

THE MOBILITY PARTNER



Integrated Annual Report 2021

Atlas Honda Limited

1-McLeod Road, Lahore-54000

Ph: (92-42) 37225015-17, 37233515-17

Fax: (92-42) 37233518, 37351119

E-mail: ahl@atlas.com.pk

Website: www.atlashonda.com.pk



Organisation
development
through
self development



Table of Contents

Company Overview

Vision, Mission, Core Values & Code of Conduct	05
Strategic Goals & Quality Policy	06
About the Company & Group Structure	08
Organization Chart	10
Geographical Presence	11
Transforming the Mobility Landscape	12
Company Information	14
Board of Directors	16
Business Model	18
Significant Events	20
COVID-19 Response Strategy	22
Shareholders' Information	24

Messages for Stakeholders

Chairman's Review	27
Directors' Report to Shareholders	31
Directors' Report to Shareholders (Urdu)	37
Chairman's Review (Urdu)	41
Report of the Board Audit Committee	42
Risk and Opportunity Report	44
Additional Information	
- Management Objectives	50
- Forward Looking Statement	52
- Statement of Charity Account	52
- Business Rationale for Major Capital Expenditure	53
- Significant Plans & Decisions	53
- Unreserved Compliance of IFRS issued by the IASB	53
- Certifications Acquired and International Standards Adopted	53
Notice of the 57th Annual General Meeting	54

Financial Highlights

Key Financial & Non-Financial Performance Measures	58
Analysis of Financial Statements	
- Financial Ratios	60
- Dupont Analysis	63
- Statement of Financial Position	64
- Statement of Profit or Loss	67
- Statement of Cash Flows	69
Share Price Sensitivity Analysis	71
Statement of Value Addition and its Distribution	72
Quarterly Performance Analysis	73

Sustainability Report

About the Report	76
Sustainability Highlights 2021	77
General Information	78
CEO's Message on Sustainability	79
Sustainable Development Goals	80
Sustainability Targets	81
Sustainability Strategy	82
Environmental Protection	92
Product Responsibility	98
Corporate Citizenship	101
Vendor Management	104
Employee Management	108
Definition, Methodology and Scope	112
Independent Assurance Statement	113
GRI Content Index	115

Financial Statements

Statement of Compliance with Code of Corporate Governance	122
Review Report to the Members on Statement of Compliance with the Code of Corporate Governance	124
Report on the Audit of the Financial Statements	125
Statement of Financial Position	128
Statement of Profit or Loss & Other Comprehensive Income	129
Statement of Changes in Equity	130
Statement of Cash Flows	131
Notes to the Financial Statements	132

Other Information

Pattern of shareholding	172
Group shareholding	175
Atlas Group Companies	176
Product Portfolio	177
Glossary of Terms	178
Feedback Form	181
Investors' Education	183



Vision

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

Mission

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

Core Values

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

	Respect, Recognition & Reward We promote a culture of respect across the Company and reward exceptional performances.	Education & Training We provide education & training opportunities to our employees for their professional growth.	
	Value of Time We aim for optimum utilization of our time to increase productivity and improve work / life balance.	Self Reliance We trust our abilities and talent to build a better, stronger and more dynamic organization.	
	Meritocracy We foster meritocracies in hiring, rewarding and promoting the best people based on their merit.	Excellence We deliver high-quality products to our customers.	

Code of Conduct

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

Strategic Goals

Customers

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

Quality

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

Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

Technology

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

Shareholders

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

Employees

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

Corporate Citizen

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

Quality Policy

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





About the Company & Group Structure

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

Utilizing the funds generated by Shirazi Investments (Private) Limited, Mr. Yusuf H. Shirazi signed a technical collaboration agreement with Honda Motor Company Limited (HMC) in 1963 for the production and sales of Honda motorcycles in Pakistan. The Company that was formed as a result of this venture was called “Atlas Autos Limited” with its manufacturing facility located in Karachi.

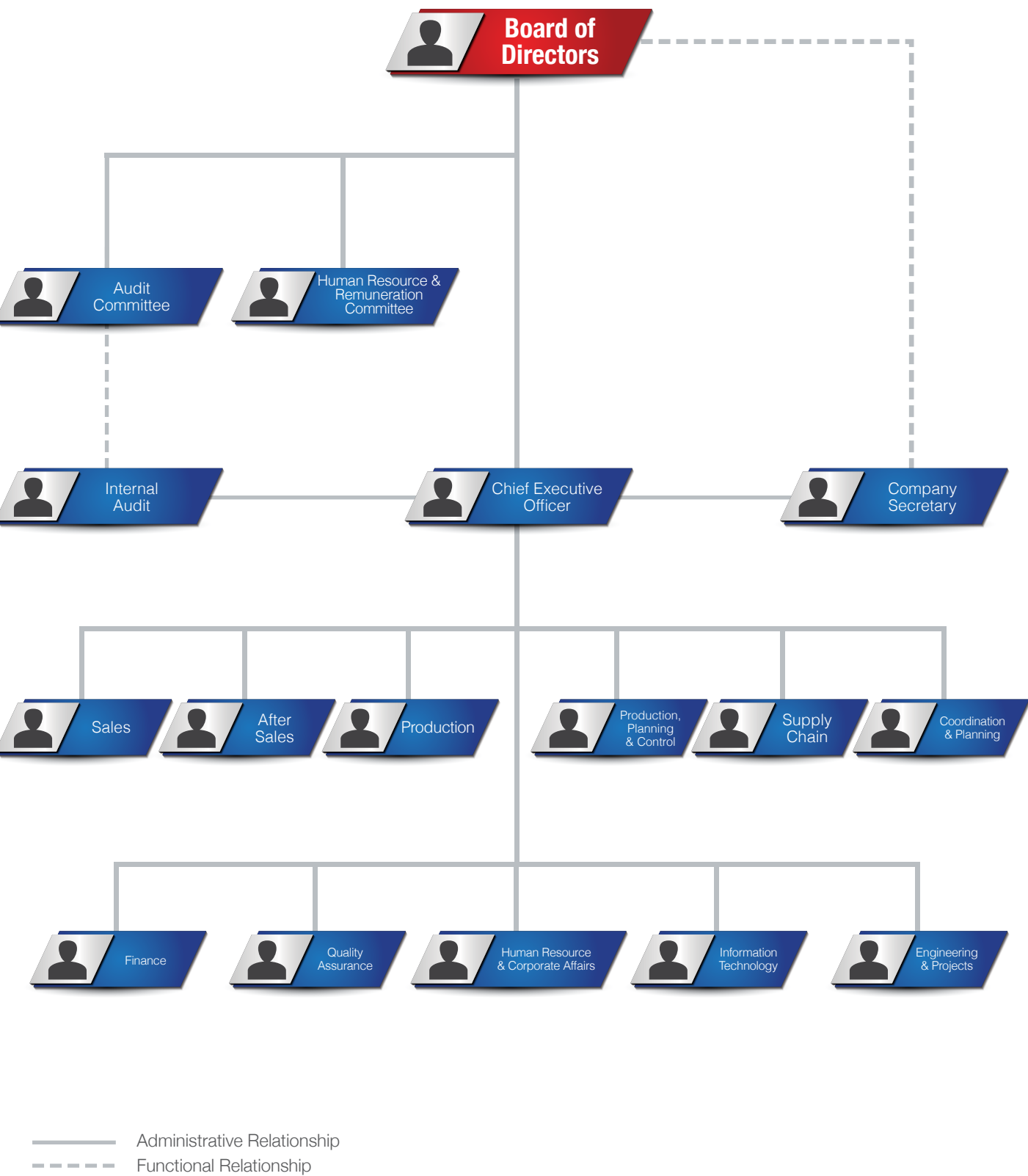
To expand the reach to new markets, Atlas Epak Limited was formed in 1968 with manufacturing facilities based in East Pakistan. However, calamity struck in 1971 as the war in East Pakistan resulted in loss of the sister concern. Despite this massive financial impediment, Atlas Autos remained steadfast and recovered. Later in 1979, another new motorcycle manufacturing plant at Sheikhpura, namely “Panjdarya Limited” was established.

To enhance the technological and production capabilities, a joint venture agreement was entered into in 1988 with HMC. Both Atlas Autos Limited and Panjdarya Limited operated separately until the two were merged in 1991 and “Atlas Honda Limited” (the Company) came into being. Today Atlas is a diversified group dealing in engineering, power generation, trading and financial services. It consists of 19 companies out of which 4 are quoted on the Pakistan Stock Exchange. Atlas shareholders equity and assets stand over 2 billion US dollars; annual sales nearing 3 billion US dollars.

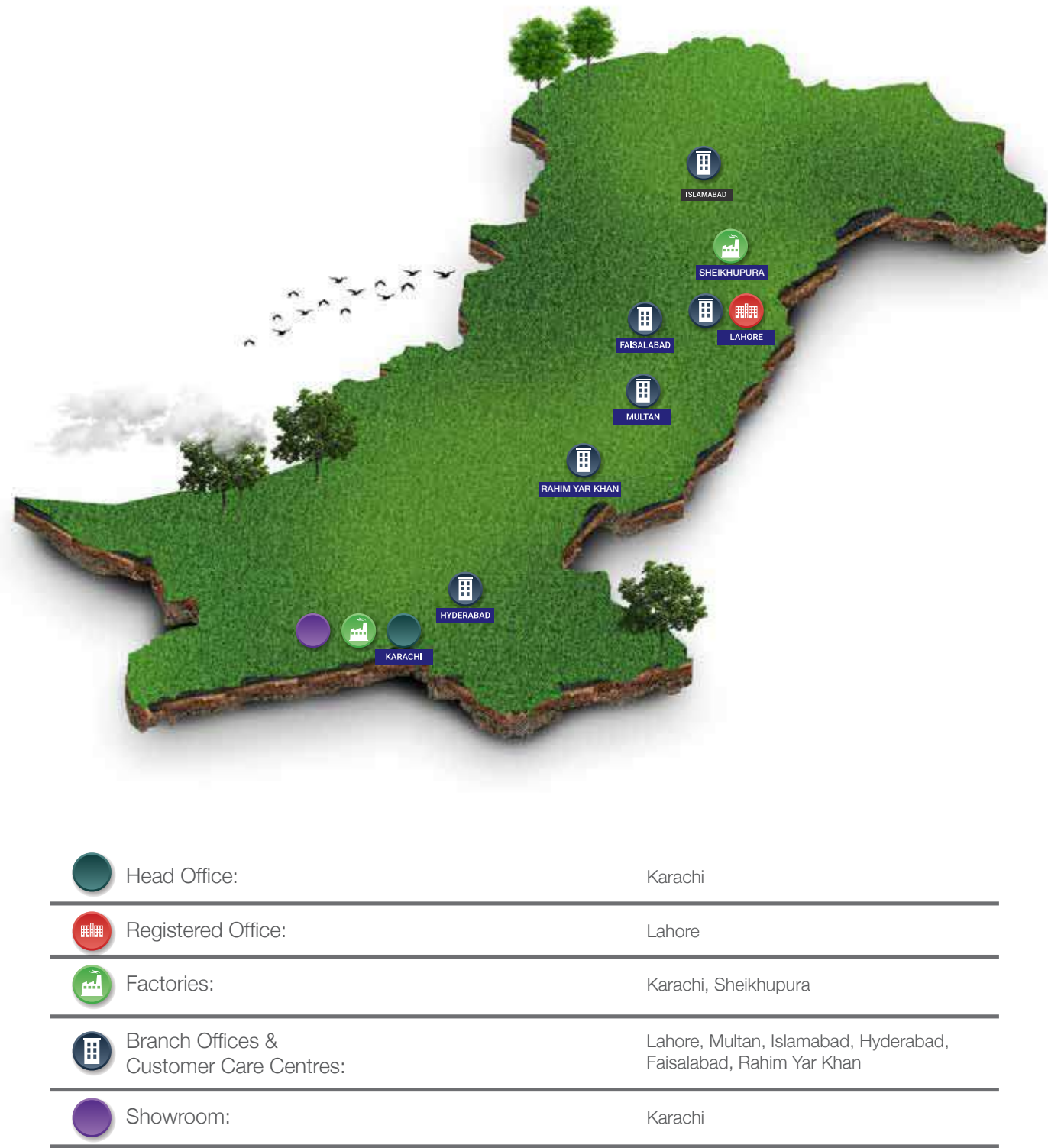
The Group has harmonized professional management and institutionalized the Group shareholding to build businesses that last generation after generation. Atlas has also been playing a leading role as a corporate citizen promoting centres of professional education, contributing to health facilities, helping law enforcement agencies and improving the standard of life.

With a production capacity of 1.35 million and gearing up for the next capacity expansion, the company remains the market leader of the two-wheeler industry. With an extended product range to meet the needs of a variety of customers, unmatched quality and millions of satisfied customers across the nation, Atlas Honda Limited takes pride in being the **‘The Mobility Partner’** of the nation generation after generation.

Organization Chart



Geographical Presence



Dealerships & Distribution Network

Atlas Honda's Dealerships are spread all over Pakistan. Complete details are available at www.atlashonda.com.pk

Transforming the Mobility Landscape

1963-2021



1963-1970

Atlas Autos Limited is incorporated as a public limited company.

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

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

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

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

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

1971-1980

A new model, S 110 Deluxe is launched. The Company launches two of its longest running and most popular production models, the fuel efficient CD 70 and high performance CG 125.

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

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

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

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

A motorcycle Technical Training Centre is established in Lahore.

1981-1990

Panjadarya Limited commences commercial production.

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

New CD70 with econo-power engine is launched.

The Company achieves localization level of 50%.

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

The Company organizes the first ever vendor conference.

Engine parts manufacturing plant is installed.

The Company celebrates its 25th year of incorporation.

Honda Motor Company acquires 10% equity in Atlas Autos.

Merger of Panjdarya Limited with Atlas Autos takes place.

Atlas Honda continues to be on a journey of remarkable achievements reaching new levels of excellence as it rides forward. With a growing network of dealerships, state-of-the-art manufacturing plants with high quality standards and unmatched after sales services we have been trusted as **'The Mobility Partner'** of the nation ever since the company came into existence. Our passion has enabled us to achieve significant accomplishments and milestones over the years, whilst igniting a renewed spark of ambition to pursue even greater achievements ahead.



1991-2000

The newly merged Company is renamed to Atlas Honda Limited.

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

New CD 70 model is introduced with latest ignition technology.

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

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

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

The Company is ranked among the top ten employers.

2001-2010

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

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

The Company achieves localization level of 85%.

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

The new models CD 100 and CG 125 Deluxe are launched.

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

The Company hosts the 15th NHC Asia-Oceania Bloc Convention.

SAP, the leading ERP system, is implemented.

2011-2020

The Company surpasses 90% localization record.

The Company crosses the 500,000 and 1 million units landmarks in 2011 & 2018 respectively.

The Company becomes the first motorcycle company in Pakistan to comply with latest emission standards.

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

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

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

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

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

The Company launches following new models during the decade:

CD 70 Dream | CG 125 Dream | Pridor | CBR series
CB 150F | CB 250F | CG 125S | CB 125F

Company Information

Board of Directors

Aamir H. Shirazi Chairman	Faisal Iqbal General Manager Human Resources & Administration
Sanaullah Qureshi Director	Faisal Mahmud General Manager New Model Centre
Abid Naqvi Director	Muhammad Noman Khan General Manager Engineering & Projects
Mashmooma Zehra Majeed Director	Muhammad Tahir Nazir General Manager Production, Planning & Control
Susumu Morisawa Director	Muhammad Qadeer Khan General Manager Plants
Shunsuke Miyazaki Director	Muhammad Zafar Iqbal General Manager After Sales
Hirofumi Yada Director	Mujahid-ul-Mulk Butt General Manager Sales
Saquib H. Shirazi Chief Executive Officer	Rashid Ahmed General Manager Commercial & Planning
Marrium Ahmed Company Secretary	

Audit Committee

Abid Naqvi Chairman	Syed Tanvir Hyder General Manager Supply Chain & Systems
Sanaullah Qureshi Member	Zia Ul Hassan Khan General Manager Quality Assurance
Mashmooma Zehra Majeed Member	

Muhammad Asim
Head of Internal Audit

Marrium Ahmed
Secretary

Human Resource & Remuneration Committee

Abid Naqvi Chairman	Hameed Majeed Associates (Pvt.) Limited H. M. House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore Tel: (92-42) 37235081-82 Fax: (92-42) 37358817
Sanaullah Qureshi Member	
Saquib H. Shirazi Member	

Faisal Iqbal
Secretary

Management

Saquib H. Shirazi Chief Executive Officer	Allied Bank Limited
Afaq Ahmed Vice President Marketing	Askari Bank Limited
Shunsuke Miyazaki Vice President Technical	Bank Al-Habib Limited
Hirofumi Yada General Manager Technical	Bank Alfalah Limited
Kashif Yasin Chief Financial Officer	Faysal Bank Limited
Khawaja Shujauddin General Manager JVS Coordination	Habib Bank Limited
	Habib Metropolitan Bank Limited
	Khushali Bank Limited
	MCB Bank Limited
	Meezan Bank Limited
	National Bank of Pakistan
	Soneri Bank Limited
	Standard Chartered Bank (Pakistan) Limited
	United Bank Limited



Registered Office

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

Factories

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

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

Branch Offices & Customer Contact Centre

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

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

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

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

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

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

Showroom

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

Customer Contact Centre

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

Board of Directors



Aamir H. Shirazi
Chairman ▲

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

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

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

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



Sanaullah Qureshi
Director ▲■●

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



Abid Naqvi
Director ■■●

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



Mashmooma Zehra Majeed
Director ■■

Ms. Mashmooma Zehra Majeed completed her Chartered Financial Analyst (CFA) program in 2001 from the CFA Institute and the Financial Risk Manager (FRM) Program in 2010. She has a vast experience of 19 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 15 years with her forte being in investment management and product development. She has played an instrumental role in launching the first Islamic open-end mutual fund in Pakistan as well as the launch of the voluntary pension scheme in Pakistan under the Voluntary Pension System Rules. She has been actively involved with MUFAP throughout her career. She has previously worked in senior positions in Atlas Asset Management Limited., JS Investments Ltd (formerly ABAMCO Limited.) and Crosby Asset Management Pakistan Ltd. She started her career with Hameed Majeed Associates (Pvt) Ltd.



Susumu Morisawa
Director ▲

Mr. Susumu Morisawa joined Honda Motor Company in April 1994. During his 27 year of service, he has gained a vast experience in Motorcycle Sales and Product Planning, having worked with Honda subsidiaries in different capacities across the globe. In 2006, he assumed manager role in Honda Motor China Investment, Shanghai branch. Thereafter, he consistently committed and made contributions to Motorcycle Business, in 2018, he was transferred to Honda Australia Motorcycle and Power Equipment as Director. He has diversified knowledge of Honda Products and has experience of working in different working environments. He joined Asian Honda Motor in 2020 as General Manager. He was appointed as a member of the Board of Atlas Honda Limited in April 2021.



Shunsuke Miyazaki
Director ●

Mr. Shunsuke Miyazaki joined Honda Motor Company in April 1998. He has a vast experience in automobile sector especially in Motorcycle Sales and Product Planning departments, having worked with Honda ventures in different capacities across the globe. In 2011, he was transferred to Honda Motor Southern Africa as Motorcycle Sales and Marketing Manager. In 2016, he came back to Headquarters of Honda Motor Co. Ltd. and worked as Africa & Middle East Division, Manager. Before being transferred to Pakistan, he assumed senior management role in the Sundiro Honda Motorcycles (China) as Sales Director from 2019. He has diversified knowledge of Honda Products and has experience of working in different cultures. He was appointed as a member of the Board of Atlas Honda Limited in April 2021.



Hirofumi Yada
Director ●

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



Saquib H. Shirazi
Chief Executive Officer ●●

Mr. Saquib Shirazi is the Chief Executive Officer of Atlas Honda.

He is the current Chairman of the Pakistan Business Council and a Board member of Pakistan Mobile Communications and Tri-Pack Limited. He serves on the Advisory Boards of the Harvard Business School, Commonwealth Development Corporation (Pakistan) and National School of Public Policy.

In the past, he has served as Chairman of the Pakistan Auto Manufacturers Association and as a Board member of Pakistan Petroleum, National Refinery, Sui Southern Gas Company, Pakistan Cables, Cherat Cement, Cherat Packaging, Privatisation Commission and Prime Minister's Business Council. He was Harvard Business School Global Alumni President for the years 2006-2008.

He is a graduate of the Wharton School of Finance and did his MBA from the Harvard Business School.

▲ Non-Executive ● Executive ✕ Independent ■ Member Board Audit Committee ◆ Member Human Resource & Remuneration Committee

Business Model

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

OUR CAPITALS

Financial

- CAPITAL
- ACCUMULATED RESERVES

Intellectual

- PARTNERSHIP WITH HONDA MOTOR
- TECHNICAL KNOW HOW
- PRODUCT DEVELOPMENT CAPABILITY

Human

- HIGHLY SKILLED WORKFORCE
- STRONG GOVERNANCE

Manufactured

- STATE-OF-THE-ART MANUFACTURING FACILITIES
- DIVERSIFIED PRODUCT PORTFOLIO
- ERP & MIS

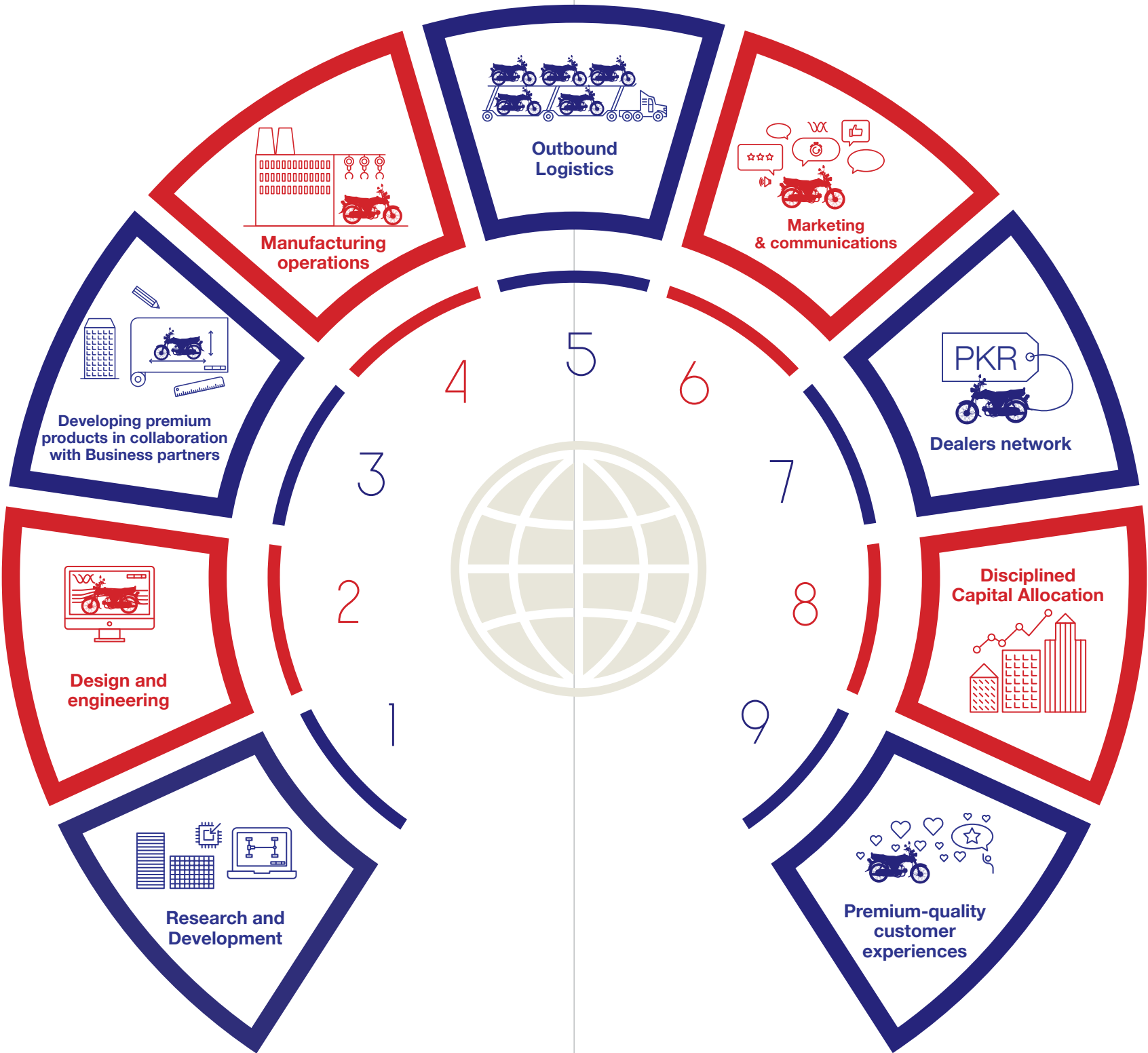
Social and Relationship

- STRONG RELATIONSHIP / COLLABORATION WITH CUSTOMERS, REGULATORS, COMMUNITIES AND OTHER STAKEHOLDERS

Natural

- MATERIAL
- RENEWABLE AND NON RENEWABLE ENERGY

BUSINESS ACTIVITIES



VALUE CREATION FOR OUR STAKEHOLDERS IN 2021

Customers

A glorious legacy of satisfied customers

5 MMC's Launched

Investors

Sustainable profitable growth to our investors over the years

20.4% ROE
60.4% Dividend Payout

Employees

Employees are respected, recognised and rewarded for their performances

4.4bn salaries and benefits

For details refer page no. 108 of sustainability report

Partners

We collaborate with our vendors to provide utmost satisfaction to our customers

83.8bn Spent on external suppliers

Communities

We uplift communities to enhance the living standards of the underprivileged

64.3mn Spent on communities

Please refer page no. 102 & 103 of the sustainability report

Governing Bodies & Regulators

We contribute towards development of the country through direct and indirect taxes

18.1bn to the excise

Significant Events

During the Year 2020-21

1st Quarter

1. The Company resumed its business operations after lockdown with effect from May 20, 2021, compliant with all prescribed COVID-19 related SOPs
2. In order to facilitate its customers warranty period was extended.
3. Board of Directors meeting for the year ended March 31, 2020 was held on June 01, 2020
3. Annual General Meeting of the Company for the year ended March 31, 2020 was held on June 30, 2020
4. Awareness sessions and relief activities to fight were carried out
5. Left lane awareness sessions were conducted in collaboration with Traffic Police, Lahore



3rd Quarter

1. Board of Directors meeting for the quarter ended September 30, 2020 was held on October 28, 2020
2. Received award at 13th International CSR Summit & Awards 2021, organised by NFEH
3. MMCs of CG125, CG125S and CB125F were launched
4. Corporate Briefing Session was held on October 09, 2020
5. The previous ever highest monthly sales record was beaten in October 2020 with 116,002 units
6. Traffic rules awareness campaign was held through social media
7. Free oil change, tyre and battery checkup campaign conducted at 3S dealers nationwide



4th Quarter

1. Board of Directors meeting for the quarter ended December 31, 2020 was held on January 29, 2021
2. New engine oil variant launched at all primary dealership network
3. Financing facilities at concessionary markup rates were introduced in collaboration with various financial institutions
4. Received 'Best Corporate and Sustainability Report Award' in 'Engineering Sector' in the event organised by the Joint Committee of ICAP and ICMAP
5. Free service and parts display camp was held at 'Cholistan Jeep Rally'
6. Record of ever highest number of sales units was broken for the second time in the year with 125,030 units sold in March 2021



COVID-19 Response Strategy

Global pandemic presented us with challenges unprecedented in modern times and has made substantial changes in ways that we think and work. Our values, 'The Atlas Way' and 'Atlas Culture' were a beacon in helping us to navigate through this uncharted period. Our ability to redefine working methodology enabled us to keep our manufacturing plants open and not lose any productivity, coupled with agility and adoption of new technology which enabled us to thrive in these challenging circumstances.

The efforts undertaken by the Company in response to the pandemic have been summarised as under:

Critical Incidence Cell

In order to devise a swift response to COVID-19, a 'Critical Incidence Cell (CIC)' was formulated under the supervision of Risk Management Committee consisting of core members of our management team. The CIC was made responsible to continuously monitor the situation and hold meetings at regular intervals to devise operating guidelines on various aspects of business including workplace management, operational management, IT management, wellbeing of employees & their families, community assistance, vendor management etc.

Steps taken by CIC include:

- **Monitoring of COVID-19 Statistics**

CIC is responsible for daily monitoring of COVID-19 cases across the Company and the country and report the same to top management enabling them to take proactive countermeasures.

- **Developing of COVID-19 Protocols**

Following the advice of World Health Organization, local government authorities, international best practices and Honda Global Knowledge base, the CIC implemented a range of precautionary measures across the manufacturing plants and regional offices, from stringent sanitation and cleaning protocols, to workplace distancing, temperature checks and travel restrictions. With the objective of protecting staff and in line with Government SOP's, work from home policy (WFH) was introduced to encourage associates to work from home. Further, significant steps were taken to safeguard associates who attended office which included operating split shifts in plants and regional offices, showrooms, warehouses etc. A summary of protocols implemented by the CIC are enumerated below:



Inspection of Safety Measures

Our Health and Safety teams conduct regular audits of the workplace to ensure compliance with SOPs formulated. Further, external audits by government authorities were also conducted during the period wherein steps taken by the Company were widely appreciated.



Stakeholders Engagement

Communication, cooperation and coordination is an integral part of our operating philosophy and its importance has increased manifold during the pandemic. In the light of current situation, we remained digitally connected with our stakeholders – customers, employees, vendors and the community. We successfully navigated through digital communications challenges with support of strategic investments in IT infrastructure utilising emerging technologies such as secure remote network platforms and cloud-based technologies.

Customer Engagement

Our digital capabilities helped us to stay connected with our customers through social media and electronic means. The lockdown saw the launch of our digital campaigns to create awareness on COVID-19 and promote adherence to COVID-19 SOP's. Further, in order to ensure safety of our customers, online delivery options were introduced.

Employee Engagement

During the lockdown period, effective two-way communication with employees was ensured using digital means. Our top management was in close contact with its employees and ensured them of their full support during the pandemic. All employee benefits remained intact even during lockdown when operations were at a complete halt thereby renewing its pledge of being hand in hand with its employees under all circumstances.

Business Partners Engagement

The pandemic has caused global supply chains disruptions. Resultantly, effective bridging was necessary to ensure continuity of operations. Stock levels were regularly monitored in order to ensure that there is no loss of production. Effective mitigating steps were undertaken in case of shortages of material. Outstanding amounts of all vendors were timely cleared and some vendors were provided with financial leverage to support them during these tough times.

In order to monitor any shortages at dealers' end, the Company utilised its in-house B2B system where dealers can login to find out the status of deliveries at one click.

COVID-19 awareness sessions were regularly conducted at our vendors and dealerships as a part of our corporate social responsibility. Dealers and vendors were encouraged to implement similar safety protocols as being implemented in our Company.

For more details on business partners engagement please refer to page no. 104 of the Sustainability Report.



Shareholders Engagement

We continued to secure shareholders' interest through optimal cash flow management, slashing of discretionary expenditures and remaining committed to our plan by providing shareholders with a stable dividend increase despite these challenging times that affected our business performance. Inventory levels were optimised to improve working capital of the Company. Besides this, borrowing lines were enhanced in order to cope with any unforeseen events.

Paying Back to the Community

In a year when the need was greater than ever, we provided financial assistance to those affected by COVID-19. For more details on our relief activities please refer to page no. 102 of the sustainability report.

Strengthening our IT Infrastructure

Information Technology played a pivotal role in the operational success of our Company during the pandemic. Significant investment was made in improving our IT infrastructure in order to ensure uninterrupted remote connectivity to associates. Besides this IT security protocols were enhanced due to increase in data traffic during the pandemic.

Shareholders' Information

REGISTERED OFFICE

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

EXCHANGE LISTING

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

STOCK SYMBOL

The stock code for dealing in equity shares of the Company at PSX is AT LH.

LISTING FEE

The annual listing fee for the financial year 2020 - 21 was paid to the PSX and Central Depository Company (CDC) of Pakistan Limited within the prescribed time limit.

STATUTORY COMPLIANCE

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

ANNUAL GENERAL MEETING

Date: June 24, 2021
Time: 11:00 A.M.
Venue: Online through Zoom

FINANCIAL CALENDAR

June	Audited annual results for the year ended March 31st, 2021 Mailing of Integrated Annual Reports Annual General Meeting
July	Unaudited first quarter financial results Corporate Briefing Session
October	Unaudited half year financial results
January	Unaudited third quarter financial results

DIVIDEND ANNOUNCEMENT

The Board of Directors in its meeting held on April 30, 2021 is pleased to recommend a final cash dividend of Rs. 13.5 per

share (135%) for the year ended March 31, 2021 subject to approval by shareholders of the Company at the forthcoming Annual General Meeting, taking the total distribution for the year to Rs. 17.50 per share i.e. a payout of 175%.

The total distribution for the last year was Rs. 15 per share i.e. a payout of 150%.

DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the Company will remain closed from June 10, 2021 to June 24, 2021 (both days inclusive).

DATE OF DIVIDEND PAYMENT

The payment of dividend, upon declaration by shareholders at the forthcoming Annual General Meeting, will be made on or after June 24, 2021.

Last year, the Company has transferred the final cash dividend on July 03, 2021 after approval from shareholders at the 56th Annual General Meeting.

CIRCULATION OF INTEGRATED ANNUAL REPORTS THROUGH CD / DVD / USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on June 19, 2017, the Company shall circulate Integrated Annual Report 2021 to its shareholders in the form of CD. Any member requiring printed copy of Integrated Annual Report 2021 may send a request using a Standard Request Form placed on Company website.

E-DIVIDEND MANDATE (MANDATORY)

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

WITHHOLDING OF TAX & ZAKAT ON DIVIDEND

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

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

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

SHARE TRANSFER SYSTEM

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

Share transfers received at the Share Registrar of the Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects.

PROXIES

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

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

ANNUAL GENERAL MEETING

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

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

WEBSITE OF THE COMPANY

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

CHANGE OF ADDRESS / E-MAIL ADDRESS

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

Hameed Majeed Associates (Pvt.) Limited
H.M. House, 7-Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Phone: +92 (42) 37235081-82
Fax : +92 (42) 37358817

CAPITAL STRUCTURE

The paid-up capital of the Company is Rs. 1,241 million represented by 124.1 million shares of Rs. 10 /- each. The balance sheet footing stands at 43.0 Billion and net worth of Rs. 18.6 Billion.

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

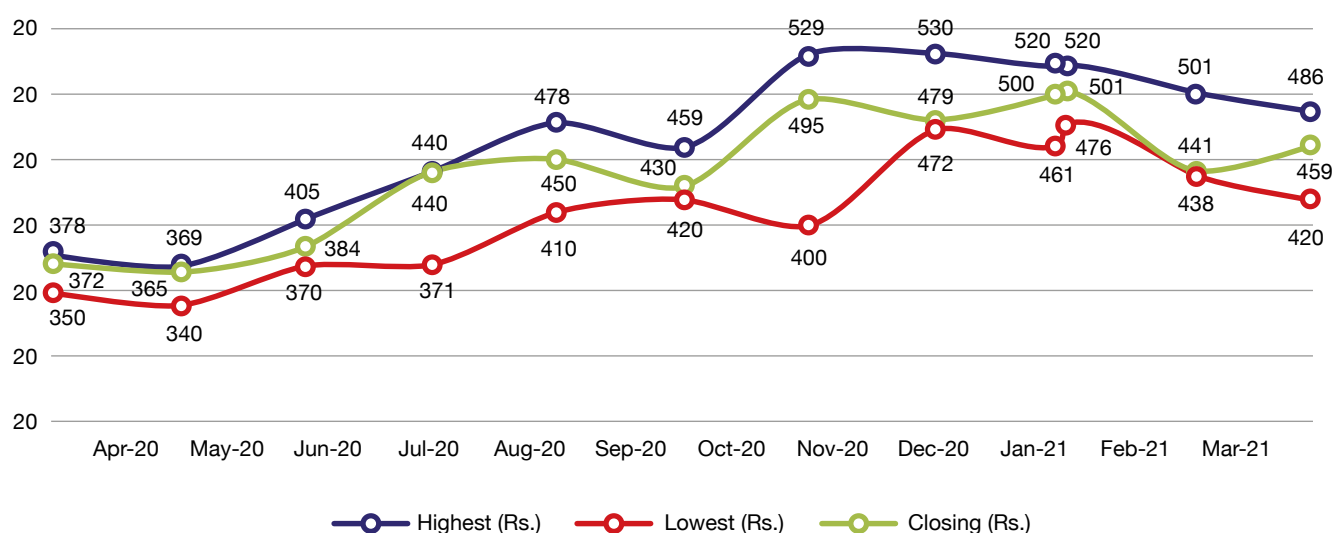
Details of shares held by Directors / Sponsors / Executives are given in the Pattern of Shareholding.

MARKET CAPITALIZATION, SHARE PRICE AND VOLUME DATA

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Pakistan Stock Exchange Limited during the financial year ended March 31, 2021:

Months	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	No. of shares traded	Market Capitalization in Value* (Rs. in billion)
Apr-20	378.00	350.00	372.00	28,300	46.91
May-20	369.00	340.00	365.00	1,600	45.79
Jun-20	405.00	370.01	384.00	12,100	50.26
Jul-20	440.75	371.03	440.52	25,800	54.69
Aug-20	478.00	410.00	450.20	18,100	59.31
Sep-20	459.00	420.00	430.00	19,800	56.96
Oct-20	529.50	400.00	495.00	103,600	65.70
Nov-20	530.00	472.01	479.95	18,200	65.77
Dec-20	520.00	461.01	500.00	68,500	64.53
Jan-21	520.99	476.05	501.73	60,200	64.65
Feb-21	501.01	438.10	441.48	57,800	62.17
Mar-21	486.20	420.00	459.99	61,100	60.33

*Based on highest price



Chairman's Review

The Company's appropriate strategies including its agile way of working helped in managing the challenges and uncertainty, as well as in responding to changing consumer needs, brought about by the pandemic. Thus, the Company's performance improved significantly by virtue of an attractive product portfolio and swift execution.

I am pleased to present the 57th Integrated Annual Report of the Company for the year ended March 31, 2021.

Macroeconomic Overview

The COVID-19 pandemic has led to a global crisis of unprecedented reach and proportion. While the global economic growth remained under pressure, Pakistan's economy has regained momentum as COVID-19 related impacts were largely well managed. This was supported by an accommodative monetary policy, introduction of refinancing facilities, targeted fiscal support and other financial initiatives. These created extra impetus for the resumption of economic activity post-lockdown and contraction phase was short-lived. While still modest, at around 3%, growth in FY21 is now projected to be higher due to improved prospects.

During 6MFY21, the fiscal deficit stood at 2.5% of GDP, broadly unchanged from the same period last year despite higher interest and COVID-19 related payments. This mainly reflects healthy growth in revenues, with FBR net tax revenue provisionally growing by 6.0% through February. The external sector continued to steer through the COVID-19 crisis smoothly, manifesting a surplus of USD 959 million during the 9M FY21 as compared to a deficit of USD 4.1 billion during the corresponding period last year. The surplus is primarily attributed to a healthy increase in remittances, which remained above USD 2 billion per month for the last nine months, growing by 26% year on year. Travel restrictions and supportive policy measures have resulted in increased use of official channels. This has more than offset the impact of rising trade deficit. The country's import stood at USD 39.5 billion for 9MFY21, growing by 13%, while exports stood at USD 18.7 billion, up by 2%.

Following the revival of Extended Fund Facility, IMF released its third tranche of USD 500 million. Further, Pakistan secured debt repayment relief of USD 3.5 billion for the period May 2020 – June 2021 from G-20 creditors and expects another sizable relief from the international community. These favorable developments along with a Eurobond issue of USD 2.5 billion contributed to 8.9% appreciation in the Pak Rupee against US dollar since August 2020. Pursuant to a progressing balance of payments position, State Bank of Pakistan's (SBP) foreign exchange reserves closed at USD 13.7 billion by end of March 2021, levels last seen over three years ago. The positive momentum also echoed in the country's capital markets, as the PSX-100 index improved from 34,422 points in June 2020 to 44,587 points in March 2021, an increase of 30%.

Agriculture

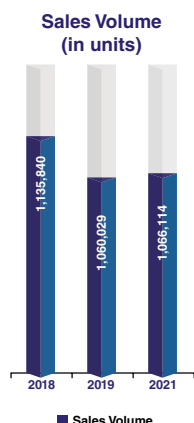
Agriculture is by far Pakistan's largest sector which absorbs most of the country's labor force, directly or indirectly. The sector is targeted to grow by 2.7% in FY21. All major Kharif crops except cotton have surpassed production levels in FY20 and targets for FY21. Also, indicators of input variables — such as tractor sales, fertilizer usage, water availability, and weather — suggest strong prospects, especially for wheat. Moreover, the surge in prices of agricultural products and timely subsidies on fertilizer and pesticides have contributed to surplus liquidity with improved farm income. Thus, demand for consumer durables remained upbeat in rural areas.

Large Scale Manufacturing (LSM)

Large Scale Manufacturing (LSM) represents nearly 80% of the country's total manufacturing and accounts for nearly 11% of national output. During 8MFY2021, LSM grew by 7.5% in comparison to a contraction of 3.0% during the same period last year. Nevertheless, capacity utilization in number of industries is still lagging. A wide range of high-frequency indicators signal robust progress, including sales of fast-moving consumer goods, automobiles and cement. This was on account of an encouraging pick-up in economic activity driven by various supportive policy measures introduced by the Government and SBP. However, on account of global supply chain disruptions, raw material supply has become increasingly constrained and prices are on the rise. Thus, forcing businesses to resort to price increases to maintain profitability.

The Two-wheeler Industry

The two-wheeler industry displayed encouraging performance during FY2021, recording a volumetric increase of 1% over last year, despite country-wide lockdown during most of the first quarter. A large proportion of the country's population prefer two wheelers for daily commuting, being a low-cost and fuel-efficient means of transport. With health & safety as a key priority since the onset of COVID-19, customers explored personal mobility solutions. On the other hand, improved farm income along with better economic fundamentals and rapid urbanization has driven the demand for two-wheelers across all categories. Moreover, the pent-up demand after lock-down also provided much anticipated boost to the industry.



The Company

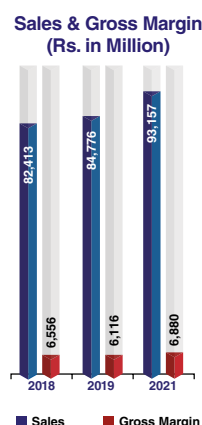
During the year under review, the Company continued to conduct business with agility and manage challenges and change. Given the change in social norms with limited public interactions and gatherings, the Company made a shift towards a framework which focuses on maximum digitalization and differentiation. The Company stayed connected with its customers, business partners, employees, communities and all other stakeholders to help them cope with the situation and eventually proceed forward with a clear roadmap.

Segmental Review

With the gradual lifting of lockdowns, the Company's sales volumes were quick to catch up. Sales outperformed against targets and closed at 1,066,114 units, which is encouragingly higher than last year keeping in view that sales activities remained completely halted till May 2020.

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

Demand for the Company's product in 100 cc segment, "Pridor", remained inspiring during the year. This model aims to provide customers a product powered by "commuting with comfort and maximum fuel efficiency".

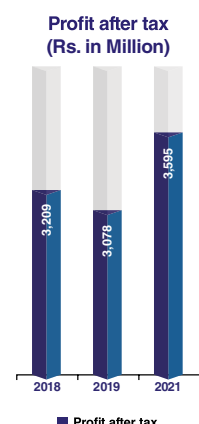


The 125 cc and above segment continuously gained share in the overall motorcycle market. The Company continued to solidify its market leadership by offering products that meet customers' expectations in terms of design, power and functionality. This category includes self-powered 125 cc and 150 cc models that offer top end features. During the year, the Company launched MMCs in this segment which were highly appreciated by the customers.

The Spare Parts (SP) business of the Company continued to help customers in enhancing their overall experience. The Company focuses to improve spare parts sales through creative marketing ideas, promoting sales through service workshops and a larger and improved product portfolio. During the year under review, several online advertising and digital campaigns addressed the importance of using "Genuine Parts" for maintaining overall health of motorcycles. Also, "Genuine Parts" availability was ensured through involvement of dealers and customers' need was served via the service network by effective service incoming management. These efforts helped the Company to register revenue of Rs. 8.3 billion.

Performance Scorecard

The Company remains committed to deliver on its long-term objectives of sustainable growth and value creation. This is being achieved through continued focus on operational excellence, product portfolio diversification, cost reduction and a strong capital structure.

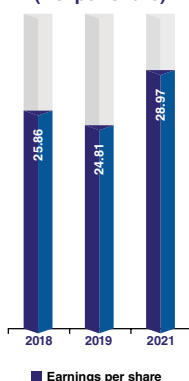


Net sales for the year were recorded at Rs. 93.2 billion as compared to Rs. 84.8 billion in last year, up by 10%. Increase in sales volumes, better model mix and cost reduction measures improved gross profit from Rs. 6.1 billion to Rs. 6.9 billion, up by 12%. Resultantly, the Company registered gross profit to sales ratio of 7.4%. Sales and marketing expenses decreased by 3% due to measures introduced for cost efficiencies and cancellation of discretionary expenses. Administrative expenses rose by 8% due to increase in personnel cost, additional contribution for COVID-19 related relief activities and effect of general inflation. Other income, net of financial charges and other expenses, contributed an encouraging Rs. 891 million to the bottom line. Resultantly, the Company achieved profit before tax of Rs. 5.2 billion during the year ending March 31, 2021, up by 17%. Likewise, net profit after tax was recorded at Rs. 3.6 billion with increase of 17% over last year. This translated into Earnings per Share (EPS) of Rs. 28.9 as against Rs. 24.8 of last year.

