی نے اپنے نیٹ ورک کو 33 '3S' ڈیلر شپ تک بڑھا دیا ہے۔ جس نے ملک کی تقریباً تمام بڑی مارکیٹس کو کور کیا ہے نئی ڈیلر شپ نا صرف گاڑیوں کی بنگ میں سہولت فراہم کرے گی بلکہ ہمارے قابل قدر کسٹمرز کو بعد از فروخت موثر خدمات بھی فراہم کریں گے۔

وینڈر کانفرنس

کمپنی اپنے وینڈر کو سٹرٹیجک پارٹنر سمجھتی ہے جو کہ بلا تعطل پیداواری افعال کے لیے نہایت اہم ہے۔ کمپنی اس حقیقت پر یقین رکھتی ہے کہ سموتھ سپلائی چین آپریشنز کا انحصار بروقت ترسیل کے ساتھ ساتھ معیاری ترسیل پر بھی یکساں منحصر ہے۔ وینڈر کے ساتھ مسلسل رابطہ اور بروقت معاونت کی بدولت وینڈر کامیابی کے ساتھ ہنڈا کے معیار پر پورا اترنے کے اہل ہیں۔ سالانہ وینڈر کانفرنس ایک فورم ہے جس میں وینڈرز کی سال بھر کی کارکردگی اور معاونت کا جائزہ لیا جاتا ہے۔ اس سال بھی "ایلوونگ دانیوچر" کے عزم کے تحت 29 نومبر 2019 کو فلٹیئر ہوٹل لاہور میں سالانہ وینڈر کانفرنس

ہنڈا سوک Turbo RS کا تعارف

موجودہ سال میں نئی ہنڈا سوک (1.5 RS Turbo) متعارف کروائی گئی جس میں جدید ترین خصوصیات اور مستقبل کے ڈیزائن کے ساتھ ایک نیا معیار قائم کیا ہے۔ روڈ سیلنگ (RS) ہنڈا کی چیلنجنگ سپرٹ، جدت اور نفاست کے حصول کی مایہ ناز تخلیقی کاوشوں کی نمائندگی کرتی ہے۔ یہ ماڈل 3 گریدز (1.8 i-VTEC), (1.8 Oriel i-VTEC) اور (1.5 Turbo RS) میں متعارف کروایا گیا ہے۔ جدید (1.5 DOHC TURBO) انجن CVT کے ساتھ ہنڈا کی ڈریم ٹیکنالوجی کے تحت متعارف کروایا گیا ہے۔ اس کی امتیازی خصوصیات میں کلاس لینڈنگ سیفٹی سسٹم کے ساتھ (EBP) الیکٹرک پارکنگ بریک، (ABH) آٹو بریک ہولڈ (VSA) Vehicle Stability Assist، (ABS) اینٹی بریکنگ لاک سسٹم (HSA) ہل سٹارٹ اسسٹ، (ESS) ایرجنسی شاپ سگنل، ریورس کیمرہ اور (SRS) ایر بیگ شامل ہے۔

اپ ڈیٹڈ BR-V کا تعارف

اسی سال کے دوران کمپنی نے BR-V کا اپ ڈیٹڈ (Face Lift) ماڈل متعارف کروایا۔ ڈائنامک BR-V اور جدید منفرد خصوصیات سے بھرپور ہے۔ جس میں خوبصورت انٹیر نیئر اور ہائی گراؤنڈ کلیئرنس شامل ہے۔ اس کے ایرو ڈائنامک ڈیزائن میں بیرونی شور میں کمی کے ساتھ ساتھ خوبصورتی، Sharp ڈیزائن والے (Door Visor)، (Step Garnish) اور شارک انٹینا جس کی ریڈیو ریسپشن بہت اچھی ہے کی طرف خاص توجہ دی گئی ہے۔ نئی Honda BR-V "پش سٹارٹ" سمارٹ انٹری جیسی

پریشان کن رہا ہے۔ غیر مناسب معاشی حالات جیسے کے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، مختلف ماڈلز پر 2.5% سے لیکر 7.5% تک FED کا نفاذ اور درآمدات پر اضافی 5% ڈیوٹی عائد ہونے کی وجہ سے ان پر لاگت میں اضافہ ہوا اور اس نے آٹو موبائل کے شعبے کو اپنی قیمتوں میں اضافے پر مجبور کر دیا۔ دوسری جانب بڑھتے ہوئے افراط زر نے لوگوں کی قوت خرید کو بے حد متاثر کیا۔ جس کی وجہ سے نئے گاڑیوں کی مانگ میں کمی کی بدولت نئی گاڑیوں کی بنگلے میں سست روی کا سامنا ہے۔ مذکورہ مالی سال کے دوران صنعتی پیداوار میں بڑے پیمانے پر کمی 42.5% کے ساتھ 1,32,835 یونٹس تک کم ہو گئی ہے۔ گاڑیوں کی فروخت گذشتہ سال کے دوران 2,24,653 یونٹس کے مقابلے میں 38.7% تک کمی کے ساتھ 1,37,710 یونٹس تک رہی۔ 801 CC سے لیکر 1000 CC تک گاڑیوں کی فروخت میں 32% کمی ریکارڈ کی گئی جبکہ 1300 CC اور اس سے اوپر سطح کی گاڑیوں کی فروخت میں 45.3% تک کمی ریکارڈ کی گئی۔ مذکورہ بالا شدید وجوہات نے صارفین کا رجحان متاثر کیا ہے جس کی وجہ سے نئی گاڑیوں کے آرڈر میں کمی واقع ہوئی ہے۔