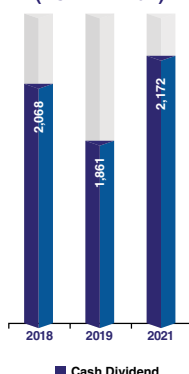
Finance cost mainly represents bank charges on transactions paid to banks for collection from customers on behalf of the Company throughout Pakistan and interest on lease liability recognized in accordance with IFRS 16. Free cash flow from operations during the year stood at Rs. 14.9 billion. This has been deployed in capital assets, short term investments and payment of dividend. Additions to capital assets mainly represent balancing, modernization and replacement of existing manufacturing facilities.

During the year, the Company contributed an amount of Rs. 18.1 billion to the Government and its agencies on account of various taxes and levies. The Atlas Group, of which the Company is a constituent member,

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



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



contributed Rs. 55 billion in all towards the national exchequer. This makes Atlas Group one of the highest tax payers in the country.

Dividend Policy

The Company endeavors to be consistent with its approach regarding profit appropriation. Further, the conclusion of distributing dividends is drawn after considering a multitude of parameters including business needs, growth prospects and strategic views. For the year, the Board of Directors is pleased to propose final cash dividend of Rs. 13.5 per share. This is in addition to an interim dividend of Rs. 4.0 per share declared in October 2020, aggregating a total dividend of Rs. 17.5 per share.

Manufacturing Excellence

The Company's operational strategies are based on robust manufacturing, which follow global best practices. As the Pakistan's largest two-wheeler manufacturer, the Company's strategies are fine-tuned to create industry-leading business value through sustainable manufacturing, economies of scale, cost reduction and innovation that is best-in-class.

During the year, the Company effectively responded to the changing business needs through implementation of necessary Standard Operating Procedures (SOPs) including social distancing at production lines and workstations. To facilitate timely delivery and enhance production, ramp-ups at both Plants were effectively & safely carried out in 3rd and 4th quarter. Moreover, dedicated maintenance workshop was established to promote in-house repairing. Robot optimization for multi model use, re-lay outting of machines & equipment and workload revisions were done to maximize productivity. Further, manpower productivity was enhanced by optimizing shift operations, minimizing variable downtime and line balancing. The Company recognizes that development of resources across its supply chain is critical for its long-term success. Accordingly, the Company relentlessly works in partnership with its suppliers for optimum utilization of their expertise.

Periodic reviews of energy efficient equipment, re-sourcing and localization of cutting tools and expansion of solar energy projects have paved way for sustainable development. During the year, the Company completed another phase of installation of 2,100KW solar panels at Sheikhpura plant. This initiative, along with the results of "Waste Heat Recovery" for utilizing heat emissions from Heat Treatment Shop, helped to control electricity bills despite continuous rise in energy prices. Further, maintenance of 5-S and safety is being stressed upon through regular audits and evaluation of compliance.

Awards

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

- Award for Best Corporate and Sustainability Report Award in "Engineering Sector" by the Joint Committee of ICAP and ICMAP;
- Awards by National Forum for Environment & Health in the categories of Corporate Social Responsibility Report, Research & Publication and Environment & Waste Management.

Future Outlook

The COVID-19 pandemic has had a significant impact on the domestic as well as the global economy. The country has dealt reasonably well with the aftermath but maintaining the positive momentum remains critical in the immediate term. On the growth front, risks remain due to the emergence of a third, more virulent wave of COVID-19 even though the vaccine roll-out has begun. Inflation may continue to remain elevated. The path of domestic energy prices and international commodity prices may have an important bearing on the inflation trajectory. The resumption of the IMF program has boosted prospects and guaranteed that external financing needs will be comfortably met. This, together with expected private and official inflows should continue to keep Pakistan's external position stable. On the other hand, austerity measures under IMF program may limit Government's ability to expand fiscal support and spending. Accordingly, there is a need to strike an appropriate balance between supporting the economy, ensuring debt sustainability, and advancing structural reforms while maintaining social cohesion. As the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery. As the economy returns to its full capacity and recovery becomes durable, the two-wheeler segment is expected to grow further.

The Company believes that the fundamental attributes of business operations – sustainability and leadership – have attained more relevance than ever before. While the pandemic shook the world, the Company successfully steered through the uncertain times and adopted the new “normal” with emphasis on health & safety yet ensuring business continuity. This was achieved on the back of the Company’s ability to deliver efficient and accessible mobility solutions to the present and future generations. The principles of the Atlas Way continue to provide a firm basis to the Company in this regard.

ع ہے جتو کہ خوب سے ہے خوب تر کہاں

Acknowledgment

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



Date: April 30, 2021

Aamir H. Shirazi

Directors' Report to Shareholders

The Directors of the Company are pleased to present their report together with the 57th Integrated Annual Report of the Company along with the Audited Financial Statements for the year ended March 31, 2021.

Operating Results

The operating results of the Company are summarized as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
	-----Rupees in 000s-----	
Profit before taxation	5,152,399	4,411,793
Taxation		
Current	1,498,517	1,363,488
Prior Years	137,797	56,442
Deferred	(78,713)	(86,537)
	1,557,601	1,333,393
Profit after taxation	3,594,798	3,078,400

Dividends and Appropriations

The Directors have recommended a final cash dividend of Rs. 13.50 per share (2020: Rs. 8.50 per share final cash dividend).

Accordingly, the appropriation of profit will be as under:

	Year ended March 31, 2021	Year ended March 31, 2020
	-----Rupees in 000s-----	
Profit available for appropriation	8,353,882	6,613,983
Appropriation:		
Transfer to General Reserves	-	-
Interim Cash Dividend 40% (2020: 65%)	496,352	806,572
Final Cash Dividend 135% (2020: 85%)	1,675,187	1,054,747
Bonus Shares 0% (2020: 0%)	-	-
	2,171,539	1,861,319
Unappropriated profit carried forward	6,182,343	4,752,664

Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 28.97 (2020 - Rs. 24.81).

Holding Company

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

Chairman's Review

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

Board of Directors and its Committees

The Board:

The Board comprises of two independent Director, three executive and three non-executive Directors. The Directors of the Company were re-elected in Extraordinary General meeting of the Company held on March 13, 2020. On April 09, 2021, Mr. Yukitoshi Fujisaka and Mr. Ryo Takahashi resigned as Directors and Mr. Shunsuke Miyazaki and Mr. Susumu Morisawa were appointed in their places respectively. The Board places on record its appreciation for the valuable contributions made by the outgoing Directors and welcome the new Directors.

Human Resource and Remuneration (HR&R) Committee

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and

members of the management committee. The CEO of the Company and the Head of HR of Atlas Honda attended the Human Resource and Remuneration Committee meeting. The Committee met once during 2020 - 21.

Board Audit Committee (BAC)

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met 4 times during 2020-21.

Meetings of the Board and its Committees in 2020-21

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

Sr. #	Director	Directorship	Status	Committee Members		Attendance		
				BAC	HR&R	BOD	BAC	HR&R
1.	Mr. Aamir H. Shirazi	4	Elected on March 13, 2020	-	-	5/5	-	-
2.	Mr. Saquib H. Shirazi	3	Re-elected on March 13, 2020	-	✓	5/5	-	1/1
3.	Mr. Sanaullah Qureshi	1	-do-	✓	✓	5/5	4/4	1/1
4.	Mr. Abid Naqvi	2	-do-	✓	✓	4/5	4/4	1/1
5.	Ms. Mashmooma Zehra Majeed	1	Elected on March 13, 2020	✓	-	5/5	4/4	-
6.	Mr. Hirofumi Yada	1	Re-elected on March 13, 2020	-	-	3/5	-	-
7.	Mr. Yukitoshi Fujisaka	1	Re-elected on March 13, 2020 and Resigned on April 09, 2021	-	-	5/5	-	-
8.	Mr. Ryo Takahashi	1	Elected on March 13, 2020 and Resigned on April 09, 2021	-	-	1/5	-	-
9.	Mr. Shunsuke Miyazaki	1	Co-opted on April 09, 2021	-	-	-	-	-
10.	Mr. Susumu Morisawa	1	Co-opted on April 09, 2021	-	-	-	-	-

Performance Evaluation of Board of Directors and Committees of the Board

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

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

Annual evaluation questionnaire developed in conformity with the Code of Corporate Governance and Global best practices is circulated to the Directors for performance evaluation.

Strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. These are then evaluated to identify areas that require improvement and highlight differences of opinion, if any.

Roles and Responsibilities of Chairman and CEO

To promote a culture of transparency and good governance, positions of the Chairman of the Board of Directors and the office of the Chief Executive Officer are held by separate incumbents with clear demarcation of roles and responsibilities.

Chairman represents the non-executive directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings.

Chief Executive Officer is an executive director who also acts as the head of the Company's Management. He is authorized for implementing the Board's policies within delegated limits besides the responsibilities which are annexed in this Integrated Annual Report.

Review of CEO's Performance

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

Directors' Remuneration

The Board has implemented a formal policy supported by transparent procedures for fixing directors' remuneration. In accordance with the code of corporate governance, no Director is involved in the determination of their own remuneration package. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2020-21, please refer notes to the Financial Statements.

External Auditors

The retiring auditors M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2021-22.

Internal Control Framework

The report on internal control Framework is presented in the 'Sustainability Report' which forms an integral part of this Integrated Annual Report.

Internal Audit

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

Material changes

There have been no material changes since March 31, 2021 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.

Principal Risks and uncertainties

The report on principal risks and uncertainties, is presented in the 'Risk and Opportunity Report', which forms a part of this Integrated Annual Report.

Communication

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

Safeguarding of Records

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

Business Continuity Plan

As part of Business Continuity Plan, remote disaster recovery sites have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.

Human Resource Management

Human resource planning and management is one of the most important considerations with the senior management. The Company has established a HR&R Committee which is involved in the selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in the human resource policies and procedures and their periodic review. The details of human resource policies are presented in the 'Sustainability Report' which forms an integral part of this Integrated Annual Report.

Health, Safety and Environment

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

presented in the 'Sustainability Report' which forms an integral part of this Integrated Annual Report.

Corporate Social Responsibility

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

Statement of Value Addition

The 'Statement of Value Addition and its Distribution' is annexed to this Integrated Annual Report.

Corporate and Financial Reporting Framework

The Company is committed to maintaining high standards of corporate governance without any exception. The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities and Exchange Commission of Pakistan and form a part of the Listing Regulations of the Pakistan Stock Exchange.

The Directors confirm that:

- The financial statements prepared by the management of the Company presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of the Companies Act 2017 have been duly followed in preparation of the financial statements. Any departure thereof has been adequately disclosed and explained.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations of the Pakistan Stock Exchange.
- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no significant doubts about the Company's ability to continue as a going concern.
- The Company operates a contributory provident fund scheme for all employees and Defined benefit gratuity fund scheme for its management / non-management employees. The value of investments based as at March 31, 2021 are as follows (PKR in millions):

Fund Name	Un-Audited March 2021	Audited March 2020
Provident Fund	816.46	714.96
Gratuity Fund – Management	303.35	244.30
Gratuity Fund – Non management	93.52	85.58

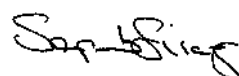
- Information regarding outstanding taxes and levies, as required by the listing regulations, is disclosed in the notes to the financial statements.
- Statements regarding the following are annexed in this Integrated Annual Report:
 - > Key financial data for the last six (6) years
 - > Pattern of shareholding
 - > Trading in shares of the Company by its Directors, CEO, CFO and Company Secretary

On behalf of the Board of Directors



Aamir H. Shirazi
Chairman

Karachi: April 30, 2021



Saquib H. Shirazi
Chief Executive Officer

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

ریکارڈز کا تحفظ

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

کاروبار کے تسلسل کا منصوبہ

کاروبار کے تسلسل کے منصوبے کے طور پر، ایک آپ server اور ڈیٹا کو برقرار رکھنے کے لیے ریموٹ ڈیزائنر ریکوری سائنس کا قیام عمل میں لایا گیا ہے تاکہ بنیادی server میں کسی بھی قسم کی خرابی کی صورت میں اس سے نمٹا جاسکے۔

ہیومن ریسورس مینجمنٹ

ہیومن ریسورس پلاننگ اور مینجمنٹ کمپنی کی سینئر مینجمنٹ کی اہم توجہات میں سے ایک ہے۔ کمپنی نے ہیومن ریسورس اور ہیومن ریسورس مینجمنٹ کی تشکیل دی ہے جو کہ اہم انتظامی اشخاص کے انتخاب، جانچ، مشاہرے اور succession planning کے معاملات شامل ہے۔ یہ ہیومن ریسورس پالیسیوں اور طریقہ کار میں بہتری کی سفارشات اور متواتر جائزے کے عمل میں شامل ہے۔ ہیومن ریسورس پالیسیوں کی تفصیلات Sustainability Report میں پیش کی گئی ہیں جو کہ سالانہ رپورٹ کا ایک اہم حصہ ہے۔

صحت، تحفظ اور ماحول

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

کارپوریٹ سوشل ریسپانسیبلٹی

کمپنی مجموعی طور پر کاروباری حالات کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کے بارے میں غور و خوض کرتی ہے۔ کمپنی اپنے تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لیے پرعزم ہے، خاص طور پر اس کیونٹی میں جس میں ہم رہتے ہیں اور جو ہمارے لیے کسٹمر بنانے کا باعث ہے۔ کارپوریٹ سوشل ریسپانسیبلٹی رپورٹ جس میں کمپنی کی ہلپتھ اینڈ چیفٹی، ہیومن ریسورس، سوشل، انوائرنمنٹل اور دیگر متعلقہ مسائل کی جانب سوچ کی عکاسی کرتی ہے۔ اسے "Sustainability Report" میں پیش کیا گیا ہے جو کہ سالانہ رپورٹ کا ایک حصہ ہے۔

اسٹینڈنٹ برائے ویلیو ایڈیشن اور اس کی ڈسٹری بیوٹن اور رسک مینجمنٹ

اسٹینڈنٹ برائے ویلیو ایڈیشن اور اس کی ڈسٹری بیوٹن اور Risk and Opportunity Report اس رپورٹ میں آگے منسلک ہیں۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

کمپنی کی رعایت کے بغیر کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ ڈائریکٹرز یہ بتاتے ہوئے خوش محسوس کر رہے ہیں کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ضرورت کے مطابق کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کرتی ہے جو کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کا ایک حصہ ہے۔

ڈائریکٹرز تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی اسٹینڈنٹ شفافیت کے ساتھ کمپنی کے اسٹیک آف افیئرز، آپریشنز کے مینجمنٹ، کیش فلو اور ایکویٹی میں تبدیلیوں کو پیش کرتی ہے۔
- کمپنی کا ڈسٹری بیوٹن کی کتاب کو درجی کے ساتھ قائم رکھتی ہے۔
- مالیاتی اسٹینڈنٹ کی تیار کی جانے والی اسٹیک آف افیئرز کے تحفے معقول اور دانشمندانه فیصلوں پر مبنی ہوتے ہیں۔
- کمپنی کے مالیاتی اسٹیک آف افیئرز کی تیار کی جانے والی اسٹیک آف افیئرز کے تحفے معقول اور دانشمندانه فیصلوں پر مبنی ہوتے ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں میں کوئی material departure نہیں کیا گیا، جو کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشن میں تفصیلاً درج ہیں۔
- اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا، موثر انداز میں لاگو کیا گیا ہے اور ساتھ ساتھ اس کی باقاعدہ نگرانی بھی کی جاتی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل اس مقصد کے ساتھ جاری رہے گا کہ ان کنٹرولز کو مزید مضبوط اور بہتر بنایا جائے۔
- جاری و ساری منصوبوں اور امور کی انجام دہی کے لیے کمپنی کی بہترین صلاحیتوں پر کوئی شک نہیں کیا جاسکتا۔
- کمپنی تمام ملازمین کے لیے سرمایہ کفالت پر دو ڈسٹ فنڈ اسکیم اور مینجمنٹ / نان مینجمنٹ ملازمین کے لیے ڈیفائنڈ پینشن گریجویٹ فنڈ اسکیم چلا رہی ہے۔ اس انویسٹمنٹ کی مالیت (روپے بلین میں) 31 مارچ 2021 کے مطابق درج ذیل ہے۔

فنڈ کا نام	آن آڈیٹڈ 31 مارچ 2021	آڈیٹڈ 31 مارچ 2020
پروڈنٹ فنڈ	816.46	714.96
گریجویٹ فنڈ - مینجمنٹ	303.35	244.30
گریجویٹ فنڈ - نان مینجمنٹ اسٹاک	93.52	85.58

- لسٹنگ ریگولیشنز کے مطابق درکار واجب الادا ٹیکس اور لیویز کی معلومات فنانشل اسٹیمینٹس کے نوٹس میں درج ہیں۔
- مندرجہ ذیل کے بارے میں بیانات سالانہ رپورٹ کے ساتھ منسلک ہیں؛
- گزشتہ 6 سالوں کا کلیدی مالیاتی ڈیٹا
- شیئر ہولڈنگ کا پتہ
- ڈائریکٹرز، CEO، CFO اور کمپنی سیکریٹری کی جانب سے شیئر کی ٹریڈنگ کی معلومات

بورڈ آف ڈائریکٹرز کی جانب سے

Sapthagiri

عامراج شیرازی
چیئر مین

عاقب شیرازی
چیف ایگزیکٹو آفیسر

کراچی: 30 اپریل 2021

سال 2021-21 کے دوران بورڈ اور اس کی کمیٹیوں کے اجلاس
 سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ اجلاس، بورڈ آڈٹ کمیٹی کے چار اجلاس، انسانی وسائل اور مشاہرے کا ایک اجلاس منعقد کیا گیا۔ تمام اجلاس پاکستان میں بذریعہ ویڈیو کال منعقد کیے گئے۔ ڈائریکٹرز کی حاضری اور لسٹ کمیٹیوں، بشمول
 ہلٹس ہنڈلنگ کمیٹی ان کی ڈائریکٹریٹس کی تعداد ذیل میں دی گئی ہے۔

نمبر شمار	ڈائریکٹر	ڈائریکٹر شپ	ایٹینس	کمیٹی		حاضری	
				بورڈ آڈٹ کمیٹی	انسانی وسائل کمیٹی	بورڈ آڈٹ کمیٹی	انسانی وسائل کمیٹی
1	جناب عامر ایچ شیرازی	4	13 مارچ 2020 کو منتخب	-	-	5/5	-
2	جناب ثاقب ایچ شیرازی	3	دوبارہ منتخب 13 مارچ 2020	-	✓	5/5	1/1
3	جناب ثناء اللہ قریشی	1	-do-	✓	✓	5/5	4/4
4	جناب عابد نقوی	2	-do-	✓	✓	4/5	4/4
5	محترمہ شومومز ہرہ مجید	1	منتخب 13 مارچ 2020	✓	-	5/5	4/4
6	جناب ہیر ونیوی یادا	1	دوبارہ منتخب 13 مارچ 2020	-	-	3/5	-
7	جناب یو کی توشی ٹیو جی ساکا	1	13 مارچ 2020 کو دوبارہ منتخب 109 اپریل 2021 کو مستعفی	-	-	5/5	-
8	جناب ریوتا کاباشی	1	13 مارچ 2020 کو منتخب 109 اپریل 2021 کو مستعفی	-	-	1/5	-
9	جناب شنو کی میازا کی	1	شریک منتخب 09 اپریل 2021	-	-	-	-
10	جناب سومومو مور ییادا	1	شریک منتخب 09 اپریل 2021	-	-	-	-

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ

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

- کارپوریٹ اہداف اور مقاصد کو کمپنی کے وژن اور وژن کے ساتھ مطابقت میں رکھنا۔
- پائیدار آرہیشن کے لیے حکمت عملی کی تیاری
- بورڈ کی خود مختاری اور
- متعلقہ شرائط اور حوالہ جات کے ساتھ بورڈ کی کمیٹیوں کا ان کی ذمہ داریوں کے حوالے سے تجربہ
- کارپوریٹ گورننس کے ضابطہ اخلاق اور عالمی سطح پر بہترین رائج طریقوں کے مطابق تیار کردہ سالانہ تجزیہ کی وضاحت اور ان کے کارکردگی کی جانچ کے لیے ڈائریکٹرز کو تقسیم کیا جاتا ہے۔
- کمیٹی بیک میٹری کی جانب سے مکمل سوالنامے کی وصولی کے بعد ردارداری کا انتہائی خیال کیا جاتا ہے۔ اس کے بعد ان علاقوں کی نشاندہی کرنے کے لیے جائزہ کیا جاتا ہے جن میں بہتری کی ضرورت ہوتی ہے اور رائے کے اختلاف کو نمایاں کیا جاتا ہے (اگر کوئی ہے تو)۔

چیئر مین اور چیف ایگزیکٹو آفسر کی ذمہ داریاں

شفافیت اور اچھی حکمرانی کی ثقافت کو فروغ دینے کے لئے، چیئر مین کے عہدے اور چیف ایگزیکٹو آفسر کے عہدے الگ الگ ذمہ داریوں کے پاس ہوتے ہیں جن کے واضح کردار اور ذمہ داریوں کی حد بندی ہوتی ہے۔ چیئر مین بورڈ غیر ایگزیکٹو ڈائریکٹرز کی نمائندگی کرتے ہیں اور انہیں بورڈ کی کارروائی کی مکمل نگرانی اور ہدایت کی ذمہ داری سونپی جاتی ہے، اور اسے ایجنڈا طے کرنے، ہدایات دینے اور بورڈ کے اجلاسوں کی روئیداد پر دستخط کرنے کا اختیار حاصل ہے۔ چیف ایگزیکٹو آفسر ایک ایگزیکٹو ڈائریکٹر ہیں جو کمپنی کے انتظامی سربراہ کے طور پر بھی کام کرتے ہیں۔ وہ بورڈ کی پالیسیوں کو توثیق کر دہ حدود میں لاگو کرنے کے لئے مجاز ہیں اس ذمہ داریوں کے علاوہ جو اس سالانہ رپورٹ میں منسلک ہیں۔

چیف ایگزیکٹو آفسر کی کارکردگی کا جائزہ

چیف ایگزیکٹو آفسر کی کارکردگی کا جائزہ ایک تشخیصی نظام کے تحت کیا جاتا ہے جو کہ معیار و قابلیت اور اعداد و شمار کے حوالے سے اقدار پر مبنی ہوتا ہے۔ اس میں کاروباری کارکردگی، منافع کے حساب سے اہداف کا حصول، آرگنائزیشن کی ترقی، جانفشانی منصوبہ بندی اور بطور ادارہ کامیابی کا حصول شامل ہے۔

ڈائریکٹرز کا مشاہرہ

بورڈ نے ڈائریکٹرز کے مشاہرے کے فکس کرنے کے لیے باقاعدہ پالیسی اور طریقہ کار مرتب کیا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے تحت، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کا تعین خود نہیں کرے گا۔ کمپنی نان ایگزیکٹو ڈائریکٹرز کو مشاہرے کی ادائیگی نہیں کرتی بلکہ انہیں اجلاس میں شرکت کی فیس ادا کی جاتی ہے۔ بہترین قابلیت اور صلاحیت یافتہ لوگوں کو کمپنی کے ساتھ منسلک رکھنے کے لیے کمپنی نے انڈسٹری میں جاری رجحانات اور کاروباری طور طریقوں کے مطابق اپنے مشاہرے مقرر کر رکھے ہیں۔ سال 2020-21 میں ڈائریکٹرز اور چیف ایگزیکٹو آفسر کے مشاہروں کی معلومات کے لیے فنانشیل اسٹیمینٹ کے نوٹس کا جائزہ لیں۔

ایکسٹرنل آڈیٹرز

سبکدوش ہونے والے آڈیٹرز میسرز شان ونک حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنا پر خود کو دوبارہ تقرری کے لیے پیش کر دیا ہے۔ آڈٹ کمیٹی نے کمپنی کے لیے سال 2021-22 کے لیے ان کی دوبارہ تقرری کی سفارش کی ہے۔

انٹرنل کنٹرول فریم ورک

انٹرنل کنٹرول فریم ورک پر رپورٹ Sustainability رپورٹ پیش کی گئی ہے جو کہ اس سالانہ رپورٹ کا لازمی حصہ ہے۔

انٹرنل آڈٹ

ہلٹس ہنڈلنگ ایک خود مختار انٹرنل آڈٹ فنکشن رکھتا ہے۔ بورڈ آڈٹ کمیٹی سہ ماہی کی بنیاد پر اس کے وسائل کی مناسبت اور اختیارات کا جائزہ لیتی ہے۔ انٹرنل آڈٹ کمیٹی کا سربراہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی اس آڈٹ پلان کی منظوری دیتی ہے، جو کہ آپریٹنگ ایریاز کی سالانہ اور سہ ماہی کارکردگی پر مبنی ہوتا ہے۔ انٹرنل آڈٹ کا کام فنانشیل، آپریٹنگ اور کمپلائنس کنٹرولز کا جائزہ لینا اور ان کے نتائج کی رپورٹ بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو اور ڈویژنل مینجمنٹ کو بھیجنا ہے۔

اہم تبدیلیاں

31 مارچ 2021 سے رپورٹ کی تیاری تک کسی قسم کی کوئی بھی اہم تبدیلیاں نہیں کی گئی ہیں اور کمپنی نے اس مدت کے دوران ایسا کوئی وعدہ نہیں کیا ہے جس سے کمپنی کی مالیاتی پوزیشن پر کسی قسم کے منفی اثرات مرتب ہوں گے۔

بنیادی خطرات اور غیر یقینی صورتحال

بنیادی خطرات اور غیر یقینی صورتحال سے متعلق Risk and Opportunity Report پیش کی گئی ہے، جو اس سالانہ رپورٹ کا ایک حصہ ہے۔

شیر ہولڈرز کے لیے ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ اپنی رپورٹ بعد 31 مارچ 2021 کو ختم ہونے والے سال کے لیے کمپنی کی 57 ویں سالانہ رپورٹ اور پڑتال شدہ مالیاتی بیانات پیش کر رہے ہیں۔

آپریٹنگ نتائج

کمپنی کے آپریٹنگ نتائج مختصراً مندرجہ ذیل ہیں:

سال کا اختتام 31 مارچ 2020	سال کا اختتام 31 مارچ 2021	قبل از ٹیکس منافع ٹیکس
4,411,793	5,152,399	موجودہ سال گزشتہ سال ملتی / منوخر
1,363,488	1,498,517	
56,442	137,797	
(86,537)	(78,713)	
1,333,393	1,557,601	
3,078,400	3,594,798	بعد از ٹیکس منافع

منقسمہ اور تصرفات

ڈائریکٹرز نے فائنل کیش ڈیویڈنڈ 13.50 روپے فی شیئر (8.50 روپے فی شیئر 2020) کی سفارش کی ہے۔

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

سال کا اختتام 31 مارچ 2020	سال کا اختتام 31 مارچ 2021	تصرفات کے لیے دستیاب منافع تصرفات:
6,613,983	8,353,882	عام ذخائر کی منتقلی
-	-	عبوری کیش ڈیویڈنڈ 40% (2020: 65%)
806,572	496,352	فائنل کیش ڈیویڈنڈ 35% (2020: 85%)
1,054,747	1,675,187	بونس شیئر 0% (2020: 0%)
-	-	غیر تصرف شدہ منافع آگے لایا گیا
1,861,319	2,171,539	
4,752,664	6,182,343	

آمدنی فی شیئر

بنیادی اور diluted آمدنی بعد از ٹیکس فی شیئر 28.97 روپے (24.81 روپے 2020) ہے۔

ہولڈنگ کمپنی

پاکستان میں قائم کی گئی شیرازی انویسٹمنٹس (پرائیویٹ) لمیٹڈ 52.43 فیصد حصص کے ساتھ ٹالس ہنڈ لمیٹڈ کی ہولڈنگ کمپنی ہے۔

چیئر مین کا تجزیہ

چیئر مین کا تجزیہ سالانہ رپورٹ میں دیگر امور کے ساتھ کاروبار کی نوعیت، کمپنی کی کارکردگی، گزشتہ سال کی نسبت سے اہم انحراف کی وضاحت، مستقبل کے امکانات اور غیر یقینی صورتحال پر مشتمل ہے۔ ڈائریکٹرز اس چیئر مین کے جائزے میں موجود مندرجات کی تائید کرتے ہیں۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ:

بورڈ دو خود مختار ڈائریکٹر، تین ایگزیکٹو اور تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے ڈائریکٹرز کا دوبارہ انتخاب 13 مارچ 2020 کو منعقدہ غیر معمولی اجلاس عام میں کیا گیا۔ 09 اپریل 2021 کو جناب یوکی توشی فوجی سا کا اور جناب ریتا کاشی بطور ڈائریکٹر مستعفی ہوئے اور جناب ہنسو کی میزائی اور جناب موسومہ مورہاوا اُن کے مقام پر بالترتیب نامزد ہوئے۔ بورڈ نے رخصت ہونے والے ڈائریکٹرز کی خدمات کو سراہتے ہوئے نئے آنے والے ڈائریکٹرز کو خوش آمدید کہا۔

انسانی وسائل اور مشاہرے کی کمیٹی

کمیٹی نے تنخواہوں، آرگنائزیشن اور رٹائرمنٹ ایگزیکٹو ملازمین کی ترقی سے متصل مشاہراتی پالیسیوں کا جائزہ لینے کے لیے ملاقات کی اور ایگزیکٹو ڈائریکٹرز اور انتظامی کمیٹی کے مشاہروں سے متعلق تمام اہم معاملات کی منظوری دی۔ کمپنی کے چیف ایگزیکٹو آفیسر اور ٹالس ہنڈ کے ہیومن ریسورس ہیڈ نے بھی انسانی وسائل اور مشاہرے کی کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی کا اجلاس سال 2020-2021 کے دوران ایک بار منعقد کیا گیا۔

بورڈ کی آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی کمپنی کے بورڈ کو اس کی ذمہ داریاں پوری کرنے، بنیادی طور پر شیئر ہولڈرز کو مہیا کی جانے والی فنانشل اور نان فنانشل معلومات کا جائزہ لینے، اندرونی کنٹرول اور رسک مینجمنٹ کے نظام اور آڈٹ کے طریقہ کار جیسے امور انجام دینے میں معاونت فراہم کرتی ہے۔ اس کے پاس اختیار حاصل ہوتا ہے کہ انتظامیہ سے معلومات حاصل کر کے براہ راست بیرونی آڈیٹرز یا شیروں یا جسے وہ مناسب سمجھیں، اس کے ساتھ رابطہ قائم کریں۔ چیف فنانشل آفیسر مدعو کیے جانے پر باقاعدگی کے ساتھ آڈٹ کمیٹی کے اجلاس میں شرکت کر کے اکاؤنٹس پیش کرتے ہیں۔ ہر اجلاس کے بعد، کمیٹی کے چیئر مین بورڈ کو رپورٹ کرتے ہیں۔ سال 2020-2021 کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔

ہے کہ اس کی طویل مدتی کامیابی کے لیے اس کی سپلائی چین کے وسائل کی ترقی اہم ہے۔ اسی لیے کمپنی مستقل اپنے سپلائرز کے ساتھ ان کی مہارت کے زیادہ سے زیادہ استعمال کی کوشش کرتی ہے۔

توانائی کے کم خرچ ساز و سامان کے استعمال، کٹنگ ٹولز کی ریسورسنگ اور لوکلائزیشن اور شمسی توانائی منصوبوں کی توسیع نے پائیدار ترقی کی راہ ہموار کر دی ہے۔ سال کے دوران، کمپنی نے شیٹوپورہ پلانٹ میں 2100KW سولر پینلز کی تنصیب کا ایک اور مرحلہ مکمل کیا۔ اس اقدام کے ساتھ ہیٹ ٹرینٹ شاپ سے گرمی کے اخراج کو بروئے کار لانے کے لئے "ویسٹ ہیٹ ریکوری" کے نتائج کے ساتھ، توانائی کی قیمتوں میں مسلسل اضافے کے باوجود بجلی کے بلوں پر قابو پانے میں مدد ملی۔ مزید یہ کہ، باقاعدگی سے آڈٹ اور تعلیمات کی جانچ کے ذریعے 5S برقرار رکھنے کو یقینی بنایا جا رہا ہے۔

ایوارڈز

زیر جائزہ مدت کے دوران کمپنی نے کاوشوں کے اعتراف میں مندرجہ ذیل ایوارڈز وصول کیے۔

- جوائنٹ کمیٹی آف ICAP اور ICMAP کی جانب سے "انجینئرنگ سیکٹر" میں میسٹ کارپوریٹ اور سسٹین ایبلٹی رپورٹ ایوارڈ
- کارپوریٹ سوشل رسپانسیبلٹی رپورٹ، ریسرچ اینڈ پبلی کیشن اور ماحول ویسٹ مینجمنٹ کی کیلیکری میں نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ کی جانب سے ایوارڈ

مستقبل کے خدوخال

عالمی وبائی مرض COVID-19 کا عالمی اور مقامی معیشت پر نمایاں اثر پڑا ہے۔ ملک نے اس کے نتیجے میں معقول حد تک بہتر طور پر نمٹا ہے لیکن مثبت رفتار کو برقرار رکھنا فوری طور پر اہم ہے۔ نمو کے محاذ پر، کوویڈ-19 کی تیسری، زیادہ سنگین لہر کے ابھرنے کی وجہ سے خطرات باقی ہیں حالانکہ ویکسین لگانے کا عمل شروع ہو چکا ہے۔ افراط زر میں اضافہ جاری رہ سکتا ہے۔ مقامی سطح پر توانائی کی قیمتوں اور بین الاقوامی اجناس کی قیمتیں افراط زر کی رفتار پر اہم اثر ڈال سکتی ہے۔ آئی ایم ایف پروگرام کے دوبارہ آغاز سے امیدوں میں اضافہ ہوا ہے اور اب یہ نظر آتا ہے کہ بیرونی مالی ضروریات بخوبی پوری ہو جائیں گی۔ اس سے، متوقع نجی اور سرکاری رقوم کی آمد سے پاکستان کی بیرونی پوزیشن مستحکم نظر آتی ہے۔ دوسری طرف، آئی ایم ایف پروگرام کے تحت کفایت شعاری کے اقدامات حکومت کی مالی مدد اور اخراجات میں توسیع کرنے کی اہلیت کو محدود کر سکتے ہیں۔ اسی مناسبت سے معاشی ہم آہنگی کو برقرار رکھتے ہوئے معیشت کو سہارا، قرض کی استحکام کو یقینی بنانے، اور ساختی اصلاحات کو آگے بڑھانے کے مابین مناسب توازن قائم کرنے کی ضرورت ہے۔ معاشی سرگرمی معمول پر آنے اور وبائی امراض کے اثرات کم ہو جانے کی صورت میں توقع ہے کہ ملک کو وسیع پیمانے پر معاشی بحالی کا تجربہ ہوگا۔ اگر معیشت اپنی پوری صلاحیت پر بحال ہو جاتی ہے تو دو ویلر سیکمنٹ میں مزید ترقی کی توقع کی جاتی ہے۔

کمپنی کا ماننا ہے کہ کاروباری کارروائیوں کی بنیادی خصوصیات "استحکام اور قائدانہ کردار" کی پہلے سے کہیں زیادہ ضرورت پائی جاتی ہے۔ اب جبکہ وبائی امراض نے دنیا کو ہلا کر رکھ دیا، کمپنی غیر یقینی وقتوں سے کامیابی کے ساتھ نکل آئی اور صحت اور حفاظت پر زور دیتے ہوئے کاروبار کے تسلسل کو یقینی بنانے کے ساتھ اسے "معمول" بنایا۔ یہ کمپنی کی موجودہ اور آئندہ نسلوں کے لیے موثر اور قابل رسائی مولٹی سلوشنز فراہم کرنے کی صلاحیت کے باعث ممکن ہوا۔ اٹلس وے کے اصول اس سلسلے میں کمپنی کو مستحکم بنیاد فراہم کرتے ہیں۔

ہے جستجو کہ خوب سے ہے خوب تر کہاں

توثیقی بیان

اٹلس گروپ ہنڈاموٹر کمپنی سے اپنی شراکت داری پر فخر محسوس کرتا ہے اور اپنے ممتاز حیثیت کے اعلیٰ معیارات کو برقرار رکھنے میں ان کے مسلسل تعاون کا معترف ہے۔ میں اپنے کسٹمرز کے ہم پر اعتماد، ہماری انتظامی ٹیم کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ثاقب ایچ شیرازی کو ان کی پراثر لیڈر شپ اور اپنے اسٹیک ہولڈرز، بینکرز، ڈیلرز، وینڈرز، ایسوسی ایٹس اور شیئرز ہولڈرز کا بے حد ممنون و مشکور ہوں کہ جن کی مدد سے اٹلس ہنڈاموٹر کو ایک ممتاز کمپنی کی حیثیت حاصل ہے۔

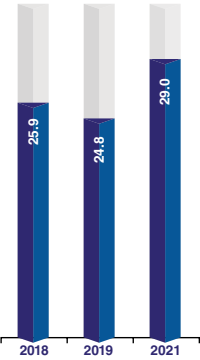


عامر ایچ شیرازی

بتاریخ: 30 اپریل 2021

کارکردگی کا اسکور کارڈ

Earnings per share (Rs. per share)



■ Earnings per share

کمپنی اپنے پائیدار ترقی اور قدر کی تخلیق کے طویل المدتی مقاصد کے لئے پرعزم ہے۔ یہ مقصد آپریشنل ایکسی لینس، پروڈکٹ پورٹ فولیو میں تنوع، لاگت میں کمی اور مضبوط کپیٹل اسٹرکچر کے ذریعے حاصل کیا جا رہا ہے۔

کمپنی نے 93.2 بلین روپے کی نیٹ سیلز ریکارڈ کی جس کو گزشتہ سال کی 84.8 بلین روپے کے مقابلے میں 10 فیصد زیادہ ہیں۔ فروخت کے حجم میں اضافے، بہتر ماڈل کس اور لاگت میں کمی جیسے اقدامات سے گروس پروفٹ 6.1 بلین روپے سے 12 فیصد اضافے کے ساتھ 6.9 بلین روپے ہو گیا۔ جس کے نتیجے میں گروس پرافٹ اور سیلز کا تناسب 7.4 فیصد رہا۔ سیلز اور مارکیٹنگ کے اخراجات 3 فیصد کم رہے جس کی وجہ لاگت کو کم کرنے کے اقدامات اور صوابدیدی اخراجات میں کمی کے لیے اٹھائے جانے والے اقدامات ہیں۔

انتظامی اخراجات میں عملے کی لاگت، COVID-19 سے متعلقہ سرگرمیوں کے سلسلے میں کی جانی والی اضافی لاگت اور عام افراط زر کی وجہ سے 8 فیصد اضافہ ہوا۔ دیگر آمدنی اور نیٹ آف دیگر اخراجات اور فنانشل چارجز نے 898 بلین روپے کی حوصلہ افزاء شراکت داری کی۔ اس کے نتیجے میں کمپنی نے 31 مارچ 2021 کو ختم ہونے والے سال کے لیے قبل از ٹیکس 5.2 بلین روپے کا منافع حاصل کیا جو کہ 17 فیصد اضافے کو ظاہر کرتا ہے۔ اسی طرح بعد از ٹیکس نیٹ منافع 3.6 بلین روپے ریکارڈ کیا گیا جو کہ گزشتہ سال کے مقابلے میں 17 فیصد زیادہ ہے۔ آمدنی فی حصص 28.9 روپے رہی جو کہ گزشتہ سال 24.8 روپے تھی۔

فنانشل چارجز سے مراد بینکوں کو ادا کی جانے والے ٹرانزیکشن چارجز ہیں جو پاکستان بھر سے ہماری صارفین کی ادائیگیوں پر لاگو ہیں اور IFRS-16 کے مطابق لیز پر دی جانے والی واجبات پر انٹرسٹ ہے۔ اس سال آپریشنز سے فری کیش فلو 14.9 بلین روپے رہا۔ اس کیش کو کپیٹل ایسٹس، کم مدتی سرمایہ کاری اور منافع منقسمہ (ڈیویڈنڈ) پر خرچ کیا گیا۔ کپیٹل ایسٹس میں اضافہ پروڈکشن سہولیات میں توسیع کرنا اور موجودہ مینوفیکچرنگ سہولتوں میں توازن برقرار رکھتے ہوئے جدت اور تبدیلیاں لانے کو ظاہر کرتا ہے۔

اس سال کے دوران کمپنی نے مختلف ٹیکسز اور ادائیگیوں کی مدد میں حکومت اور اس کی ایجنسیز 20 بلین روپے ادا کئے ہیں۔ ٹیکس گروپ (کمپنی جس کی جڑ ہے) نے قومی خزانے میں 55 بلین روپے جمع کروائے۔ جس سے ٹیکس گروپ حکومت کو زیادہ سے زیادہ ٹیکس ادا کرنے والوں میں شامل ہو جاتا ہے۔

ڈیویڈنڈ پالیسی

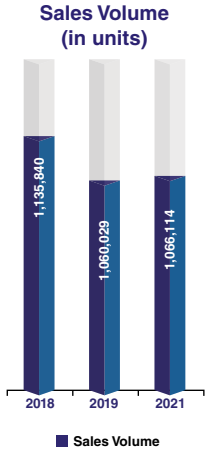
اپنے حصص یافتگان کو بہترین منافع کی ادائیگی کمپنی کی ایک طویل روایت ہے۔ اس سلسلے کو جاری رکھتے ہوئے اور اسٹریٹجک نظریات، کاروباری ضروریات اور کمپنی کی مالی حیثیت کو مد نظر رکھتے ہوئے نہایت مسرت کے ساتھ فی شیئر 13.5 روپے حتمی نقد منقسمہ کی تجویز پیش کرتے ہیں۔ یہ اس 4.0 روپے فی شیئر عبوری ڈیویڈنڈ کے علاوہ ہے جس کا اعلان اکتوبر 2021 میں کیا گیا تھا، اس طرح مجموعی ڈیویڈنڈ 17.5 روپے فی حصص ہو گیا ہے۔

مینوفیکچرنگ ایکسی لینس

کمپنی کی آپریشنل حکمت عملی مضبوط مینوفیکچرنگ پر مبنی ہے، جو عالمی بہترین رائج طریقوں پر عمل کرتی ہے۔ پاکستان کی سب سے بڑی دو ویل کمپنی کی حیثیت سے، کمپنی کی حکمت عملی پائیدار مینوفیکچرنگ، وسیع پیمانے پر مصنوعات کی تیاری، لاگت میں کمی اور تنوع کے ذریعے صنعت سے وابستہ کاروباری قدر پیدا کرنے کے لیے موزوں ہے۔

سال کے دوران، کمپنی نے بلتی ہوئی کاروباری ضروریات کے مد نظر ضروری معیاری آپریٹنگ طریقہ کار (ایس او بیز) کے نفاذ کو یقینی بنایا، جس میں پیداوار کی لائنوں اور ورک اسٹیشنوں پر سماجی فاصلہ شامل ہے۔ تیسری اور چوتھی سہ ماہی کے دوران پروڈکشن کی بروقت فراہمی اور پیداوار بڑھانے میں آسانی کے لیے دونوں پلانٹس میں موثر اقدامات کیے گئے۔ مزید برآں، ان ہاؤس مرمت کو فروغ دینے کے لئے مینٹینیٹنس ورکشاپ قائم کی گئی تھی۔ پیداواری صلاحیت کو زیادہ سے زیادہ کرنے کے لئے ملٹی ماڈل کے استعمال کے لئے روبوٹ کے بہترین مستعمل، مشینوں اور سامان کی ترتیب و تنصیب اور ورک لوڈ پر نظر ثانی کی گئی۔ مزید یہ کہ شفٹ آپریشنز میں بہتری، ڈاؤن ٹائم میں کمی اور لائن ہیلڈنگ کے ذریعے افرادی قوت کی پیداواری صلاحیت میں اضافہ کیا گیا۔ کمپنی کا ماننا

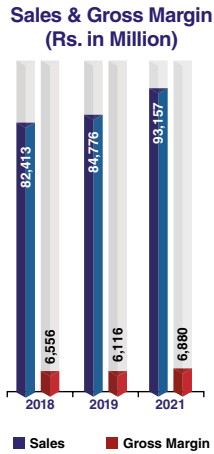
دوپہیوں والی صنعت



دوپہیوں والی صنعت نے مالی سال 2021 کے دوران حوصلہ افزا کارکردگی کا مظاہرہ کیا، جس نے پہلی سہ ماہی کے بیشتر حصے میں ملک بھر میں لاک ڈاؤن کے باوجود، پچھلے سال کے مقابلے میں 1 فیصد کا حجم بڑھایا۔ ملک کی آبادی کا ایک بہت بڑا حصہ روزانہ آنے جانے کے لئے دوپہیوں والی سواری کو ترجیح دیتا ہے، کیونکہ یہ ایک کم خرچ اور ایندھن کی بچت کا ذریعہ ہے۔ مزید یہ کہ COVID-19 کے آغاز کے بعد سے حفظان و صحت کو بنیادی ترجیح کے پیش نظر، صارفین نے نقل و حرکت کے انفرادی ذرائع تلاش کیے۔ دوسری طرف، بہتر معاشی بنیادی اصولوں اور تیزی سے بڑھتے ہوئے شہروں کے ساتھ ساتھ زرعی آمدنی میں بہتری نے تمام زمروں میں دوپہیوں والی سواری کی مانگ کو آگے بڑھایا ہے مزید یہ کہ لاک ڈاؤن کے سبب جو طلب رکی ہوئی تھی، اُس مانگ نے بھی صنعت کو کافی فروغ فراہم کیا۔

کمپنی

زیر جائزہ سال کے دوران، کمپنی نے فعالیت اور مستعدی کے ساتھ کاروبار جاری رکھا اور کاروباری تغیرات و مشکلات کو سنبھالا۔ محدود عوامی تعامل اور اجتماعات کے معاشرتی اصولوں میں تبدیلی کے پیش نظر، کمپنی نے ایک ایسے فریم ورک کی طرف رجوع کیا جو زیادہ سے زیادہ ڈیجیٹلائزیشن پر مرکوز ہے۔ کمپنی اپنے صارفین، کاروباری شراکت داروں، ملازمین، برادریوں اور دیگر تمام اسٹیک ہولڈرز کے ساتھ اس صورتحال سے نمٹنے کے لیے رابطے میں رہی تاکہ ایک واضح روڈ میپ کے ساتھ آگے بڑھا جائے۔



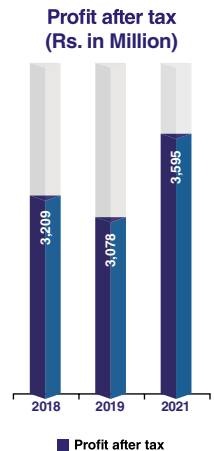
سیگمنٹ کا جائزہ

لاک ڈاؤن میں بتدریج نرمی کے ساتھ، کمپنی کی فروخت میں تیزی سے اضافہ ہوا۔ اہداف کے مقابلے میں فروخت بہتر رہی اور 1,066,114 یونٹس پر بند ہوئی جو کہ گزشتہ سال کے مقابلے میں خاصی حوصلہ افزاء ہے، واضح رہے کہ مئی 2020 تک فروخت کی سرگرمیاں مکمل طور پر رک گئیں تھیں۔

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

کمپنی کے 100cc سیگمنٹ "Pridor" میں طلب بدستور امید افزا رہی۔ اس ماڈل کا مقصد صارفین کو ایسی پروڈکٹ مہیا کرنا ہے جو انہیں "آرام اور زیادہ سے زیادہ فیول کی بچت کے ساتھ" سفر کی سہولت مہیا کرے۔

125cc اور اس سے زیادہ والا سیگمنٹ مجموعی طور پر موٹر سائیکل مارکیٹ میں اپنا حصہ بڑھا رہا ہے۔ کمپنی نے مارکیٹ میں اپنی قیادت کو برقرار رکھتے ہوئے ایسی پروڈکٹس متعارف کروائی ہیں جو ڈیزائن، پاور اور فعالیت کے اعتبار سے صارفین کی توقعات پر پورا اترتی ہیں۔ اس کیلگری میں شامل خصوصی ایڈیشن اور سیلف پاور 125cc اور 150 cc ماڈلز ڈیزائن، طرز اور طاقت کا شاندار امتزاج ہیں۔ اس سال کے دوران، کمپنی نے اس سیگمنٹ میں متعدد MMCs متعارف کروائی ہیں جنہیں صارفین کی جانب سے بے حد پذیرائی ملی۔



کمپنی کے پرزہ جات کے کاروبار نے صارفین کے تجربے کو بہتر بنانے کا تسلسل رواں رکھا۔ کمپنی نے بہترین مارکیٹنگ حکمت عملیوں، سیزورکشاپس اور پروڈکٹ پورٹ فولیو میں گراں قدر اضافے کے ساتھ جینیون اسپئر پارٹس کی فروخت میں اضافے پر توجہ مرکوز رکھی۔ زیر جائزہ سال کے دوران، متعدد آن لائن ایڈورٹائزنگ اور ڈیجیٹل مہم چلائی گئیں، جس میں موٹر سائیکل کی مجموعی کارکردگی کی بہترین دیکھ بھال کے لیے "جینیون پارٹس" کے استعمال کی اہمیت کو اجاگر کیا گیا۔ نیز ڈیلرز کی شمولیت کے ذریعے "جینیون پارٹس" کی دستیابی کو یقینی بنایا گیا اور موٹر سروس نیٹ ورک کے ذریعے صارفین کی ضروریات کو پورا کیا گیا۔ ان کاوشوں کے نتیجے میں کمپنی کا ریونیو 8.3 بلین روپے ریکارڈ کیا گیا۔

چیرمین کا جائزہ

عالمی وبائی مرض کے باعث پیدا ہونے والی غیر یقینی صورتحال اور صارفین کی تیزی سے تبدیل ہوتی ضروریات سے پیدا ہونے والی مشکلات سے نہر د آزا ہونے کے لیے کمپنی کی مناسب حکمت عملی اور امور کی انجام دہی کے فوری اقدامات سے بہت مدد ملی ہے۔ اسی طرح، پرکشش پروڈکٹ پورٹ فولیو اور تیز عمل درآمد کی وجہ سے کمپنی کی کارکردگی میں نمایاں بہتری آئی ہے۔

میں نہایت مسرت کے ساتھ 31 مارچ 2021 کو ختم ہونے والے سال کے لیے 57 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

میکرو اکنامک جائزہ

COVID-19 کی وجہ سے پیدا ہونے والا عالمی بحران نہایت وسیع سطح پر محیط ہے۔ اگرچہ عالمی معیشت اس دوران شدید دباؤ کا شکار رہی لیکن پاکستان میں معیشت نے اپنی رفتار جلد واپس حاصل کر لی ہے کیونکہ COVID-19 سے متعلق اثرات سے نپٹنے کے لیے وسیع پیمانے پر موثر انتظامات کیے گئے۔ سازگار مانیٹری پالیسی، ری فنانسنگ سہولیات کا متعارف کروانا، ٹارگٹ کردہ مالی سپورٹ اور دیگر مالیاتی اقدامات نے اسے بھرپور سپورٹ مہیا کی ہے۔ ان اضافی اقدامات کی بدولت لاک ڈاؤن کے بعد دوبارہ شروع ہونے والی معاشی سرگرمیوں کو بہترین محرک مہیا کرتے ہوئے نقصانات کی تلافی کی اور معیشت کا سکڑاؤ قلیل المدت رہا جبکہ ابھی بھی مالی سال 2021 میں معمولی طور پر 3 فیصد اضافے کے امکان کی وجہ سے ترقی کے واضح امکانات موجود ہیں۔

مالی سال 2021 کے چھ ماہ کے دوران، مالیاتی خسارہ شرح نمو کے 2.5% پر موجود ہے جو کہ COVID-19 سے متعلقہ ادائیگیوں اور زیادہ شرح سود کے باوجود بھی گزشتہ سال کے مقابلے میں اس سال بڑے پیمانے پر تبدیل نہیں ہوا ہے۔ یہ بنیادی طور پر محصولات میں صحت مند نمو کی عکاسی کرتا ہے، FBR کا خالص ٹیکس محصول فروزی کے مہینے سے 6% بڑھ رہا ہے۔ بیرونی شعبہ نہایت ہموار انداز میں COVID-19 کی مشکلات سے باہر نکل رہا ہے، 9MFY21 میں سرپلس 959 ملین ڈالر رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 4.1 بلین ڈالر کا خسارہ تھا۔ اس سرپلس کا سبب بنیادی طور پر ترسیلات زر میں اضافہ ہے جو گزشتہ 9 ماہ کے دوران فی ماہ 2 بلین ڈالر سے زیادہ رہا ہے، ساہا سال کا اضافہ 26 فیصد رہا ہے۔ سفری پابندیوں اور سپورٹ مہیا کرنے والے پالیسی اقدامات کے سبب رقم کی منتقلی کے قانونی ذرائع کے استعمال میں اضافہ ہوا ہے۔ جس کی وجہ سے بڑھتے ہوئے تجارتی خسارے کے اثرات کو ختم کرنے میں مدد ملی ہے۔ 9MFY21 کے دوران ملکی درآمدات 13 فیصد اضافے کے ساتھ 39.5 بلین ڈالر ہیں جبکہ برآمدات 2 فیصد اضافے کے ساتھ 18.7 بلین ڈالر ہیں۔

توسیعی فنڈ کی سہولت کے احیاء کے بعد، آئی ایم ایف نے اپنی تیسری قسط 500 ملین ڈالر جاری کی۔ مزید برآں پاکستان نے مئی 2020 تا جون 2021 کے دوران G-20 قرض دہندگان سے قرض کی ادائیگی میں 3.5 بلین ڈالر کا ریلیف حاصل کیا اور اسے عالمی برادری کی جانب سے ایک اور بڑے ریلیف کی توقع ہے۔ ان سازگار پیش رفتوں کے ساتھ ساتھ یورو بانڈ کے 2.5 بلین ڈالر کے اجراء نے اگست 2020 کے اختتام سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 8.9 فیصد اضافہ کیا۔ ادائیگیوں کی صورتحال میں ترقیاتی رجحان کے نتیجے میں، اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر مارچ 2020 کے اختتام تک 13.7 بلین ڈالر رہے، یہ سطح تین سال قبل دیکھی گئی تھی۔ ملکی کیپٹل مارکیٹ میں بھی مثبت بازگشت سنائی دی گئی کیونکہ پاکستان اسٹاک ایکسچینج 100 انڈیکس جون 2020 میں 34,422 پوائنٹس سے بہتر ہو کر مارچ 2021 میں 44,587 پوائنٹس پر آگیا جو کہ 30 فیصد اضافے کو ظاہر کرتا ہے۔

زراعت

تاحال زراعت پاکستان کا سب سے بڑا شعبہ ہے جو بالواسطہ اور بلاواسطہ طور پر ملک کی بیشتر مزدور قوت کو روزگار مہیا کرتا ہے۔ اس شعبے میں ترقی کا ہدف سال 2021 کے لیے 2.7 فیصد طے کیا گیا۔ کپاس کے علاوہ خریف کی تمام بڑی فصلوں نے مالی سال 2020 کی پیداوار کی سطح کو پیچھے چھوڑ دیا اور مالی سال 2021 کے تمام اہداف حاصل کیے ہیں۔ نیز ٹریڈ کی فروخت، فریٹ لائزرز کا استعمال، پانی کی دستیابی اور سازگار موسم جیسے عوامل بہترین پیداوار بطور خاص گندم کی اعلیٰ پیداوار کی جانب نشاندہی کر رہے ہیں۔ مزید یہ کہ زرعی مصنوعات کی قیمتوں میں اضافے اور کھاد اور کیڑے مار ادویات پر بروقت سبسڈی دینے سے کاشتکار کی آمدنی میں بہتری آئی ہے چنانچہ دیہی علاقوں میں پائیدار مصارف اشیاء کی طلب میں اثباتی رجحان رہا۔

بڑے پیمانے پر مینوفیکچرنگ

بڑے پیمانے پر مینوفیکچرنگ ملک کی مجموعی مینوفیکچرنگ کا تقریباً 80 فیصد ہے جبکہ قومی پیداوار کا تقریباً 11 فیصد حصہ ہے۔ 8MFY2021 کے دوران، بڑے پیمانے پر مینوفیکچرنگ کے شعبے میں 7.5 فیصد اضافہ ہوا جبکہ گزشتہ سال کی اسی مدت کے دوران 3 فیصد کی توقع ہوئی تھی۔ تاہم، ابھی تک پیش رفتیں اپنی تمام تر پیداواری صلاحیتیں اور گنجائش بروئے کار نہیں لائی ہیں۔ متعدد اعداد و شمار مضبوط پیش رفت کی جانب اشارہ کرتے ہیں جس میں صارفین کی روزمرہ استعمال کی اشیاء، آٹوموبائل اور سینسٹ کی فروخت بھی شامل ہے۔ یہ حکومت اور اسٹیٹ بینک کی جانب سے پیش کردہ متعدد معاون پالیسی اقدامات کے ذریعے معاشی سرگرمیوں میں حوصلہ افزاء مدد کے سبب ممکن ہوا۔ تاہم عالمی سطح پر سپلائی چین میں درپیش رکاوٹوں کے سبب خام مال کی فراہمی میں مسائل کا سامنا ہے اور قیمتیں بڑھ رہی ہیں۔ جس کی وجہ سے کاروباری ادارے اپنے منافع کو برقرار رکھنے کے لیے اشیاء کی قیمتوں میں اضافہ کر رہے ہیں۔

Report of the Board Audit Committee

The Board Audit Committee (the Committee) comprises of 3 members all of them are Non-Executive Directors. The names and profiles of the Audit Committee members are given on Page No. 123 of the Integrated Annual Report 2021. The incumbent members are qualified finance professionals and the Committee as a whole possess significant economic, financial and business acumen.

Chief Executive Officer and Chief Financial Officer of the Company attend the meeting of the Committee on invitation; Internal Auditors are present in all the Committee meetings whereas External Auditors attend the meetings on requirement basis.

FINANCIAL STATEMENTS

The Committee has concluded its annual review of the conduct and operations of the Company during the year ended March 31, 2021, and reports that:

- The financial statements of the Company for the year ended March 31, 2021 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- In line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP, contents of the Audit Report have changed significantly and the Auditors have issued unmodified audit reports in respect of the above financial statements for the year 2021.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- Accounting estimates are based on reasonable and prudent judgment.
- Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management process and adequate for shareholders' needs.
- The Chairman of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by the Chief Executive Officer and Chairman. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive Officer and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

INTERNAL AUDIT

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

EXTERNAL AUDITORS

- The statutory auditors of the Company, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, have completed the Audit of financial statements of the Company for the year ended March 31, 2021 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended March 31, 2021 and shall retire on the conclusion of the 57th Annual General Meeting.
- The Audit Committee has discussed the audit process and the observation, if any, of the External Auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.
- The External Auditors attended all the Audit Committee meetings where their reports were discussed. The External Auditors also attended General Meetings of the Company during the year and have confirmed attendance of the 57th Annual General Meeting scheduled for June 24, 2021. The Auditors have also indicated their willingness to continue as Auditors.
- The External Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company except that of External Auditors.
- Being eligible, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants have offered themselves to be reappointed as Auditors for the financial year 2022. The Committee has recommended them to the Board for reappointment for the year ending March 31, 2022.

INTEGRATED ANNUAL REPORT 2021

- The Company has issued a very comprehensive Integrated Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information much in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc. and the Audit Committee believes that the Integrated Annual Report 2021 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

THE COMMITTEE

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

Risk and Opportunity Report

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

Defining Risk

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

Risk Management

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

Our Enterprise Risk Management (ERM) framework

RISK AND RESILIENCE

Strategy Formulation

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

Risk Assessment

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

Counter Measures

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

Governance

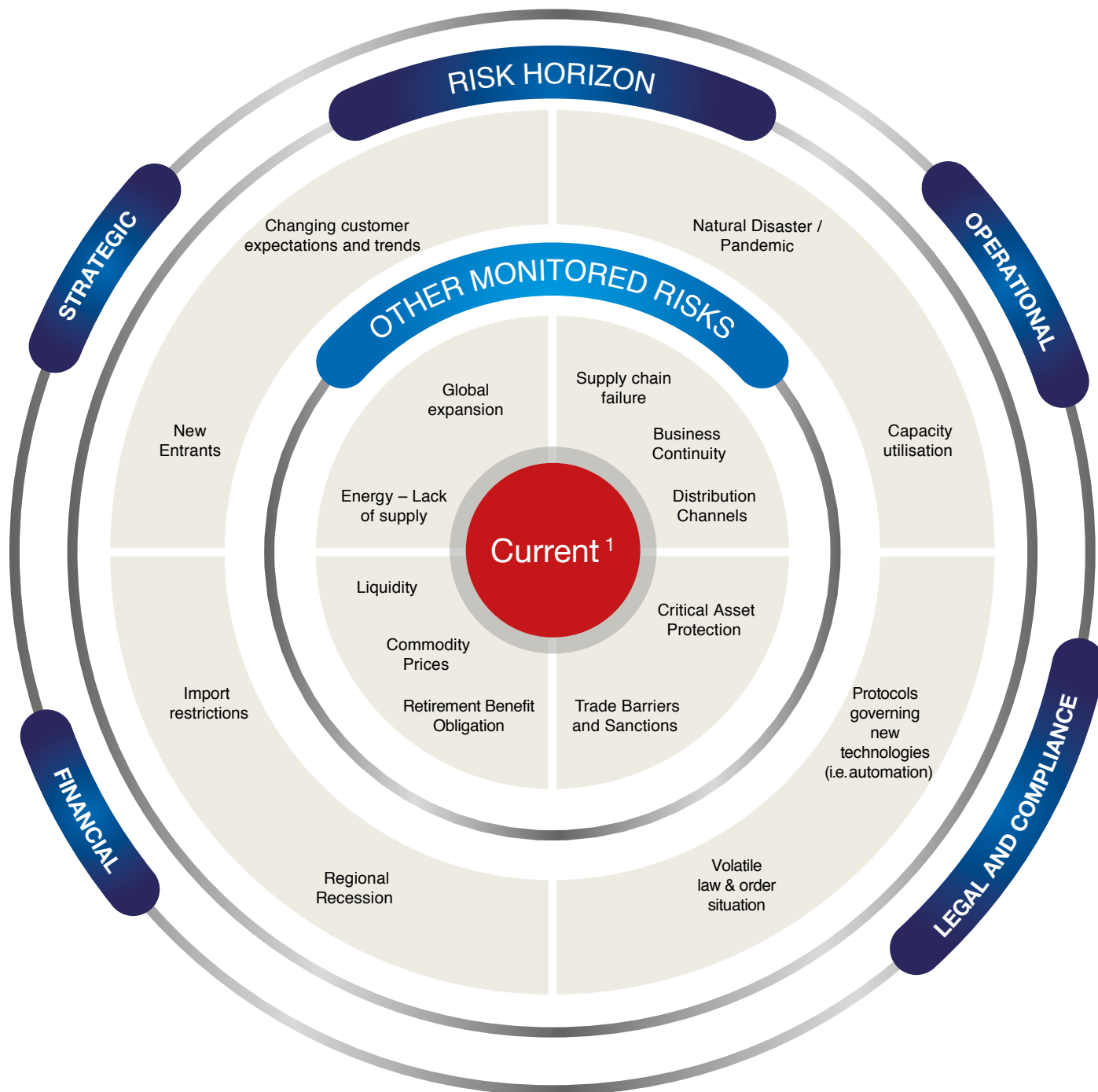
The Board of Directors is responsible for approving Company's risk management policy. The Board of Directors also provides guidelines on strategic matters and organizational objectives. The business units are responsible for managing risks at operational level. However, the Company-level risk management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

Opportunity Analysis

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

Risk Horizon

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



1 Please refer to our 15 principal risks on next page

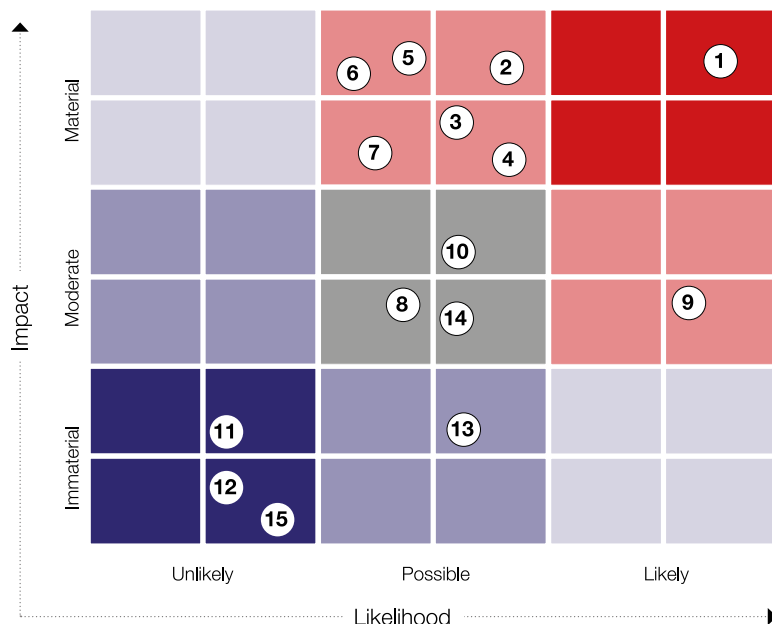
Our Principal Risks

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





Principal risks at a glance

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

The potential impact and likelihood of our key risks



Key

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

1. Materiality Approach

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


2. Key Source of Uncertainty


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


3. Risk Category


- Strategic 
- Operational 
- Legal 
- Financial 


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

Strategic 	Sources	Consequences	Mitigations	Opportunities	Current year's ranking
1. Market Competition There is increasing competition among market participants in the entry level segment. Further, new models are being introduced in the premium segment. Accordingly, product positioning is becoming increasingly important due to revised dynamics of the two wheeler market.	External	Inability to successfully maintain the position and strength of our products as well as failing to develop new products that meet customer preferences, could impact demand for our products.	We are committed to make quality products and meeting the demand of our customers while enhancing product innovation and ensuring customer satisfaction to maintain the competitive edge. The Company placed due emphasis on monitoring markets and competitors to be able to understand and pre-empt external dynamics and remain competitive.	Strengthen our products by creating greater brand association into our expanding product portfolio and services.	(4)
2. Economic and Political Environment Our expanding presence increases exposure to changes in the economic and political environment as well as other external factors (i.e. adverse law and order situations, natural disasters etc.) may impact our business.	External	Given our wide spread distribution of sales, changes in the external environment could have a significant impact on the demand for our products and supply chain.	We continue to closely monitor political and macroeconomic developments. Accordingly, We maintain a balanced retail sales profile across key sales regions. Further, In order to avoid the risk of disruption, we operate two production facilities' and have a diversified vendor base.	It helps us to ensure continuity of operations without disruptions in supply.	(7)
3. Change in Technology Technological developments together with scarcity of specialist resources could result in a significant change in the two wheeler industry.	External	Technology shift may render production process obsolete and cost inefficient. Delay in the launch of technologically intensive products, or if the technology used in our products becomes relatively obsolete, could impact our sales.	We continue to invest substantially on expansion projects, modernization and up gradation of our production facilities. Further, we continue to focus on investment in new and existing models to meet the latest standards.	Timely investment on our production facilities brings efficiency in our processes. Substantial changes to the market enable us to focus on launching industry defining products as well as strengthening partnership with our global partner.	(14)

Operational 	Sources	Consequences	Mitigations	Opportunities	Current year's ranking
4. Safe Working Environment Provision of a safe working environment is necessary to ensure well being of our associates and all those who may be impacted by our operations specially in the backdrop of the recent pandemic.	Internal / External	Failure to provide safe working environment may lead to loss of working time, illness, injury and civil claims.	We actively monitor our Health & Safety "Plan, Do, Check, Act" framework for managing risk in the workplace to ensure our compliance with local and international regulations, guidelines and best practices. The magnitude of the mitigations strategies have intensified due to the current pandemic.	A safe working environment ensures protection of human rights and increases the satisfaction and commitment of our associates, supply chain partners and all those impacted by our operations.	(3)
5. Information and Cyber Securities New and emerging technologies bring unprecedented threats to internet-connected devices while recent global hacking incidents impacting the geopolitical environment indicate an increase in the motivation to instigate cyber attacks.	External	Breach of IT security causing controlled or critical data to be lost, made inaccessible, corrupted or accessed by unauthorized users.	We strive to implement consistent security policies and procedures as well as educating our associates, vendors and suppliers to embed best practices by implementing internal tools to detect and mitigate the current and emerging cyber security threats.	We aim to maintain a strong IT control environment, and by monitoring and reacting to emerging cyber and security threats, we strive to embed deeper, more intelligent controls over time.	(6)

Operational 	Sources	Consequences	Mitigations	Opportunities	Current year's ranking
6. Dependence on Vendors for Success of Our Business Our expanding trend increases the risk of capacity and financial bottlenecks caused by supplier delivery failures and insufficient utilization of production capacities at suppliers' end.	External	Failure of, or weaknesses in, vendors' financial condition, production and distribution capabilities, and lack of alignment with vendors' B2B systems impairs our investments and prevents us achieving our production goals	We maintain close contact with vendors and ensure that targets are communicated, understood and aligned. Furthermore diverse vendor representation avoids dependence on any single vendor.	Our focus on diversified vendors base and their performance maintains our reputation as a quality leader in the two wheeler industry.	(9)
7. Talent and Capability The expanding scenario requires us to recruit competent personnel and properly incentivize existing staff to achieve Company's strategy.	Internal	Inability to attract and retain the critical capabilities and skills needed in sufficient numbers will have a significant impact over our business strategy, operations and market presence.	Attracting, rewarding and retaining the right people with the right skills in a planned and targeted way, including regular benchmarking of remuneration and continuing a strong focus on individual development and succession planning.	Hiring competent associates and their continuous personnel development and training helps to generate ideas and suggestions that make significant contributions to our success. Further it is enabling us to secure sufficient number of qualified young workforce with the potential to become the next generation of highly skilled specialists and executives.	(10)
8. Product Liability and Recalls Potential defects and quality deficiencies could increase our exposure to risks associated with product liability.	Internal	Inability to monitor quality of our products can impact our related costs and warranty claims as well as our reputation and sales in the longer-term. In addition, we could be the subject of class actions or other large-scale lawsuits as a consequence.	We regularly monitor the service data of products to proactively manage recalls and minimize warranty claims. We also issue technical updates to dealer network to manage identified faults and defects.	Enhanced product quality helps us to maintain our market leadership and maintain customer loyalty. It also helps to identify and take remedy against potential faults more efficiently.	(15)

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

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

Additional Information

Management Objectives

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

Proposed Sequence	Objective 01	Objective 02	Objective 03	Objective 04
	To abide by all the laws and regulations, as a responsible corporate citizen.	To expand sales in two wheeler industry.	To maintain market leadership in the two wheeler industry.	To ensure continuity of operations without disruptions in supply chain.
Strategy	We maintain a team of qualified and experienced professionals to ensure compliance with all applicable laws, rules and regulations.	<ul style="list-style-type: none"> -Expand customer reach through expanding dealership network and providing online sales platforms; - Identifying new avenues for exports - Providing easy and convenient financial solutions to customers for better affordability; - Providing high quality after sales service; and - Ensure continuous quality improvement & innovation for better customer satisfaction 	<p>We continuously ensure:</p> <ul style="list-style-type: none"> - compliance with international standards and latest technology; - upgradation of production facilities considering future market expansion 	<p>The following steps are taken to counter supply chain disruptions:</p> <ul style="list-style-type: none"> - Induction of more than one vendor to eliminate dependency on single source - Continuous monitoring of deliveries vs. targets through online B2B system - Minimising any potential damage while manufacturing and deliveries through implementation of best practices
Nature	Short to Long term	Short to Long term	Long term	Short term
Priority	High	High	High	High
KPI Monitored	Number of non compliances and reporting awards	Sales and profitability	Capital expenditure, market share and production efficiency ratio	Current ratio and idle days
Resource allocated	<ul style="list-style-type: none"> - Human capital - Intellectual capital - Financial capital 	<ul style="list-style-type: none"> - Human capital - Financial capital - Manufactured capital - Social and relationship capital 	<ul style="list-style-type: none"> - Financial capital - Manufactured capital 	All capitals
Actual Results	<p>There were no non compliances reported by any Government body or institution during the year. Company's corporate reporting practices have been recognized through following awards:</p> <ul style="list-style-type: none"> - Top 25 Companies Award by Pakistan Stock Exchange for the year 2017 and 2018; - Best Corporate and Sustainability Report Award' in 'Engineering Sector' in the event organised by the Joint Committee of ICAP and ICMAP in 2020 as well previous years; - Awards by National Forum for Environment & Health (NFEH) for efforts related to sustainability. 	<ul style="list-style-type: none"> - Total sales for the year were 1,066,114 units, an encouraging increase of 0.57% from last year considering complete halt in production activities upto May 20, 2021. - Minor Model Changes of CD 70, CD Dream, CG 125 Self and CB 125F - Continued customer engagement through quality after sales services including provision of 3 years' warranty for all engine parts 	<p>We have incurred Capital expenditure of Rs. 1.1 Billion during the year for the improvement, maintenance and expansion of our production facilities.</p>	<ul style="list-style-type: none"> - Although some challenges were faced on account of global supply chain disruptions, they were being managed through multiple resourcing and air shipments; hence there was no loss in production.

Significant Changes in Objectives & Strategies

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

	Objective 05	Objective 06	Objective 07	Objective 08
	To recruit and retain the best people and provide adequate training to ensure high quality skilled force.	To ensure health and safety of associates in workplaces.	To ensure environment friendly products and processes.	To ensure optimum cost level
Strategy	We have developed comprehensive and well-structured procedures for recruitment, training, compensation, periodic appraisals and succession planning in order to ensure staff development and retention.	We recognize the importance of a healthy working environment and safety of our associates has always been our top priority. In the post COVID-19 scenario our health and safety measures have been further strengthened. The employees are informed about best HSE practices through regular internal communication channels. We conduct risk assessments that address all the hazards that might cause harm in workplace. Extraction and evacuation drills are conducted regularly and staff is frequently trained for crisis management.	Our defined policy for the protection of environment from emissions and hazardous discharges, ongoing monitoring and maintenance activities coupled with investment in new technology, efficiency enhancing measures, continuous measurements, follow ups and reporting are carried out to ensure that we achieve our desired goals. Solid hazardous waste is disposed-off through Environmental Protection Agency's legitimate contractors. Recycling is also done, to the maximum extent, where possible.	We keep our cost at an optimum level through continuous cost reduction measure,s buying and manufacturing efficiencies, conservation of resources and relentless efforts towards localisation.
Nature	Short to Medium term	Short to Medium term	Short to Long term	Short / Medium term
Priority	High	High	High	High
KPI Monitored	Workforce related ratios	Number of accidents	"Carbon emission, water usage"	
Resource allocated	- Human capital - Financial capital	- Human capital - Manufactured capital - Financial capital - Social and relationship capital	- Human capital - Manufactured capital - Financial capital - Social and relationship capital	- Human capital - Manufactured capital - Financial capital
Actual Results	The details of training programs mentioned on page no. 109 of the Sustainability Report	- No majors accidents were incurred during the year at any of the Company's facilities - Continuous monitoring of health and safety SOPs was carried out. For details relating to organisation's health and safety measures, please refer page no. 110 & 111 of Sustainability Report.	For results of our environmental protection measures, please refer the section of "Environment" in the Sustainability report on page no. 92	As a result of various cost reduction initiatives, our gross profit ratios improved from 7.2% to 7.4%.

Forward Looking Statement

Analysis of Prior Period's Forward-Looking Disclosures / Status of Projects

2020-21 was predicted as a challenging year in the backdrop of the prevailing uncertainties amid the closure of businesses due to lockdown. After the end of lockdown, macroeconomic landscape started to improve and the sales volumes were quick to catch up. The upward trajectory was well supported by supportive monetary policy, introduction of refinancing facilities, targeted fiscal support and other financial initiatives which provided an extra impetus for the resumption of economic activities. With health & safety as a key priority customers explored personal mobility solutions. On the other hand, improved agricultural income along with better economic fundamentals and rapid urbanization bode well for two-wheelers across all categories. After recording low sales volume in first quarter, the sales in the remaining quarters showed robust growth, with the annual sales volume outperformed against targets and closed at 1,066,114 units, an increase of 0.57% since last year. Also, the healthy treasury income provided much needed support to the Company in achieving sustainable margins.

Due to travel restrictions on account of COVID-19, a slight delay was observed in completion of localization projects of various parts. However, with the virtual support of our global partners, these localization projects were completed well within the revised timelines.

Forward looking statement

The future outlook with reference to sales volume remain positive due to expected growth in GDP, improved farm incomes, rapid urbanization, large youth population and increased preference for personal mobility. On the other hand, continued inflation and significant rise in material prices will keep the profitability in check. The actual results, however, hinge upon various factors including how well as a nation we handle COVID-19, the fiscal policies, to be introduced through upcoming Federal Budget and monetary policies in the aftermath of IMF program.

Keeping the above factors in mind, the Company is well positioned for sustainable growth on the back of its leading products and services. We are increasingly succeeding in addressing new targets, utilizing market potential and strengthening our market position nationwide. We will consistently implement our strategy, thus creating the basis for further growth.

In FY 2021-22, the Company will keep investing in capacity expansion projects and localization of critical parts.

Source of Information and Assumptions used for Projections / Forecasts

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

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

Statement of Charity Account

The Company contributed an amount of Rs. 64.3 Million during the year 2021 to Atlas Foundation (the Foundation). The Foundation utilized these donations in contributing to Government relief funds, purchase of medical equipment for medical care providers and supply of food packages to support daily workers in sustaining their livelihood during lockdown. The Foundation also played its role for promoting centers of professional education, contributing to health facilities, helping law enforcement agencies and improving quality of life with the commitment that what has come from the society should be shared with the society.

Business Rationale for Major Capital Expenditure

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

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

Significant Plans & Decisions

The Company has a long history of continuous investment in its facilities. The Company believes in step by step investments for capacity expansion and BMR. These investments prove our commitment to provide our customer with unmatched quality products. In the next year, the Company plans to build a solid base for the next capacity expansion in order to meet market demand. The Company is committed to identify new markets and expands its dealerships which provides avenues for business growth and provide our shareholders the desired return on investment. For customers to feel "Joy of Buying", the Company launches new models and minor model changes in existing line-up.

The Company's focus on localization has always helped it in successfully dealing with challenges of devaluation. Accordingly, it will continue to identify various opportunities for localization of parts, material and dies & jigs. This, in turn, will help to save our country's valuable exchange reserves. Controlling plant cost, improvement in its productivity and business process improvements will remain another significant area of focus. The Company also plans to invest in energy conservation and health & safety projects.

Unreserved Compliance of IFRS issued by the IASB

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

Certifications Acquired and International Standards Adopted

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

- ISO certifications relating to Environment and Health and Safety (ISO 9001:2008 Quality Management System, ISO 140001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Assessment Series (OH&S Management System)
- Sustainability reporting standards
- Integrated reporting framework

Notice of the 57th Annual General Meeting

Notice is hereby given that the Fifty Seventh (57th) Annual General Meeting of the shareholders of Atlas Honda Limited will be held on Thursday June 24, 2021, at 11:00 A.M., online through Zoom, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on June 30, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended March 31, 2021, together with the Directors' and Auditors' reports thereon and the Review Report of the Chairman.
3. To appoint Auditors and to fix their remuneration. The shareholders are hereby notified that the Board and the Board Audit Committee have recommended the name of M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, for re-appointment as auditors of the Company (for the year ending March 31, 2022).
4. To consider and approve the payment of final cash dividend for the year ended March 31, 2021 @ 135% i.e. Rs. 13.5 per share as recommended by the Board. This is in addition to 40% i.e. Rs. 4.00 per share interim cash dividend already paid.

Other Business

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

By Order of the Board



Marrium Ahmed
Company Secretary

Karachi: June 03, 2021

Notes:

i. Coronavirus contingency planning for the Annual General Meeting (AGM):

In pursuance of the Securities and Exchange Commission of Pakistan's (SECP's) Circular No. 5 dated March 17, 2020, Circular No. 10 dated April 1, 2020, Circular No.33 dated November 05, 2020, Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 6 of 2021 dated March 04, 2021 respectively pertaining to Regulatory Relief to dilute the impact of Corona Virus (COVID-19) for the Corporate Sector, Companies have been advised to modify their usual planning for annual general meetings for the well-being of the shareholders and avoid large gatherings by provision of video link facilities.

Considering the restriction imposed by the Government on public gatherings and SECP's directives, the Company intends to convene this AGM virtually via video link facilities managed from the Registered Office of the Company, 1 McLeod Road, Lahore for the safety and well-being of the shareholders of the Company. The AGM can be attended using smart phones / tablets / computers while ensuring compliance with the quorum requirements. We recognize that our shareholders value the AGM as an opportunity to engage with the Board; however, the Company must ensure to put safety first and protect all stakeholders in these exceptional circumstances.

In order to participate in the AGM proceedings via video link, the shareholders are required to email their Name, Folio Number, Cell No., and Number of Shares held in their name with subject "Registration for Atlas Honda Limited AGM" along with valid copy of CNIC (both sides) at investor.relations@atlashonda.com.pk. Video link and login credentials will be shared with only those shareholders whose emails, containing all the required particulars, are received by close of office on June 22, 2021.

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

ii. E-Voting

Shareholders can also exercise their right of E-voting subject to the requirements of S. 143 - 145 of the Companies Act 2017 and the applicable clauses of the Companies (Postal Ballot) Regulations 2018.

iii. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from June 10, 2021 to June 24, 2021 (both days inclusive). The transfers received at Company's Share Registrar namely M/S Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan by the close of business on June 09, 2021 will be considered in time for determination of entitlement of shareholders to cash dividend, bonus shares and to attend and vote at the meeting.

iv. Participation in the Annual General Meeting (AGM):

All shareholders entitled to attend, speak and vote at this AGM shall be entitled to appoint another shareholder, as a proxy to attend and vote on his / her behalf. A corporate entity, being shareholder, may appoint any person, regardless whether they are a shareholder or not, as its proxy. In case of corporate entities, a resolution of the board of directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form.

The instrument appointing Proxy must be received at the Registered Office or Share Registrar of the Company not less than 48 hours before the time of the meeting. For the convenience of the shareholders a Proxy Application Form is dispatched with the Integrated Annual Report 2021.

CDC account holders will further have to follow the under mentioned guidelines as laid down by the SECP.

A. For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by his / her original valid CNIC or the original passport at the above mentioned email address at least 48 hours before the AGM.
- (ii) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be shared on the above mentioned email address at least 48 hours before the AGM (unless it has been provided earlier).

B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce original valid CNIC or original passport at the above mentioned email address at least 48 hours before the meeting.
- (iv) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted on the email address mentioned above at least 48 hours before the meeting (unless it has been provided earlier) along with proxy form to the Company.
- (v) Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

v. Change / Update of Shareholders' Particulars:

Shareholders holding physical shares are requested to notify any change in their addresses immediately to our Share Registrars.

All those individual shareholders holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to our Share Registrars. Shareholders while sending CNIC must quote their respective folio numbers.

The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificates to our Share Registrar. The

corporate shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

vi. **Transmission of Integrated Annual Report 2021:**

The Financial Statements of the Company for the year ended March 31, 2021 along with reports have been placed on the website of the Company:

<https://www.atlashonda.com.pk/financial-reports/>

Pursuant to S.R.O 470(1)/2016 dated May 31, 2016, the shareholders of the Company have accorded approval in general meeting for transmission of Integrated Annual Reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. Therefore, the Integrated Annual Report 2021 of the Company is dispatched in form of DVDs to all the shareholders whose particulars are updated.

The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the Integrated Annual Report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

The shareholders who intend to receive the Integrated Annual Report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the Integrated Annual Report and also available on the Company's website: www.atlashonda.com.pk

vii. **Dividend Mandate**

Under the second proviso of Section 242 of the Companies Act, 2017, listed companies are required to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

Accordingly, the Shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website i.e. <http://www.atlashonda.com.pk> and send the duly signed form along with a copy of CNIC / NTN to our Share Registrars in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

viii. **Unclaimed Dividend**

Shareholders, who by any reason, could not claim their dividends / shares, if any, are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend / shares, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

ix. **Withholding Tax on Dividend**

Pursuant to the provisions of Finance Act, 2020, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies, as under:

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

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

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

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

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

The required information must reach the shares registrar of the Company by the close of business on June 09, 2021 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

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

x. Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

xi. Zakat Declaration (CZ-50)

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

Key Financial & Non-Financial Performance Measures

Financial Capital

Sales	Gross Profit	Profit after tax	Earning per share	Market Value Per Share
Rs. 93.2 Billion Increased by 9.9%	Rs. 6.9 Billion Increased by 12.5%	Rs. 3.6 Billion Increased by 16.8%	Rs. 29.0 Increased by 16.8%	Rs. 460 Increased by 24.3%
Return on Equity	Breakup Value Per Share	Capital Expenditure	Dividend Per Shares	Wealth Distributed
20.4 % Increased by 5.7%	Rs. 150.1 Increased by 12.4%	Rs. 1.1 Billion Decreased by 49.2%	Rs. 17.50 Increased by 16.7%	Rs. 27.63 Billion Decreased by 2.7%

Human Capital

Employees	Training Hours	Joiners	No. of Plants	Production Capacity	Product Portfolio
2,134	1,752	53	02	1.35 Million units	8 Models

Manufactured Capital

Intellectual Capital

Governance	Brand	Manufacturing Experience	Dealers	Vendors	Donation
Strong	Superior	58 Years	650+	100+	Rs. 64.3 Million

Social and Relationship Capital

Natural Capital

Raw Material Used	Energy Usage	Water Intake
90,397 Tons	444,696 GJ	577,803 m³

Methods & Assumptions Used in Compiling The Indicators

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

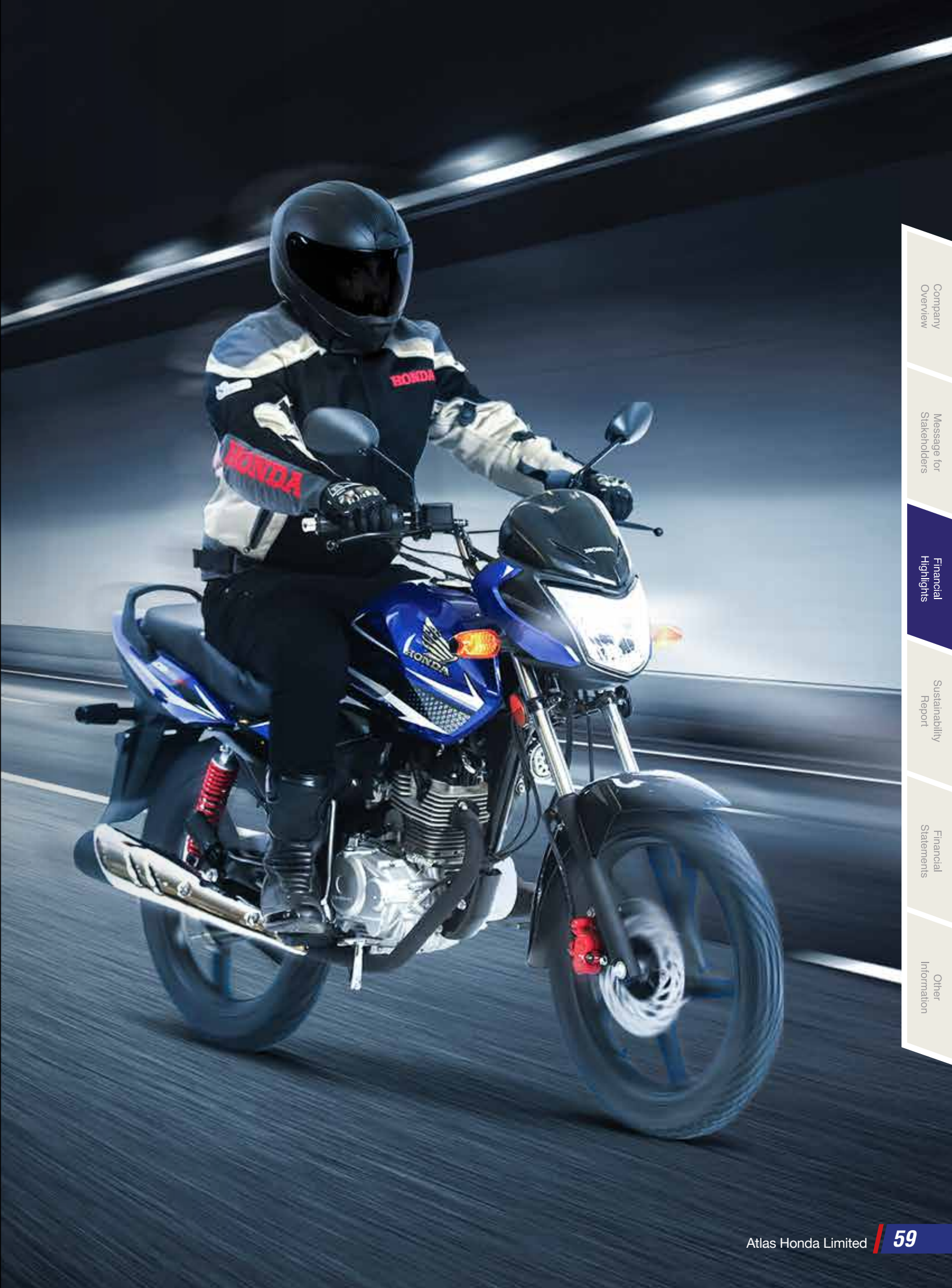
The Company manages its dividend policy with the purpose of increasing shareholders' wealth. Dividend identifies the amount allocated out of profit for paying cash dividends to shareholders. The dividend payment is an indicator of how well earnings support the dividends. The Company takes its decisions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

Changes in the Indicators

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

Explanation of Changes in Performance over the Period

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



Six Years Analysis of Financial Statements

Financial Ratios

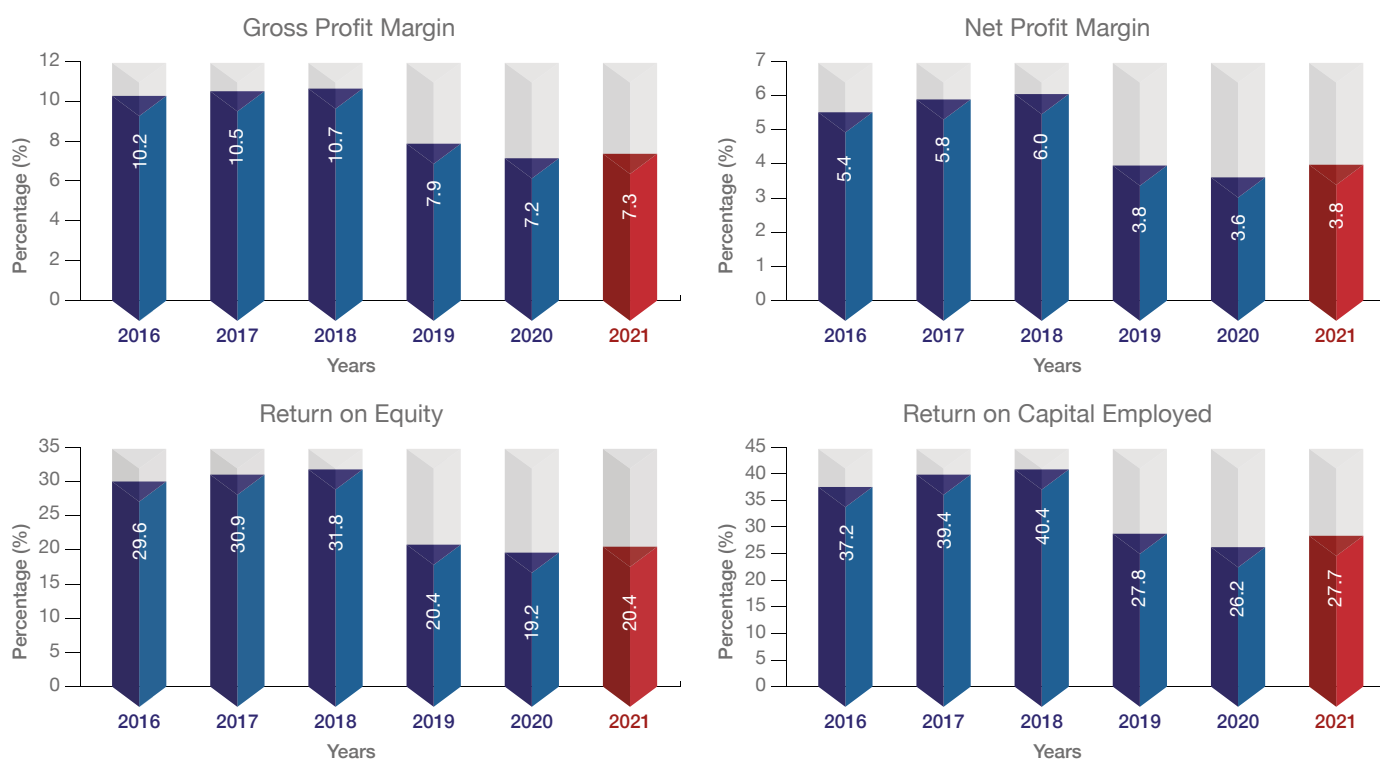
Particulars		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross profit margin	%	7.4	7.2	8.0	10.7	10.5	10.3
Profit before tax margin	%	5.5	5.2	5.6	8.1	7.9	7.4
Net profit margin	%	3.9	3.6	3.9	6.0	5.8	5.5
Return on capital employed	%	27.7	26.2	27.9	40.4	39.5	37.3
Return on equity - before tax	%	29.3	27.6	29.4	42.8	42.0	40.0
Return on equity - after tax	%	20.4	19.3	20.5	31.9	30.9	29.7
Return on assets	%	9.7	9.8	10.1	16.2	16.3	16.6
Earnings before interest, tax, depreciation and amortization (EBITDA)	Rs. In million	6,481.9	5,769.1	5,723.6	7,174.0	5,905.9	4,753.4
EBITDA margin	%	7.0	6.8	6.9	9.3	9.2	8.6
Equity Ratios							
Cash dividend per share (declared)	Rs.	17.50	15.0	20.00	27.00	18.5	14.5
Stock dividend per share (bonus shares declared for the year)	Rs.	-	-	2.00	-	-	-
Bonus shares declared for the year	No. in '000	-	-	20,681.00	-	-	-
Earning per share *	Rs.	29.0	24.8	25.9	37.6	30.2	24.2
Price earning ratio *	Times	15.9	14.9	14.6	14.0	18.5	15.9
Price to book ratio	Times	1.3	1.5	1.2	1.7	2.3	2.0
Market price per share for the year	Rs.	460.0	370.0	378.0	525.0	559.7	385.0
- maximum value	Rs.	530.0	409.0	640.0	657.0	620.0	414.8
- minimum value	Rs.	340.0	285.0	360.0	470.0	362.0	320.1
Break up value per share *	Rs.	150.1	133.6	123.8	128.9	106.8	88.7
Dividend yield	%	3.8	4.1	5.3	5.1	3.3	3.8
Dividend cover	Times	1.7	1.7	1.2	1.4	1.6	1.7
Dividend pay out	%	60.4	60.5	70.9	59.9	51.0	49.9
Plough back ratio	%	39.6	39.5	29.1	40.1	49.0	50.1
Weighted average cost of debt	%	1%	-	-	-	-	-
Cost of equity	%	3.8	4.1	5.8	5.1	3.3	3.8
Efficiency Ratios							
Assets turnover	Times	2.5	2.7	2.6	2.7	2.8	3.0
Fixed assets turnover	Times	9.3	8.8	9.6	10.3	10.1	10.2
Inventory turnover	Times	16.8	13.8	16.8	23.4	23.0	22.3
Debtors turnover	Times	80.4	87.9	83.4	104.4	104.8	83.8
Creditors turnover	Times	4.8	5.4	5.0	5.3	5.8	6.9
Capital employed turnover	Times	4.9	5.0	4.9	5.0	5.0	5.0
Operating Cycle							
Period of inventory holding	Days	22	26	22	16	16	16
Period of collection from debtors	Days	5	4	4	3	3	4
Period of payments to creditors	Days	(76)	(67)	(73)	(70)	(63)	(53)
Operating cycle	Days	(50)	(36)	(47)	(50)	(44)	(32)
Liquidity / Leverage Ratios							
Current ratio	Times	1.4	1.5	1.4	1.6	1.6	1.7
Quick ratio	Times	1.2	1.1	1.1	1.4	1.4	1.4
Debt to equity / financial leverage ratio	Times	0.02	----- Debt Free -----				
Total liabilities to equity	Times	1.31	0.87	1.08	0.99	0.93	0.85
Interest cover	Times	82.90	78.78	179.76	276.68	197.99	265.69
Operating leverage ratio	%	169.1	(129.7)	(411.2)	113.9	150.9	122.9
Cash to current liabilities	Times	0.6	0.5	0.5	0.7	0.6	0.6
Cash flow from operations to sales	%	15.51	2.73	(0.02)	10.1	10.0	10.0

Six Years Analysis of Financial Statements

Financial Ratios

Profitability Ratios

The Company remained focused towards delivering upon its objectives of sustainable growth through value creation. The year started with unprecedented challenges due to complete halt in sales activities upto May 2021 on account of country wide lockdown. However, as the year progressed, the Company's sales volumes were quick to catch up. Resultantly, sales outperformed against targets and closed at 1,066,114 units an increase of 0.57% from last year. Increase in sales volumes, better model mix and cost reduction measures helped in improving gross profit from Rs. 6.1 billion to Rs. 6.9 billion, up by 12%. Further, strict control over discretionary spending complemented by healthy other income enabled the Company to achieve net profit net profit margin of 3.9% as compared to 3.6% during the last year. This aided in increasing return on equity and capital employed from 19.3% and 26.2% to 20.4% and 27.7% respectively in comparison with last year.