کمپنی

رواں مالی سال کے دوران کمپنی نے 2022, 729 یونٹس (گاڑیاں) بنائے۔ جبکہ گذشتہ سال کی پیداوار 48,608 یونٹس ہیں اور گذشتہ سال کی گاڑیوں کی فروخت 48,648 یونٹس کی فروخت کے مقابلے میں اس سال 22,418 یونٹس فروخت ہوئے اس طرح 54% کمی دیکھنے میں آئی۔ مالی سال مارچ 2020 کے دوران ہونے والی شہہ سرخیاں مندرجہ ذیل ہیں۔

زراعت

پاکستان کے زراعت کے شعبے کو قومی معیشت کی بنیاد سمجھا جاتا ہے۔ تاہم اس شعبے کی کارکردگی مخلوط رہی۔ خریف کی فصلوں خاص طور پر کپاس کی پیداوار میں خاطر خواہ کمی دیکھنے میں آئی۔ مہنگی لاگت کی وجہ سے کاشت کاری کے رقبے میں کمی واقع ہوئی ہے۔ جبکہ غیر موسمی بارشوں اور کیڑوں کے حملوں نے پیداوار کو بری طرح متاثر کیا ہے۔ ربیع کی فصلوں کے ابتدائی تخمینے میں موسم کی مناسب صورتحال اور یوریا پیکج کی مدد سے بہتری کی طرف اشارہ ملتا ہے۔ مجموعی طور پر حالیہ اعلان کردہ زراعت پیکج اور بہتر قیمتیں اس شعبے کے لیے معاون ثابت ہوگی۔

بڑے پیمانے پر صنعت

صنعتی، سرکاری اور نجی شعبے میں کھپت میں سست روی کا مشاہدہ کیا گیا کیونکہ کلیاتی معاشی استحکام کے اقدامات میں شدت نمایاں طور پر دیکھی جاسکتی ہے۔ کاروبار اور صارفین میں اعتماد مجموعی طور پر کمزور رہا جس کی وجہ سے صارفین اپنی قوت خرید برقرار نہ رکھ سکے۔ مجموعی طور پر بڑے پیمانے کی متعدد صنعتوں نے بڑھتی ہوئی مہنگی لاگت کے ساتھ انوینٹری کو برقرار رکھا۔ بڑھتی ہوئی مہنگی لاگت اور منافع کم ہونے کی وجہ سے بہت سی فرمیں اپنے آپریٹنگز روک دیے ہیں جس کے نتیجے میں مالی سال 2020 کے پہلے 9 ماہ میں 5.4% تک کمی دیکھنے میں آئی ہے۔ پورے سال کے دوران COVID-19 کے نتیجے میں شٹ ڈاؤن کیوجہ سے مزید اونچی سطح پر چلا جائے گا۔