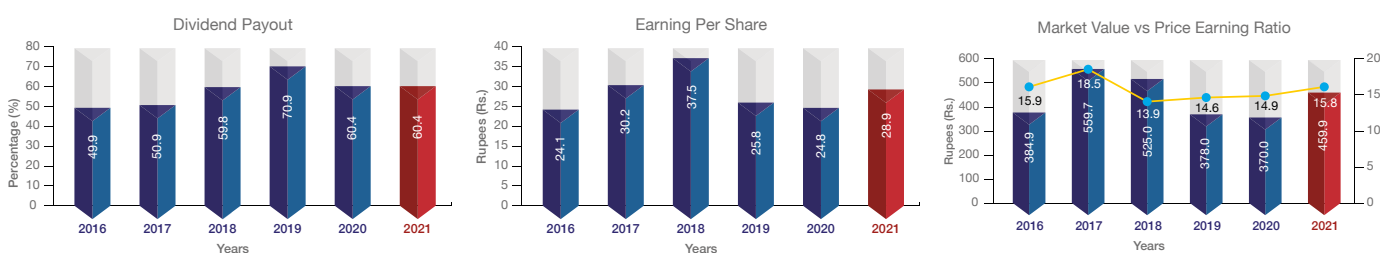


Investment / Market Ratios

During the year 2021, the Company registered an increase of 16.8% in earnings per share from Rs. 24.8 to Rs. 29.0 per share due to increase in profitability as discussed above. This resulted to an increase in price to earnings ratio from 14.9 times in 2020 to 15.9 times in 2021, despite an increase in market value of shares from Rs. 370 to Rs. 460.

This translated into breakup value of Rs. 150.1 per share against Rs. 133.6 per share recorded last year as the equity base further strengthened.

The Company endeavors to be consistent with its approach regarding profit appropriation after considering a multitude of parameters including business needs, growth prospects and strategic views. The Company maintained a dividend payout ratio at a little over 60% with cumulative cash dividend (interim and final) per share of Rs. 17.5 per share in the year 2021 as compared to cash dividend of Rs. 15 per share of last year.



Six Years Analysis of Financial Statements

Financial Ratios

Activity / Turnover Ratios

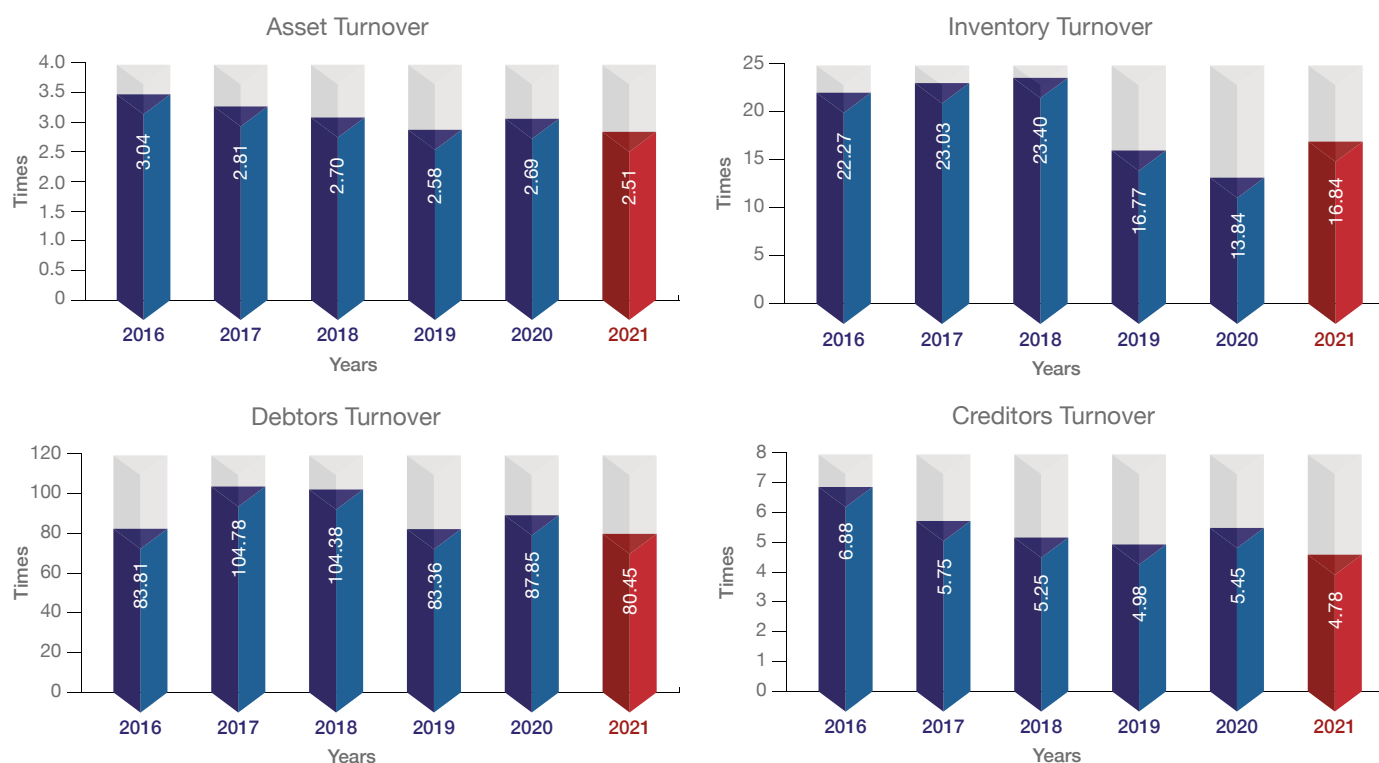
Asset turnover ratio declined from 2.7 times in 2020 to 2.5 times in 2021 on account of expanding asset base due to encouraging business impetus.

Inventory turnover observed an increase from 13.8 times in 2020 to 16.8 times in 2021. This increase is attributable to reduction in inventory levels due to record production in last quarter to meet growing sales demand. Further, the disruptions caused to world trade and significantly restricted global activities caused severe supply chain management issues, with port congestions and vessel delays across the globe. The Company remained vigilant and proactive in meeting sales demand and ensure that there is no lost sales. However, inventory levels declined to 22 days during the current year from 26 days last year.

Sales growth and higher institutional orders resulted in an increase in the average value of debtors. Accordingly, the debtor turnover increased to 5 days in 2021 as compared to 4 days in 2020. This translated in debtors turnover of 80.4 times as compared to 87.9 times of last year.

The creditor turnover days have increased to 76 days compared to 67 days in 2020. This is in line with the increase in overall production level of the Company.

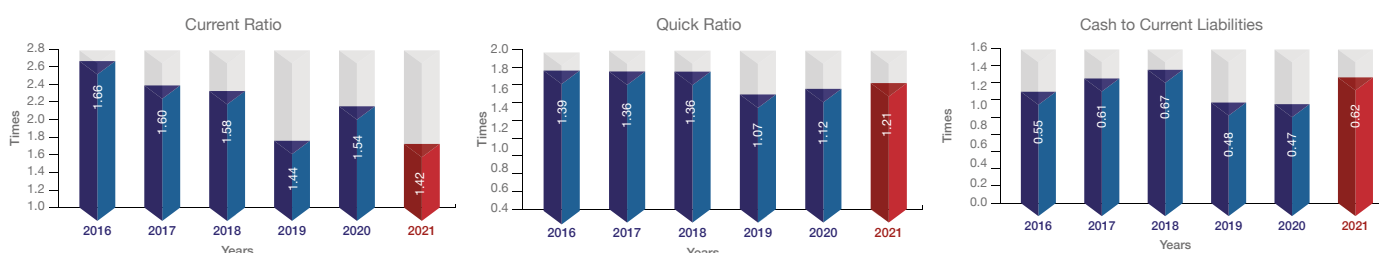
Consequently, the Company's operating cycle clocked at negative 50 days as compared to negative 36 days last year.



Liquidity Ratios

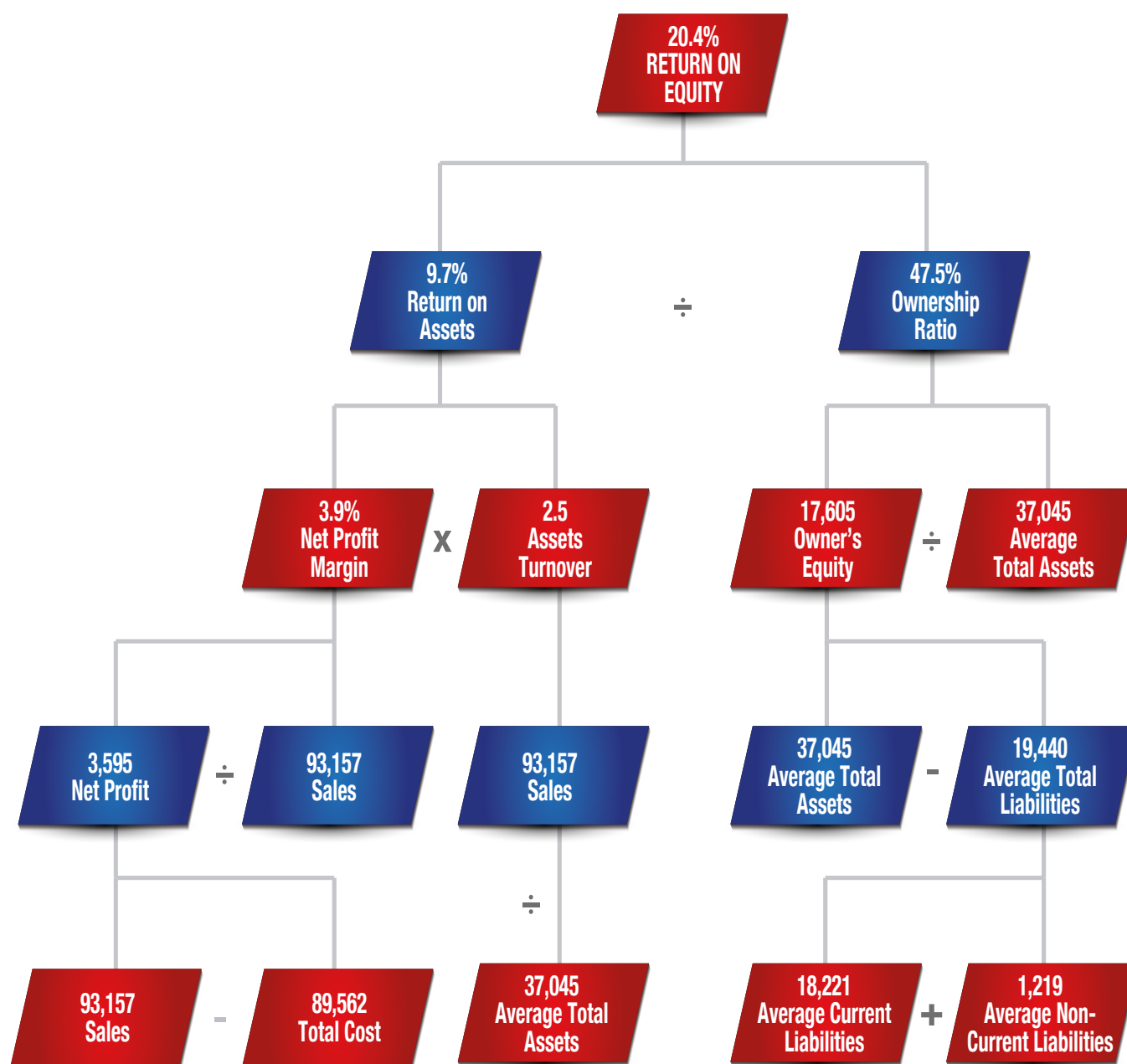
The current ratio of 1.4 times slightly decreased over last year's 1.5 times due to increase in current liabilities on account of pending orders and increase in trade creditors. Quick Ratio was recorded at 1.2 times, close to average of 1.25 times over six years period.

Cash to current liabilities improved to 0.6 times from previous year's 0.5 times due to better liquidity position of the Company.



DuPont Analysis

For the Year Ended March 31, 2021



Net Sales increased by 10% driven by volumetric growth, model mix and price increases carried out to neutralise the raw material price up and inflationary impact. The volumetric growth, better mix, cost reduction measures and effective controls over discretionary expenses helped in increasing the net profit by a further 17% in comparison with previous year. This translated into net profit margin of 3.9% and return on equity of 20.4%.

A substantial increase of 38.5% was recorded in total assets. The rise was mainly attributable to increase in asset base as the short term investments and cash & bank balances, trade debts and trade deposits increased. This increase was slightly off-set by decrease in stock in trade and other receivables. This resulted in return on assets ratio of 9.7%.

Dupont Analysis	2021	2020
Tax Burden	30.23%	30.22%
Interest Burden	1.22%	1.29%
EBIT	5.60%	5.27%
Asset Turnover	2.5	2.7
Liabilities to Asset	56.70%	46.62%
ROE	20.4%	19.3%

Six Years Analysis of Financial Statements

Statement of Financial Position

Particulars	2021	2020	2019	2018	2017	2016
	-----Rupees in '000-----					
Assets						
Non Current Assets						
Property, plant & equipment	9,788,162	10,041,495	8,950,633	7,976,101	6,961,919	5,817,700
Intangible asset	101,813	135,121	168,924	44,905	37	5,379
Long term investments	329,669	322,240	323,497	324,899	292,342	245,508
Long term loans and advances	48,253	36,671	33,467	31,481	30,108	28,027
Long term deposits	12,071	13,025	13,882	22,573	17,339	14,937
Total non current assets	10,279,968	10,548,552	9,490,403	8,399,959	7,301,745	6,111,551
Current Assets						
Stores, spares and loose tools	647,035	683,123	725,754	650,160	539,104	489,415
Stock in trade	4,026,612	4,888,616	5,069,836	2,599,530	2,123,831	1,863,482
Trade debts	1,501,925	813,980	1,116,000	861,224	623,331	608,420
Loans and advances	47,429	42,752	43,794	40,107	38,921	35,877
Trade deposits and prepayments	1,388,594	686,517	1,007,128	137,663	120,562	64,770
Accrued mark-up / interest	14,657	22,392	37,614	15,557	21,470	16,842
Other receivables	1,754	329,021	573,080	15,528	6,627	4,910
Taxation-net	770,419	1,487,667	1,149,424	725,750	732,706	542,121
Short term investments	10,063,915	5,248,268	5,261,724	8,400,246	7,080,669	5,876,554
Bank balances	14,288,180	6,308,616	7,480,159	9,981,615	7,053,784	4,755,020
Total current assets	32,750,520	20,510,952	22,464,513	23,427,380	18,341,005	14,257,411
Total assets	43,030,488	31,059,504	31,954,916	31,827,339	25,642,750	20,368,962
Equity & Liabilities						
Equity						
Share capital	1,240,879	1,240,879	1,034,066	1,034,066	1,034,066	1,034,066
Reserves	17,389,648	15,339,529	14,331,698	14,966,654	12,223,467	9,968,057
Total equity	18,630,527	16,580,408	15,365,764	16,000,720	13,257,533	11,002,123
Non Current Liabilities						
Lease liabilities	168,616	209,148	-	-	-	-
Long term borrowings	187,382	-	-	-	-	-
Deferred income - government grant	3,525	-	-	-	-	-
Retirement benefits	393,569	342,594	296,409	262,882	228,443	214,620
Deferred taxation	528,062	604,200	700,024	698,042	670,968	566,749
Total non current liabilities	1,281,154	1,155,942	996,433	960,924	899,411	781,369
Current Liabilities						
Trade and other payables	22,832,604	13,292,920	15,592,719	14,865,695	11,485,806	8,585,470
Taxation - net	-	-	-	-	-	-
Current portion of lease liabilities	39,610	30,234	-	-	-	-
Current portion of long term borrowings	226,135	-	-	-	-	-
Current portion of deferred income - government grant	20,458	-	-	-	-	-
Total current liabilities	23,118,807	13,323,154	15,592,719	14,865,695	11,485,806	8,585,470
Total equity and liabilities	43,030,488	31,059,504	31,954,916	31,827,339	25,642,750	20,368,962

Six Years Analysis of Financial Statements

Statement of Financial Position

Particulars	Horizontal Analysis						Vertical Analysis					
	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
	vs 2020	vs 2019	vs 2018	vs 2017	vs 2016	vs 2015						
-----Rupees in '000-----												
Assets												
Non Current Assets												
Property, plant & equipment	(3)	12	12	15	20	17	23	32	28	25	27	29
Intangible asset	(25)	(20)	276	121,265	(99)	(58)	0	0	1	0	0	0
Long term investments	2	(0)	(0)	11	19	14	1	1	1	1	1	1
Long term loans and advances	32	10	6	5	7	3	0	0	0	0	0	0
Long term deposits	(7)	(6)	(39)	30	16	15	0	0	0	0	0	0
Total non current assets	(3)	11	13	15	19	16	24	34	30	26	28	30
Current Assets												
Stores, spares and loose tools	(5)	(6)	12	21	10	16	2	2	2	2	2	2
Stock in trade	(18)	(4)	95	22	14	12	9	16	16	8	8	9
Trade debts	85	(27)	30	38	2	(14)	3	3	3	3	2	3
Loans and advances	11	(2)	9	3	8	(13)	0	0	0	0	0	0
Trade deposits and prepayments	102	(32)	632	14	86	9	3	2	3	0	0	0
Short term investments	92	(0)	(37)	19	20	43	23	17	16	26	28	29
Accrued mark-up/interest	(35)	(40)	142	(28)	27	55	0	0	0	0	0	0
Other receivables	(99)	(43)	3,591	134	35	34	0	1	2	0	0	0
Taxation-net	(48)	29	58	(1)	35	447	2	5	4	2	3	3
Bank balances	126	(16)	(25)	42	48	39	33	20	23	31	28	23
Total current assets	60	(9)	(4)	28	29	35	76	66	70	74	72	70
Total assets	38.5	(2.8)	0.4	24	26	29	100	100	100	100	100	100
Equity & Liabilities												
Equity												
Share capital	-	20	-	-	-	-	3	4	3	3	4	5
Reserves	13	7	(4)	22	23	21	40	49	45	47	48	49
Total equity	12	8	(4)	21	20	19	43	53	48	50	52	54
Non Current Liabilities												
Lease liabilities	(19)	100	-	-	-	-	0	1	-	-	-	-
Long term borrowings	100	-	-	-	-	-	0	-	-	-	-	-
Deferred income - government grant	100	-	-	-	-	-	0	-	-	-	-	-
Retirement benefits	15	16	13	15	6	10	1	1	1	1	1	1
Deferred taxation	(13)	(14)	0	4	18	(2)	1	2	2	2	3	3
Total non current liabilities	11	16	4	7	15	1	3	4	3	3	4	4
Current Liabilities												
Trade and other payables	72	(15)	5	29	34	49	53	43	49	47	45	42
Current portion of lease liabilities	31	100	-	-	-	-	0.1	-	-	-	-	-
Current portion of long term borrowings	100	-	-	-	-	-	1	-	-	-	-	-
Current portion of deferred income - government grant	100	-	-	-	-	-	0.0	-	-	-	-	-
Total current liabilities	74	(15)	5	29	34	49	54	43	49	47	45	42
Total equity and liabilities	38.5	(2.8)	0.4	24	26	29	100	100	100	100	100	100

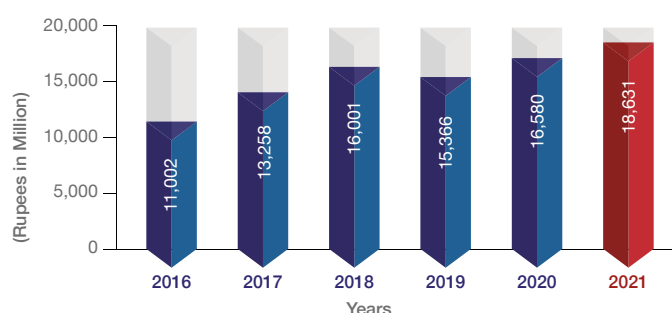
Six Years Analysis of Financial Statements

Statement of Financial Position

HORIZONTAL ANALYSIS

EQUITY

During the past six years, the Company's share capital remained mostly unchanged except for increase due to issuance of bonus shares of Rs. 206.8 million in 2020 which increased its share capital to Rs. 1.24 billion. The reserves of the Company increased steadily over the period of 6 years primarily due to profit retention for financing the capital expenditure and future growth. Resultantly, the total shareholders' equity stood at Rs.18.6 billion with an increase of 69% since 2016.

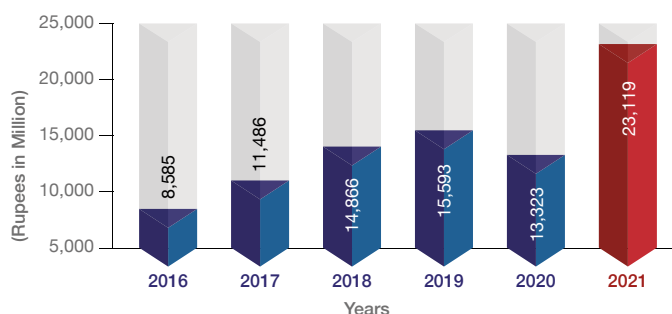


NON-CURRENT LIABILITIES

Non-current liabilities comprise of long loans, lease liabilities recognised under IFRS 16, deferred taxation and retirement benefits. They have increased by 64% since 2016 primarily due to adoption of IFRS-16 and loan obtained during the year under 'Refinance Scheme for payment of Wages and Salaries' introduced by SBP during the pandemic.

CURRENT LIABILITIES

Current liabilities increased from Rs. 8.6 billion in 2016 to Rs. 23.1 billion in 2021 primarily due to increase in customer advances and trade related payables, which are in line with the increasing sales and production trend, respectively.



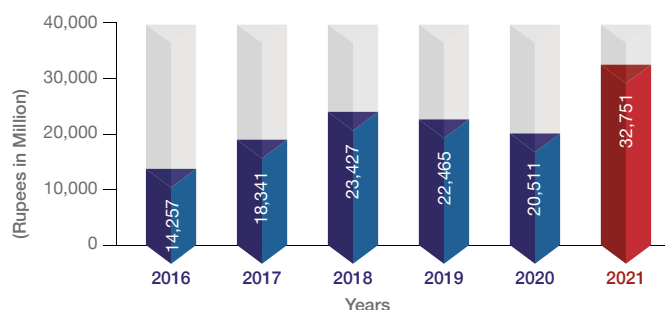
NON-CURRENT ASSETS

Non-Current Assets of the Company mainly comprise of property, plant & equipment, intangible assets and long term investments. The non-current assets of the Company have increased by 68% from Rs. 6.1 billion in 2016 to Rs. 10.3 billion by 2021 mainly due to expenditure incurred for capacity expansion, BMR for process improvement and CAPEX for localisation projects.

CURRENT ASSETS

Current assets mainly constitute stores and spares, stock in trade, trade debts, other receivables, short term investments and cash &

bank balances. Stock levels surged from Rs. 2.4 billion in 2016 to Rs. 4.7 billion in 2021, in line with higher production levels. Similarly trade debts increased from Rs. 0.6 billion in 2016 to Rs. 1.5 billion in 2021 on account of higher sales volume. Further the short term investments and cash balances increased from Rs. 10.6 billion in 2016 to Rs. 24.4 billion in 2021. Resultantly, the total current assets increased from Rs. 14.3 billion to Rs. 32.8 billion in 2021.



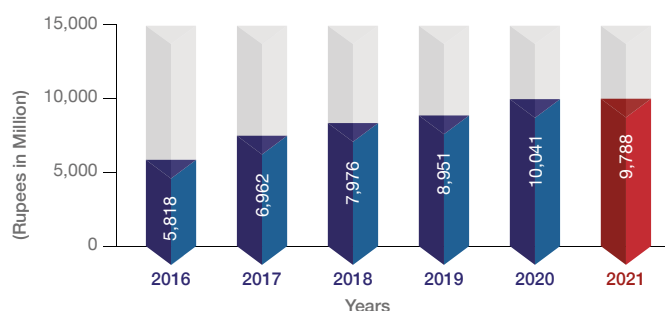
VERTICAL ANALYSIS

TRADE & OTHER PAYABLES

Trade and other payables increased by Rs. 9.5 billion as compared to last year in line with rising production levels and increase in customer advances in March 2021 due to strong market demand.

PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment decreased by Rs. 0.25 billion due to strict controls over capital spendings on account of COVID-19. Hence the depreciation expense was higher than the capital expenditure incurred during the year.



STORES & STOCK IN TRADE

Stores and stock in trade decreased by Rs. 0.9 billion as compared to last year due to higher production levels and also due to delayed shipments on account of supply chain disruptions.

TRADE DEPOSITS & PREPAYMENTS

Trade deposits and prepayments increased by Rs. 0.7 billion as compared to last year due to increase in cash margin held by commercial banks on letter of credit established for imported raw material.

OTHER RECEIVABLES

Other receivables decreased from last year due to conversion of sales tax receivables into payables on account of higher bookings as compared to the corresponding period.

Six Years Analysis of Financial Statements

Statement of Profit or Loss

Particulars	2021	2020	2019	2018	2017	2016
-----Rupees in '000-----						
Profit and Loss Account						
Sales	93,156,958	84,775,972	82,412,548	77,478,845	64,534,021	55,022,415
Cost of sales	(86,277,404)	(78,660,040)	(75,856,677)	(69,188,101)	(57,754,987)	(49,376,506)
Gross Profit	6,879,554	6,115,932	6,555,871	8,290,744	6,779,034	5,645,909
Sales and marketing expenses	(1,936,861)	(2,001,683)	(1,924,062)	(1,852,057)	(1,630,773)	(1,456,152)
Administrative expenses	(681,124)	(632,161)	(640,209)	(634,594)	(602,343)	(499,915)
Other income	1,392,482	1,370,948	1,097,636	877,908	916,333	637,074
Other operating expenses	(448,068)	(388,968)	(463,793)	(445,038)	(404,740)	(310,682)
Share of profit of an Associated Company						
- net of tax	9,329	4,443	15,698	50,607	61,084	43,475
Profit from operations	5,215,312	4,468,511	4,641,141	6,287,570	5,118,595	4,059,709
Finance cost	(62,913)	(56,718)	(25,818)	(22,725)	(25,853)	(15,280)
Profit before taxation	5,152,399	4,411,793	4,615,323	6,264,845	5,092,742	4,044,429
Taxation	(1,557,601)	(1,333,393)	(1,406,664)	(1,601,211)	(1,340,263)	(1,042,630)
Profit after taxation	3,594,798	3,078,400	3,208,659	4,663,634	3,752,479	3,001,799

Particulars	Horizontal						Vertical					
	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2021	2020	2019	2018	2017	2016
----- % -----												
Profit and Loss Account												
Sales	9.9	2.9	6.4	20.1	17.3	20.2	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	9.7	3.7	9.6	19.8	17.0	20.1	(92.6)	(92.8)	(92.0)	(89.3)	(89.5)	(89.7)
Gross Profit	12.5	(6.7)	(20.9)	22.3	20.1	20.8	7.4	7.2	8.0	10.7	10.5	10.3
Sales and marketing expenses	(3.2)	4.0	3.9	13.6	12.0	10.8	(2.1)	(2.4)	(2.3)	(2.4)	(2.5)	(2.6)
Administrative expenses	7.7	(1.3)	0.9	5.4	20.5	15.6	(0.7)	(0.7)	(0.8)	(0.8)	(0.9)	(0.9)
Other income	1.6	24.9	25.0	(4.2)	43.8	17.1	1.5	1.6	1.3	1.1	1.4	1.2
Other operating expenses	15.2	(16.1)	4.2	10.0	30.3	26.7	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)
Share of profit of an Associated Company												
Company - net of tax	110.0	(71.7)	(69.0)	(17.2)	40.5	65.4	0.0	0.0	0.0	0.1	0.1	0.1
Profit from operations	16.7	(3.7)	(26.2)	22.8	26.1	24.8	5.6	5.3	5.6	8.1	7.9	7.4
Finance cost	10.9	119.7	13.6	(12.1)	69.2	86.6	(0.07)	(0.07)	(0.03)	(0.03)	(0.04)	(0.03)
Profit before taxation	16.8	(4.4)	(26.3)	23.0	25.9	24.7	5.5	5.2	5.6	8.1	7.9	7.4
Taxation	16.8	(5.2)	(12.1)	19.5	28.5	16.8	(1.7)	(1.6)	(1.7)	(2.1)	(2.1)	(1.9)
Profit after taxation	16.8	(4.1)	(31.2)	24.3	25.0	27.7	3.9	3.6	3.9	6.0	5.8	5.5

Six Years Analysis of Financial Statements

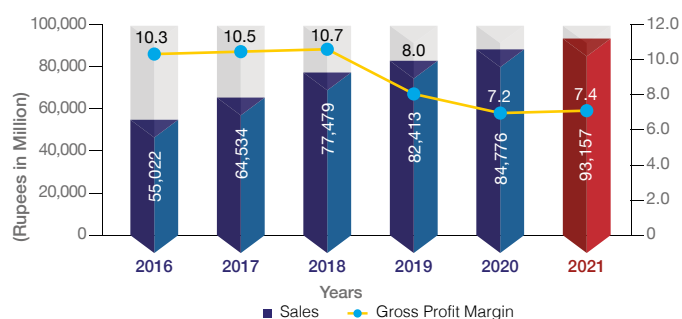
Statement of Profit or Loss

HORIZONTAL ANALYSIS

SALES & COST OF SALES

The Company remained focused towards delivering objective of sustainable growth through value creation. The momentum of increasing sales continued over the period of six years on account of volume growth due to strong market demand supplemented by increase in selling price. It resulted in achievement of cumulative average growth rate of 11% over six years period.

The cost of sales recorded cumulative average growth rate of 12% since 2016, on account of volume growth, devaluation of Pak Rupee, increase in raw material prices and other inflationary factors. Resultantly, gross profit margin declined from 10.3% to 7.4%.



SELLING GENERAL AND ADMINISTRATIVE EXPENSES

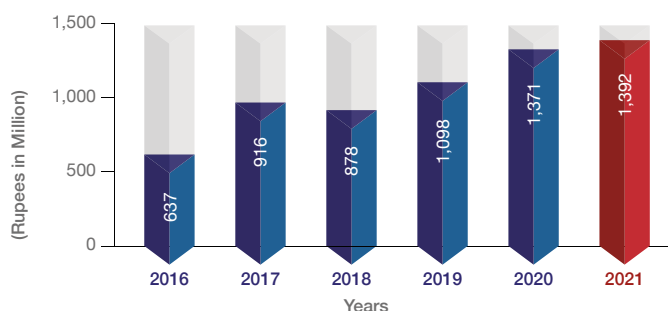
SG&A increased from Rs. 1.96 billion in 2016 to Rs. 2.62 billion in 2021 with a cumulative average growth rate of 6% over six years period owing to higher volumes and rising inflationary prices. However, the Company has effectively managed its constitution as its percentage to sales declined from 3.6% to 2.8%.

OTHER OPERATING EXPENSES

Other operating expenses increased from Rs. 0.31 billion in 2016 to Rs. 0.45 billion in 2021 over the period of six years with cumulative average growth rate of 8%. These mainly comprises of provision for workers' welfare funds and workers' profit participation funds that are directly related to profits.

OTHER OPERATING INCOME

Other operating income increased from Rs. 0.68 billion in 2016 to Rs. 1.40 billion in 2021 over the period of six years with cumulative



average growth rate of 16 %. This is on account of investment of surplus funds in TDRs, mutual funds and income from associate.

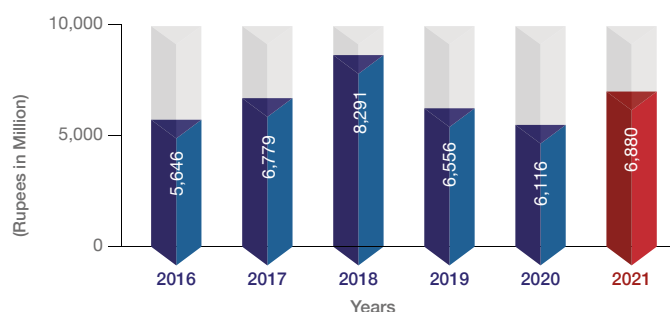
TAXATION

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

VERTICAL ANALYSIS

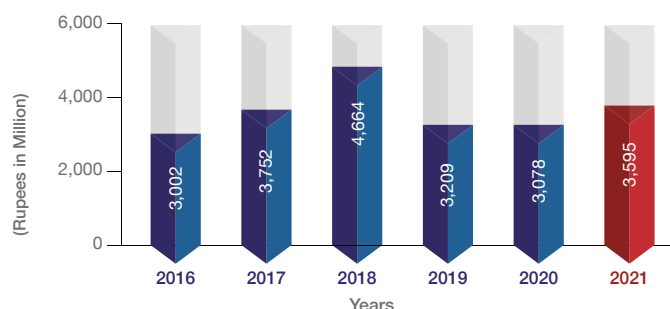
GROSS PROFIT

The gross profit of the Company increased from 7.2% to 7.4% as a percentage of sales, on account of additional volume, healthier sales mix and cost reduction measures undertaken by the Company. The increase in raw material prices, exchange rate devaluation and general inflation was offset through appropriate increase in selling prices. Resultantly the gross profit improved from Rs. 6.1 billion to Rs. 6.9 million.



PROFIT AFTER TAX

Net profit after tax increased from Rs. 3.1 billion to Rs. 3.5 billion in line with gross profit of the Company.



Six Years Analysis of Financial Statements

Statement of Cash Flow

Particulars	2021	2020	2019	2018	2017	2016
-----Rupees in '000-----						
Cash Flow Statement						
Cash flows from operating activities	14,444,377	2,313,045	(12,804)	7,803,002	6,435,417	5,523,178
Cash flows from investing activities	(5,301,626)	(1,585,723)	1,308,414	(2,970,748)	(2,643,558)	(2,947,543)
Cash flows from financing activities	(1,163,187)	(1,898,865)	(3,797,066)	(1,904,423)	(1,493,095)	(1,229,815)
Net increase / (decrease) in cash & cash equivalent	7,979,564	(1,171,543)	(2,501,456)	2,927,831	2,298,764	1,345,820

Particulars	Horizontal						Vertical					
	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2021	2020	2019	2018	2017	2016
-----%-----												

Cash Flow Statement

Cash flows from												
operating activities	524.5	(18,165.0)	(100.2)	21.3	16.5	96.7	181.0	(197.4)	0.5	266.5	280.0	410.4
Cash flows from												
investing activities	234.3	(221.2)	(144.0)	12.4	(10.3)	142.3	(66.4)	135.4	(52.3)	(101.5)	(115.0)	(219.0)
Cash flows from												
financing activities	(38.7)	(50.0)	99.4	27.5	21.4	19.8	(14.6)	162.1	151.8	(65.0)	(65.0)	(91.4)
Net increase / (decrease) in												
cash & cash equivalent	(781.1)	(53.2)	(185.4)	27.4	70.8	138.0	100.0	100.0	100.0	100.0	100.0	100.0

Particulars	2021	2020	2019	2018	2017	2016
-----Rupees in '000-----						
Profit before taxation	5,152,399	4,411,793	4,615,323	6,264,845	5,092,742	4,044,429
Adjustment non cash items	468,906	439,094	514,399	544,432	336,768	415,624
Changes in working capital	9,320,815	(1,233,335)	(3,424,484)	2,435,753	2,407,852	2,567,844
	14,942,120	3,617,552	1,705,238	9,245,030	7,837,362	7,027,897
Less: Capital expenditure	(1,027,728)	(2,118,516)	(2,041,487)	(1,924,438)	(1,979,303)	(1,536,704)
Free Cashflows	13,914,392	1,499,036	(336,249)	7,320,592	5,858,059	5,491,193

Six Years Analysis of Financial Statements

Statement of Cash Flow

Analysis of Cash Flows, Liquidity & Financing Arrangements

Cash flows from Operating Activities

Cash flows from operating activities have witnessed significant fluctuations since 2016. The net cash generated from operations stood at Rs. 14.4 billion in 2021 against Rs. 5.5 billion of 2016, with the cumulative average rate of 21%. This is mainly on account of changes in working capital cycle in line with business needs.

Cash flows from Investing Activities

The cash flows utilised in investing activities were Rs. 5.3 billion in 2021 as compared to Rs. 2.9 billion utilised in 2016 with cumulative average growth rate of 12.5%. Investment in fixed capital expenditures and short term investments were the main constituents of cash outflow from investing activities.

Cash Flows from Financing Activities

The net cash flows from financing activities mainly comprise of lease rental payments recorded as per IFRS-16, dividend payments and financing obtained / repaid during the year under SBP's 'Refinancing Scheme for Payment of Wages and Salaries'. Due to loan under SBP's financing scheme, the cash outflows reduced from Rs. 1.9 billion to Rs. 1.2 billion.

Strategy to overcome liquidity problems

The Company has implemented a proactive cash management system to ensure smooth working capital management. Internal cash generated through sales revenues and returns from our diversified equity investments used to meet liquidity requirements of the Company.

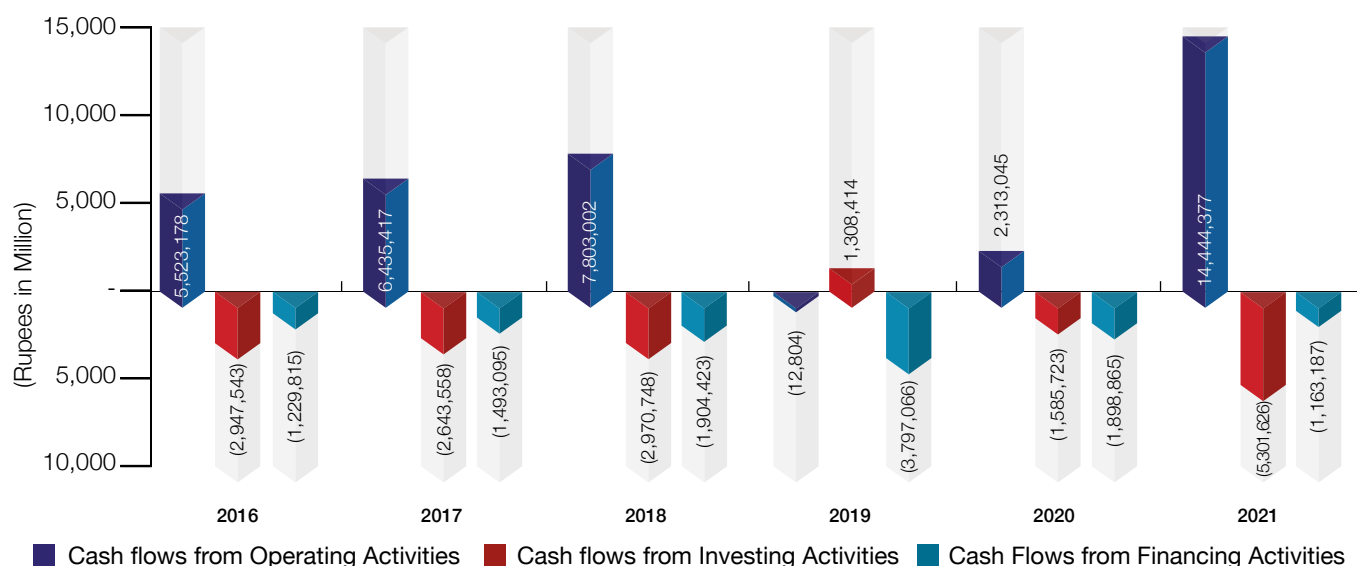
During the year, a loan facility of Rs. 0.5 billion was availed to ensure sufficient funds for operational requirements. The Company also enhanced its short term borrowing lines to Rs. 6 billion to hedge against any possible cashflow deficit situation during the pandemic. These efforts further augmented our proactive working capital management policies. During the year, there were no defaults in repayment of loan.

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

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

Liquidity and Financing Arrangements

For details of liquidity and financing arrangements, please refer above.



Share Price Sensitivity Analysis

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

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

Agriculture:

Pakistan is primarily an agricultural country, and its economy is copiously dependent on the well-being of the sector. This sector contributes around 19.3% to the country's GDP and employs almost 35.9% of the nation's labor force. Almost 62% of the country's population is based in rural areas and is linked with agriculture for their livelihood. This sector plays a pivotal role in the performance of the Company. Agricultural growth is contingent on crop acreage, weather conditions, availability of irrigation water & farm inputs, and support prices. The years when these factors are favorable, Company's sales boost due to increase in farmers' income.

Exchange fluctuations:

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

Plant Operations:

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

Capital and money markets:

The Company's short-term investments amount to Rs. 10.1 billion, which mainly comprise of those in open ended mutual funds. These funds largely invest in capital and money market. Trends in these markets determine the Net Asset Value (NAV) of these funds and as a result, also affect the Company's financial performance.

Interest rates:

With effective and efficient treasury management the Company has maintained a strong liquidity position. Funds approximating Rs. 14.3 billion are held in bank savings account and term deposit receipts which generates treasury income. Therefore, any change in the interest rate leads to a change in income. However, change in interest rates by SBP directly affects the sale of the motorbikes based on consumer financing.

Material price volatility:

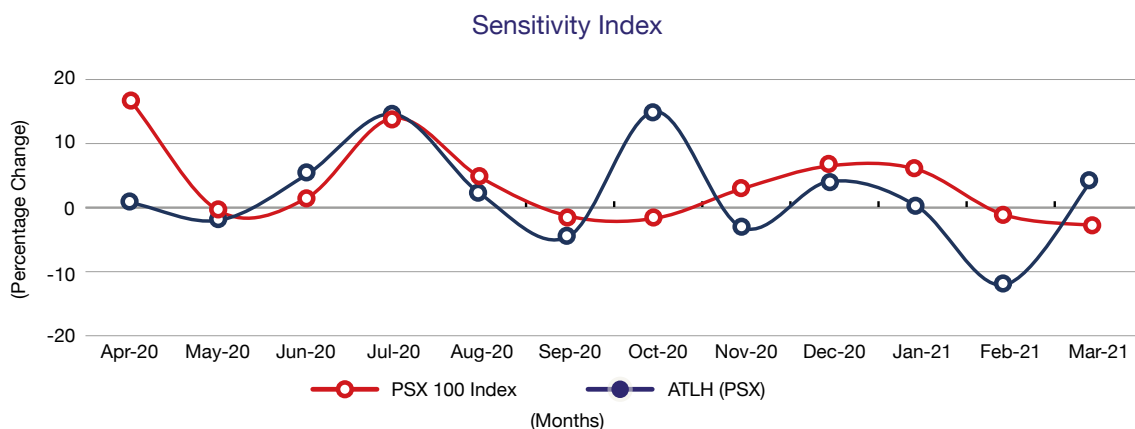
Steel, aluminium, paints etc. are the major raw materials used in production of motorcycles. These materials form major proportion of the total cost incurred by the Company every year. Therefore, variation in the material prices directly affects the gross profit of the Company which in turn may affect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

Energy crises:

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

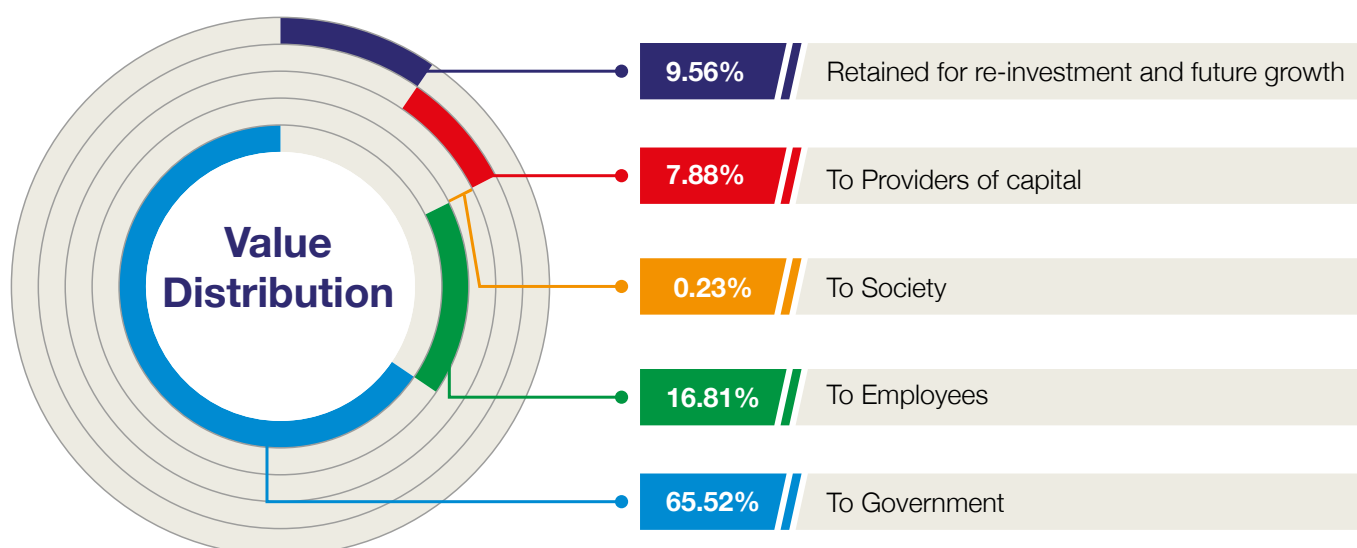
Act of God:

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

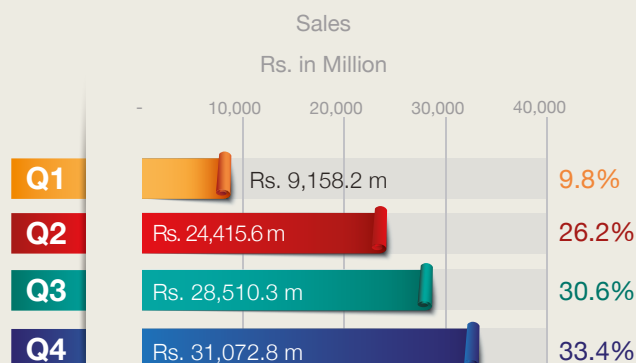


Statement of Value Addition and its Distribution

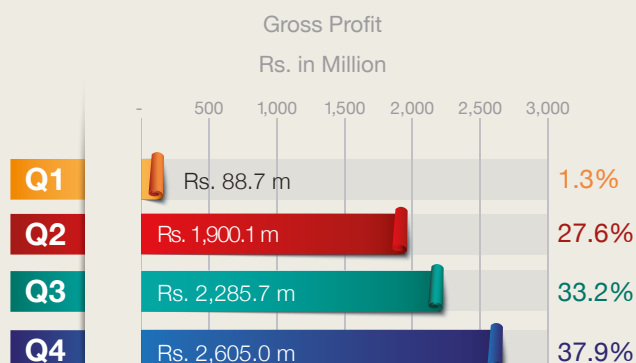
	%	Year ended March 31,2021	%	Year ended March 31,2020
-----Rupees in '000-----				
Value Addition				
Net sales including sales tax	98.74%	110,052,626	98.64%	99,537,776
Other operating income	1.26%	1,401,811	1.36%	1,375,391
	100.00%	111,454,437	100.00%	100,913,167
Bought in materials and services	-75.21%	(83,822,892)	-73.25%	(73,915,227)
Value Added	24.79%	27,631,545	26.75%	26,997,940
Value Distribution				
To Government				
Income tax, sales tax, custom & excise duties, workers funds, EOBI & social security contribution and local taxes	65.52%	18,104,978	70.05%	18,913,200
To Employees				
Remuneration & benefits	16.81%	4,644,649	13.71%	3,701,717
To Society				
Donations	0.23%	64,318	0.17%	46,198
To Providers of capital				
Financial charges on borrowed funds	0.02%	4,523.00	0.00%	-
Dividends for shareholders	7.86%	2,171,539	6.89%	1,861,319
Retained for re-investment and future growth	9.56%	2,641,538	9.17%	2,475,506
Total Value Distributed	100.00%	27,631,545	100.00%	26,997,940



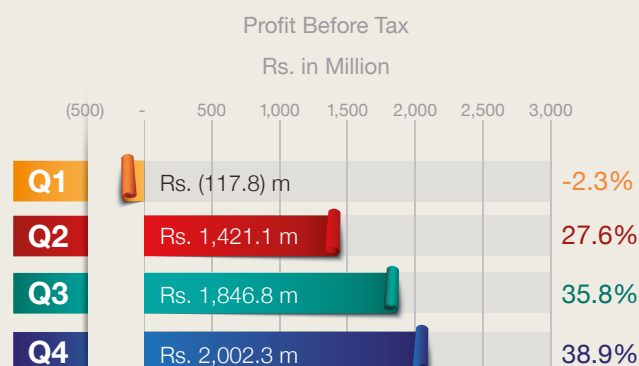
Quarterly Performance Analysis



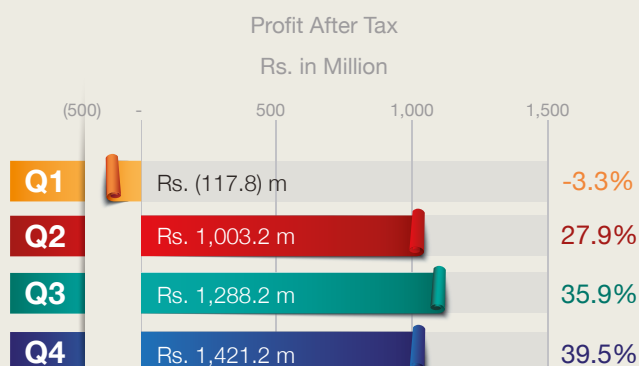
The Company registered low sales volume in first quarter on account of countrywide lockdown till May 20, 2020 due to COVID-19 pandemic. However, as the lockdown restrictions were gradually lifted, the Company's sales momentum was quick to catch up. The trend of increasing sales in the remaining quarters was well supported by positive agricultural cashflows, favourable socio economic conditions and increased preference for personal mobility post COVID-19 outbreak. Resultantly, the sales of the Company surpassed the revenue in terms of number of units and revenue of the last year with highest ever sales recorded in the fourth quarter.



Gross profit followed the pattern consistent with sales of the Company. During the first quarter, due to lockdown, the Company registered lowest gross profit on account of non-absorption of fixed costs. However, the Company embarked on the path of recovery from second quarter onwards as the volume started to gain momentum. The volume benefit and better sales mix alongwith cost down measures helped in improving the profitability of the Company. On the other hand, pressure of increasing material prices and rising inflation was partly addressed through price increases and cost efficiencies. Further, stability in exchange rate provided the much needed support in the latter half of the year. Resultantly, the highest ever gross profit was reported in the fourth quarter.



The trend of rising sales and gross profit quarter by quarter is also reflected in profit before tax (PBT). Effective controls over operating expenses, effective spending on discretionary expenses and healthy treasury income supported in increasing the bottom line. Accordingly, PBT increased by 17% from previous year to arrive at Rs. 5.2 billion with a net profit margin ratio of 5.5%.



Profit After Tax (PAT) followed similar pattern as PBT. Overall, an increase of 17% was recorded in PAT as compared to previous year. This translated into Earning per share of Rs. 29.0 for the year up by 16.8%.

ANALYSIS OF VARIATION IN INTERIM RESULTS WITH FINAL ACCOUNTS

During the first half profit margins were lower on account of 2 months' lockdown due to COVID-19. Resultantly the gross profit and net profit after tax were recorded at 5.9% and 2.6% respectively in the first half in comparison to annual gross and net margins of 7.4% and 3.9% respectively. On the other hand, second half of the year significantly contributed up to 75% of the total bottom line. This is due to the volume benefit and healthier sales mix as discussed above.





Sustainability Report 2021

- About the Report
- Sustainability Highlights 2021
- General Information
- CEO's Message on Sustainability
- Sustainable Development Goals
- Sustainability Targets
- Sustainability Strategy
- Environmental Protection
- Product Responsibility
- Corporate Citizenship
- Vendor Management
- Employee Management
- Definition, Methodology and Scope
- Independent Assurance Statement
- GRI Content Index

About the Report

Reporting Period

Financial year 2021 (April 01, 2020 to March 31, 2021)

Reporting Cycle

Annual

Date of Publication of Previous Report

June 09, 2020

Available Version

Online and printed versions are available in English. Online version can be accessed from www.atlashonda.com.pk

Report Content

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

Global Reporting Initiative

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

Assurance

The report was externally reviewed by Corporate Social Responsibility Centre Pakistan (CSRCP), an independent reviewer, in compliance with GRI Standards and the International Standard on Assurance Engagement (ISAE) 3000-Revised (Assurance Engagements other than audits or reviews of historical financial information). The statement of the independent external reviewer describing the activities carried out and the expression of opinion is provided on the page 113.

Contact for Feedback

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

Sustainability Highlights 2021



Award by NFEH

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



Rs. 64.3

Million donated



1,752

Hours spent on employees' training



135,000

Plus customers served for free service check ups



3%

Reduction in water consumption per bike



8%

Reduction in effluents and waste per bike



339

Women trained for bike riding



1st

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



10,710

Students attended safety lectures

General Information

Ownership and Legal Form

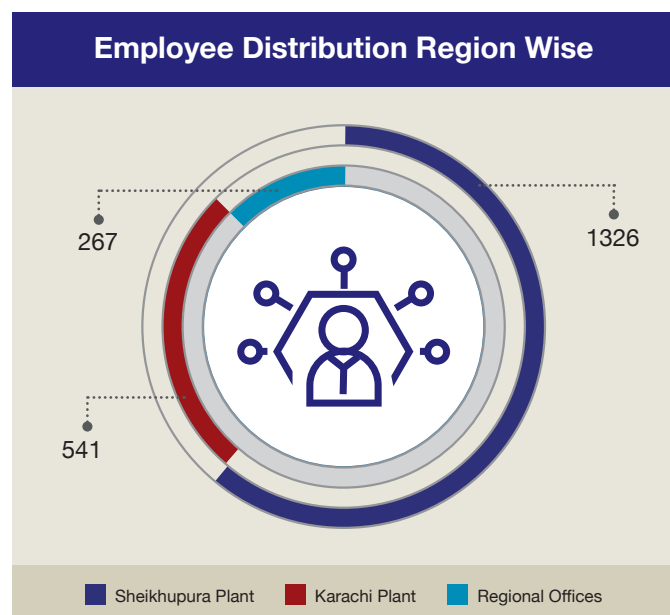
Atlas Honda Limited is a public limited company listed on the Pakistan Stock Exchange. It is a joint venture between Shirazi Investments (Private) Limited (SIL) and Honda Motor Company Limited, with SIL holding 52.43% of issued, subscribed and paid-up capital as at March 31, 2021.

Headquarters and Operations

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

Scale of the Company

During the year ended March 31, 2021, net sales of the Company amounted to Rs. 93.2 billion, with sales of more than one million motorcycles. Net profit for the year amounted to Rs. 3.6 billion while total capitalization was Rs. 43.0 million with equity of Rs. 18.6 billion. The workforce of the Company comprised of 2,134 permanent employees as at March 31, 2021. The Company does not hire employees on part-time or temporary basis and no portion of the organization's activities are performed by workers who are not employees of the Company.



Supply Chain

The supply chain of the Company spans from procurement of machinery, raw materials, semi-finished & finished parts, services and other inputs from local and foreign vendors to delivery of finished motorcycles and parts to customers through a country-wide network of dealers. The Company's supply chain is both labor and capital intensive. During the year, the Company paid Rs. 83.9 million to its supply chain partners on account of purchases of goods and services.

Activities, Brands, Products & Services and Markets Served

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

Memberships and External Initiatives

Atlas Honda is a member of the following major associations:

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

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

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

Significant Changes

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

CEO's Message on Sustainability

"At Atlas Honda, sustainability is embedded in our corporate values. Alongside, financial performance we are committed to building a sustainable future for our planet and society. This entails responsibly delivering long-term value to all stakeholders, including our community, business partners, associates and shareholders."

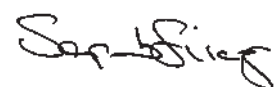
I am pleased to present our 9th Sustainability Report which reconfirms Atlas Honda's commitment to being responsible a good corporate citizen. Being in the motorcycle business for nearly 6 decades, the report aims to highlight the contribution made to the society by expanding the freedom of mobility - generations after generations.

We are committed to maximizing the value for our shareholders as well as fulfilling our essential role in protecting the environment and contributing to the society. Our corporate mission of producing environment friendly products reiterates our commitment to take climate actions on many fronts. This includes tackling our own emissions and helping customers reduce theirs by expanding the choice of products we offer. Besides this, we continue to invest in technology to maximize our efficiency, while conserving natural resources.

We look back on FY 2020-2021 as one of the most extraordinary years in living memory – a year full of challenges and changes with profound impacts on the way we live and work. During this time, the health and well-being of our people has always been a top priority of the Company. With the modified norms in our workplace 'Keeping distance, but standing together', our workforce demonstrated exemplary resilience and commitment to delivering products and services exceeding customers' expectations. During the year, the Company reinforced its humanitarian commitments and rolled out a range of relief measures and community support programs in the pretext of the global pandemic.

As the year FY 2020-2021 was defined by uncertainty and radical changes, all our stakeholders demonstrated great flexibility and willingness to adapt during these challenging times. We are therefore, convinced that despite the current and forthcoming challenges, we will be able to make a substantial difference. This conviction gives us the energy we need to continue to work strongly for an even brighter future.

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



Saquib H. Shirazi
Chief Executive Officer

Karachi: April 30, 2021

Sustainable Development Goals

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

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

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



Sustainability Targets

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

Sustainability Area	New Targets	Target Year
To reduce per unit consumption of plastic material	Material 1% reduction in consumption from 2021. From 2015, 25% reduction in plastic consumption has been achieved through efficiency in operations.	2022
Reduction in per unit energy consumption	Energy 3% reduction in energy consumption from 2021. Energy saving initiatives taken by the Company have resulted in 33% per unit reduction since 2014.	2022
Restrict CO ₂ emission	Emissions 2% reduction in CO ₂ emission from 2021. From 2017, emission has been restricted by 4.7% per unit.	2023
To minimize water consumption per unit	Water 2% reduction in water consumption from current year. From 2018, 10% reduction has been achieved.	2022
Zero injury	Health and Safety Zero injury	2022

Company Overview

Message for Stakeholders

Financial Highlights

Sustainability Report

Financial Statements

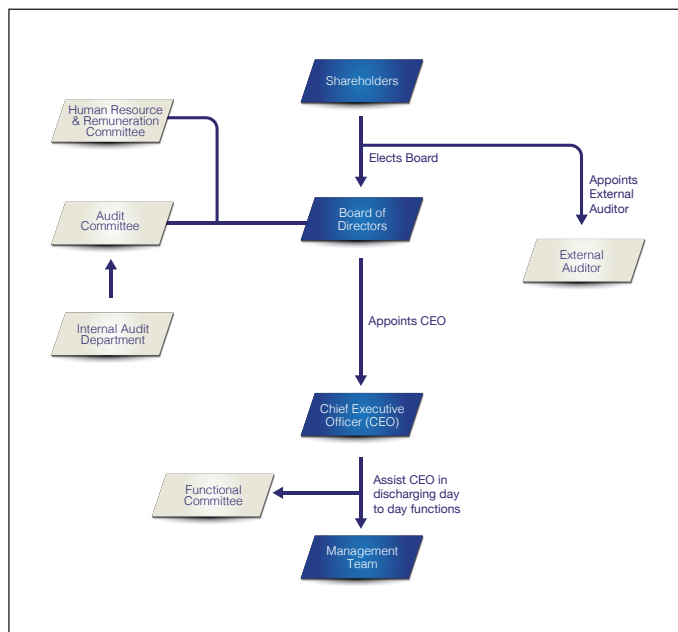
Other Information



Sustainability Strategy

Governance Structure

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



Board of Directors

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

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

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

All the matters including election, appointment and disclosure of interest are governed by the statutory requirements and regulations laid down by SECP and PSX. There were no non-compliances identified during the year. Further details about the Directors and matters carried out during the year can be found in the Director's profile and Statement of Compliance with the Code of Corporate Governance on page 16, 17 and 122 respectively.



Representation of Female Director on the Board

In compliance with the requirement of The Code of Corporate Governance for listed companies, to have representation of female directors on Board, the Company elected a female member on its board in the election of Directors.

Roles and Responsibilities of the Board

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

Formal Orientation and Director's Training Program

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

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

Committees of the Board and Terms of Reference

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

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

Remuneration of Executive, Non-Executive and Independent Directors

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

The Company does not pay remuneration to non-executive Directors including independent directors except a fee for attending meetings of the Board. Information on remuneration of the Directors and CEO in 2020-21, please refer note 37 to the Financial Statements on page 162.

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

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

Pakistan Mobile Communications, Tri-Pack Limited and eleven private companies of Atlas Group. Fee paid, if any, by these companies are in compliance with policies of respective companies which have been approved by their Board of Directors. Executive directors other than CEO of the Company do not hold directorship position in any other company.

Security Clearance of Foreign Directors

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

Board's Performance Evaluation

The evaluation of Board's role of oversight and its effectiveness is a continual process, which is appraised by the Board itself.

The core areas of focus are:

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

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

Chairman's Review on the Performance of the Board

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

Roles & Responsibilities of Chairman and CEO

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

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

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

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

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

CEO's Performance Review

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

Committees Reporting to the CEO

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

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

sustainability framework is frequently monitored by Internal Audit function along with the annual assurance from an independent expert before reporting the results to the stakeholders.

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

Governance Practices Exceeding Legal Requirements

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

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

Related Parties

The Company maintains a comprehensive and updated list of all related parties. Names of all such related parties along with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 38 of the Financial Statements.

As per the requirements of fourth schedule of the Companies Act 2017.

Risk Management

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

- The Audit Committee, on behalf of the Board, considers the effectiveness of the internal control procedures during the financial year. It reviews reports from the internal and external auditors and reports its conclusions to the Board.
- A Risk Management Committee is responsible for reviewing the key risks and the strategies to mitigate/ counter these risks.
- The Company's Internal Audit function carries out the continuing assessments of the quality of risk management and control, reports to the management and the Audit Committee on the status of specific areas identified for improvement and promotes effective risk management in the lines of business processes. During the year, the Committee discharged its responsibilities and reported the matters in Report of the Audit Committee.

Compliance and Integrity Management

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

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

Whistle-blower Policy

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

Privacy and Data Protection

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

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

Conflict of Interest Policy

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

minutes of the Board meeting and also entered in the statutory register maintained for this purpose.

Insider Trading

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

Anti-corruption and Human Rights

Analysis of risks related to corruption is a continual process at Atlas Honda and no corrupt practices are tolerated. The Company's Code of Conduct contains explicit requirement about Business Integrity and Anti-corruption, which every employee is required to adhere to. The Company has a dedicated internal audit department to implement the risk management systems. The department directly reports the findings to Audit Committee for taking appropriate action. Risk assessment for corruption risk covering all of our major operations was carried out during the year according to our risk management system. No significant risk or incidence related to corruption was identified and reported. Detailed analysis has been covered in Risk and Opportunity Report at page 44.

Grievance/Feedback System

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

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

Board's Role in Shaping Sustainability Policy

The Board provides direction on sustainability policy and initiatives to enhance the positive impacts and reduce the negative impacts on the economy, environment and society. The execution of the Board's directives and policies is carried out by the respective management teams and performance is reviewed by the Board. The Board also oversees operating & financial performance, risk management & internal controls and compliance with legal requirements.

Sustainability Strategy Framework

The Company's sustainability strategy focuses on crafting long-term value and providing a level playing field for future generations to meet their needs. This goal can only be attained through the efficient use of available resources, commitment to

creating sustainable products and solutions and treating the environment and people equitably and with respect. The commitment of doing business in a sustainable way sets the Company apart from its competitors, leading to customer satisfaction, appreciation, brand recognition and increasing product demand. The Company's Sustainability Strategy Framework supports its business strategy and is aligned with the Company's purpose. The framework has five key areas of focus:

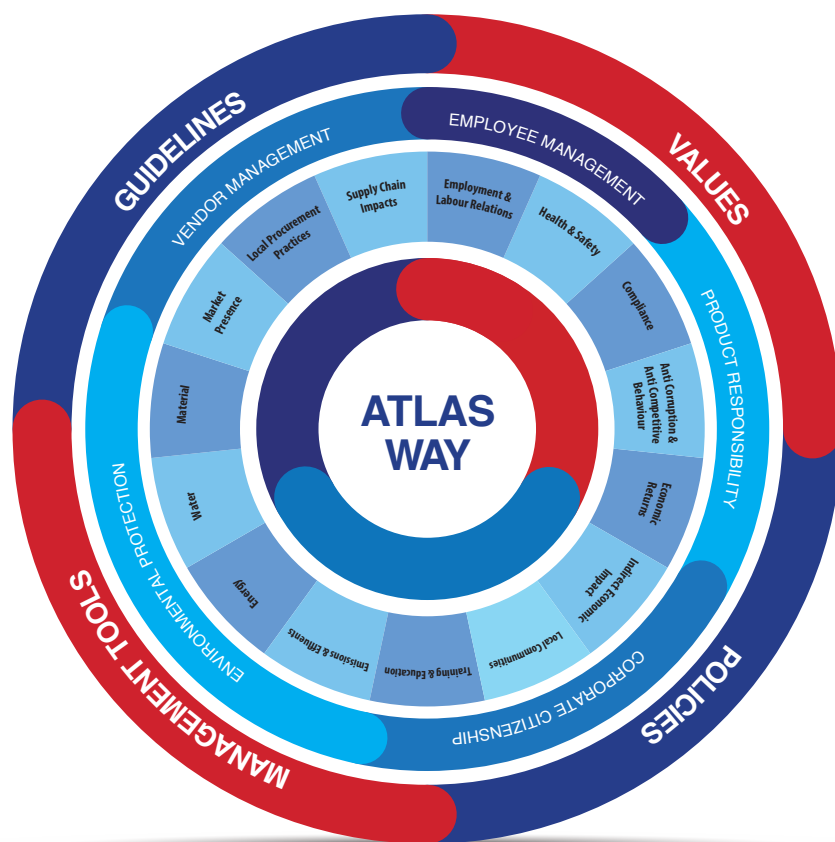
- Environmental Protection
- Product Responsibility
- Corporate Citizenship
- Employee Management
- Vendor Management

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

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

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

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



Stakeholder Engagement

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

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

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

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

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

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

Matters Raised in the last AGM of the Company

The Annual General Meeting of the Company was attended by shareholders of the Company including minority shareholders. The meeting was also attended by the Chairman of the Audit Committee to answer any queries and matters within the scope of the audit committee's responsibilities. During the meeting, there were no significant matters / issues raised except for discussion on the agenda items.

Efforts to Engage Minority Shareholders

The Company values all shareholders equally and consider them an integral part of the Company. Atlas Honda facilitates all shareholders including minority share holders to attend and take part in annual general meetings. Ever since the Company has been conducting general meetings through video conferencing, minority shareholders' participation has further improved, as they can conveniently attend through video link. The notice of Annual General Meeting is sent to all shareholders at least 21 days before the date of meeting. During the meeting, input from all shareholders is encouraged and their concerns and suggestion are recorded as a part of continuous improvement process.

Corporate Briefing Session of the Company

Corporate Briefing Session is being held annually to brief investors regarding the performance of the Company and future outlook. This year, corporate briefing session was held on October 9, 2020. During the meeting the management briefed the following matters about the Company:

- Production facilities, regional offices and dealer network
- Prevailing socio economic conditions
- Dynamics of the automobile industry
- Company's performance over the last six years
- Company's performance for the year ended March 31, 2020 in comparison with March 31, 2019
- Sustainability highlights for the year ended March 31, 2021

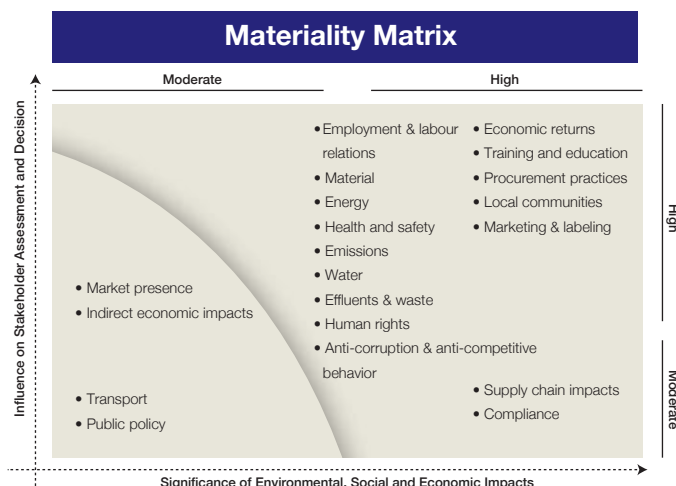
Thereafter a Question and Answer Session was held. For more details on corporate briefing session, please refer the presentation delivered during the meeting, placed on our website link:

<https://www.atlashonda.com.pk/wp-content/uploads/2020/10/Presentation-AHL-2020-CBS-Website.pdf>

Materiality Analysis

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

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



The matrix divides up the topics to show those which have high impacts and those which have moderate impacts of Atlas Honda's activities and which are highly relevant and those

which are moderately relevant to its stakeholders. The prioritization of topics is based on materiality analysis for non-financial risks as per GRI standards. The severity, likelihood and relevance to business objectives and stakeholder's interests were the guiding principles during this analysis. The risks associated with each material topic are analysed and actions are recommended for prevention or mitigation of negative impacts and maximization of positive

impacts. The content and scope of this report is also derived from this matrix.

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

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



Environmental Protection

Management Approach

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

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

Green practices are being implemented at all locations of the Company and those of its business partners. Awareness is being raised by the Company through continuous training and development programs for its suppliers as well as employees. In recognition of its efforts for protection of environment, the Company has been presented with Awards by National Forum for Environment & Health (NFEH), for the year 2020, in the category of Environment & Waste Management.

Environmental Policy

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

COMPLIANCE	Comply with requirements of environmental legislation and local regulations as a responsible corporate citizen.
ENERGY AND RESOURCE CONSERVATION	Establish and implement management programs to encourage energy conservation and reduce consumption of resources.
PREVENTION AND REDUCTION	Prevent, where possible, and reduce generation of emissions and waste throughout the production processes & ensure safe disposal.
KNOWLEDGE AND EDUCATION	Promote relevant environmental protection knowledge and activities through education and training.
KAIZEN - CONTINUOUS IMPROVEMENT	Initiate and extend environmental protection activities from our own operations and to those of our business partners including parts manufactures, general suppliers and dealers.

Environment Management System (EMS)

EMS is intended to formalize procedures for managing and reducing environmental footprint. It helps the Company organize and analyse, in a timely manner, the environmental impacts that result from its business operations. It also helps the Company in developing solutions to address those impacts. The Company's EMS is based on relevant legislation such as the Pakistan Environmental Protection Law, international standards and Honda's guidelines, as well as best practices. The management system is certified in accordance with ISO 14001:2015, an international certification for EMS.

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

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

Life Cycle Assessment

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

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

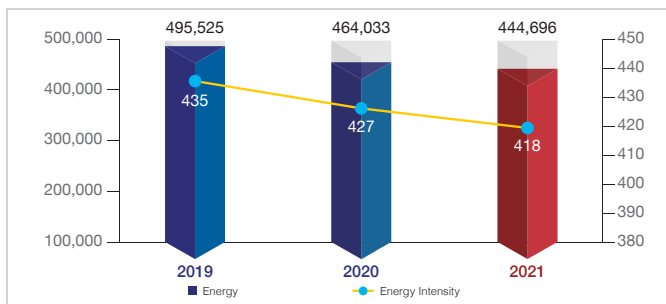
Life Cycle Stages	Major Initiatives in Each Domain Based on Impacts Identified
Development	<ul style="list-style-type: none"> • Environment friendly product design • Efficient use of raw material, energy and other resources • Focus on reduced waste and emissions • Integrate future requirements into development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

Energy Consumption and Emissions

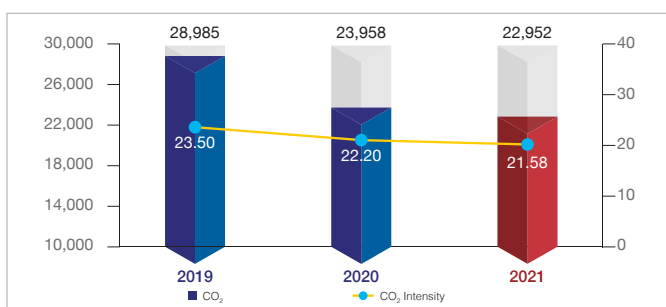
The Company monitors energy consumption and emissions on regular basis to identify and incorporate best practices and to improve the Company's energy management. Both the Company's manufacturing plants are located away from protected areas to minimize the effects of CO₂ and other greenhouse gases on such areas. The Company's primary sources of energy are grid based electricity, natural gas and diesel. Other sources include solar energy. However, currently only a small part of the total energy is being derived from solar panels. The Company is making efforts to increase the share of renewable sources of energy. Accurate data on energy consumption and emissions is obtained from management systems. The conversion factors are sourced from U.S. Energy Information Administration. The Company uses previous year

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

The energy consumption during the year was 444,696 GJ. Compared to 2020, the total energy consumption during the year under review decreased by 4.2% on account of new energy initiatives adopted as part of our green practices. The energy consumption per motorcycle has been brought down to 418 KJ/Motorcycle.



The Company's products are in compliance with requirements of Pakistan Standards for Quality Control Authority (PSQCA) in respect of CO₂ emissions, noise levels and smoke. Further, all products of the Company comply with EURO II standards of carbon emission. The emissions during the year were 22,952 tons mainly comprising of CO₂. Emissions per bike have been brought down to 21.58 kg/motorcycle.



Energy Conservation and Emission Reduction Initiatives

Lack of access to energy supplies and transformation systems is a constraint to human and economic development. Increased use of fossil fuels without actions to mitigate greenhouse gases will have climate change implications. Energy efficiency and increase use of renewables contribute to climate change mitigation and disaster risk reduction. To reduce the Company's energy consumption and emissions, primarily CO₂, investments have been made and energy efficiency measures have been implemented at the Company's offices and production facilities. During the year, energy conservation of 13,935 GJ and emission reduction of 1,784 tons was achieved through following initiatives:

Solar Panels

The Company is determined to extend its use of renewable sources for energy. Installation of solar power systems is one of the major projects under the efforts in this area. This is aimed to derive clean & affordable energy to reduce greenhouse gas emissions and Atlas Honda's dependence on fossil fuel or grid-based electricity. This year, the Company increased solar energy utilization from 1,398 KW to 3,581 KW at Sheikhpura plant. This initiative will help to save 12,890 GJ of energy and reduce CO₂ emissions by 1,652 tons every year.



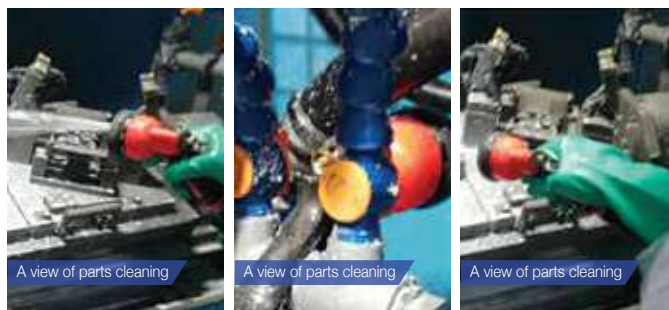
Installation of Alternate Mechanism for Parts & Jigs Cleaning

Previously, parts and jigs of engine plant were cleaned using compressed air at 5 Bar. Cleaning of parts through compressed air involves wastage of 10% to 12% air owing to leakages in air cleaning guns. Cleaning through compressed air is replaced by cleaning through cutting oil guns. This energy conservative initiative has resulted in reduction in energy consumption by 438 GJ per annum and reduction in CO₂ emission by 55 Tons.

Old Setup



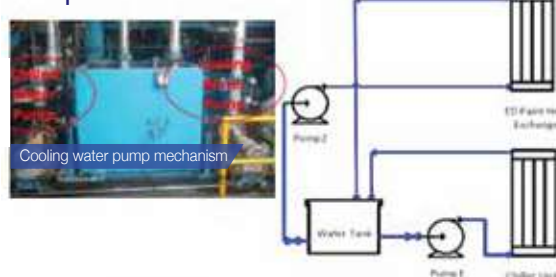
New Setup



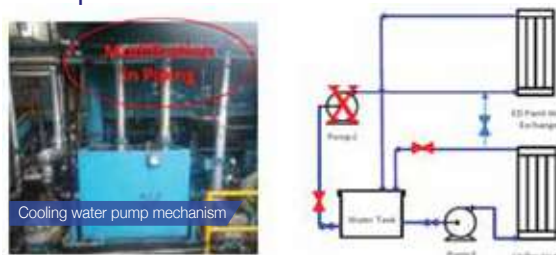
Shutting off Cooling Water Pump

Previously, two pumps each of 1.5 KW were being used continuously to maintain the temperature of water base paint. During the year, the Company has modified piping mechanism, running the chilled water through ED paint heat exchanger which has eliminated the requirement of second water pump. This has reduced the energy consumption by 54 GJ and CO₂ emission by 7 tons per annum.

Old Setup



New Setup



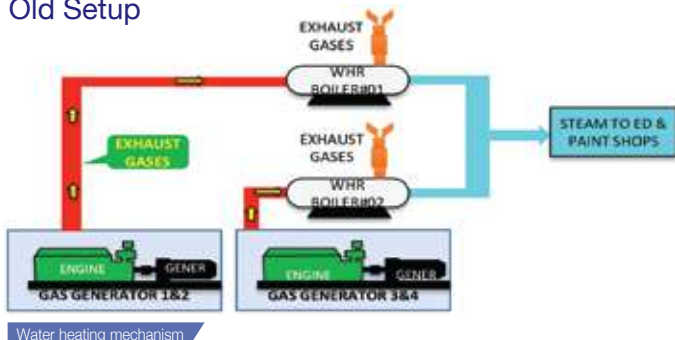
Energy Conservation on Cooling Tower

Previously, cooling tower was used throughout the year to cool off water storage tank for use in engine plant. During the year the Company has optimized the electricity consumption by utilizing weather effect of winter season to cool the water required in the production area. This measure has reduced the electricity consumption by 41 GJ and CO₂ emission by 5 tons per annum.

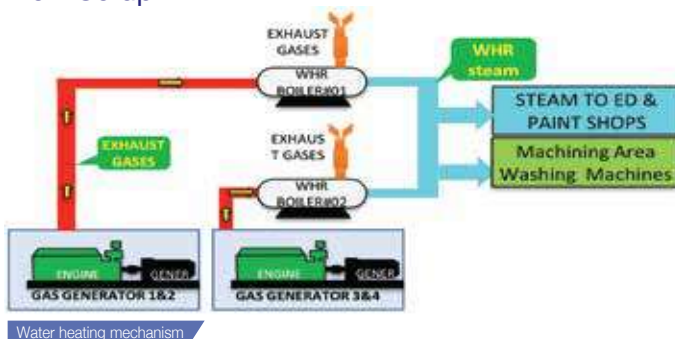
Alternate Mechanism for Water Heating at Machining Area

The parts processed in the machining area contains aluminium and oil particles, which require washing using heated water. Previously, heaters were used for the purpose. During the year, an alternate mechanism has been implemented, heating the water in winter season by using the waste heat recovery steam, generated from gas generators exhaust system. This measure helped to reduce the electricity consumption by 97 GJ and CO₂ emission by 12 tons during the year.

Old Setup



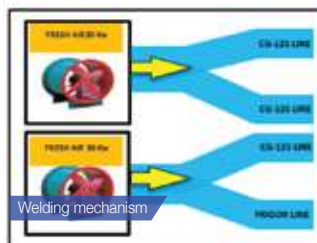
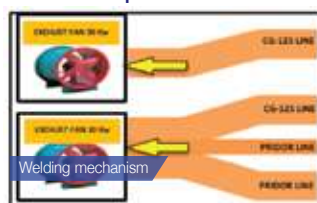
New Setup



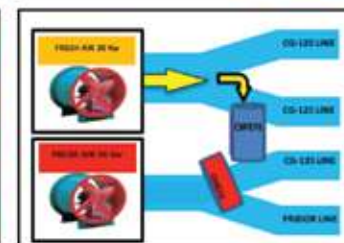
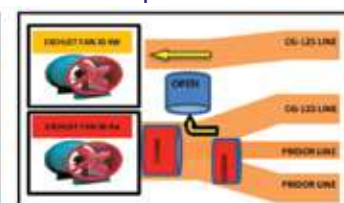
Alternate Mechanism for HVAC System of Welding Frame Body Line

Exhaust and fresh air blowers are used for ventilation purpose at frame body welding line. However, Fresh air and exhaust ducts are Common for both CG models and Pridor model production lines. In G2 Pridor is not produced but air supply and exhaust systems remain in operations. Exhaust and air supply system has been re-designed, by installing motorized damper at each line to control air wastages in G2. This enables us to shut down 60 KW of blower when the related production line is idle. This measure has resulted in reduction of electricity consumption by 415 GJ and CO₂ emission by 53 tons during the year.

Old Setup



New Setup



Tuning of Synthetic Natural Gas (SNG Plant)

Previously, the mix ratio of LPG and air at the SNG plant was not at optimum level resulting in incomplete burning and heat loss. During the year, the composition of LPG and air in the SNG mix is modified to achieve environment friendly results. This will reduce the LPG consumption from 14,000 litres per day to 13,720 litres per day.



Plantation of Trees

Over the years, the Company has been undertaking initiatives such as tree plantation to negate the impact of greenhouses gases. These activities cover in-house plantation of trees as well as those planted at schools, government institutes and reservoirs in collaboration with Environmental Protection Agency. During the year, 2,370 trees were planted and 5,000 trees were distributed to the Government departments. The Company also received awards from Punjab Horticulture Society for Horticulture, Landscaping and Gardening.



Atlas Honda receiving award from Parks & Horticulture Society

Material, Effluents & Waste

To ensure sustainable consumption and production practices necessarily entails to respect the biophysical boundaries of the planet and to reduce current consumption rates in order to fit with the biophysical capacity to produce ecosystem services and benefits. At Atlas Honda, environmental friendly use of raw materials is taken into account as early as the development phase through life cycle engineering. The Company's supply chain and material cycles have been shaped accordingly. Natural resources

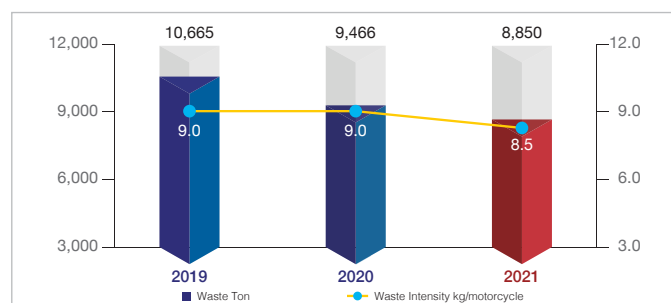
are being used in the most efficient manner with the objective to minimize depletion of the planet's resources. The Company is working to replace artificial materials with renewable materials wherever it makes technical, business and environmental sense and is socially viable. Consumption of raw materials, having substantial impact on the environment, is closely monitored and treated according to the Company's environment policy. Following table shows the materials used:

Renewable / Non-renewable	Material	Unit	2019	2020	2021
Non-renewable	Ferrous casting	Ton	75,236	72,082	72,468
Non-renewable	Non-Ferrous casting	Ton	9,102	8,425	8,365
Non-renewable	Oil paints	Ton	286	274	275
Non-renewable	Lubricants	KL	1,627	1,559	1,567
Both	Rubber	Ton	6,650	5,348	5,377
Non-renewable	Plastic	Ton	4,800	3,895	3,912

Waste resulting from the Company's production processes mainly includes waste water, metal, plastic & rubber scrap, packing & used oil. Considering water-related environmental impacts from our discharged water, waste water is treated through Waste Water Treatment Plant before it is released in sewerage drains to control the negative impacts and promote a

healthy environment. The remaining waste and effluents are discharged through incineration, recycling, landfill and disposal to legitimate contractors at certified waste disposal facilities. During the year, 8,850 tons of waste was released with the reduced intensity of 8.5% per motorcycle. There were no significant spills during the year.