آٹو موبائل صنعت

بہت ساری وجوہات کی بنا پر یہ سال آٹو موبائل انڈسٹری کے لیے

چیرمین کا نقطہ نظر

31 مارچ 2020

حال ہی میں حکومت کی جانب سے 1,200 بلین روپے کے مالی محرک کے ٹیکے کا اعلان کیا گیا ہے۔ تاکہ اس موذی مرض کے پھیلاؤ کی وجہ سے معاشرے کے کمزور ترین حلقوں پر آنے والے بدترین اثرات کو کم سے کم کیا جاسکے۔ بلکہ متاثرہ کاروبار کے لیے معاونت فراہم کی جاسکے۔ جس کی نتیجے میں ٹیکس آمدنی اور اضافی اخراجات میں خسارے کی مد میں مالی خسارہ GDP کا 9% سے بھی بڑھ جانے کی توقع ہے۔ خارجی شعبے میں نمایاں بہتری آئی ہے۔ مالی سال 2020 جولائی مارچ کے دوران موجودہ کرنٹ اکاؤنٹ کا خسارہ 73% سے کم ہو کر 2.8 بلین امریکی ڈالر تک رہ گیا ہے۔ اور یہ بہتر صورتحال درآمدات میں خاطر خواہ کمی اور کارکنان کی تفصیلات زرکی بدولت ممکن ہو سکی ہے۔ IMF کی جانب سے مالی معاونت، دیگر کثیرالجہتی شراکت داروں کی جانب سے قرضوں کی واپسی کی ری شیڈیولنگ اور USD 1.4 بلین کی ہنگامی مدد کی وجہ سے SBP کے ذخائر نسبتاً زیادہ محفوظ ہونے کے ساتھ 12.3 بلین امریکی ڈالر کی سطح پر پہنچ گئے ہیں۔ افراط زر کے گرنے کے رجحان کی وجہ سے سارا سال افراط زر کی شرح ایک ہی ہندسہ میں رہنے کی توقع ہے۔ یہ بنیادی خوراک اور ایندھن کی قیمتوں میں کمی کی بدولت ہے۔ بحران کے آغاز کے دو ماہ کے دوران SBP کی پالیسی کی شرح مجموعی 525 بنیادی پوائنٹس کو 8% تک کم کر دیا ہے۔ یہ قدم اُس عزم کے ساتھ اٹھایا گیا ہے کہ اقتصادی ترقی پر COVID-19 کے اثرات کو کم کرنے کے ساتھ ساتھ مالی استحکام کو بھی برقرار رکھا جاسکے۔ مارچ کے مہینے میں بھاری نقصان اٹھانے کے بعد PSX نے اپنی کھوئی ہوئی رفتار دوبارہ حاصل کر لی ہے اور وسط مئی تک 34,008 پوائنٹس تک پہنچ چکی ہے۔

میرے لیے یہ بات خوشی کا باعث ہے کہ میں 31 مارچ 2020 کو ختم ہونے والے سال پر اٹھائیسویں سالانہ رپورٹ پیش کر رہا ہوں۔ ہمارے محترم چیرمین جناب ایچ شیرازی صاحب کی وفات کے بعد اس سال کے اختتام کے ساتھ ایک شاندار دور بھی ختم ہو گیا۔ وہ ایک مشہور قومی شخصیت تھے۔ جنہیں ان کی حب الوطنی انتھک محنت اور گراں قدر کاروباری خدمات کی وجہ سے صدیوں یاد رکھا جائے گا۔ انہوں نے ہمیشہ انسانوں کی ترقی پر اپنی توجہ مرکوز رکھی۔ جس نے انہیں ایک منفرد شخصیت بنا دیا ہے۔ چیرمین صاحب بلاشبہ کوئی ثانی نہیں رکھتے۔ البتہ ہم ان کے مزین کردہ راستے پر چلتے ہوئے کہنی کے بہترین مستقبل کی جدوجہد کو جاری رکھنے کا مستحکم ارادہ کرتے ہیں۔

معیشت

COVID-19 جیسے موذی مرض نے تمام دنیا کے ممالک کو اپنی لپیٹ میں لے کر لوگوں کو اپنے گھروں تک محدود کر کے رکھ دیا ہے۔ جس کی وجہ سے تمام معاشی سرگرمیاں محدود ہو کر رہ گئی ہیں۔ پوری دنیا کے ممالک میں اس موذی مرض کے پھیلنے کی وجہ سے معاشی اور معاشرتی منفی اثرات سے نبھنے کے لیے مختلف امدادی پروگرام شروع کیے ہیں۔ پاکستان میں یہ عین اس وقت نمودار ہوا، جب ملک قدرے اقتصادی استحکام کی جانب رواں دواں تھا۔ اس عالمگیر وبا کے ظہور کی وجہ سے ملک کی اقتصادی ترقی میں رکاوٹ آگئی ہے۔ کاروبار عارضی طور پر بند ہونے کے باعث اور فصلوں میں تاخیر کی وجہ سے لوگوں میں بے روزگاری کا خطرہ بڑھ گیا ہے۔ اس کے نتیجے میں مالی سال 2020 کے دوران نمو میں 1.5% تک تخفیف متوقع ہے۔ جبکہ گزشتہ سال ترقی کا ہدف 3% تھا۔

FORM OF PROXY

FOR THE YEAR ENDED MARCH 31, 2020

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

I/We _____ of _____
_____ being member(s) of Honda Atlas Cars (Pakistan) Limited
having Folio No. / CDC Participant I.D No. _____ and _____ number of shares, hereby
appoint Mr./Ms. _____ of _____
who is also a member of the Company having Folio No. / CDC Participant I.D No. _____ and _____
number of shares, as my/our proxy in my/our absence to attend and vote for us on my/our behalf at the Annual General
Meeting of the Company to be held on Tuesday, July 14, 2020 online and at any adjournment thereof.

Signed on this _____ day of _____ 2020.

Witness 1:

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

Signature of Shareholder

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

Witness 2:

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

Affix Rs. 5/-
Revenue
Stamp here

NOTES:

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

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

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