Hazardous / Non-Hazardous	Waste by disposal method	Unit	2019	2020	2021
Non-Hazardous	Recycling/Reuse (metal scrap, packing, plastic)	Ton	8,785	8,417	8,219
Non-Hazardous	Landfill (waste sludge)	Ton	315	265	254
Hazardous	Incineration - mass burn (sludge, oil contaminated waste)	Ton	136	130	127
Non-Hazardous	On-site storage (in-house scrap yard)	m3	250	250	250

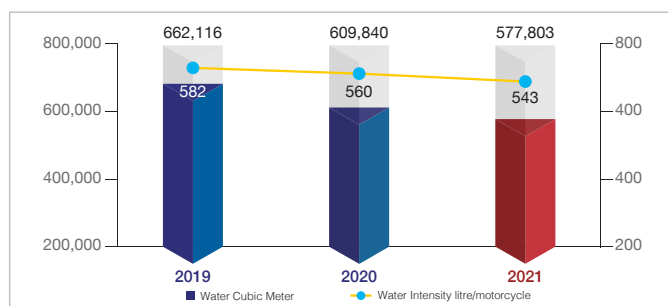


Water

The Company seeks to reduce its water footprint by promoting water-saving practices amongst employees and adopting water-efficient technologies and equipment wherever possible. Sustainable management of water resources and access to safe water and sanitation are essential for clean environment and productivity, and provide significant leverage for existing investments in health and education. The natural environment e.g. forests, soils and wetlands contribute to management and regulation of water availability and water quality. The Company has special focus on this goal and clean drinking water and sanitation facilities are ensured at all the business offices.

The majority of the Company's water use is attributable to its production processes, cooling and water consumed by employees. Main areas of action are thoughtful use and reuse of water and safe disposal of treated waste-water. Most of the water consumed is fresh water, drawn from earth which is not designated as a protected area whereas the size or volume of the water body cannot be estimated reliably.

Water consumption and discharge is recorded through flow meters installed at water tanks and treatment plant, respectively. During the year, 577,803 cubic meters of water was consumed with a reduced intensity of 3% per vehicle as compared to the last year. After proper treatment, water used in manufacturing process is released back to environment. Such treatment removes pollutants from the water and makes the same suitable for safe drainage. During the year, 86,671 cubic meters (15%) of the water was recycled.



Effluent Water Treatment Plant

Water is used throughout the Company's production processes which results in effluent water. To prevent the effluent water from being discharged as produced, waste water from all over the plant is collected and treated to remove the harmful pollutants, at Effluent Water Treatment Plant. The profile of the receiving water-body is however not considered due to safe drainage after treatment. The Company, as a responsible organization abides by the legal requirements of effluent water treatment as well as meets "Provincial Environment Quality Standards". This year, around 506,233 cubic meter of water was treated and safely drained into the sewerage.

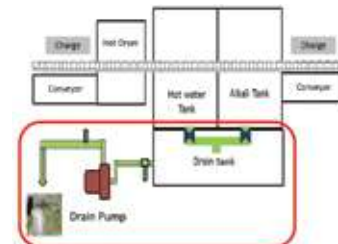


A view of effluent water treatment plant at Karachi

Water Recycling & Pretreatment at Drainage

Previously, 12,000 liters of water was drained every three months through drain tank when alkali water tank and hot water tanks were cleaned. Furthermore, cleaning process required 144 KG of chemicals. During the year, the Company has modified its water piping process and converted the drain tank into storage tank which has resulted in recycling of 45,000 liters of water per annum.

Old Setup



Water recycling mechanism

New Setup



Biodiversity

The Company has clear vision from the onset of its business related to environment protection, therefore both of the manufacturing plants have been located away from protected areas to minimize the effects of CO₂ and greenhouse gases on the protected areas.

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

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



A view of visit to flower exhibition



A view of visit to flower exhibition



Product Responsibility

Management Approach

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

Product Quality

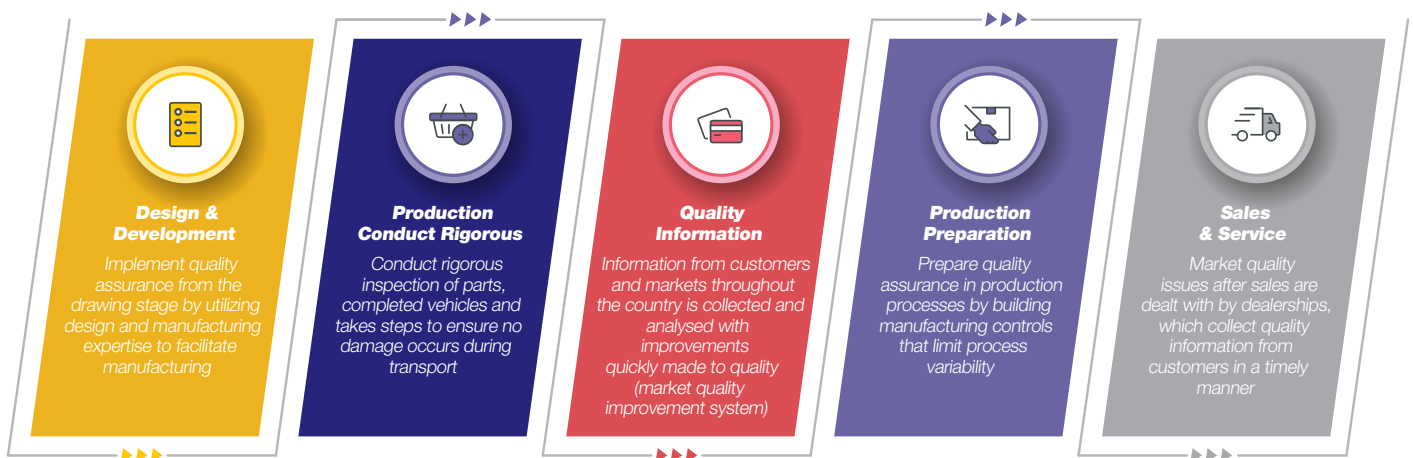
Atlas Honda aims to be a company trusted by its customers for its quality products. The Company focuses on quality at every stage, from the planning of new products through development,

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

Honda's Quality Cycle

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

Honda Quality Cycle



Quality Improvement Programs

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

Marketing & After-Sale Service

Product & Service Labelling

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



Marketing Communication & Anti-Competitive Behaviour

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

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

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

Customer Confidentiality

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

Customer Feedback

The Company is aware that customer expectations and inputs are critical for bringing improvements in product quality and making it more user-friendly. Data on customer complaints and expectations is collected through external survey institutions, market surveys and visits to dealerships. The Company also maintains a track of time taken to resolve complaints. During the year 2020-21, the customer contact centre satisfactorily responded to a total of 20,236 calls received from customers regarding complaints, comments and information about the Company's products.

Dealer's Convention

Dealers are at fore-front and each dealership is vitally important to the Company's continued success. Therefore, the Company only engages with dealers who have the ability to consistently represent its brand. The Company organizes various training sessions to further enrich their skills. During the year, 62 training camps were held which were attended by 764 trainees including our staff, mechanics and dealers.

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

improve communication with dealers and between each other through various sales, service and parts dealer conventions. During the year, social gatherings were kept at a minimum, keeping in view the current pandemic outbreak and social distancing SOPs issued by the Government. A digital (online) convention was organized in which 800 dealers' representatives participated.



Free Check-up, Oil Change & Test Rides

The Company organizes a number of customer relationship building activities such as free check-up camps, test rides and oil change activities at different locations throughout the year. This strengthens the Company's bond with its customers and addresses their concerns. In 2020-21, more than 137,000 customers were served at our service camps over 300 towns.



Customer Safety

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

Safety Riding Training and Education

This year, the Company trained 459 safety advisors at dealerships across all regions. These trainings are aimed at improving users' riding skills, road signs knowledge and know-how regarding electrical & mechanical maintenance. Further, follow ups were conducted covering all trained safety advisors throughout the network. Safety advisors then in turn imparted the knowledge to customers at dealerships. Moreover, in collaboration with National Highways & Motorway Police, safety riding training was conducted in 3 cities of Baluchistan.

Safety lectures are an important feature of the Company's road safety program. Every year the Company engages various institutes, universities and colleges to hold these lectures that

impart useful information and help reduce chances of accidents. Following are the details of activities carried out during the year under the banner of safety education:

- Safety riding training & lectures to employees of law enforcement agencies and various organizations such as Pakistan Post Offices, Pakistan Air Force, Pakistan State Oil, Honda Cars, Rescue 1122 (2,371 Participants); and
- Safety lectures to students from various educational institutions (10,710 Participants)

Safety Riding Awareness Campaigns

The Company coordinates with traffic police department to create awareness about the use of indicators, side mirrors and helmets. Under this campaign, the Company distributed 93,077 pamphlets nationwide. Moreover, 532 helmets and 877 sets of back view mirrors were distributed. 3,821 lights were checked and replaced.



This year also, additional efforts were made to raise awareness regarding Separate Left Lane for motorcyclists. This was done through distribution of brochures, placement of standees, steamers & pylons and social media. Rallies and safety walks were also organized in Lahore, Karachi and Islamabad. 1,137 streamers were installed Left Lane campaign for Motorcycles covering 7 major cities including Sialkot, Faisalabad, Rawalpindi, Islamabad, Multan & Karachi.



Corporate Citizenship

Management Approach

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

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

Education & Training

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

Paid Internships

The Company's internship program offers an opportunity to undergraduate students to help them in building their career foundations. Such programs give hands-on experience to interns which cannot be obtained in classrooms and is great way for them to acquaint themselves with the field of their interest. This also helps the Company to discover quality employees for future. During the year, 95 students from reputable universities including NED University, NUST, Quaid-e-Azam University, IoBM, SZABIST, Iqra University and LUMS completed their internships.



Students from different universities

SOS Training Institute

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



A view of vocational training session



A view of vocational training session

Industrial Visits

The Company facilitates students and officials from various institutes and organizations to visit its Karachi and Sheikhpura plants. This year officials from Punjab Labour and Human Resource Department, State Department of Horticulture, OSH team and students from various universities visited the plants and observed the process of production of motorcycles and parts. Visitors took keen interest in the assembly line and appreciated the precision exhibited by the workers.



Communal Initiatives

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



Donation

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

The Company recognizes the Foundation's role annually in improving quality of life of local communities and donates at least one percent of its profits to it. In 2020-21, the Company made a contribution of Rs. 44.2 million.

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



Women on Wheels

The Company has been undertaking initiatives to empower women and help them to be more independent and be able to contribute more effectively to the society. Such initiatives include training and distribution of motorcycles under project of Women on Wheels. The project has been initiated by Government of Punjab in various districts. This year, bike riding trainings have been provided to 339 women.



Promoting Sports

To keep up with the larger objective of nation building, the Company remains committed to support and nurture multiple disciplines of sports. In this regard, the Company also sponsored sports events of 4th LRBT Golf Tournament held in Karachi, Arabian Sea Golf Club Tournament and Pakistan vs Japan Davis Cup Tie – 2021 held in Islamabad.



Hiring Disabled Persons at Dealerships

The Company believes that to reduce inequalities, policies should be made while keeping in view the needs of disadvantaged and marginalized populations. Over the last two years, the Company has added hiring of special persons in the business score cards for dealers. In this regard 202 special persons have been employed at dealerships. Furthermore, the Company also organizes visits of such persons at its plants.



Hiring Female Staff at Dealerships

Contributing towards sustainable development goal of gender equality and women empowerment, Atlas Honda Limited

inspired its dealers to hire female staff. As a result, 123 female employees are hired to date at various dealerships nationwide. To spur motivation and encouragement, these employees are offered opportunity to visit Company plants, where they are given orientation regarding Atlas culture.



Female staff at dealership



Female staff at dealership

Response to COVID-19

The Company has been monitoring the situation of outbreak since the start of 2020. After first case was reported in Pakistan on February 26, 2020, AHL developed an action plan to control the spread of pandemic at its operating facilities. The Company also donated Rs. 44 million to Atlas Foundation out of which Rs. 24 million were contributed to Government relief funds and Rs. 20 million were used for purchase of medical equipment for medical care providers. Further, a sum of Rs. 20 million was donated for supply of food packages to support daily workers in sustaining their livelihood during lockdown.

Strict compliance with Government SOPs is being ensured at both Sheikhupura and Karachi Plants to prevent spread of the pandemic virus.



A view of health facility setup



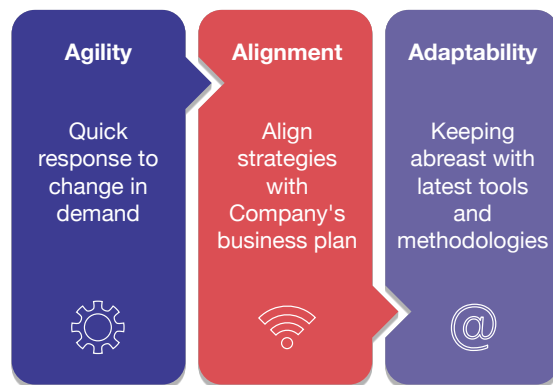
A view of food package distribution

Vendor Management

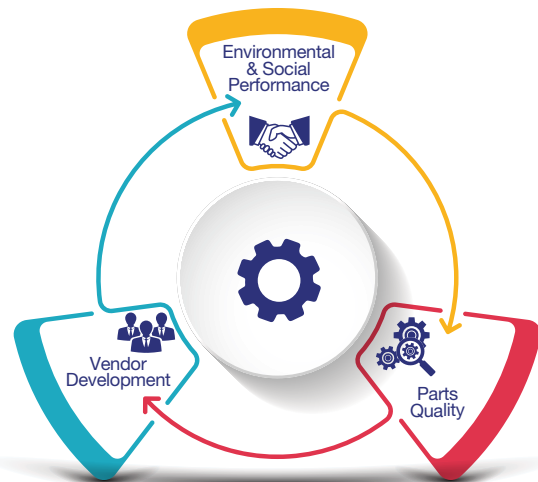
Management Approach

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

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



The Company aims to achieve sustainable growth built on a foundation of mutual trust with its vendors. We work in an open and transparent manner with our vendors as equal partners, developing and maintaining cooperative and competitive relations that enable us to implement best practices. During engagement with vendors, challenges and opportunities are discussed and in-depth analysis is carried out. Solutions to key issues are arrived at mutually. Policies relating to vendors are continuously reviewed and analysed with industry best practices to ensure our vendors meet the Company's core focus areas i.e. parts quality, vendor development & social and environmental health and safety.



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

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

COVID-19 – Challenges for Supply Chain

COVID-19 pandemic transformed supply chain in its entirety as lockdowns were imposed globally to prevent the outbreak. Production halts, movement restrictions of people and goods, border closures, logistical constraints, as well as the slowdown of business activities were the fall-outs of the COVID-19 lockdown

measures. In Pakistan, the economic activity was suspended during lockdowns and was subsequently allowed to resume work with strict SOPs directly impacting the availability of materials and components. Accordingly, the Company aligned its supply chain strategies to operate in compliance with government directives and ensured implementation of safety measures at vendors' premises. These include restricting factory access to essential workers only, temperature screening at entry points, enhancing cleaning and sanitization protocols, implementing social distancing, working from home to reduce attendance and providing personal protective equipment where necessary.

Reacting to the effect of pandemic on the supply chain industry, participants across the value-chain have adopted efficient measures geared at sustaining production and delivery to final consumers. Some of these innovative measures include the use of technology to take up orders from customers, strategic partnerships between producers, intermediaries and delivery companies, innovative management of inventory to avoid stock-outs, etc. These alterations to supply chain methodologies have proved to be effective and have transformed future outlook of the function.



Vendor Induction and Communication

Vendor Selection

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

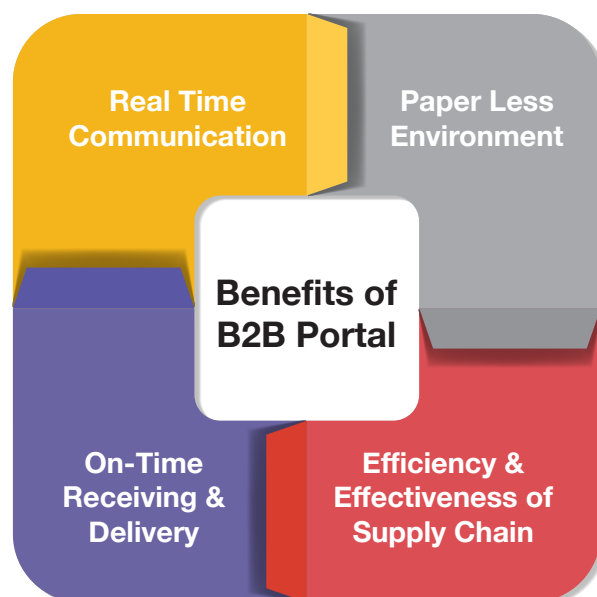
In line with the Company's selection criteria, all new vendors are screened and inducted only if they comply with sustainability principles detailed in 'environmental and social performance' section.

Vendor Diversity

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

Business to Business Communication Portal

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



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

Parts Quality

The Company aims to keep its customers' trust by emphasizing on importance of quality throughout its supply chain. To achieve this objective, the Company binds its vendors to establish and operate within a quality assurance system. Apart

from the Company's objective of procuring inspection free parts, its vendors validate that parts delivered through their manufacturing processes meet the drawings accurately and achieve target of 0.1% rejection for incoming parts. Following measures were taken to achieve these quality objectives:

Vendor Improvement Program (VIP)

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

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

Certificates are awarded to vendors at the time of completion of the program. Further, they are reviewed and audited each year for recertification. Continuous follow up is carried out by VIP designated team which comprises of the Company's employees from Supply Chain and Quality Assurance department. This year, 18 vendors were analysed and assessed under this program.

Vendor Development

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

The Company also believes in developing and strengthening competencies and skills of its vendors apart from their manufacturing capacities. For the purpose, the Company has been providing major technological assistance to its vendors, resulting in enhancement of their engineering skills and creation of employment opportunities. On-site visits to our vendors assist in identifying production bottlenecks and devising process improvements measures.

Environmental and Social Performance

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

Guidelines to Vendors

Corporate Social Responsibility is embedded in the Company's day to day operations in a clear and practical manner. All products and services are regularly monitored for their impact on society and the environment. Given the increased expectations regarding sustainability, the Company recognizes that it is essential to share its approach to sustainability with its vendors. In this regard, following guidelines have been issued

to vendors. The Company believes that these guidelines help its vendors in maintaining a shared understanding of sustainability, to carry out initiatives proactively and to continue growing together.

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

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

Emission Reduction Caravan

In 2014, the Company undertook an initiative called 'Emissions Reduction Caravan' for its vendors. Since then, under this initiative, the Company's supply chain associates are working in close coordination with major vendors to reduce their environmental footprint. Technical guidance is being provided for process improvements focused on production efficiency, energy conservation, material recycling, reuse and reduction in CO₂ emission. 34 vendors from both plants, covering 77% of total purchases have participated and achieved the target of reduction in CO₂ emission by 1%.



Logistics Operations

The Company's supply chain operations manage the transportation of parts and components from its vendors to manufacturing facilities ("inbound" freight) while logistics operations ensure the same for finished motorcycles from the Company's plants to its dealerships ("outbound" freight). With activities coordinated regionally, the responsibilities include designing and operating the transportation network and devising high-quality and efficient packaging to protect materials in transit. Freight emissions are influenced by a wide and complex range of inter-related factors, including the mode of transportation, the efficiency of the equipment used and the

design of the freight network. The Company finds the most effective ways of achieving reductions through:

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

Environmental Impact Assessment Survey

Every year, the Company participates in environmental impact assessment survey developed by Honda Motor Japan. This year, 34 vendors were assessed on basis of following criteria:

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

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

Human Rights & Working Conditions

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

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

Responsible Sourcing of Minerals

In procurement of certain raw materials, the Company has to comply with Dodd-Frank Act of United States which obligates companies to disclose the origin of certain raw materials to ensure that "conflict minerals", such as tin, tungsten, tantalum and gold from the Democratic Republic of Congo or neighbouring states, do not enter their products through their supply chain. The Company, therefore, monitors all vendors to make sure they do not source raw materials from the affected regions. Using a structured survey process and by working closely with vendors for increased supply chain transparency, the Company obtains confirmation that its suppliers and their upstream suppliers are obtaining material free from conflict minerals. Furthermore, the Company provides clear guidelines for suppliers and raises awareness on conflict mineral related issues through education and support. The Company also collaborates with a cross-industry group called Conflict-Free Sourcing Initiative (CFSI) in this regard. In order to be confirmed as conflict free, the smelters and refiners are required to pass an independent third-party audit. The results from this year's survey confirmed that our supply chain is based on conflict free sourcing.

Employee Management

Management Approach

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

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

Recruitment and Retention

To sustain its market leadership, the Company aims to attract, recruit and retain the best talent. The Company's ability to offer unique opportunities, such as a diverse and supportive work environment, helps differentiate Atlas Honda from other employers and attracts high-performing professionals who are competent and highly skilled. Recruitment and retention of appropriate workforce becomes more crucial as the Company

has been undergoing a phase wise capacity expansion plan. A uniform policy for hiring, job placement and human resource development is followed. A comprehensive "Employee Orientation Training Program / Onboarding Program" has been designed to provide an overview of the Company's culture and processes to all new joiners.



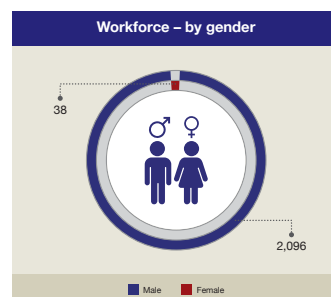
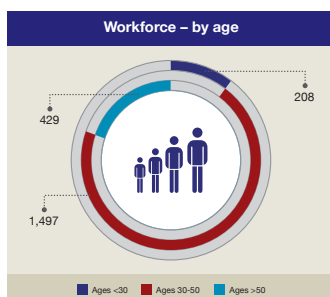
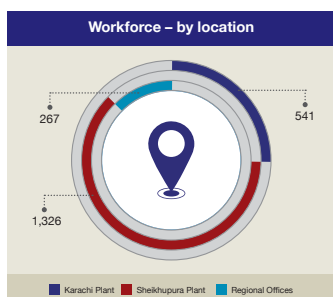
A view of recruitment drive

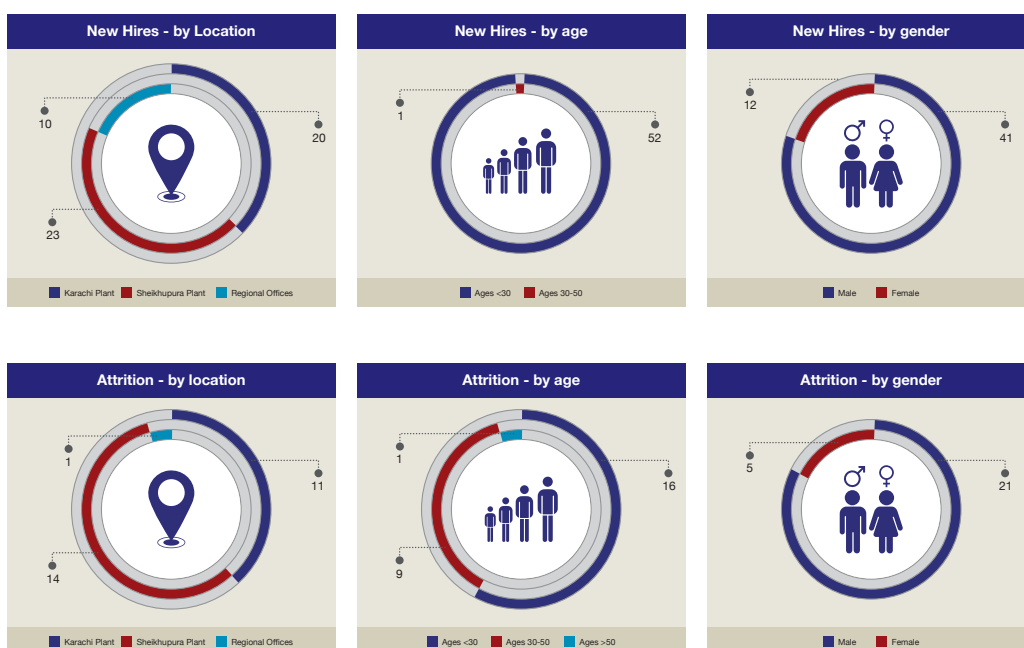


A view of recruitment drive

Employee Composition

The Company's employees' composition is as follows. No major variations have been reported. Further, the data has been compiled by the Company's Human Resource department as per actual and no assumptions have been made. During the year, the hiring rate was 2% while the turnover rate was 1%.





Diversity and Inclusion

The Company values equality, diversity and inclusion. Gender equality and empowering women lies at the heart of the agenda for sustainable development, which asserts gender equality as both a fundamental human right and a necessary foundation for a peaceful, prosperous and sustainable world. In this regard the Company has been pursuing a non-discriminative hiring mechanism. During the year, 23% of the new hires were females. Merit-based recruitment practices have been adopted and equal employment opportunities for all regardless of race, religion, gender, marital status, age or disability are being made available by the Company. During the year, no incidents of discrimination were reported. For hiring workers, equal weightage is given to candidates from across the country. The Company also focuses on recruitment and qualification of local personnel as a way of developing the local communities and regions in which it operates.

The Company hires associates with vast experiences, from different industry backgrounds, cultures, beliefs and ethnicities. This ensures that the Company is able to adapt to the changing needs of business. However, it is currently a challenge for the entire auto industry in Pakistan to attract sufficient number of female employees. Various initiatives are being undertaken to enhance the participation of women. During the year, 12 female executives were hired. Female and male staff is entitled to three-month and five day maternal leaves respectively. During the year under review, 3 female associates availed maternal leave while 12 male staff availed parental leaves. The Company also supports creation of job opportunities for persons with disabilities through provision of additional facilities and appropriate training. Currently, 22 individuals, who are differently-abled, are working for the Company.

Career Development and Training

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

Internal Training Programs	19
No. of Persons trained in internal training	250 (Female: 8)
External Training Programs	05
Foreign Training Programs	None
No. of Persons trained in external trainings	11 (Female: 1)
Trainings days	256 (Female: 9)
Training hours	1,752 (Female: 72)
Average training hours per year per employee	0.9
Average training days per employee	0.58 (Female: 0.2)



A view of training session



Middle management training

Performance Appraisal and Reward System

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

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

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



Long service awards at Karachi plant



Long service awards at Karachi plant

Employee Engagement and Connectivity

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

Human Rights and Relations with CBA

The Company is responsible for creation of an environment free of discrimination and harassment, in which all individuals are treated with respect, equality and dignity and have equal opportunities. Human rights violations of any sort are not tolerated. Key management practices including, a guarantee of voluntary labour, observance of working hours, respect for diversity and workplace health and safety are continuously reinforced at the Company. The Company makes every effort to engage in sincere discussions with its employees about any issues that exist or might arise. This helps in maintaining a relationship of mutual trust. Moreover, the Company complies with all local statutory and operational requirements with regard to the provision of information to employee representatives and employees. An appropriate notification period is allowed before implementation of any change that can have an impact on employees. The Company recognizes the rights of employees to set up their representation and carry out collective bargaining to regulate working conditions. Constructive dialogue, negotiations and consultations are carried out with labour unions, when needed, at both our plants. All non-management employees are covered under CBA, which cover more than 8% of total permanent employees.

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

Health and Safety

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

The responsibility for health and safety impacts rests with the General Manager Human Resource. Quality of health services is ensured through competent staff providing the services and regular periodic monitoring and evaluation of the services provided. The management approach comprises of health and safety policy, procedures and guidance documents. Health and safety committees are operational at each plant as per applicable laws and best available practices. The meetings of these committees are held on a regular basis to monitor health and safety issues and recommend improvements. Work-related hazards that pose a risk of ill health are evaluated on a regular periodic basis and counter measures are timely adopted to minimize the risk and promote safe working environment. During the year, no work-related ill health fatalities or other cases have been reported.

With the relaxation in lockdown, the Company resumed its plant operations and offices from May 20, 2020 with all precautionary measures and social distancing SOPs, aimed at prevention of pandemic's spread. The Company has taken various steps including:

- Installation of disinfection tunnels on each entrance gate along with thermal scanning;
- Periodic disinfection sprays on the production floor, office halls, lockers room etc.;
- Installation of acrylic divider in the canteen to prevent the human contact;
- Installation of sanitizers dispensers at various location inside business premises;
- Strict compliance of personal protective equipment;
- Controlled travelling in accordance with Company's updated policy;
- Production split in different shifts to minimize attendance;
- Body temperature screening of associates and visitors at business premises;
- Display of pandemic prevention flyers at prominent places to avoid handshakes, hand washing with soap, hand sanitization, maintaining 3 feet distancing while in queues of taking lunch, punching attendance cards, etc.;
- Awareness sessions and briefings to associates;
- Promoting remote working environment and virtual meetings;
- Work from home initiative to ensure minimum interactions of human capital at work place and maintaining social distancing as advised by World Health Organization; and
- Health counter for suspected cases.



A view of checking temperature at entry point



A view of first aid centre for employees



A view of health & safety training session



A view of disinfectant spray at factory

Important guidelines derived from the HSE policy have been displayed at prominent places within the Company premises to manage safe working environment. Workers' training on occupational health & safety has been the key factor in promoting safe working environment. Generic safety trainings and specific work related hazards trainings are provided to workers on regular basis by competent and trained staff in local language easily understood by workers. Trainings are provided free of charge and during paid working hours. Effectiveness of training sessions is evaluated through post sessions feedback and mock exercises. Further, the Company undertook following steps to promote healthy mindset and safety amongst employees:

- To address various health, safety and environment related issues regular HSE Flyers are disseminated. To date, topics covered include updates on COVID-19 prevention, rain emergency, earthquake and road safety.
- During the year, 9 training sessions on basic first aid and fire-fighting training were conducted in which 431 associates participated. 9 evacuation drills were also carried out in which 431 associates participated.
- "Stop for Safety Talk Program" was conducted by HSE department to create awareness. During the year, 25 training sessions were conducted by HSE department creating awareness about chemical safety, HSE policy, lock out / tag out, general electric safety, fire prevention & emergency response planning, use of personal protective equipment and forklift safety. 1,094 associates participated in the training sessions.



A view of health & safety training session



A view of health & safety training session

Definition, Methodology and Scope

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

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

The information and data contained in this report relates to financial year 2021 (April 1, 2020 to March 31, 2021). The data presented in the report includes all plants and offices of Atlas Honda and does not include data on its associated companies.

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

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

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

The Sustainability Report is:

- prepared by the sustainability reporting team that coordinates and engages relevant functions;
- approved by the Board of Directors;
- subject to an independent review by Corporate Social Responsibility Centre Pakistan, an independent reviewer, in compliance with GRI Sustainability Reporting Standards and the International Standard on Assurance Engagement (ISAE) 3000-Revised (Assurance Engagements other than audits or reviews of historical financial information); and
- published and freely available for download from the publication section of the Company website (www.atlashonda.com.pk).

Independent Assurance Statement for the Atlas Honda Limited Sustainability Report 2021

Corporate Social Responsibility Centre Pakistan (CSRCP) performed an independent review of the Atlas Honda Limited (AHL) Sustainability Report 2021, which was prepared 'in accordance' with Global Reporting Initiative's (GRI) Standards' Core option. The objective of the critical independent review is to provide AHL's Management with an independent opinion about the quality of the report and adherence to the principles of Inclusivity, Materiality, Responsiveness and Impact.

Responsibility of AHL and of CSRCP

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

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

Scope of Assurance

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

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

Assurance methodology

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

Our procedures on this engagement included:

- Critical review of the Sustainability Report 2021 and respective GRI Content Index to check consistency and adherence to GRI's Universal and Topic-Specific Standards
- Evaluation of the report adherence to the 'in accordance' with GRI Standards' Core option
- Analysis of the report content against principles of Inclusivity, Materiality, Responsiveness and Impact
- Elaboration of an adjustment report
- Final review of the report content

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

Opinion

GRI Standards: In accordance Core option

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

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

CSRCP reviewed the report to analyze adherence to the Principles of Inclusivity, Materiality, Responsiveness and Impact. For this report, the main considerations of this analysis were the following:

- As a GRI in accordance report, the report is considering all four principles in the report content and elaboration.
- The report provides insights on how Company identifies and engages with different stakeholders, including AHL focus for engagement, stakeholder concerns and AHL response. The material issues emerging from the stakeholders' engagement were identified, prioritized and the results were fairly reflected in the report.
- The current material topics are addressed in different sections of the report, supported with relevant information on the existence of management systems and data sets which provide an accurate and balanced view of this year's performance of the Company in relation to the material topics.

- The report demonstrates AHL's commitment to address sustainability challenges and promoting sustainable practices in its operations and supply chain through its work with vendors and dealers.
- AHL environmental impact has decreased over the years. This year, AHL has defined clear targets for Material, Energy, Emissions, Water and Health and Safety to further reduce AHL environmental impact.
- The Company also responded to the challenges of COVID-19 with internal protocols to protect its operational staff and preventing any related impact.
- While, in general, the principles are addressed in a satisfactory manner, we can appoint areas of improvement for the next reporting cycle:
 - AHL describes how it engages with the different stakeholders and how information gathered by engagements apprises materiality process, but no specific engagement has been implemented for the sustainability report. We recommend implementing a report specific stakeholder engagement taking into consideration the significant changes in global and local sustainability context as a result of pandemic which can influence significantly the list of material topics.
 - A clearly defined targets and the presentation of historical data for all major sustainability issues could be helpful to better monitor Company's achievements in responding major sustainability issues.
 - AHL material topics of energy, emissions, human rights, health and safety, employment and labor practices and supply chain impacts having outreach in the supply chain are monitored by AHL Vendor Management practices. However it is necessary that Company discloses more details with supporting data on social and environmental impact of major supply chain partners.

Statement of conclusion

Based on the scope of our work and the assurance procedures we performed using the International Standard on Assurance



Muhammad Arfan Nazir,

Director,
Corporate Social Responsibility Centre Pakistan.

Engagement (ISAE) 3000-Revised (Assurance Engagements other than audits or reviews of historical financial information), we conclude that nothing has come to our attention that causes us to believe that the information in AHL's Sustainability Report 2021 is in all material aspects not fairly stated.

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

Limitations and exclusions

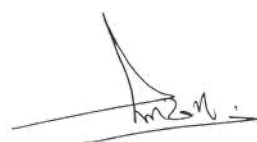
Excluded from the scope of our work is any verification of information relating to:

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

Statement of independence, impartiality and competence

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

Islamabad, June 01, 2021



Muhammad Imran,

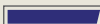












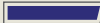
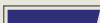


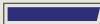















Muhammad Imran & Co.,
Cost & Management Accountants Pakistan.
ICMAP Membership # 1382

GRI Content Index

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












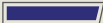

























Key





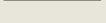





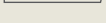
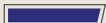
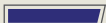





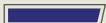
	Fully disclosed
	Partially disclosed

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

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
MATERIAL TOPICS				
ECONOMIC PERFORMANCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	82-87	
	103-3	Evaluation of the management approach	82-87	
	201-1	Direct economic value generated and distributed	72	
	201-3	Defined benefit plan obligations and other retirement plans	138, 151	
MARKET PRESENCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
GRI 202: MARKET PRESENCE 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	108	
	202-2	Proportion of senior management hired from the local community	109	
INDIRECT ECONOMIC IMPACTS				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	101	
	103-3	Evaluation of the management approach	101	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Infrastructure investments and services supported	101-102	
PROCUREMENT PRACTICES				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	104	
GRI 204: PROCUREMENT PRACTICES 2016	103-3	Evaluation of the management approach	104	
	204-1	Proportion of spending on local suppliers	104	
ANTI-CORRUPTION				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	86	
	103-3	Evaluation of the management approach	86	
GRI 205: ANTI-CORRUPTION 2016	205-1	Operations assessed for risks related to corruption	86	
	205-3	Confirmed incidents of corruption and actions taken	86	
ANTI-COMPETITIVE BEHAVIOUR				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016	103-3	Evaluation of the management approach	92-93	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	96	
MATERIALS				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
GRI 301: MATERIALS 2016	103-3	Evaluation of the management approach	92-93	
	301-1	Materials used by weight or volume	96	
ENERGY				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
GRI 302: ENERGY 2016	103-3	Evaluation of the management approach	92-93	
	302-1	Energy consumption within the organization	93-94	
	302-3	Energy intensity	93-94	
	302-4	Reduction of energy consumption	94-95	
WATER AND EFFLUENTS				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
GRI 303: WATER AND EFFLUENTS 2018	103-3	Evaluation of the management approach	92-93	
	303-1	Interactions with water as a shared resource	96-97	
	303-2	Management of water discharge-related impacts	96-97	
	303-3	Water withdrawal	97	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
EMISSIONS				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
	103-3	Evaluation of the management approach	92-93	
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	94	
	305-4	GHG emissions intensity	94	
	305-5	Reduction of GHG emissions	94-95	
WASTE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
	103-3	Evaluation of the management approach	92-93	
GRI 306: EFFLUENTS AND WASTE 2016	306-1	Water discharge by quality and destination	97	
	306-2	Waste by type and disposal method	96	
	306-3	Significant spills	96	
ENVIRONMENTAL COMPLIANCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
	103-3	Evaluation of the management approach	92-93	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	92	
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
	103-3	Evaluation of the management approach	92-93	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	105	
	308-2	Negative environmental impacts in the supply chain and actions taken	106	
EMPLOYMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	108-109	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	110	
	401-3	Parental leave	109	
LABOUR/MANAGEMENT RELATIONS				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
GRI 402: LABOUR/MANAGEMENT RELATIONS 2016	402-1	Minimum notice periods regarding operational changes	110	
OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	110-111	
	103-3	Evaluation of the management approach	111	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system	110-111	
	403-2	Hazard identification, risk assessment and incident investigation	110-111	
	403-3	Occupational health services	110-111	
	403-4	Worker participation, consultation and communication on occupational health and safety	110-111	
	403-5	Worker training on occupational health and safety	110-111	
	403-6	Promotion of worker health	110-111	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	110-111	
	403-8	Workers covered by an occupational health and safety management system	110-111	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
TRAINING AND EDUCATION				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
	404-1	Average hours of training per year per employee	109	
	404-2	Programs for upgrading employee skills and transition assistance programs	109	
	404-3	Percentage of employees receiving regular performance and career development reviews	110	
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	108	
	103-3	Evaluation of the management approach	108	
	405-1	Diversity of governance bodies and employees	82	
	405-2	Ratio of basic salary and remuneration of women to men	109	
NON-DISCRIMINATION				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	108-109	
	103-3	Evaluation of the management approach	108	
GRI 406: NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	108	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	104, 108 & 110	
	103-3	Evaluation of the management approach	108	
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	110	
CHILD LABOUR				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	108-110	
	103-3	Evaluation of the management approach	108	
GRI 408: CHILD LABOUR 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	110	
HUMAN RIGHTS ASSESSMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	108-110	
	103-3	Evaluation of the management approach	108	
GRI 412: HUMAN RIGHTS ASSESSMENT 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	110	
LOCAL COMMUNITIES				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	101	
	103-3	Evaluation of the management approach	101	
GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community engagement, impact assessments, and development programs	101-103	
	413-2	Operations with significant actual and potential negative impacts on local communities	101	
SUPPLIER SOCIAL ASSESSMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	92-93	
	103-3	Evaluation of the management approach	92-93	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria	105	
	414-2	Negative social impacts in the supply chain and actions taken	106	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	OMISSION & REASON
CUSTOMER HEALTH AND SAFETY				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	98	
	103-3	Evaluation of the management approach	98	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	98	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	98	
MARKETING AND LABELING				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	98	
	103-3	Evaluation of the management approach	98	
GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	99	
	417-2	Incidents of non-compliance concerning product and service information and labeling	99	
	417-3	Incidents of non-compliance concerning marketing communications	99	
CUSTOMER PRIVACY				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	98	
GRI 418: CUSTOMER PRIVACY 2016	103-3	Evaluation of the management approach	98	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	99	
SOCIOECONOMIC COMPLIANCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	The management approach and its components	86-87	
	103-3	Evaluation of the management approach	86-87	
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	419-1	Non-compliance with laws and regulations in the social and economic area	86, 99 & 110	





Financial Statements

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



Statement of Compliance with the Code of Corporate Governance

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

1. Total Number of Directors is eight (8) as per following:

a.	Male	Seven
b.	Female	One

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

Category	Number	Names
Independent Directors	2	Mr. Abid Naqvi Ms. Mashmooma Zehra Majeed
Executive Directors	3	Mr. Saquib H. Shirazi Mr. Shunsuke Miyazaki Mr. Hirofumi Yada
Non-Executive Directors	3	Mr. Aamir H. Shirazi Mr. Susumu Morisawa Mr. Sanaullah Qureshi

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

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

a) Audit Committee

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

b) HR and Remuneration Committee

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

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

Audit Committee	Quarterly
HR and Remuneration Committee	On required basis

15. The Board has set up an effective internal audit function who are considered suitably qualified, 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 other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with. However, fractional requirement for Independent Directors have not been rounded up as one and that of Executive Directors is rounded up to one keeping in view the understanding with the Japanese Joint Venture Partner.

On behalf of the Board of Directors



Aamir H. Shirazi
Chairman

Karachi: April 30, 2021

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

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Atlas Honda Limited (the Company) for the year ended March 31, 2021, in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended March 31, 2021.

ShineWing Hameed Chaudhri

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI;

DATED: APRIL 30, 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Atlas Honda Limited (the Company), which comprise the statement of financial position as at March 31, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

S.No. Key Audit Matters

How the matter was addressed in our audit

1. Revenue recognition

Refer notes 4.25 and note 27 to the financial statements. The Company is engaged in manufacturing and sale of motorcycles and related spare parts. The Company recognized revenue from the sale aggregating to Rs. 93,156,958 thousand for the year ended March 31, 2021. We identified recognition of revenue as a key audit matter as it includes large number of revenue transactions involving a large number of customers spread in various geographical locations. Further, revenue is one of the key performance indicator of the Company.

Our audit procedures in respect of this area included:

Obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls;

Assessed the appropriateness of the Company's revenue accounting policies and their compliance with applicable financial reporting standard;

Compared a sample of revenue transactions recorded during the year with sales orders, applicable sale value, sales invoices, receipt vouchers, delivery orders and other relevant underlying documents;

Performed cut-off procedures on near year end sales to ensure revenue has been recorded in the correct period;

Verified that sales prices are approved by appropriate authority; and

Verified, on a test basis, discounts and commission with supporting documentation.

2. Inventories

Refer notes 4.9, 4.10, 9 and 10 to the financial statements, the Company have inventories i.e. stores, spares and loose tools & stock-in-trade aggregating Rs.4,673,647 thousand. We identified this area as a key audit matter because inventories constitutes 10.86% of the total assets of the Company as at March 31, 2021 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.

Our audit procedures in respect of this area included:

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

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

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

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2021, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

Shinewing Hameed Chaudhri No.

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI;

DATED: APRIL 30, 2021

Statement of Financial Position

As at March 31, 2021

ASSETS	Note	2021 ---- Rupees in '000 ----	2020
Non current assets			
Property, plant and equipment	5	9,788,162	10,041,495
Intangible assets	6	101,813	135,121
Long term investments	7	329,669	322,240
Long term loans and advances	8	48,253	36,671
Long term deposits		12,071	13,025
		10,279,968	10,548,552
Current assets			
Stores, spares and loose tools	9	647,035	683,123
Stock-in-trade	10	4,026,612	4,888,616
Trade debts	11	1,501,925	813,980
Loans and advances	12	47,429	42,752
Trade deposits and prepayments	13	1,388,594	686,517
Accrued mark-up / interest		14,657	22,392
Other receivables	14	1,754	329,021
Taxation - net		770,419	1,487,667
Short term investments	15	10,063,915	5,248,268
Cash and bank balances	16	14,288,180	6,308,616
		32,750,520	20,510,952
		43,030,488	31,059,504
EQUITY AND LIABILITIES			
Equity			
Share capital	17	1,240,879	1,240,879
Reserves	18	17,389,648	15,339,529
		18,630,527	16,580,408
Liabilities			
Non current liabilities			
Lease liabilities	19	168,616	209,148
Long term borrowings	20	187,382	-
Deferred income - government grant	21	3,525	-
Staff retirement benefits	22	393,569	342,594
Deferred taxation	23	528,062	604,200
		1,281,154	1,155,942
Current liabilities			
Trade and other payables	24	22,723,173	13,191,935
Unclaimed dividend		108,352	100,985
Accrued mark-up		1,079	-
Current portion of lease liabilities	19	39,610	30,234
Current portion of long term borrowings	20	226,135	-
Current portion of deferred income - government grant	21	20,458	-
		23,118,807	13,323,154
		24,399,961	14,479,096
Contingencies and commitments	26		
		43,030,488	31,059,504

The annexed notes 1 to 47 form an integral part of these financial statements.

Aamir H. Shirazi
Chairman

Saquib H. Shirazi
Chief Executive Officer

Kashif Yasin
Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended March 31, 2021

	Note	2021 --- Rupees in '000 ---	2020
Sales	27	93,156,958	84,775,972
Cost of sales	28	(86,277,404)	(78,660,040)
Gross profit		6,879,554	6,115,932
Sales and marketing expenses	29	(1,936,861)	(2,001,683)
Administrative expenses	30	(681,124)	(632,161)
Other income	31	1,392,482	1,370,948
Other operating expenses	32	(448,068)	(388,968)
Share of net profit of an Associate		9,329	4,443
Operating profit		5,215,312	4,468,511
Finance costs	33	(62,913)	(56,718)
Profit before taxation		5,152,399	4,411,793
Income tax expense	34	(1,557,601)	(1,333,393)
Profit for the year		3,594,798	3,078,400
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurements of staff retirement benefit obligation		8,995	(32,405)
Income tax relating to the re-measurements		(2,575)	9,287
Other comprehensive income / (loss) for the year - net of tax		6,420	(23,118)
Total comprehensive income for the year		3,601,218	3,055,282
----- Rupees -----			
Earnings per share - basic and diluted	35	28.97	24.81

The annexed notes 1 to 47 form an integral part of these financial statements.

Aamir H. Shirazi
Chairman

Saquib H. Shirazi
Chief Executive Officer

Kashif Yasin
Chief Financial Officer

Statement of Changes in Equity

For the Year Ended March 31, 2021

	Capital reserves			Revenue reserves		
	Share capital	Share premium	Gain on sale of land	General reserve	Unappropriated profit	Total
	Rupees in '000					
Balance as at April 1, 2019	1,034,066	39,953	165	9,492,000	4,799,580	15,365,764
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2019 at the rate of Rs.10.0 per share	-	-	-	-	(1,034,066)	(1,034,066)
Bonus shares issued for the year ended March 31, 2019 in ratio of 1 share for every 5 shares held	206,813	-	-	-	(206,813)	-
Interim dividend for the half year ended September 30, 2019 at the rate of Rs.6.5 per share	-	-	-	-	(806,572)	(806,572)
Total comprehensive income for the year ended March 31, 2020						
Profit for the year	-	-	-	-	3,078,400	3,078,400
Other comprehensive loss	-	-	-	-	(23,118)	(23,118)
	-	-	-	-	3,055,282	3,055,282
Balance as at March 31, 2020	1,240,879	39,953	165	9,492,000	5,807,411	16,580,408
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2020 at the rate of Rs.8.5 per share	-	-	-	-	(1,054,747)	(1,054,747)
Interim dividend for the half year ended September 30, 2020 at the rate of Rs.4.0 per share	-	-	-	-	(496,352)	(496,352)
Total comprehensive income for the year ended March 31, 2021						
Profit for the year	-	-	-	-	3,594,798	3,594,798
Other comprehensive income	-	-	-	-	6,420	6,420
	-	-	-	-	3,601,218	3,601,218
Balance as at March 31, 2021	1,240,879	39,953	165	9,492,000	7,857,530	18,630,527

The annexed notes 1 to 47 form an integral part of these financial statements.

Aamir H. Shirazi
Chairman

Saquib H. Shirazi
Chief Executive Officer

Kashif Yasin
Chief Financial Officer

Statement of Cash Flows

For the Year Ended March 31, 2021

	Note	2021 --- Rupees in '000 ---	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	14,942,120	3,617,552
Mark-up / interest paid		(3,444)	-
Income taxes paid		(919,066)	(1,758,173)
Contribution made to gratuity funds		(38,505)	(30,152)
Compensated absences paid		(19,775)	(20,752)
Mark-up / interest received		812,006	837,497
Workers' profit participation fund paid		(238,371)	(249,161)
Workers' welfare fund paid		(79,960)	(81,419)
Long term loans and advances - net		(11,582)	(3,204)
Long term deposits - net		954	857
Net cash generated from operating activities		14,444,377	2,313,045
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,079,871)	(2,182,337)
Proceeds from sale of property, plant and equipment		52,143	63,821
Payments for intangible assets		(15,038)	(8,392)
Payments for investments		(6,752,787)	(3,626,096)
Proceeds from sale of investments		2,059,343	3,729,255
Dividend received		434,584	438,026
Net cash used in investing activities		(5,301,626)	(1,585,723)
CASH USED IN FINANCING ACTIVITIES			
Lease rentals paid		(56,955)	(66,630)
Long term borrowings - obtained		500,000	-
Long term borrowings - repaid		(62,500)	-
Dividend paid		(1,543,732)	(1,832,235)
Net cash used in financing activities		(1,163,187)	(1,898,865)
Net increase / (decrease) in cash and cash equivalents		7,979,564	(1,171,543)
Cash and cash equivalents at beginning of the year		6,308,616	7,480,159
Cash and cash equivalents at end of the year	16	14,288,180	6,308,616

The annexed notes 1 to 47 form an integral part of these financial statements.

Aamir H. Shirazi
Chairman

Saquib H. Shirazi
Chief Executive Officer

Kashif Yasin
Chief Financial Officer

Notes to the Financial Statements For the Year Ended March 31, 2021

1. LEGAL STATUS AND OPERATIONS

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

The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 52.43% of issued, subscribed and paid-up capital of the Company as at March 31, 2021.

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

Business unit	Geographical location and address
Registered office	1 - McLeod Road, Lahore
Manufacturing plant	
Karachi	F-36, Estate Avenue, S.I.T.E., Karachi
Sheikhupura	26-27 Km, Lahore-Sheikhupura Road, Sheikhupura
Branch offices	
Lahore	1st Floor, 28-Mozang Road, Lahore
Islamabad	Plot No. 784/785, Golra Road, Islamabad
Faisalabad	1st Floor, Meezan Executive Tower, Liaquat Road, Faisalabad
Multan	Azmat Wasti Road, Multan
Hyderabad	2nd Floor, Dawood Centre, Autobhan Road, Hyderabad
Rahimyar Khan	Makhdoom Altaf Road, West Sadiq Canal Bank, Near City School, Rahimyar Khan

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

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

- (i) Estimated useful life of property, plant and equipment and intangible assets [notes 4.1 and 4.2];
- (ii) Lease term and discount rate for calculation of lease liabilities [notes 4.1(b)];
- (iii) Provision for slow moving inventories [notes 4.9 and 4.10];
- (iv) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 4.15 and 24.7];
- (v) Estimate of provision for warranty [note 4.22]; and
- (vi) Estimation of current and deferred tax [note 4.23].

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

New and amended standards and interpretations mandatory for the first time for the financial year beginning April 1, 2020:

IAS 1 & 8 Definition of material

Effective date:
January 1, 2020

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on April 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on April 1, 2020 and have not been early adopted by the Company:

- | | | |
|------------|--|--|
| | | Effective date: |
| (a) | IFRS 16 Leases – Rent concessions | June 1, 2020 |
| | <p>Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.</p> | |
| (b) | IAS 37 Onerous contracts | Effective date:
January 1, 2022 |
| | <p>Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.</p> | |
| (c) | IAS 16 Proceeds before an asset's intended use | Effective date:
January 1, 2022 |
| | <p>Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.</p> <p>There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.</p> | |

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

a) Owned assets

The Company has adopted cost model for its property, plant and equipment. Property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset, including any borrowing cost (note 4.26). The cost of a self constructed asset includes cost of materials, labour and other overheads that are directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling / removing the asset and restoring the site on which it is located. Items of property, plant and equipment individually costing Rs.25,000 or less are charged to the statement of profit or loss as and when purchased.

Capital work-in-progress is stated at cost accumulated upto the reporting date less accumulated impairment loss, if any. Capital work-in-progress is recognised as an operating fixed asset when it is made available for its intended use.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for in the books of account as separate items of property, plant and equipment.

Subsequent costs including major renewals and improvements are included in the carrying amount of the asset or are recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised at the time of replacement. Normal repair and maintenance and day-to-day servicing are charged to the statement of profit or loss as and when incurred.

Depreciation is charged to the statement of profit or loss using reducing balance method except for dies and jigs, office equipment, computers and accessories and furniture & fixtures, without considering extra shifts. Depreciation on dies and jigs, office equipment, computers and accessories and furniture & fixtures is charged to the statement of profit or loss using straight line method. Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged for the month in which the asset is disposed-off.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods.

Disposal of an item of property, plant and equipment is recognised when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. Gains and losses on disposals are determined by comparing the carrying amount of that asset with the sales proceeds and are recognised within 'other income / other operating expenses' in the statement of profit or loss.

b) Right of use assets and related liabilities

The Company generally leases ware houses, show rooms and related properties. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Company's incremental borrowing rate of 11.70%. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right of use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right of use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right of use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.2 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any and represent cost of software licenses, SAP implementation & support cost and license fee of certain products / components that are being manufactured by the Company under technology transfer arrangements.

Costs associated with maintaining these assets are charged to the statement of profit or loss as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset. Direct costs include purchase cost of the asset, salaries and other service benefits of staff deployed towards development of the asset and other related overheads. Expenditure incurred in respect of design, construction and testing of an intangible asset are also added to the carrying amount of that asset.

Expenditure which enhances or extends the performance of the asset beyond its original specifications is recognised as a capital improvement and added to the original cost of the asset.

All intangible assets are estimated to have definite useful lives and are amortised from the month the software / license is acquired, made available for use or extended support cost is incurred, using the straight line method over a period of 2 to 5 years.

4.3 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.4 Investments in equity instruments of an Associate

Investment in an Associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the investee after the date of acquisition.

The Company's share of post acquisition profit or loss is recognised in the statement of profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an Associate equals or exceeds its interest in the Associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value and recognises the amount adjacent to share of profit / loss of an Associate in the statement of profit or loss.

4.5 Financial assets

The details of accounting policies after the application of IFRS 9 is as follows.

4.5.1 Classification

The Company has classified its financial assets into following categories: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

(a) Financial assets at amortised cost

A financial asset shall be classified as financial asset at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income

Debt instruments where contractual cash flows are solely payments of principal and interest and the objective of the Company is achieved by both collecting cash flows and selling the financial assets.

Equity investment that are not held for trading and the Company made an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in profit or loss.

(c) Financial assets at fair value through profit or loss

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different basis.

4.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, financial assets are measured at fair value or amortised cost.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'other income / other operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of 'other income' when the Company's right to receive payments is established.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognised in other comprehensive income with only dividend income recognised in the statement of profit or loss.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. Impairment testing of other receivables is described in note 4.11.

4.6 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method.

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

4.7 Off setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.8 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, if so, the nature of the item being hedged. The Company designates certain derivatives as either fair value hedge or cash flow hedge.

(a) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognised asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recognised in the statement of profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

(b) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss. Amounts accumulated in equity are reclassified to the statement of profit or loss in the periods when the hedged item affects the statement of profit or loss.

4.9 Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realisable value. The cost of inventory is based on weighted average cost. Items-in-transit are stated at cost accumulated upto the reporting date. The Company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment is also made for slow moving items.

4.10 Stock-in-trade

Stock-in-trade are stated at the lower of cost and net realisable value. Cost of raw materials and components represent invoice values plus other charges incurred thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represent direct cost of raw materials, wages and appropriate manufacturing overheads. Goods in transit are valued at cost accumulated upto the reporting date.

The Company reviews the carrying amount of stock-in-trade on an on-going basis and as appropriate, inventory is written down to its net realisable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

Net realisable value is the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.11 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost.

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of the receivables.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks.

4.13 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

4.14 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4.15 Retirement and other service benefit obligations

4.15.1 Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognised as an employee service benefit expense in the statement of profit or loss when it is due.

The Company operates defined contribution plans for its permanent employees excluding expatriates, through either one of the following ways:

- a recognised provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

All the newly appointed employees are offered voluntary pension scheme only. However, those employees who are provident fund trust members, have the option to opt for either of two above-mentioned defined contribution plans.

Equal monthly contributions at the rate of 11% of the basic salary are made to the fund / scheme both by the Company and the employees. The fund is a separate legal entity and its assets are being held separately under the control of its Trustees.

4.15.2 Defined benefit plans

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Defined benefit plans define an amount of gratuity that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The Company has established separate funded gratuity schemes for its management and non-management staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 24.7 to the financial statements.

The amount arising as a result of re-measurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost are recognised immediately in the statement of profit or loss.

4.15.3 Compensated absences

Employees' entitlement to annual leaves is recognised when they accrue to the employees. A provision, based on actuarial valuations, is made for the estimated liability for annual leaves as a result of services rendered by employees up to the reporting date. Current Service cost, actuarial gains or losses and past service cost are recognised immediately in the statement of profit or loss.

4.16 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.17 Obligation under finance lease

Total outstanding obligation under the lease arrangements less finance cost attributable to future periods is presented as liability. Finance cost under the lease arrangements is distributed over the lease term so as to produce a constant periodic rate of finance cost on the balance of principal liability outstanding at the end of each period.

4.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.19 Government grants

Government grants are recognized where there is a reasonable assurance that the grant will be received and the Company will comply with all conditions of the grant. Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.20 Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership are retained by the Muj'ir (lessor) are classified as operating Ijarah. Payments made during the year are charged to the statement of profit or loss on a straight-line basis over the period of the Ijarah in accordance with Islamic Financial Accounting Standard-2.

4.21 Provisions

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

4.22 Warranty

The Company recognises the estimated liability to repair or replace damaged parts of products still under warranty at the reporting date on the basis of historical claim information. The Company offers 3 years' warranty on all engine spare parts and six months warranty on all other spare parts of its motorcycles. The ratio of warranty claims filed during the year to previous year's sales is taken into account for determining the estimated liability.

4.23 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4.24 Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

4.25 Revenue recognition

The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price

- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

The Company manufacture and sale of motorcycles and related spare parts. Revenue from sale of goods is recognised when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts. Income from different sources other than above is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.

4.26 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4.27 Research and development costs

Research and development costs are recognised in the statement of profit or loss as and when incurred.

4.28 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.29 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

4.30 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2021 --- Rupees in '000 ---	2020
Operating fixed assets	5.1	9,556,536	9,748,903
Capital work-in-progress	5.5	46,606	61,562
Right of use assets	5.6	185,020	231,030
		<u>9,788,162</u>	<u>10,041,495</u>

5.1 Operating fixed assets

	Freehold lands	Leasehold lands	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Dies and jigs	Factory equipment	Office equipment	Computers and accessories	Furniture and fixtures	Electric and gas fittings	Vehicles	Total
	----- Rupees in '000 -----												
At April 1, 2019													
Cost	334,283	34,132	1,761,334	342,106	9,578,202	1,824,821	571,066	71,821	229,657	123,003	582,412	429,853	15,882,690
Accumulated depreciation	-	(12,579)	(563,226)	(154,273)	(4,055,509)	(1,211,950)	(221,134)	(40,546)	(186,739)	(82,520)	(267,377)	(171,609)	(6,967,462)
Net book amount	334,283	21,553	1,198,108	187,833	5,522,693	612,871	349,932	31,275	42,918	40,483	315,035	258,244	8,915,228
Year ended March 31, 2020													
Opening net book amount	334,283	21,553	1,198,108	187,833	5,522,693	612,871	349,932	31,275	42,918	40,483	315,035	258,244	8,915,228
Additions	448,151	-	5,383	33,281	1,008,269	356,218	12,571	2,716	28,157	1,092	23,980	236,362	2,156,180
Disposals													
Cost	-	-	-	-	(33,795)	(199,234)	(72)	-	(1,178)	(51)	(241)	(96,961)	(331,532)
Accumulated depreciation	-	-	-	-	28,663	154,941	47	-	595	51	70	37,075	221,442
	-	-	-	-	(5,132)	(44,293)	(25)	-	(583)	-	(171)	(59,886)	(110,090)
Depreciation charge	-	(513)	(120,125)	(20,634)	(597,760)	(285,541)	(35,590)	(9,586)	(20,456)	(14,325)	(32,588)	(75,297)	(1,212,415)
Closing net book amount	782,434	21,040	1,083,366	200,480	5,928,070	639,255	326,888	24,405	50,036	27,250	306,256	359,423	9,748,903
At March 31, 2020													
Cost	782,434	34,132	1,766,717	375,387	10,552,676	1,981,805	583,565	74,537	256,636	124,044	606,151	569,254	17,707,338
Accumulated depreciation	-	(13,092)	(683,351)	(174,907)	(4,624,606)	(1,342,550)	(256,677)	(50,132)	(206,600)	(96,794)	(299,895)	(209,831)	(7,958,435)
Net book amount	782,434	21,040	1,083,366	200,480	5,928,070	639,255	326,888	24,405	50,036	27,250	306,256	359,423	9,748,903
Year ended March 31, 2021													
Opening net book amount	782,434	21,040	1,083,366	200,480	5,928,070	639,255	326,888	24,405	50,036	27,250	306,256	359,423	9,748,903
Additions	338,320	-	14,548	40,938	271,103	173,081	13,956	3,610	58,734	2,397	28,557	149,583	1,094,827
Disposals (note 5.4)													
Cost	-	-	-	-	(51,231)	(154,045)	(4,186)	(1,310)	(7,492)	(675)	(7,700)	(68,003)	(294,642)
Accumulated depreciation	-	-	-	-	43,412	121,097	3,747	542	7,036	675	4,452	28,991	209,952
	-	-	-	-	(7,819)	(32,948)	(439)	(768)	(456)	-	(3,248)	(39,012)	(84,690)
Written-off													
Cost	-	-	-	-	-	(69,108)	-	-	-	-	-	-	(69,108)
Accumulated depreciation	-	-	-	-	-	38,873	-	-	-	-	-	-	38,873
	-	-	-	-	-	(30,235)	-	-	-	-	-	-	(30,235)
Depreciation charge (note 5.3)	-	(513)	(108,929)	(20,418)	(596,842)	(247,297)	(33,279)	(9,165)	(26,942)	(12,501)	(31,381)	(85,002)	(1,172,269)
Closing net book amount	1,120,754	20,527	988,985	221,000	5,594,512	501,856	307,126	18,082	81,372	17,146	300,184	384,992	9,556,536
At March 31, 2021													
Cost	1,120,754	34,132	1,781,265	416,325	10,772,548	1,931,733	593,335	76,837	307,878	125,766	627,008	650,834	18,438,415
Accumulated depreciation	-	(13,605)	(792,280)	(195,325)	(5,178,036)	(1,429,877)	(286,209)	(58,755)	(226,506)	(108,620)	(326,824)	(265,842)	(8,881,879)
Net book amount	1,120,754	20,527	988,985	221,000	5,594,512	501,856	307,126	18,082	81,372	17,146	300,184	384,992	9,556,536
Annual rate of depreciation (%)		1.79	10	10	10	25	10	20	25	20	10	20	

5.2 Free hold lands of the Company are located at Sheikhpura with an area of 480,580 square yards and leasehold lands of the Company are located at Karachi with an area of 27,543 square yards.

5.3 Depreciation expense of Rs.1,065,177 thousand (2020: Rs.1,115,586 thousand) has been charged in 'Cost of sales', Rs.25,530 thousand (2020: Rs.20,112 thousand) in 'Sales and marketing expenses' and Rs.81,562 thousand (2020: Rs.76,717 thousand) in 'Administrative expenses'.

5.4 Details of operating fixed assets disposed-off during the year:

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Profit / (loss)	Method of disposal	Sold to:
----- Rupees in '000 -----							
Assets with individual net book amount exceeding Rs.500,000 each							
Plant and machinery							
	24,271	(20,111)	4,160	1,205	(2,955)	Negotiation	Kausar Trade Distributors, B-31, SITE, Sindh Industrial Trading Estate, Karachi
	7,947	(6,585)	1,362	342	(1,020)	Negotiation	Faraz Industries, Shafiq Mill Colony Block-22, Gulberg Town, Karachi
	3,524	(2,858)	666	68	(598)	Negotiation	Kausar Trade Distributors, B-31, SITE, Sindh Industrial Trading Estate, Karachi
	35,742	(29,554)	6,188	1,615	(4,573)		
Dies and Jigs							
	50,200	(40,788)	9,412	568	(8,844)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road Sheikhpura
	14,761	(8,303)	6,458	167	(6,291)	Scrap	
	14,761	(8,303)	6,458	167	(6,291)	Scrap	
	17,033	(13,130)	3,903	193	(3,710)	Scrap	
	5,076	(2,961)	2,115	57	(2,058)	Scrap	
	5,076	(2,961)	2,115	57	(2,058)	Scrap	
	6,234	(4,545)	1,689	71	(1,618)	Scrap	
	7,660	(6,862)	798	87	(711)	Scrap	
	120,801	(87,853)	32,948	1,367	(31,581)		
Vehicles							
	1,250	(530)	720	780	60	Insurance claim	Atlas Insurance Limited, a related party
	2,758	(883)	1,875	1,875	-	Company policy	Atlas Hitec (Private) Limited, a related party
	2,363	(788)	1,575	1,575	-	Company policy	Atlas Hitec (Private) Limited, a related party
	2,507	(476)	2,031	2,031	-	Company policy	Atlas DID (Private) Limited, a related party
							Employees of the Company
	3,169	(1,012)	2,157	2,157	-	Company policy	Mr. Zia ul Hassan Khan (Key Management Personnel)
	2,369	(1,074)	1,295	1,295	-	Company policy	Mr. M. Qadeer Khan (Key Management Personnel)
	2,243	(1,107)	1,136	1,136	-	Company policy	Mr. Faisal Mehmood (Key Management Personnel)
	1,715	(778)	937	937	-	Company policy	Mr. Umair Aziz
	1,703	(788)	915	915	-	Company policy	Ms. Marrium Ahmed
	1,340	(488)	852	852	-	Company policy	Ms. Sahar Bibi Soomro
	1,101	(307)	794	794	-	Company policy	Mr. Muhammad Kashif
	1,250	(463)	787	787	-	Company policy	Mr. Usama Ahmad
	727	(85)	642	642	-	Company policy	Mr. Khurram Javed
	909	(267)	642	642	-	Company policy	Mr. Majid Shami
	661	(106)	555	555	-	Company policy	Mr. Azhar Munir
	1,174	(651)	523	523	-	Company policy	Mr. Talha Ahsun Siddiqui
	1,204	(695)	509	509	-	Company policy	Mr. Asif Hussain

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Profit	Method of disposal	Sold to:
----- Rupees in '000 -----							
						Ex-Employees of the Company	
	1,398	(93)	1,305	1,305	-	Company policy	Mr. Danial Siddiqui
	1,753	(650)	1,103	1,103	-	Company policy	Mr. Aman Manzar
	1,745	(283)	1,462	1,462	-	Company policy	Ms. Nida Irfan
	2,108	(759)	1,349	1,700	351	Negotiations	Mr. Nurul Hoda (Key Management Personnel)
	1,491	(537)	954	954	-	Company policy	Mr. Nurul Hoda (Key Management Personnel)
	36,938	(12,820)	24,118	24,529	411		
	201,618	(134,697)	66,921	30,795	(36,126)		
Various assets having net book amount upto Rs. 500,000 each	93,024	(75,255)	17,769	21,348	3,579		
Year Ended: March 31, 2021	294,642	(209,952)	84,690	52,143	(32,547)		
Year Ended: March 31, 2020	331,532	(221,442)	110,090	63,821	(46,269)		

5.5 Capital work-in-progress

Note **2021** **2020**
--- Rupees in '000 ---

Civil works	17,366	5,374
Plant and machinery	15,314	48,003
Dies and jigs	-	1,019
Factory equipment	80	1,703
Computers and accessories	-	1,473
Electric and gas fittings	9,650	-
Vehicles	-	3,990
Intangible asset - computer software	4,196	-
	46,606	61,562

5.6 Right of use assets

Balance at beginning of the year	231,030	-
Transition effect on initial application	-	277,040
Less: depreciation charged during the year	46,010	46,010
Net book value at end of the year	185,020	231,030

5.6.1

5.6.1 Depreciation expense relating to right to use asset - properties of Rs.37,624 thousand (2020: Rs.37,624 thousand) has been charged in 'Sales and marketing expenses' and Rs.8,386 thousand (2020: Rs.8,386 thousand) in 'Administrative expenses'.

5.6.2 Right of use assets include Rs.107,494 thousand (2020: Rs.107,494 thousand) recognised against assets rented from related parties.

6. INTANGIBLE ASSETS

At April 1, 2019

Cost
Accumulated amortisation
Net book amount

Year ended March 31, 2020

Opening net book amount
Additions
Amortisation charge
Closing net book amount

At March 31, 2020

Cost
Accumulated amortisation
Net book amount

Year ended March 31, 2021

Opening net book amount
Additions
Amortisation charge (note 28.1)
Closing net book amount

At March 31, 2021

Cost
Accumulated amortisation
Net book amount
Annual rate of amortisation (%)

Software licenses	SAP implementation and support cost	License fee	Total
----- Rupees in '000 -----			
64,517	38,041	196,386	298,944
(59,737)	(38,041)	(32,242)	(130,020)
4,780	-	164,144	168,924
4,780	-	164,144	168,924
8,392	-	-	8,392
(3,961)	-	(38,234)	(42,195)
9,211	-	125,910	135,121
72,909	38,041	196,386	307,336
(63,698)	(38,041)	(70,476)	(172,215)
9,211	-	125,910	135,121
9,211	-	125,910	135,121
15,038	-	-	15,038
(10,112)	-	(38,234)	(48,346)
14,137	-	87,676	101,813
87,947	38,041	196,386	322,374
(73,810)	(38,041)	(108,710)	(220,561)
14,137	-	87,676	101,813
50	20	20	

7. LONG TERM INVESTMENTS

Unquoted

Associate - equity accounted investment
Others - available for sale

7.1 Equity accounted investment - Atlas Hitec (Private) Limited

Balance at beginning of the year
Share of profit for the year - net of tax
Dividend received during the year
Balance at end of the year

Note	2021 --- Rupees in '000 ---	2020
7.1	329,669	322,240
7.2	-	-
	329,669	322,240
	322,240	323,497
	9,329	4,443
	(1,900)	(5,700)
	329,669	322,240

- 7.1.1 Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (2020: 29.23%) of its issued, subscribed and paid-up capital as at March 31, 2021. AHPL was incorporated in Pakistan as a private limited company on September 13, 2012 and its principal activity is to manufacture and sale any kind of automobile parts and allied products.

7.1.2 The summary of financial information / reconciliation of AHPL as of March 31, 2021 is as follows:

	2021	2020
	--- Rupees in '000 ---	
Summarised Statement of Financial Position		
Non current assets	645,500	673,100
Current assets	806,620	614,700
	1,452,120	1,287,800
Non - current liabilities	-	7,299
Current liabilities	339,600	193,400
	339,600	200,699
Net assets	1,112,520	1,087,101
Reconciliation of carrying amount		
Opening net assets	1,087,101	1,091,403
Profit for the year	31,000	16,000
Other adjustments	919	(802)
Dividend paid during the year	(6,500)	(19,500)
Closing net assets	1,112,520	1,087,101
Company's share %	29.23%	29.23%
Company's share	325,198	317,769
Goodwill	4,471	4,471
Carrying amount of investment	329,669	322,240
Summarised Statement of profit or loss		
Revenue	2,856,300	2,491,100
Profit before tax	43,800	22,600
Profit after tax	31,000	16,000

7.1.3 The financial information of AHPL is based on unaudited financial statements for the year ended March 31, 2021.

	Note	2021	2020
		--- Rupees in '000 ---	
7.2 Others - available for sale			
Arabian Sea Country Club Limited			
200,000 ordinary shares of Rs.10 each - cost		2,000	2,000
Less: Impairment in the value of investment		2,000	2,000
		-	-
Automotive Testing & Training Centre (Private) Limited			
50,000 ordinary shares of Rs.10 each - cost		500	500
Less: Impairment in the value of investment		500	500
		-	-
		-	-
8. LONG TERM LOANS AND ADVANCES			
Considered good			
Loans and advances to:			
Related parties - Key Management Personnel		3,893	2,816
Other employees		87,526	71,560
	8.1	91,419	74,376
Less: amounts due within twelve months and shown under current assets:			
Related parties - Key Management Personnel		3,244	2,102
Other employees		39,922	35,603
	12	43,166	37,705
		48,253	36,671

- 8.1 These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs.66,768 thousand (2020: Rs.55,400 thousand) are provided for purchase of motorcycles and are repayable in forty eight equal monthly instalments for management staff and forty equal monthly instalments for non-management staff. These loans are secured against respective motorcycles and employees' vested retirement benefits. Advances are unsecured and are repayable in eighteen equal monthly instalments.
- 8.2 The maximum amount of loans and advances to the key management personnel outstanding at the end of any month during the year ended March 31, 2021 was Rs.6,045 thousand (2020: Rs.2,991 thousand).
- 8.3 The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

9. STORES, SPARES AND LOOSE TOOLS

	Note	2021 --- Rupees in '000 ---	2020
Consumable stores		137,229	133,189
Maintenance spares		434,790	456,005
Loose tools		164,577	184,389
		736,596	773,583
Provision for slow moving inventories	10.2	(89,561)	(90,460)
		647,035	683,123

10. STOCK-IN-TRADE

Raw materials and components			
- in hand		2,729,386	3,548,078
- held with vendors	10.1	307,505	140,321
		3,036,891	3,688,399
Work-in-process		-	10,245
Finished goods			
- motorcycles		65,914	204,375
- spare parts		563,913	659,933
		629,827	864,308
Items in transit		431,244	422,625
		4,097,962	4,985,577
Provision for slow moving inventories	10.2	(71,350)	(96,961)
		4,026,612	4,888,616

- 10.1 Includes raw materials amounting Rs.10,121 thousand (2020: Nil) held with Atlas Autos (Private) Limited (a related party) and Rs.227 thousand (2020: Nil) held with Atlas Engineering (Private) Limited (a related party) for further processing into parts to be supplied to the Company.

10.2 Movement of provision for slow moving inventories

	Stores, spares & loose tools		Stock-in-trade	
	2021	2020	2021	2020
	----- Rupees in '000 -----			
Balance at beginning of the year	90,460	90,127	96,961	87,002
Provision made during the year	7,802	26,843	15,218	67,163
Provision reversed due to disposal during the year	(8,701)	(26,510)	(40,829)	(57,204)
Balance at end of the year	89,561	90,460	71,350	96,961

- 10.3 Stock-in-trade and trade debts upto a maximum amount of Rs.9,947,666 thousand (2020: Rs.4,058,000 thousand) are under hypothecation of commercial banks as security for short term finance facilities (note 25).

11. TRADE DEBTS

	Note	2021 --- Rupees in '000 ---	2020
Considered good			
Export - secured	11.1	6,134	12,005
Local - unsecured		1,495,791	801,975
		1,501,925	813,980
Considered doubtful			
		1,760	996
		1,503,685	814,976
Expected credit loss allowance		1,760	996
		1,501,925	813,980

- 11.1 These trade debts are secured against letters of credit issued by customers in favour of the Company.
- 11.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.442,100 thousand (2020: Rs.429,980 thousand).
- 11.3 At March 31, 2021, trade debts aggregating to Rs.166,798 thousand (2020: Rs.77,682 thousand) were past due but not impaired. These relate to various customers for which there is no recent history of default. The ageing analysis of these trade debts is as follows:

	Note	2021 --- Rupees in '000 ---	2020
Past due within 30 days		127,750	65,518
Past due beyond 30 days		39,048	12,164
		166,798	77,682

12. LOANS AND ADVANCES

Considered good			
Current portion of long term loans and advances to key management personnel and other employees	8	43,166	37,705
Loans to employees	12.1	418	354
Advances to suppliers, contractors and others		3,845	4,693
		47,429	42,752

- 12.1 These represent interest free welfare and festival loans provided to employees in accordance with Company's policy and have maturities upto ten months.
- 12.2 The carrying values of loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

13. TRADE DEPOSITS AND PREPAYMENTS

	Note	2021 --- Rupees in '000 ---	2020
Trade deposits - unsecured and considered good		18,533	11,703
Prepayments	13.1	74,775	105,459
Margin against letters of credit		1,295,286	569,355
		1,388,594	686,517

- 13.1 Includes prepayments of Rs.52,539 thousand (2020: Rs.45,982 thousand), Rs.6,994 thousand (2020: Rs.42,514 thousand) and Rs.201 thousand (2020: Rs.190 thousand) to Atlas Insurance Limited, Shirazi Investments (Private) Limited and Atlas Foundation, related parties respectively.

14. OTHER RECEIVABLES

		2021 --- Rupees in '000 ---	2020
Unsecured and considered good			
Sales tax receivable - net		-	324,637
Others		1,754	4,384
		1,754	329,021

15. **SHORT TERM INVESTMENTS** - At fair value through profit or loss

2021 --- Number of units ---	2020	Related parties	Note	2021 --- Rupees in '000 ---	2020
14,959,694	7,380,828	Atlas Money Market Fund		7,569,797	3,720,306
422,656	396,267	Atlas Islamic Capital Preservation Plan		232,261	197,563
178,081	175,943	Atlas Islamic Stock Fund		106,739	66,174
564,023	150,495	Atlas Income Fund		307,957	86,899
28,216	27,734	Atlas Stock Market Fund		19,640	12,124
10,231,645	4,429,237	Atlas Sovereign Fund		1,074,295	504,224
37	33	Atlas Islamic Income Fund		19	19
60,721	-	Atlas Islamic Money Market Fund		30,360	-
		Others		9,341,068	4,587,309
6,561,624	6,191,288	Lakson Money Market Fund		663,902	622,601
831,693	815,389	National Investment (Unit) Trust		58,942	38,356
67	62	NIT Government Bond Fund		1	1
179	176	NIT Islamic Equity Fund		2	1
				722,847	660,959
				10,063,915	5,248,268

16. **CASH AND BANK BALANCES**

Cash at banks in:

- current accounts {including US\$ 193 thousand
2020: US\$ 36 thousand}}

- saving deposit accounts

- term deposit receipts

Cash in hand

Note **2021** **2020**
--- Rupees in '000 ---

	277,460	494,156
16.1	310,736	112,618
16.2	13,699,984	5,700,000
	-	1,842
	14,288,180	6,308,616

16.1 Saving deposit accounts carry mark-up upto 6.2% (2020: 12%) per annum.

16.2 Term deposit receipts (TDRs) have maturity of 7 to 30 days (2020: 30 days) from respective date of acquisition. TDRs carry mark-up at the rates ranging from 6.1% to 15% (2020: 12% to 15%) per annum.

17. **SHARE CAPITAL**

17.1 **Authorised capital**

2021 --- Number of shares ---	2020	2021 --- Rupees in '000 ---	2020
150,000,000	150,000,000	1,500,000	1,500,000

17.2 Issued, subscribed and paid-up capital

2021 --- Number of shares ---	2020		2021 --- Rupees in '000 ---	2020
6,352,748	6,352,748	Ordinary shares of Rs.10 each fully paid in cash	63,528	63,528
117,475,887	117,475,887	Ordinary shares of Rs.10 each issued as fully paid bonus shares	1,174,758	1,174,758
259,300	259,300	Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash	2,593	2,593
<u>124,087,935</u>	<u>124,087,935</u>		<u>1,240,879</u>	<u>1,240,879</u>

17.3 Movement in issued, subscribed and paid-up capital

2021 --- Number of shares ---	2020			
124,087,935	103,406,613	At beginning of the year	1,240,879	1,034,066
-	20,681,322	Ordinary shares of Rs.10 each issued during the year as fully paid bonus shares	-	206,813
<u>124,087,935</u>	<u>124,087,935</u>	At end of the year	<u>1,240,879</u>	<u>1,240,879</u>

17.4 Ordinary shares of the Company held by the related parties as at March 31

	2021 -- Number of shares --	2020
Shirazi Investments (Private) Limited	65,064,831	65,064,831
Honda Motor Company Limited, Japan	43,430,778	43,430,778
Atlas Insurance Limited	3,518,073	3,518,073
Atlas Foundation	1	-
	<u>112,013,683</u>	<u>112,013,682</u>

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

18. RESERVES

Capital reserves

Share premium
Gain on sale of land

Revenue reserves

General reserve
Unappropriated profit

2021 --- Rupees in '000 ---	2020
39,953	39,953
165	165
<u>40,118</u>	<u>40,118</u>
9,492,000	9,492,000
7,857,530	5,807,411
<u>17,349,530</u>	<u>15,299,411</u>
<u>17,389,648</u>	<u>15,339,529</u>

19. LEASE LIABILITIES

Balance at beginning of the year
Impact of initial application of IFRS 16
Interest accrued
Repaid / adjusted during the year

2021 --- Rupees in '000 ---	2020
239,382	-
-	277,040
25,799	28,972
(56,955)	(66,630)
<u>208,226</u>	<u>239,382</u>
(39,610)	(30,234)
<u>168,616</u>	<u>209,148</u>

Current portion grouped under current liabilities
Balance at end of the year

- 19.1 These represents lease contracts for regional sales offices and registered office used in its operations and have estimated lease terms between 3 to 9 years. These are discounted using incremental borrowing rate of the Company. These includes Rs.73,049 thousand (2020: Rs.89,235 thousand) due to Atlas Foundation, a related party.

The future minimum lease payments to which the Company is committed under the agreements will be due as follows:

Particulars	Upto one year	From one to five years	Over five years	Total 2021	Upto one year	From one to five years	Over five years	Total 2020
----- Rupees in '000 -----								
Minimum lease payments	61,238	214,089	10,244	285,571	56,033	245,399	41,094	342,526
Finance cost allocated to future periods	(21,628)	(54,883)	(834)	(77,345)	(25,799)	(74,052)	(3,293)	(103,144)
Present value of minimum lease payments	39,610	159,206	9,410	208,226	30,234	171,347	37,801	239,382

20. LONG TERM BORROWINGS

	Note	2021 --- Rupees in '000 ---	2020
Loan under refinance scheme for payment of wages and salaries	20.1	437,500	-
Adjustment pertaining to fair value of loan at below market interest rate	20.2	(23,983)	-
		413,517	-
Current maturity		(226,135)	-
		187,382	-

- 20.1 This represents long term loan of Rs.500,000 thousand received from Habib Bank Limited under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan. The facility is secured against ranking charges over stocks & book debts along with pari passu hypothecation charge over all present and future plant, machinery and equipment with 25% margin limited to Rs.667,000 thousands. Mark-up is chargeable at SBP rate plus 1.0% per annum and to be paid at the end of each quarter. The principal is repayable in eight quarterly instalments started from January 2021. The Company during the year repaid instalments aggregating Rs.62,500 thousand.

	2021 --- Rupees in '000 ---	2020
20.2 Adjustment pertaining to fair value of loan at below market interest rate		
Difference of fair value of loan and loan received	50,467	-
Amortization of loan	26,484	-
	23,983	-

21. DEFERRED INCOME - GOVERNMENT GRANT

Grant recognized on loan at below market interest rate	50,467	-
Less: released to statement of profit or loss	26,484	-
	23,983	-
Current portion	(20,458)	-
	3,525	-

- 21.1 The Company recognized government grant on below market interest loan received - (note 20.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

22. STAFF RETIREMENT BENEFITS

	Note	2021 --- Rupees in '000 ---	2020
Compensated absences	22.1	335,626	272,604
Provision for gratuity	24.7	57,943	69,990
		393,569	342,594

22.1 Compensated absences

	Note	2021 --- Rupees in '000 ---	2020
Balance at beginning of the year		272,604	254,120
Provision for the year		82,797	39,236
		355,401	293,356
Encashed during the year		(19,775)	(20,752)
Balance at end of the year	22.1.1	335,626	272,604

22.1.1 Includes liability in respect of key management personnel aggregating to Rs.47,653 thousand (2020: Rs.36,508 thousand).

23. DEFERRED TAXATION - Net

	2021 --- Rupees in '000 ---	2020
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation	888,997	931,652
Provision for slow moving inventories & doubtful debts	(46,566)	(53,711)
Compensated absences	(96,075)	(78,123)
Warranty obligations	(17,546)	(17,281)
Staff retirement benefit - gratuity	(27,932)	(31,092)
Lease liabilities - net	(6,643)	(2,394)
Minimum tax recoupable	(166,173)	(144,851)
	528,062	604,200

23.1 Movement in deferred taxation

	Accelerated tax depreciation	Provision for slow moving inventories and doubtful debts	Compensated absences	Warranty obligations	Staff retirement benefit - gratuity	Lease liabilities - net	Minimum tax recoupable	Total
----- Rupees in 000 -----								
At April 1, 2019	847,307	(47,246)	(67,781)	(12,933)	(19,323)	-	-	700,024
Charge / (credited) to:								
Profit and loss account	84,345	(6,465)	(10,342)	(4,348)	(2,482)	(2,394)	(144,851)	(86,537)
Other comprehensive income	-	-	-	-	(9,287)	-	-	(9,287)
	84,345	(6,465)	(10,342)	(4,348)	(11,769)	(2,394)	(144,851)	(95,824)
At March 31, 2020	931,652	(53,711)	(78,123)	(17,281)	(31,092)	(2,394)	(144,851)	604,200
Charge / (credited) to:								
Profit and loss account	(42,655)	7,145	(17,952)	(265)	585	(4,249)	(21,322)	(78,713)
Other comprehensive income	-	-	-	-	2,575	-	-	2,575
	(42,655)	7,145	(17,952)	(265)	3,160	(4,249)	(21,322)	(76,138)
At March 31, 2021	888,997	(46,566)	(96,075)	(17,546)	(27,932)	(6,643)	(166,173)	528,062

24. TRADE AND OTHER PAYABLES

		2021	2020
	Note	--- Rupees in '000 ---	
Creditors	24.1	5,808,020	4,871,563
Accrued liabilities	24.2	2,821,179	2,255,360
Royalty payable	24.3	1,446,412	970,535
Warranty obligations		61,296	60,302
Contract liabilities - advances from customers	24.4	10,432,420	4,051,943
Retention money		2,737	2,847
Sales tax payable - net		530,261	-
Workers' profit participation fund	24.5	280,983	238,371
Workers' welfare fund	24.6	104,947	89,950
Payable to staff retirement benefit funds - gratuity	24.7	39,635	38,505
Provision for custom duty		724,981	200,745
Provision for Sindh government infrastructure fee		417,000	377,770
Others	24.9	53,302	34,044
		<u>22,723,173</u>	<u>13,191,935</u>

24.1 Includes Rs. Nil thousand (2020: Rs.316,556 thousand) to Atlas Autos (Private) Limited, a related party and Rs. Nil thousand (2020: Rs.2,774 thousand) due to other related parties.

24.2 Includes Rs.7,369 thousand (2020: Rs.19,908 thousand) due to Honda Motor Company Limited, Japan - a related party.

24.3 Includes Rs.1,446,412 thousand (2020: Rs.964,403 thousand) due to Honda Motor Company Limited, Japan - a related party.

24.4 These represent advances from customers against sale of motorcycles & parts and carry no mark-up. It includes Rs.695 thousand (2020: Rs.712 thousand) due to related parties.

		2021	2020
	Note	--- Rupees in '000 ---	
24.5 Workers' profit participation fund (the Fund)			
Balance at beginning of the year		238,371	249,161
Allocation for the year	32	276,177	236,711
Interest on funds utilised in the Company's business	33	4,806	1,660
		<u>519,354</u>	<u>487,532</u>
Paid to trustees of the Fund		(238,371)	(249,161)
Balance at end of the year		<u>280,983</u>	<u>238,371</u>
24.6 Workers' welfare fund			
Balance at beginning of the year		89,950	81,216
Charge for the year		104,947	89,950
Adjustment for prior year		(9,990)	203
	32	<u>94,957</u>	<u>90,153</u>
		<u>184,907</u>	<u>171,369</u>
Payment / adjustment made during the year		(79,960)	(81,419)
Balance at end of the year		<u>104,947</u>	<u>89,950</u>

24.7 Staff retirement benefit - gratuity

24.7.1 The Company has established two separate funded gratuity schemes for its management and non-management staff, who completes qualifying period of service.

24.7.2 These benefit plans are trustee-administered funds and are governed by local regulations which mainly includes Trust Act, 1882, the Act, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contributions schedules lies with the board of trustees. The Company appoints the trustees and all trustees are employees of the Company.

24.7.3 The latest actuarial valuations of the Funds as at March 31, 2021 were carried out using the 'Projected Unit Credit Method'. Details of the Funds as per the actuarial valuations are as follows:

	Management		Non-management		Total	
	2021	2020	2021	2020	2021	2020
	----- Rupees in '000 -----					
Present value of defined benefit obligation at March 31 - note 24.7.5	449,150	388,205	40,170	39,016	489,320	427,221
Fair value of plan assets at March 31 - note 24.7.6	(303,354)	(244,302)	(93,518)	(85,577)	(396,872)	(329,879)
Payable to related parties in respect of transferees	5,130	11,153	-	-	5,130	11,153
	150,926	155,056	(53,348)	(46,561)	97,578	108,495
Less: payable within next twelve months	39,635	38,505	-	-	39,635	38,505
	111,291	116,551	(53,348)	(46,561)	57,943	69,990
24.7.5 Movement in the present value of defined benefit obligation						
Balance at beginning of the year	388,205	350,107	39,016	38,449	427,221	388,556
Benefits paid	(15,417)	(28,215)	(3,231)	(4,230)	(18,648)	(32,445)
Current service cost	26,076	22,841	1,175	1,174	27,251	24,015
Interest expense	36,800	46,502	3,587	4,896	40,387	51,398
Re-measurement on obligation	10,580	16,219	(377)	(1,273)	10,203	14,946
Payable to / (receivable from) related parties in respect of transferees	2,906	(19,249)	-	-	2,906	(19,249)
Balance at end of the year	449,150	388,205	40,170	39,016	489,320	427,221
24.7.6 Movement in the fair value of plan assets						
Balance at beginning of the year	244,302	218,525	85,577	85,671	329,879	304,196
Contributions	38,505	30,152	-	-	38,505	30,152
Benefits paid	(15,417)	(28,215)	(3,231)	(4,230)	(18,648)	(32,445)
Interest income	23,241	30,838	7,813	10,775	31,054	41,613
Re-measurement	15,839	(10,819)	3,359	(6,639)	19,198	(17,458)
(Payable) / receivable to related parties in respect of transferees	(3,116)	3,821	-	-	(3,116)	3,821
Balance at end of the year	303,354	244,302	93,518	85,577	396,872	329,879
24.7.7 Expense / (income) recognised in the statement of profit or loss						
Current service costs	26,076	22,841	1,175	1,174	27,251	24,015
Net interest expense / (income)	13,559	15,664	(4,226)	(5,879)	9,333	9,785
	39,635	38,505	(3,051)	(4,705)	36,584	33,800

24.7.8 Re-measurement recognised in other comprehensive income

Loss / (gain) from change in

financial assumptions

Experience loss / (gain)

(Gain) / loss on re-measurement
of plan assets

Net re-measurements

Management		Non-management		Total	
2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----					
6,553	(5,880)	590	601	7,143	(5,279)
4,027	22,099	(967)	(1,873)	3,060	20,226
(15,839)	10,819	(3,359)	6,639	(19,198)	17,458
(5,259)	27,038	(3,736)	5,367	(8,995)	32,405

24.7.9 Net recognised liability

Net liability / (asset) at beginning of the year

Charge / (income) for the year

Contributions made during the year

Re-measurement recognised in
other comprehensive income

Recognised liability / (asset) as at March 31

Less: payable within next twelve months

155,055	119,664	(46,560)	(47,222)	108,495	72,442
39,635	38,505	(3,051)	(4,705)	36,584	33,800
(38,505)	(30,152)	-	-	(38,505)	(30,152)
(5,259)	27,038	(3,736)	5,367	(8,995)	32,405
150,926	155,055	(53,347)	(46,560)	97,579	108,495
39,635	38,505	-	-	39,635	38,505
111,291	116,550	(53,347)	(46,560)	57,944	69,990
39,080	20,018	11,173	4,317	50,253	24,335

24.7.10 Actual return on plan assets

24.7.11 Plan assets comprise of:

Fixed income instruments

Mutual fund securities

Others

141,013	126,801	53,694	50,592	194,707	177,393
160,527	114,844	38,429	34,398	198,956	149,242
1,814	2,657	1,395	587	3,209	3,244
303,354	244,302	93,518	85,577	396,872	329,879

24.7.12 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

24.7.13 Significant actuarial assumptions and sensitivity:

	Management		Non-management	
	2021	2020	2021	2020
	-- % per annum --		-- % per annum --	
Discount rate at March 31	9.25	9.50	9.25	9.50
Expected rate of increase in				
future salaries - first year	10.00	9.00	10.00	9.00
- long term	8.25	8.50	8.25	8.50
Demographic assumptions				
- Mortality rates (for death in service)	SLIC	SLIC	SLIC	SLIC
	(2001-05)-1	(2001-05)-1	(2001-05)-1	(2001-05)-1
- Rates of employee turnover	Moderate	Moderate	Moderate	Moderate

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

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
		---- Rupees in '000 ----	
Discount rate	1.00%	453,857	530,218
Future salary increase	1.00%	527,793	455,343
Withdrawal rates : light		482,492	
Withdrawal rates : heavy		493,133	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised within the statement of financial position.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

24.7.14 Expected charge and income to management and non-management gratuity plans for the year ending March 31, 2022 are Rs.43,927 thousand and Rs.3,549 thousand respectively.

24.7.15 The weighted average duration of defined benefit obligation for management and non-management plans is 7.56 years and 3.96 years respectively. The expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
March 31, 2021	----- Rupees in '000 -----				
Management staff	52,381	35,015	169,797	330,710	587,903
Non-management staff	4,636	7,662	25,356	24,111	61,765
Total	57,017	42,677	195,153	354,821	649,668

24.7.16 Historical information

	2021	2020	2019	2018	2017
	----- Rupees in '000 -----				
Present value of defined benefit obligation	489,320	427,221	388,556	358,434	366,741
Fair value of plan assets	396,872	329,879	304,196	346,399	348,288
Deficit provided in financial statements	92,448	97,342	84,360	12,035	18,453

24.8 Payable to staff retirement benefit funds - gratuity includes liability in respect of key management personnel aggregating to Rs.58,471 thousand (2020: Rs.55,814 thousand).

24.9 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.25,810 thousand (2020: Rs.19,428 thousand).

25. SHORT TERM BORROWINGS - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.6,040,000 thousand (2020: Rs.2,790,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to extent of Rs.9,947,666 thousand (2020: Rs.4,058,000 thousand). The rates of mark-up of these facilities during the year ranged from 7.13% to 12.22% (2020: 11.32% to 14.89%) per annum. These facilities are expiring on various dates by March 31, 2022.

Ijarah facilities aggregating Rs.1,698,380 thousand (including Rs.1,000,000 thousand under Islamic Temporary Economic Relief Facility (ITERF)) are also available to the Company from various banks. These facilities carry profit margin at the rates ranging from SBP rate + 0.6% to KIBOR plus 0.25% to 0.65% per annum.

The facilities for opening letters of credit as at March 31, 2021 aggregated to Rs.5,875,000 thousand (2020: Rs.5,436,000 thousand) of which the amount remained unutilised at year end was Rs.3,665,379 thousand (2020: Rs.4,252,051 thousand). These finance facilities are also secured against pari passu joint hypothecation charge on stocks-in-trade and trade debts of the Company.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Various cases have been filed against the Company by some former employees for reinstatement of service and are pending in different courts of Pakistan. The management is confident that outcome of these cases will be in favour of the Company and hence no provision is made in these financial statements.

26.1.2 Guarantees aggregating to Rs.1,276,706 thousand (2020: Rs.875,370 thousand) have been issued by commercial banks to government and semi government institutions for import of raw materials and supply of goods.

26.2 Commitments

26.2.1 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at March 31, 2021 aggregated to Rs.2,209,653 thousand (2020: Rs.1,183,949 thousand).

26.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at March 31, 2021 aggregated to Rs.61,164 thousand (2020: Rs.100,799 thousand).

26.2.3 The Company has entered into Ijarah arrangements for vehicles and plant machinery with various banks. Aggregate commitments for these Ijarah arrangements as at March 31, are as follows:

	Note	2021 --- Rupees in '000 ---	2020
Not later than one year		137,848	36,668
Later than one year and not later than five years		247,502	33,610
More than five years		93,134	-
		<u>478,484</u>	<u>70,278</u>
27. SALES - Net			
Gross sales			
- local		110,029,148	100,048,785
- export		625,872	163,190
		<u>110,655,020</u>	<u>100,211,975</u>
Less:			
- trade discount and commission		602,394	674,199
- sales tax		16,895,668	14,761,804
		<u>17,498,062</u>	<u>15,436,003</u>
		<u>93,156,958</u>	<u>84,775,972</u>
28. COST OF SALES			
Opening stock of finished goods		864,308	865,428
Cost of goods manufactured	28.1	79,756,094	73,744,292
Purchases during the year		6,286,829	4,914,628
		<u>86,042,923</u>	<u>78,658,920</u>
Closing stock of finished goods		(629,827)	(864,308)
		<u>86,277,404</u>	<u>78,660,040</u>

		2021	2020
28.1	Cost of goods manufactured	Note	--- Rupees in '000 ---
	Opening stock of work-in-process		10,245 582
	Raw materials and components consumed	28.2	68,043,803 63,216,788
	Direct labour	28.3	1,945,294 1,415,757
	Technical directors' remuneration		3,120 2,852
	Staff salaries, wages and other benefits	28.3	1,483,608 1,241,473
	Stores consumed		716,410 693,021
	Fuel and power		930,964 950,937
	Insurance		155,682 140,909
	Rent, rates and taxes including ljarah rentals	28.4	260,508 217,394
	Repair and maintenance		535,244 439,269
	Royalty including provincial taxes	28.5	4,226,753 3,858,199
	Technical assistance fee		19,112 55,160
	Travelling, conveyance and entertainment		9,641 64,157
	Postage and telephone		9,186 6,711
	Printing and stationery		35,117 29,268
	Vehicle running expenses		34,309 42,683
	Depreciation on operating fixed asset	5.3	1,065,177 1,115,586
	Canteen		161,896 128,600
	Newspapers, magazines and subscriptions		3,190 4,171
	Amortisation	6	48,346 42,195
	(Reversal) / provision for slow moving inventories - net	10.2	(26,510) 10,292
	Marking fee		84,997 78,527
	Other manufacturing expenses		2 6
			79,756,094 73,754,537
	Closing stock of work-in-process		- (10,245)
			79,756,094 73,744,292
28.2	Raw materials and components consumed		
	Opening stock		3,688,399 4,181,758
	Purchases during the year		67,392,295 62,723,429
			71,080,694 66,905,187
	Closing stock		(3,036,891) (3,688,399)
			68,043,803 63,216,788
28.3	Direct labour and staff salaries, wages & other benefits include Rs.136,749 thousand (2020: Rs.88,580 thousand) in respect of staff retirement benefits.		
28.4	Include expense related to short term leases aggregating to Rs.102,436 thousand (2020: Rs.158,534 thousand).		
28.5	Royalty charged in these financial statement pertains to Honda Motor Company Limited having registered office at 1-1, Minami-Aoyama 2-Chome, Minato-ku, Tokyo 107-8556, Japan, Toyo Denso Company Limited having registered office at 10-4, 2-Chome, Shinbashi Minato-ku, Tokyo, Japan and Yamada Manufacturing Company Limited having registered office at 1296-2, Koubayashi, Isesaki, Gunama, Japan.		

29. SALES AND MARKETING EXPENSES

		2021	2020
	Note	--- Rupees in '000 ---	
Directors' remuneration		42,299	36,662
Staff salaries and other benefits	29.1	467,033	391,288
Travelling, conveyance and entertainment		53,129	106,786
Vehicle running expenses		25,238	26,493
Rent, rates and taxes		23,614	29,312
Advertisement and sales promotion		407,748	541,638
Repairs and maintenance		3,931	6,574
Gas and electricity		16,242	17,495
Freight outward		622,065	549,728
Printing and stationery		3,013	4,429
Postage and telephone		16,800	18,802
First free service charges		162,209	194,479
Depreciation on operating fixed asset	5.3	25,530	20,112
Depreciation on right of use assets	5.6.1	37,624	37,624
Insurance		27,891	17,692
Newspapers, magazines and subscriptions		2,293	2,151
Others		202	418
		1,936,861	2,001,683

29.1 Staff salaries and other benefits include Rs.38,939 thousand (2020: Rs.34,235 thousand) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

		2021	2020
	Note	--- Rupees in '000 ---	
Non executive directors' fee		1,500	9,496
Staff salaries and other benefits	30.1	414,029	355,251
Travelling, conveyance and entertainment		8,293	16,150
Rent, rates and taxes		1,573	1,983
Insurance		8,977	6,234
Repairs and maintenance		16,548	15,993
Legal and professional charges		32,423	35,326
Gas and electricity		3,879	2,350
Newspapers, magazines, fees and subscriptions		4,174	8,437
Postage and telephone		2,344	2,343
Printing and stationery		12,143	18,476
Vehicle running expenses		13,965	18,022
Staff training		6,783	10,567
Depreciation on operating fixed asset	5.3	81,562	76,717
Depreciation on right of use assets	5.6.1	8,386	8,386
Donation	30.2	64,318	46,198
Others		227	232
		681,124	632,161

30.1 Staff salaries and other benefits include Rs.30,525 thousand (2020: Rs.24,934 thousand) in respect of staff retirement benefits.

30.2 Donation of Rs.64,318 thousand (2020: Rs.46,198 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi.

31. OTHER INCOME

	Note	2021 --- Rupees in '000 ---	2020
Income from financial assets			
Mark-up / interest on savings deposit accounts, term deposit receipts, treasury bills and Pakistan investment bonds	31.1	804,271	822,275
Gain on sale of investments at fair value through profit or loss		4,136	13,152
Fair value gain on investments at fair value through profit or loss		23,740	-
Dividend income		51,006	61,370
Income from investments in related parties			
Gain on sale of investments at fair value through profit or loss		4,644	50,963
Fair value gain on investments at fair value through profit or loss		89,684	36,789
Dividend income		381,678	370,956
Income from assets other than financial assets			
Commission income		30	312
Scrap sales		31,957	14,531
Others		1,336	600
		<u>1,392,482</u>	<u>1,370,948</u>

31.1 Mark-up / interest at the rates ranged from 5.5% to 15% (2020: 9.36% to 17.25%) per annum has been earned during the year on savings deposit accounts, term deposit receipts, treasury bills and Pakistan investment bonds.

32. OTHER OPERATING EXPENSES

	Note	2021 --- Rupees in '000 ---	2020
Workers' profit participation fund	24.5	276,177	236,711
Workers' welfare fund	24.6	94,957	90,153
Auditors' remuneration	32.1	4,534	3,510
Expected credit loss allowance on trade debts	11	764	996
Net foreign exchange loss		8,854	128
Fair value loss on investments at fair value through profit or loss - others		-	11,201
Loss on disposal / write off of operating fixed assets		62,782	46,269
		<u>448,068</u>	<u>388,968</u>

32.1 Auditors' remuneration

Fee for:

- audit of annual financial statements	2,000	1,500
- review of half yearly financial information	243	212
- review of Code of Corporate Governance	104	91
- audits of retirement funds and workers' profit participation fund	280	250
- certifications for payment of royalty, technical fee, dividend etc.	1,239	840
- out of pocket expenses	332	322
Provincial taxes on fee	336	295
	<u>4,534</u>	<u>3,510</u>

33. FINANCE COSTS

Mark-up / interest on borrowings		4,523	-
Interest on workers' profit participation fund	24.5	4,806	1,660
Bank and other financial charges		27,785	26,086
Interest on lease liabilities		25,799	28,972
		<u>62,913</u>	<u>56,718</u>

34. INCOME TAX EXPENSE

2021 2020
--- Rupees in '000 ---

Current tax

Current tax on profits for the year

Adjustments for current tax of prior years

1,498,517	1,363,488
137,797	56,442
1,636,314	1,419,930

Deferred tax

Origination and reversal of temporary differences

Impact of change in tax rate

(78,713)	(138,626)
-	52,089
(78,713)	(86,537)
1,557,601	1,333,393

34.1 No numeric tax rate reconciliation for the year is given in the financial statements, as provision made during the current year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 148, 150, 154 and 233 of the Ordinance.

35. EARNINGS PER SHARE

2021 2020
--- Rupees in '000 ---

35.1 Basic earnings per share

Net profit for the year

3,594,798	3,078,400
-----------	-----------

--- Number of shares ---

Weighted average ordinary shares in issue

124,087,935	124,087,935
-------------	-------------

----- Rupees -----

Earnings per share

28.97	24.81
-------	-------

35.2 Diluted earnings per share

No figures for diluted earnings per share have been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

36. CASH GENERATED FROM OPERATIONS

Note **2021** 2020
--- Rupees in '000 ---

Profit before taxation

5,152,399	4,411,793
-----------	-----------

Adjustments for:

Depreciation

1,218,279	1,258,425
-----------	-----------

Amortisation

48,346	42,195
--------	--------

Provision for compensated absences

82,797	39,236
--------	--------

Provision for gratuity

36,584	33,800
--------	--------

(Reversal) / provision for slow moving inventories - net

(26,510)	10,292
----------	--------

Mark-up / interest on saving deposit accounts,
term deposit receipts and others

(804,271)	(822,275)
-----------	-----------

Gain on sale of investments at fair value

(8,780)	(64,115)
---------	----------

through profit or loss

Fair value gain on investments at fair value

(113,424)	(25,588)
-----------	----------

through profit or loss

Net foreign exchange gain loss

8,854	128
-------	-----

Dividend income

(432,684)	(432,326)
-----------	-----------

Workers' profit participation fund

280,983	238,371
---------	---------

Workers' welfare fund

94,957	90,153
--------	--------

Loss on disposal / write-off of operating fixed assets

62,782	46,269
--------	--------

Mark-up / interest on borrowings

4,523	-
-------	---

Share of net profit of an Associate

(9,329)	(4,443)
---------	---------

Interest on lease liabilities

25,799	28,972
--------	--------

Changes in working capital

36.1	9,320,815	(1,233,335)
------	-----------	-------------

14,942,120	3,617,552
------------	-----------

36.1 Changes in working capital

2021 2020
--- Rupees in '000 ---

Decrease / (increase) in current assets

- Stores, spares and loose tools	36,987	42,298
- Stock-in-trade	887,615	171,261
- Trade debts	(687,945)	302,020
- Loans and advances	(4,677)	1,042
- Trade deposits and prepayments	(702,077)	320,611
- Other receivables	327,267	244,059
	(142,830)	1,081,291

Increase / (decrease) in current liabilities:

- Trade and other payables	9,463,645	(2,314,626)
	9,320,815	(1,233,335)

36.2 Cash flows from operating activities

- Direct method

Receipts from customers	98,849,490	82,136,373
Mark-up / interest received	812,006	837,497
Payments to trade suppliers, service providers and employees	(83,917,998)	(78,521,168)
Mark-up / interest paid	(3,444)	-
Income taxes paid	(919,066)	(1,758,173)
Contributions made to gratuity funds	(38,505)	(30,152)
Compensated absences paid	(19,775)	(20,752)
Workers' profit participation fund paid	(238,371)	(249,161)
Workers' welfare fund paid	(79,960)	(81,419)
	14,444,377	2,313,045

37. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged during year in respect of remuneration and fee, including certain benefits, to the Chief Executive Officer, Directors and Executives of the Company are given below:

	----- Directors -----				Executives	
	Chief Executive Officer		Others			
	2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----						
Managerial remuneration and fee	21,792	21,081	4,620	12,348	272,224	214,880
Rent and utilities	10,033	8,914	-	-	129,357	107,137
Bonus	8,141	4,317	-	-	103,889	48,083
Retirement benefits	2,085	2,016	-	-	23,559	21,912
Medical and other reimbursable expenses	248	334	-	-	7,461	6,971
	42,299	36,662	4,620	12,348	536,490	398,983
Number of persons	1	1	5	5	109	101

37.1 The Chief Executive Officer, three Directors and two expatriate executives are provided with free use of Company maintained cars and telephones at residences. Two Directors and two expatriate executives are also provided with furnished accommodation.

38. RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties at mutually agreed terms and conditions. Detail of related parties along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

38.1 Name and nature of relationship

a) The Holding Company

Shirazi Investments (Private) Limited - 52.43% shares held in the Company

b) Associated Companies due to significant influence based on holding

Honda Motor Company Limited, Japan - 35.00% shares held in the Company

Atlas Hitec (Private) Limited - 29.23% shares held by the Company

c) Associated Companies due to common directorship

Atlas Engineering Limited

Atlas Power Limited

Atlas Autos (Private) Limited

Honda Atlas Cars Pakistan Limited

Atlas Battery Limited

Atlas DID (Private) Limited

Atlas Energy Limited

Atlas Global, FZE, Jebeal Ali, UAE

Shirazi Trading Company (Private) Limited

Atlas Venture Limited

Tri Pack Films Limited

MYK Associates (Private) Limited

Madian Hydro Power Limited

Murree Brewery Company Limited

Oyster International Holdings Limited, Dubai

Atlas GCI (Private) Limited

Honda Atlas Power Products (Private) Limited

SF Global Holdings Limited, Dubai

d) Associated companies under common management

Atlas Worldwide General Trading LLC, Dubai

Atlas Metals (Private) Limited

Atlas Insurance Limited

Atlas Asset Management Limited

Zhenfa Pakistan New Energy Company Limited

Atlas Foundation

38.2 Transactions with related parties

The holding Company

Sales of:

- goods and services

- operating fixed assets

Purchase of:

- operating fixed assets

- goods

Rent

Dividend paid

Bonus shares issued

2021 2020
--- Rupees in '000 ---

1,548 1,458

3,466 62

290,551 371,041

19,723 -

70,054 174,757

813,310 965,128

- 108,441

	2021	2020
	--- Rupees in '000 ---	
Associated companies		
Sales of:		
- goods and services	1,451,285	1,737,861
- operating fixed assets	8,248	10,721
Purchases of:		
- goods and services	24,492,289	23,452,388
- operating fixed assets	96,190	503,674
Sale of units in mutual funds	1,200,000	1,850,000
Purchase of units in mutual funds	5,530,000	2,316,659
Royalty paid	3,759,015	3,882,883
Technical assistance fee	40,440	23,208
Commission income	30	312
Lease rentals paid	25,548	22,019
Insurance premium paid	405,610	356,758
Insurance claims received	6,036	6,770
Reimbursement of expenses - net	11,669	8,876
Dividend paid	586,861	696,408
Donation paid	64,118	46,153
Dividend received	383,577	376,656
Bonus shares issued	-	78,248
Other related parties		
Contributions paid to:		
- gratuity funds	38,505	30,152
- provident funds / pension schemes	86,832	74,713
Key Management Personnel		
- salaries and other employment benefits	184,026	138,653
- sale of operating fixed asset	7,242	4,763

The related party status of outstanding balances as at March 31, 2021 is included in 'Long term investment - note 7', 'Long term loans and advances - note 8', 'Trade deposit and prepayments - note 13', 'Short term investments - note 15', 'Staff retirement benefits - note 22' and 'Trade and other payables - note 24' respectively. These are settled in ordinary course of business.

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- market risk (including foreign exchange risk, interest rate risk and price risk);
- credit risk; and
- liquidity risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Japanese Yen and the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company's exposure to foreign currency risk at the reporting date is as follows:

	2021		2020	
	Japanese Yen	U.S. Dollars	Japanese Yen	U.S. Dollars
	----- in '000 -----		----- in '000 -----	
Cash at bank / trade debts	-	233	-	36
Trade and other payables	(1,049,414)	(38)	(640,239)	(146)
Net exposure	(1,049,414)	195	(640,239)	(110)

The following significant exchange rates have been applied:

	2021	2020	2021	2020
	Average rate		reporting date rate	
	----- Rupees -----			
Pakistani Rupee to Japanese Yen	1.53	1.41	1.38	1.53
Pakistani Rupee to U.S. Dollar	162.51	153.40	152.75	166.75

At March 31, 2021, if the Pakistani Rupee had strengthened / weakened by 5% against Japanese Yen and U.S. Dollar with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gains / (losses) on translation of foreign denominated financial assets and liabilities.

Effect on profit for the year:	2021	2020
	--- Rupees in '000 ---	
Pakistani Rupee to Japanese Yen	72,410	48,962
Pakistani Rupee to U.S. Dollar	(1,489)	917
	70,921	49,879

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

The Company is exposed to interest rate risk on balances with banks in saving deposit accounts and term deposit receipts and long term borrowings. Borrowings / deposit issued at variable rates expose the Company to cash flow risk and borrowing / deposit issued at fixed rate expose the Company to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of deposits. At March 31, 2021, the Company's interest bearing financial assets amounted to Rs.14,010,720 thousand (2020: Rs.5,812,618 thousand) and interest bearing financial liabilities amounting to Rs.413,517 thousand.

At March 31, 2021, if the interest rate on the Company's deposits had been 1% higher / (lower) with other variables held constant, profit before tax for the year would have been higher / (lower) by Rs.3,107 thousand (2020: Rs.1,126 thousand) mainly as a result of higher / (lower) interest income.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Company is exposed to price risk because of investments in mutual fund securities aggregating to Rs.10,063,915 thousand (2020: Rs.5,248,268 thousand) as changes in Net Asset Value (NAV) of mutual funds affects the Company. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolios.

At March 31, 2021, if fair value (NAV) had been 5% higher / lower with all other variables held constant profit before tax for the year would have higher / (lower) by Rs.503,196 thousand (2020: Rs.262,413 thousand).

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to perform as contracted or discharge an obligation. The Company's credit risk arises from deposits with banks & financial institutions, loans & advances, deposits, trade debts, investments, accrued mark-up / interest and other receivables.

The carrying amounts of financial assets represent the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.25,992,872 thousand (2020: Rs.12,497,098 thousand) as at March 31, 2021 and are as follows:

	2021	2020
	--- Rupees in '000 ---	
Long term loans and advances	48,253	36,671
Long term deposits	12,071	13,025
Trade debts	1,501,925	813,980
Loans and advances	43,584	38,059
Trade deposits	18,533	11,703
Accrued mark-up / interest	14,657	22,392
Other receivables	1,754	4,384
Short term investments	10,063,915	5,248,268
Bank balances	14,288,180	6,308,616
	<u>25,992,872</u>	<u>12,497,098</u>

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2021	2020
	--- Rupees in '000 ---	
Pakistan	1,497,551	802,971
United Arab Emirates	6,134	12,005
	<u>1,503,685</u>	<u>814,976</u>

The maximum exposure to credit risk for trade debts by type of counter party as at reporting date is as follows:

	2021	2020
	--- Rupees in '000 ---	
Government departments	17,784	7,303
Defence institutions	1,112,408	665,233
Others (including exports)	373,493	142,440
	<u>1,503,685</u>	<u>814,976</u>

Out of the total financial assets credit risk is concentrated in trade debts, investments in mutual funds securities and deposits with banks as they constitute 99% (2020: 99%) of the total financial assets. Significant part of sales of the Company occurs against advance payments, therefore, trade debts mainly arise from export sales and local sales that were made to Government and Defence Institutions. The Company believes that it is not exposed to any specific credit risk in respect of those trade debts.

The credit quality of loans and receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. The credit quality of Company's bank balances and investments in mutual funds securities can be assessed with reference to the external credit ratings as follows:

Banks	Rating		
	Short term	Long term	Agency
Conventional			
Allied Bank Limited	A1+	AAA	PACRA
Askari Bank Limited	A1+	AA+	PACRA
Bank Al Habib Limited	A1+	AA+	PACRA
Bank Alfalah Limited	A1+	AA+	PACRA
Deutsche Bank AG	P-2	A3	Moody's
Faysal Bank Limited	A1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	JCR-VIS
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Khushhali Bank Limited	A-1	A+	JCR-VIS
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS
Shariah Compliant			
BankIslami Pakistan Limited	A1	A+	PACRA
Meezan Bank Limited	A1+	AA+	JCR-VIS
Mutual Funds			
Atlas Income Fund		AA-(f)	PACRA
Atlas Islamic Income Fund		AA-(f)	PACRA
Atlas Money Market Fund		AA+(f)	PACRA
Atlas Sovereign Liquid Fund		AA-(f)	PACRA
Lakson Money Market Fund		AA(f)	PACRA
Lakson Income Fund		A+(f)	PACRA
National Investment (Unit) Trust		AM2++	PACRA

(c) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient balances with banks, marketable securities and the availability of funding through an adequate amount of committed credit facilities. At March 31, 2021, the Company had Rs.6,040,000 thousand available borrowings limits from banks / financial institutions, marketable securities of Rs.10,063,915 and bank balances of Rs.14,288,180 thousand.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
----- Rupees in '000 -----				
March 31, 2021				
Lease liabilities	208,226	285,571	61,238	224,333
Long term borrowings	437,500	441,863	253,432	188,431
Trade and other payables	22,723,173	22,723,173	22,723,173	-
Unclaimed dividend	108,352	108,352	108,352	-
	<u>23,477,251</u>	<u>23,558,959</u>	<u>23,146,195</u>	<u>412,764</u>

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
----- Rupees in '000 -----				
March 31, 2020				
Lease liabilities	239,382	342,526	56,033	286,493
Trade and other payables	13,191,935	13,191,935	13,191,935	-
Unclaimed dividend	100,985	100,985	100,985	-
	<u>13,532,302</u>	<u>13,635,446</u>	<u>13,348,953</u>	<u>286,493</u>

39.2 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year.

39.3 Financial instruments by category

Financial assets as per statement of financial position	Amortised cost		At fair value through profit or loss	
	2021	2020	2021	2020
	--- Rupees in '000 ---		--- Rupees in '000 ---	
Long term loans and advances	48,253	36,671	-	-
Long term deposits	12,071	13,025	-	-
Trade debts	1,501,925	813,980	-	-
Loans and advances	43,584	38,059	-	-
Trade deposits	18,533	11,703	-	-
Accrued mark-up / interest	14,657	22,392	-	-
Other receivables	1,754	4,384	-	-
Short term investments	-	-	10,063,915	5,248,268
Cash and bank balances	14,288,180	6,308,616	-	-
	<u>15,928,957</u>	<u>7,248,830</u>	<u>10,063,915</u>	<u>5,248,268</u>

Financial liabilities as per statement of financial position	Financial liabilities measured at amortised cost	
	2021	2020
	--- Rupees in '000 ---	
Trade and other payables	<u>11,596,175</u>	<u>8,534,886</u>

39.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The following table presents the Company's financial assets that are measured at fair value at March 31, 2021 and March 31, 2020.

	Level 1	March 31, 2021		Total
		Level 2	Level 3	
Assets - Recurring fair value measurement		----- Rupees in '000 -----		
Financial assets at fair value through profit or loss				
Short term investments	10,063,915	-	-	10,063,915
	Level 1	March 31, 2020 Level 2	Level 3	Total
Assets - Recurring fair value measurement		----- Rupees in '000 -----		
Financial assets at fair value through profit or loss				
Short term investments	5,248,268	-	-	5,248,268

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

Valuation techniques used to determine fair values

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no other material Level 1, 2 or 3 assets or liabilities during the current and preceding year.

40. ENTITY-WIDE INFORMATION

- 40.1 The Company markets and sells motorcycles and spare parts. Breakdown of net revenues for both the products of the Company is as follows:

	2021	2020
	--- Rupees in '000 ---	
Motorcycles	84,811,842	78,344,730
Spare parts	8,345,116	6,431,242
	93,156,958	84,775,972

- 40.2 Export sales are made mainly to Afghanistan, Bangladesh and United Arab Emirates. Result of the Company's revenue from external customers in Pakistan is Rs.92,531,086 thousand (2020: Rs.84,612,782 thousand) and total revenue from external customers from other countries is Rs.625,872 thousand (2020: Rs.163,190 thousand).
- 40.3 All the non-current assets of the Company are located in Pakistan.
- 40.4 The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

2021 2020
--- Number of units ---

Capacity - Motorcycles	1,350,000	1,350,000
Production	1,063,703	1,058,030

The capacity of the plants are determined based on a certain product mix and number of working days.

42. NUMBER OF EMPLOYEES

Numbers
2021 2020

Total number of employees	2,134	1,872
Average number of employees	2,063	1,809

43. PROVIDENT FUND RELATED DISCLOSURE

The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. Equal monthly contributions at the rate of 11% of the basic salary are made to the Fund both by the Company and the employees. The following information is based on un-audited financial statements of the Fund for the year ended March 31, 2021:

2021 2020
--- Rupees in '000 ---

Size of the Fund - Total assets	816,459	714,961
Fair value of investments	800,407	697,356
Cost of investments	728,392	702,172
Percentage of investments made	89.21%	98.21%

- 43.1 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

44. SHARIAH SCREENING DISCLOSURE

	----- 2021 -----		----- 2020 -----	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	----- Rupees in 000 -----			
Long term borrowings	413,517	-	-	-
Short term investments	9,694,533	369,382	4,974,321	287,403
Cash and bank balances	14,261,881	26,299	6,253,869	54,747
Revenue	-	93,156,958	-	84,775,972
Other income				
a) Mark-up / interest on saving deposit accounts and term deposit receipts	804,271	-	822,275	-
b) Gain on sale of investments at fair value through profit or loss	8,780	-	64,115	-
c) Fair value gain / (loss) on investments at fair value through profit or loss	52,270	61,154	49,502	(23,914)
d) Dividend income	415,660	17,024	431,586	740
e) Others	-	33,323	-	15,443
Mark-up paid	4,523	-	-	-

45. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

46. EVENT AFTER REPORTING PERIOD

The Board of Directors, in their meeting held on April 30, 2021, proposed a final cash dividend of Rs.13.5 (2020: Rs.8.5) per share amounting to Rs. 1,675,187 thousand (2020: Rs.1,054,747 thousand) for the year ended March 31, 2021 for approval of the members at the Annual General Meeting to be held on June 24, 2021.

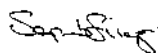
The financial statements for the year ended March 31, 2021 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending March 31, 2022.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 30, 2021 by the Board of Directors of the Company.



Aamir H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

Pattern of Shareholding

Additional Information

As at March 31, 2021

Shareholders Category

Associated Companies, Undertakings and related Parties:

Atlas Insurance Limited
Honda Motor Company Limited
Shirazi Investments (Pvt) Limited
Atlas Foundation

Number of Shareholder	No. of Shares held	Percentage
1	3,518,073	2.84%
1	43,430,778	35.00%
1	65,064,831	52.43%
1	1	0.00%
4	112,013,683	90.27%

NIT and ICP:

National Bank Of Pakistan Trustee Department
IDBP (ICP Unit)

1	31,705	0.03%
1	914	0.00%
2	32,619	0.03%

Directors, CEO and their Spouses and minor children and Associates:

Mr. Aamir H. Shirazi
Mr. Saquib H. Shirazi
Mr. Sanaullah Qureshi
Mr. Hirofumi Yada
Mr. Yukitoshi Fujisaka
Mr. Ryo Takahashi
Mr. Abid Naqvi
Ms. Mashmooma Zehra Majeed

1	1	0.00%
1	1	0.00%
1	480	0.00%
1	1	0.00%
1	1	0.00%
1	1	0.00%
1	601	0.00%
1	501	0.00%
8	1,587	0.00%

Executives

- - 0.00%

Public Sector Companies and Corporations

- - 0.00%

Banks, Development Finance Institutions,
Non-Banking Finance Institutions, Insurance
Companies, Modaraba and Mutual Funds.

17 62,220 0.05%

Individuals

1,489 11,188,482 9.02%

Others

25 789,344 0.63%

Total

1,545 124,087,935 100.00%

Shareholders holding 10% or more voting interest

Honda Motor Company Limited	43,430,778	35.00
Shirazi Investments (Pvt) Limited	65,064,831	52.43

There was no trading in the shares of the Company by Directors, their spouses, and minor children.

Pattern of Shareholding As at March 31, 2021

No. of shareholders	Shareholdings				Total shares held
567	From	-	To	100	16,771
325	From	101	To	500	79,903
151	From	501	To	1,000	109,807
275	From	1,001	To	5,000	643,642
120	From	5,001	To	15,000	1,117,471
17	From	15,001	To	20,000	287,940
14	From	20,001	To	25,000	318,776
7	From	25,001	To	30,000	184,659
11	From	30,001	To	40,000	364,787
1	From	40,001	To	45,000	41,178
3	From	45,001	To	50,000	137,514
7	From	50,001	To	55,000	372,099
2	From	55,001	To	60,000	116,253
1	From	60,001	To	65,000	60,588
3	From	65,001	To	80,000	229,753
1	From	80,001	To	90,000	85,874
4	From	90,001	To	95,000	368,205
4	From	95,001	To	100,000	392,769
2	From	100,001	To	105,000	203,821
4	From	110,001	To	120,000	464,901
2	From	120,001	To	140,000	273,235
2	From	140,001	To	150,000	293,637
6	From	150,001	To	190,000	940,196
4	From	190,001	To	200,000	784,611
1	From	200,001	To	235,000	212,209
1	From	235,001	To	280,000	239,350
1	From	280,001	To	290,000	284,879
2	From	290,001	To	300,000	589,146
1	From	300,001	To	385,000	382,350
1	From	385,001	To	605,000	601,700
1	From	605,001	To	645,000	642,740
1	From	645,001	To	1,235,000	1,233,489
1	From	1,235,001	To	3,520,000	3,518,073
1	From	3,520,001	To	43,435,000	43,430,778
1	From	43,453,550	To	65,065,000	65,064,831
1,545					124,087,935

Pattern of Shareholding As at March 31, 2021

Categories of Shareholders	Number of shareholder	Share held	Percentage
Directors, CEO their spouse and minor children and Associates	8	1,587	-
* Associated Companies, undertakings and related parties	4	112,013,683	90.27
NIT and ICP	2	32,619	0.03
Banks, Development Finance Institutions, Non-Banking Finance Institutions			
Insurance Companies			
Modarabas and Mutual Funds	17	62,220	0.05
General Public			
Local	1,489	11,188,482	9.02
Foreign			
Others			
Joint Stock Companies	23	788,178	0.63
Cooperative Society	1	1,165	-
Trustee of Iftikhar Shirazi Family Trust	1	1	0.00
	1,545	124,087,935	100.00

* Note : Included in Associated Companies are:

Name of Company	Number of share held
Shirazi Investments (Pvt) Ltd	65,064,831
Honda Motor Company Ltd	43,430,778
Atlas Insurance Ltd	3,518,073
Atlas Foundation	1
	112,013,683

Group Shareholding



Shirazi Investments

(Holding Company)

Shirazi Investments (Private) Limited [SIL] was incorporated in 1962 and is the holding company of Atlas Group. SIL holds 52.43% of the shares of Atlas Honda Limited. Besides being holding company of Atlas Group, it is engaged in the businesses of real estate, warehousing and investments in capital markets.



Atlas Insurance

(Associated Company)

Atlas Insurance Limited is engaged in general insurance and takaful business. The company was founded by Sir Muhammad Iqbal in 1934 and was acquired by Atlas Group in 1980. Atlas Insurance holds 2.84% shares of Atlas Honda Limited.



Atlas Honda

Atlas Honda Limited is a joint venture between Atlas Group and Honda Motor Company Limited Japan

HONDA

The Power of Dreams

(Associated Company)

Honda Motor Company Limited, Japan is the joint venture partner of Atlas Group and holds 35% shareholding of Atlas Honda Limited.



Atlas Hitec

(Associated Company)

Atlas Hitec (Private) Limited is a joint venture between Atlas Honda Limited, Atlas Autos (Private) Limited and Denso Corporation, Japan engaged in the business of manufacturing automotive parts and components. Atlas Honda Limited holds 29.23% shares of Atlas Hitec (Private) Limited.



Atlas Group Companies

*Year of Establishment /
Acquisition**

 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Global FZE	2015
 Atlas Energy	2016
 Atlas DID	2019
 Atlas GCI	2019
 Atlas Zhenfa	2020

Glossary of Terms

Acronym	Description
ACCA	Association of Chartered Certified Accountants
AGM	Annual General Meeting
AHL	Atlas Honda Limited
AHPL	Atlas Hitec (Private) Limited
AMP	Advance Management Program
ATL	Active Tax-payers List
B2B	Business to Business
BAC	Board Audit Committee
BCR	Best Corporate Report
BCG	Boston Consulting Group
BMR	Balancing Modernization and Replacement
BSR	Best Sustainability Report
BOD	Board of Director
CAGR	Cumulative Average Growth Rate
CBA	Collective Bargaining Agent
CCG	Code of Corporate Governance
CD	Compact Disk
CDC	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CFSI	Conflict Free Sourcing Initiative
CKD	Completely Knocked Down
CNIC	Computerized National Identity Card
COMSATS	The Commission on Science and Technology for Sustainable Development in the South
COO	Chief Operating Officer
CPEC	China - Pakistan Economic Corridor
CSR	Corporate Social Responsibility
CSRCP	Corporate Social Responsibility Centre Pakistan
COVID-19	Coronavirus disease of 2019
CO ₂	Carbon di Oxide
DFI	Development Finance Institutions
DVD	Digital Versatile Disc

Acronym	Description
EBIT	Earning Before Interest and Tax
EOBI	Employee Old-Age Benefits Institution
EHS&S	Environmental, Health, Safety and Security
EPS	Earnings per Share
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning - software
EMS	Environment Management System
EPA	Environmental Protection Agency
E-Voting	Electronic Voting
FAST	Foundation for Advancement of Science and Technology
FBR	Federal Board of Revenue
FRM	Financial Risk Manager
FAQs	Frequently Asked Questions
GDC	Gravity Die Casting
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
GHG	Green House Gases
GJ	Gigajoule
HMC	Honda Motor Company
HPDC	High Pressure Die Casting
HSE	Health Safety Environment
HR	Human Resource
HZ	Hertz
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFAS	Islamic Financial Accounting Standards
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IoBM	Institute of Business Management
IP	Intellectual Property

Acronym	Description
IRR	Internal Rate of Return
ISO	International Standardization Organization
ISAE	International Standard on Assurance Engagements
IT	Information Technology
KPI	Key Performance Indicators
KSE	Karachi Stock Exchange
KJ	Kilojoule
KW	Kilo Watt
LC	Letter of Credit
LLB	Bachelor of Law
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LTD	Limited
LSM	Large Scale Manufacturing
LUMS	Lahore University of Management Sciences
m3	Cubic meter
MIS	Management Information System
MMC	Minor Model Change
MOU	Memorandum of Understanding
MSCI	Morgan Stanley Capital International
MTO	Management Trainee Officer
MUFAP	Mutual Funds Association of Pakistan
MUFG	Mitsubishi UFJ Financial Group
MW	Mega Watt
NAV	Net Asset Value
NBFI	Non-Banking Financial Institutions
NHC	New Honda Circle
NED	NED University of Engineering and Technology
NEQS	National Environmental Quality Standards
NFEH	National Forum for Health & Environment
NGO	Non-Governmental Organization
NPV	Net Present Value
NTN	National Tax Number
NUST	National University of Science and Technology
OGRA	Oil and Gas Regulatory Authority
OHSAS	Occupational Health & Safety Assessment Series
OPM	Owner/President Management

Acronym	Description
PAMA	Pakistan Automotive Manufacturers Association
PAT	Profit After Tax
PBT	Profit Before Taxation
PDCA	Plan-Do-Check-Act
PSQCA	Pakistan Standards and Quality Control Authority
PSX	Pakistan Stock Exchange
PAAPAM	Pakistan Association of Automotive Parts & Accessories Manufacturers
QA	Quality Assurance
QC	Quality Control
QMS	Quality Management System
RCSM	Risk and Counter Strategy Matrix
RMF	Risk Management Function
ROE	Return on Equity
SAFA	South Asian Federation of Accountants
SAP	Standard Application Protocol - ERP system
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
SIQP	Service Instructor Quality Program
SOPs	Standard Operating Procedures
SP	Spare Parts
SRO	Statutory Regulatory Order
SWOT	Strength Weaknesses Opportunities Threats
SSGC	Sui Southern Gas Company Limited
SNG	Synthetic Natural Gas
SZABIST	Syed Zulfikar Ali Bhutto Institute of Science & Technology
TDR	Term Deposit Receipt
UET	University of Engineering and Technology
UK	United Kingdom
UN	United Nations
USB	Universal Serial Bus
VIP	Vendor Improvement Program
VP	Vice President
WFH	Work From Home
WHO	World Health Organization
WWF	World Wildlife Fund

Feedback Form

Sustainability Report 2021

Details of information provided on issues covered in the report

☐ Comprehensive
 ☐ Adequate
 ☐ Not adequate

Clarity of the information provided in the report

☐ High
 ☐ Medium
 ☐ Low

The quality of design and layout of the report

☐ Excellent
 ☐ Good
 ☐ Average

Your comments for adding value to the report

Name :

Designation :

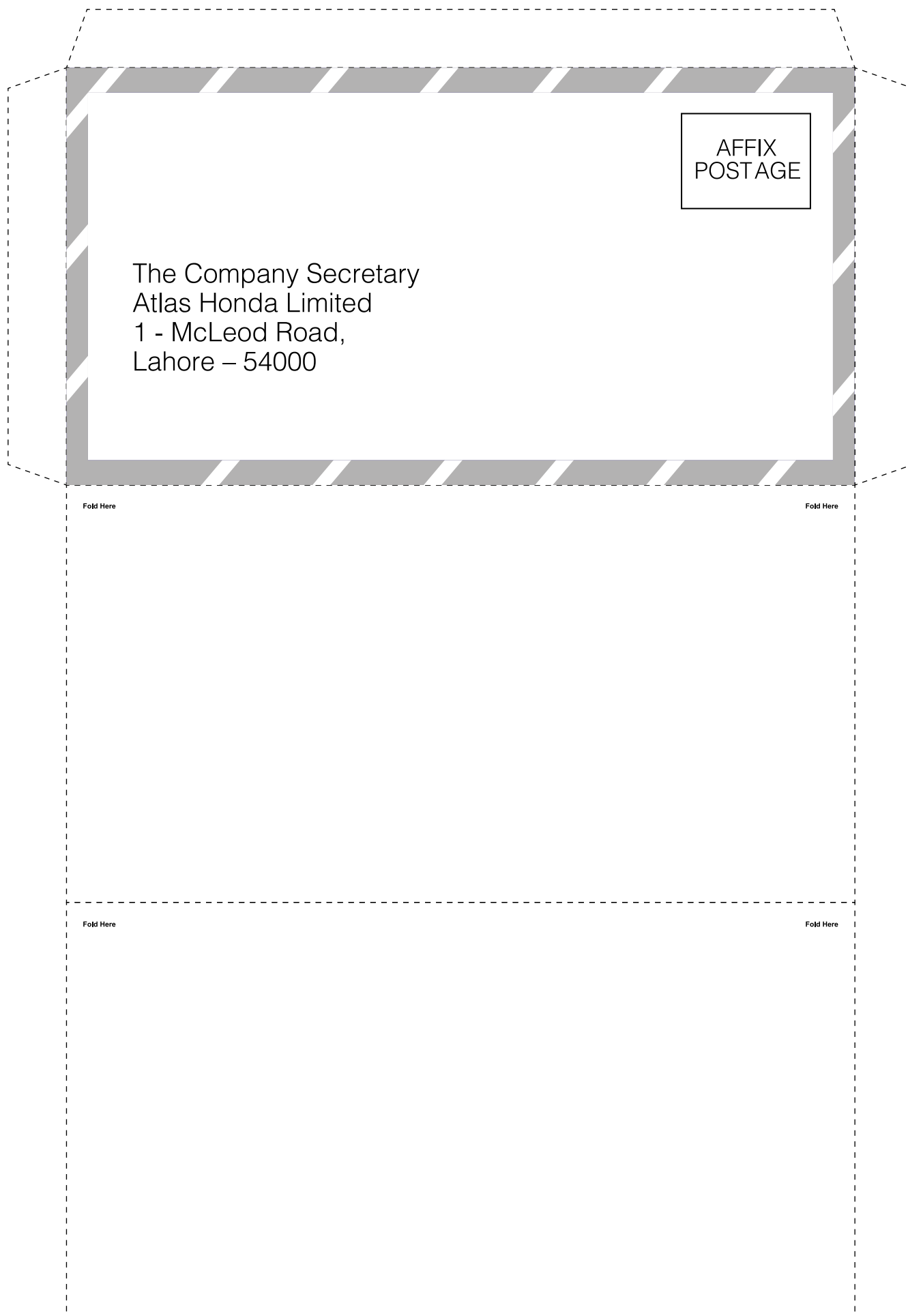
Organization :

Contact Details :

Telephone :

Please mail your feedback to :

Email: ahl.suggestions@atlashonda.com.pk



Investors' Education

In pursuance of SRO 924(1)/2015 dated September 9, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices