

HONDA
The Power of Dreams

DRIVING TOWARDS THE FUTURE

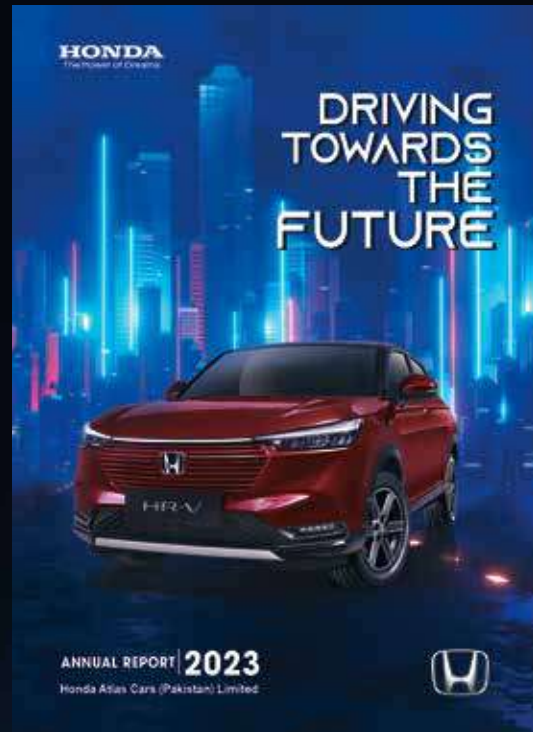


ANNUAL REPORT | **2023**

Honda Atlas Cars (Pakistan) Limited



Cover Concept



As a futuristic Company we continue to map our 2023 journey towards driving innovation, pushing boundaries, and embracing change. Our team is devotedly taking up the forward-thinking approach, that will help continue us to achieve the goal to drive towards a prosperous and cutting-edge future.

Company Profile



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

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

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

We started production in 1994, with the launch of the 5th generation of the Honda Civic model in Pakistan. Subsequently, the Company enriched the product line with the launch of Honda City in 1997, Honda BR-V in 2017 and Honda HR-V in 2022. Since the commencement of production, the Company has produced and sold

more than 530,000 cars in Pakistan. The Company consistently increased production with the progress of the car market and to meet the growing customer demand. A major plant expansion was done in 2006 and the production capacity was increased to 50,000 units / year on double shift basis.

The percentage of local parts conforms to the Government's policy. Local vendors are continuously patronized to develop parts locally. The quality of local parts is thoroughly checked to meet stringent international standards of Honda.

Honda always strives to provide outstanding services and products to our valued customers. In addition, the Company regularly conducts Service Campaigns to facilitate customers' need for service. This has given our customers absolute confidence in our cars which is clear from the ever-increasing sales volumes.

It is the constant endeavor of Honda Atlas Cars (Pakistan) Limited to achieve No.1 Customer satisfaction. The Company is committed to meeting customer expectations and providing good value for money. The Company believes that human beings are born to think, create and express their individuality. Thus, realizing their hopes and dreams, we strive to attract individuals who share this belief and who will respect one another's individuality. We pursue to foster an atmosphere of mutual trust & fairness in which our associates can realize their full potential and create new values for the society by following the Honda Philosophy.

Currently, we are not only offering imported models of Honda Accord & Honda CR-V but have also introduced locally manufactured New Honda City 6th generation, New Honda Civic 11th

generation, BR-V and HR-V. The Honda City 2021 gives the best of driving pleasure including SRS airbags for both driver and co-drivers' safety as a standard feature in all the variants. Moreover, Honda has taken care of the overall performance and fuel efficiency in the 6th generation model which reflects in driving the car, as this car has become more comfortable to drive in city traffic than ever before.

The new 11th-generation Honda Civic 2022 was launched in Pakistan during March 2022, it comes with all the latest safety features. The RS variant 2022 comes with additional safety features termed as Honda Sensing which includes Collision Mitigation Braking System, Adaptive Cruise Control, Lane Keep Assist System, Road departure mitigation system, Auto High Beam, Lead Car Departure Notification System, and Walk Away auto-locking. Performance ratings for the Honda Civic 2022 are among the best in the class. The car is well-handled, rides in a composed manner, and has a powerful engine lineup.

Honda BR-V is available in a wide range of colors with advanced technological features.

Recently, Honda expanded its locally manufactured model lineup. Honda HR-V was launched on October 21st 2022 in two variants and in a wide range of colors with advance technological features.

Honda Atlas Cars Pakistan Limited (HACPL) marked the rollout of 500,000 vehicles at the Manga Mandi plant in Lahore. This outstanding achievement is a sign of Pakistani customers' trust in Honda Cars (Pakistan). The Company will continue to play an important role in the country's automotive business and demonstrates a commitment to long-term investment in the country.



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Vision Statement



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

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

Company Information

Board of Directors

Mr. Aamir H. Shirazi
Chairman

Mr. Takafumi Koike
President & CEO

Mr. Saquib H. Shirazi
Director & Senior Advisor

Mr. Shinobu Nakamura
Executive Director & VP (P)

Mr. Nobuyoshi Noda
Director

Mr. Gaku Nakanishi
Director

Mr. Muhammad Naeem Khan
Independent Director

Mr. Ariful Islam
Independent Director

Ms. Rie Mihara
Independent Director

Audit Committee

Mr. Muhammad Naeem Khan
Chairman

Mr. Saquib H. Shirazi
Member

Mr. Nobuyoshi Noda
Member

Mr. Gaku Nakanishi
Member

Executive Committee

Mr. Takafumi Koike
Mr. Maqsood-ur-Rehman Rehmani
Mr. Shinobu Nakamura

Human Resource and Remuneration Committee

Mr. Muhammad Naeem Khan
Chairman

Mr. Saquib H. Shirazi
Member

Mr. Takafumi Koike
Member

Mr. Shinobu Nakamura
Member

Mr. Nobuyoshi Noda
Member

Company Secretary & Vice President

Mr. Maqsood-ur-Rehman Rehmani

Chief Financial Officer

Mr. Hamood-ur-Rahman Qaddafi

Head of Internal Audit

Mr. Imran Farooq

Bankers

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

Auditors

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

Legal Advisor

Bukhari Aziz & Karim
Axis Law Chambers

Registered Office

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

Factory

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

Regional Offices

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

Karachi
5th floor,
Tower-A, Technology Park,
Shahrah-e-Faisal,
Tel: +92 21 32785411-1

Board of Directors



Mr. Aamir H. Shirazi
Chairman

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

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

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

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



Mr. Takafumi Koike

President & CEO

Mr. Takafumi Koike has been associated with Honda Motor Co., Ltd., Japan for more than 25 years. He joined Honda in 1998 and began his career in Motorcycle Overseas Sales Division, Honda Motor Company, Japan.

Mr. Takafumi Koike has extensive experience in the Automobile industry, having worked in several product planning and sales divisions. In his previous assignment, he has worked as General Manager at Business Administration Division and served in Sales Supervisory Unit Automobile Operations in Honda Motor Co., Ltd.

He joined on the Board of Honda Atlas Cars (Pakistan) Limited as President & Chief Executive Officer from April 2022. Mr. Koike graduated from Shanghai Normal University, China.

Mr. Saquib H. Shirazi

Director & Senior Advisor

Saquib Shirazi is a member of the Atlas Group. He is currently the President & Chief Executive Officer of Atlas Honda as well as the Chairman of Pakistan Auto Manufacturers' Association (PAMA).

He has previously served as Chairman, Harvard Business School's Global Alumni Board as well as Chairman, Pakistan Business Council.

He is currently on the Boards of Pakistan Mobile Communication (Jazz Pakistan), Tri-Pack Ltd and National School of Public Policy.

He also serves as an advisor to British International Investment (BII) for Pakistan. In the past, he has served on the Boards of leading national and multinational companies.

He graduated from the Wharton School of Finance and has an MBA from the Harvard Business School.

Mr. Shinobu Nakamura

Executive Director & VP (Production)

Mr. Nakamura has been associated with Honda Motor since 1989. He has experience of Welding and Production Process Management. He started his career as Process Associate in Honda Suzuka Plant, Japan and served for more than 22 years in different positions. He has also worked in Honda Manufacturing of Alabama, LLC, USA for four years. He has also served as Welding BUKAI Head in Honda Tochigi Plant, Japan. He has been working with Honda Atlas Cars (Pakistan) Limited since November 2019 as General Manager Production.

He appointed on the Board of Honda Atlas Cars (Pakistan) Limited from July 2022, as Executive Director & Vice President Production.

Board of Directors

**Mr. Gaku Nakanishi***Director*

Mr. Gaku Nakanishi has been associated with Honda Motor Co., Japan for the last 33 years. He has vast experience of Automobile Business, Product Planning & Marketing. He started his career as a Staff Member with Honda Motor, Japan, and worked in different Honda subsidiaries. He served in Mexico for eight years as a Manager. He worked as President for three years in Honda Automobile Thailand, He also worked as a President in Honda Cars India, for three years, before his appointment to his current position Director of Asian Honda Motor Company Limited, Thailand.

Mr. Nakanishi has been appointed to the Board of Honda Atlas Cars (Pakistan) Limited from May 2022.

Mr. Nobuyoshi Noda*Director*

Mr. Nobuyoshi Noda has been associated with Honda Motor Co., Ltd., Japan, for the last 20 years. He has vast experience in management of Accounting, Finance, and Business Planning. He has been working at Honda Motor, Japan, and several overseas subsidiaries including in Russia for more than four years and in Indonesia for five years. He also worked as Department Manager of Regional Operation Planning Office which supervised Honda's business in Europe. Previously, he also worked as Department Manager in Motorcycle & Power Products Operation of Honda Motor, Japan.

He joined as General Manager of Asian Honda Motor Co., Ltd, Thailand. Mr. Noda has been appointed on the Board of Honda Atlas Cars (Pakistan) Limited from April 2023.

Mr. Ariful Islam*Independent Director*

Mr. Ariful Islam is a senior banker with over 37 years of experience with various banks in Bahrain and Pakistan. He qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a Fellow member of the Institute of Chartered Accountants of Pakistan. He worked with Peat, Marwick, Mitchell & Co. (now KPMG) in their main London Office before starting his banking career with Faysal Islamic Bank of Bahrain. He subsequently moved to MCB where his last position was SEVP & Head of Investment Banking. He joined Meezan Bank in April 1999 as the Bank's first Chief Operating Officer and is currently the Deputy CEO of the Bank. He is also the Chairman of the Board of Directors of Al Meezan Investment Management Limited - the Bank's asset management subsidiary. He has been on the Board of the Honda Atlas Cars (Pakistan) Limited since March 2020 as an Independent Director.

Mr. Muhammad Naeem Khan*Independent Director*

Mr. M. Naeem Khan is an AMP from Harvard Business School, Boston, USA, a fellow member of both The Institute of Chartered Accountants of Pakistan and The Institute of Chartered Accountants in England & Wales. He has exposure in oil marketing where he extensively developed the retail chain and nurtured commercial customers besides looking after the treasury and accounting functions. He has also worked with the food industry where he was instrumental in developing new economically viable product lines. He has been an investment banker with extensive exposure to the capital markets. Currently he is serving on the Boards of Raaziq Group, which is engaged in logistics besides public transportation. He has served on the Boards of Atlas Group. Presently, he is a member of the Board of Service Industries Ltd and the Chairman of its Audit Committee. Mr. Khan qualifies as independent director under the guidelines of Securities & Exchange Commission of Pakistan (SECP) and the Code of Corporate Governance

Ms. Rie Mihara*Independent Director*

Ms. Mihara is the Chief Executive Officer & Founder of Makotoya Co., Limited, Japan since 2008. She is a graduate of Tohoku Fukushi University, Miyagi, Japan in Social Welfare. After study, she joined M/s Recruit Staffing Co., Limited in 2001 as Customer Centre Manager and worked as Director of Human Resource Development at Welcome Co., Limited, Japan.

In 2008 she laid the foundation of Makotoya Co., Limited in Japan and worked as CEO & Founder of the Company. In 2016, Ms. Mihara established Makotoya Pakistan (Pvt) Limited and start working as CEO. She has vast experience of Marketing, Human Resources, and Entrepreneurship. She has been on the Board of Honda Atlas Cars (Pakistan) Limited since May 2018.

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

Mr. Rehmani has done an MBA in Marketing, a Law graduate from the University of Karachi, and an Advance Management Course from INSEAD, France. He has vast experience in Human Resources, Administration, Industrial Relations, Import, Purchase & Logistics and Supply Chain Operations, Vendor Development, and Corporate Affairs. He joined Atlas Honda Limited in 1989 and was transferred to Honda Atlas Cars (Pakistan) Limited in 2008 as General Manager of Logistics. Since November 2014, he is working as Company Secretary and Vice President.

Key Management



Mr. Muhammad Ashraf
Assistant Vice President
Model Planning & Production

Mr. Ashraf has more than 41 years experience of automobile production operations and new model development. He started his career with Awami Autos Limited in 1982 and has also worked with Pak Suzuki Motor Co for nine years. He joined Honda Atlas Cars (Pakistan) Limited in 1993 and has qualified Management Courses from AOTS Japan. He has worked in different management capacities and currently he is the Head of Model Planning & Production Division.

Purchasing Division till March 2023. From April 2023, he has assumed the responsibilities as Senior General Manager Technical, to look after Production, Model Planning, and Production Control Divisions.



Mr. Iqbal Ahmad
Senior General Manager
After Sales

Mr. Iqbal has a BSc in Mechanical Engineering from UET, Lahore and an Executive MBA from LUMS. He has more than 31 years experience of Production, Quality, Manufacturing Operations, Stores and Project Management. He started his career as trainee engineer with Atlas Honda Limited and served in different management positions. He joined Honda Atlas Cars (Pakistan) Limited in November 2014 as Head of Import Purchase & Logistics Division. Since August 2017, he has been working as Head of After Sales.

and started his career in Production Planning & Control Department. He is an Executive MBA from Punjab University and having Post Graduate Diploma from LUMS. He has vast experience of working in Supply Chain Area at National level, Production, Quality and Project Management. He has qualified Management Courses from HIDA Japan, LUMS and other renowned institutes. In 2016, he became the Management Committee Member of Atlas Honda Limited as GM Production Planning & Control. He was transferred to Honda Atlas Cars (Pakistan) Limited in 2018 as General Manager Import, Purchase and Logistics Division. In April 2023, he was assigned the responsibilities of Purchasing Division.



Mr. Sohail Qaisar
Senior General Manager
HR & Administration

Mr. Sohail holds BE in Mechanical Engineering from UET, Executive MBA & DBM from LUMS, Lahore.

He has more than 29 years experience in Production, Project Management, Supply Chain, Production Planning & Control Operations, and HR & Administration. He has also attended various management courses from ILO & AOTS, Japan. He started his career as a trainee engineer with Atlas Honda Limited and was transferred to Honda Atlas Cars (Pakistan) Limited in April 2019. Now he is working as Senior General Manager of HR & Administration.



Mr. Muhammad Akmal Dar
Senior General Manager
Purchasing

Mr. Dar has been associated with Atlas Group for the last 28 years. He joined Atlas Honda Limited in 1995



Mr. Rizwan Shafique
Senior General Manager
Import, Purchase & Logistics

Mr. Rizwan's association with Atlas Group spans around three decades. He started his career by joining Atlas Honda in Accounts Department. He was transferred to HACPL in 2023 as Senior General Manager Import, Purchase & Logistics Division. This is his second tenure at HACPL, the first one was from 1998 to 2009. Prior to his current assignment he was associated with Atlas Power Limited, since 2010, where he headed multiple departments including procurement, logistics, administration, corporate affairs, and contracts. He was member of the company's management committee and a key member of the Team Renegotiating Agreements with GOP and plant OEM. He has rich experience in local & international procurement, logistics and contracts. He holds an MBA degree with specialization in banking and finance from Punjab University. He has also done several management courses including Management Development Program from LUMS.

graduate of UET Lahore and has an Executive MBA from LUMS. He has a qualified management course from HIDA, Japan. He started his career in Technical Purchasing and worked on sourcing, budgeting, costing, and supply chain management. Currently, he is working as General Manager of Sales & Marketing. His efforts helped organizational development & team building for efficiency improvement, network enhancement, sales process optimization, setting product line-up future direction, business profitability improvement, and maintaining a strong brand image.



Mr. Muhammad Ajmal
General Manager
Chief Engineer Quality (CEQ)

Mr. Ajmal has been associated with the Company for the last 29 years. He has to his credit, work in Frame Assembly Department, Vehicle Quality Department, Market Quality Department and Quality Control Division. He has qualified Management courses from AOTS, Japan in "Automobile-New Model Development" in 1999, from HIDA, Japan in Production Management in 2017, and Senior Leadership training program in Thailand in 2018. He also did Diploma in Business Management from FCCU in 2019. Currently, he is working as Chief Engineer Quality (CEQ) since April 2018.



Mr. Imran Farooq
General Manager
Head of Internal Audit

Mr. Imran is an M. Com from Hailey College of Commerce and has a Diploma in HR from Punjab University, Lahore. He joined company as Executive Shares and has been associated with the Company for more than 28 years. He has served in Shares Dept., HR & Admin Division, and Health Safety & Corporate Governance Division. He has experience in planning & organizing Secretarial matters, and compliances with stock exchanges, SECP, CDC, and other regulatory bodies. He has also attended Executive Program on Corporate Management from AOTS, Japan, and Management courses from Thailand. From August 2020, he has been assigned responsibilities of Head of the Internal Audit Division.



Mr. Muhammad Ali
General Manager
Information Technology

Mr. Ali is associated with the Company for last 8 years. He has previously worked with IBM and other IT companies mainly in the field of SAP implementations, both local & abroad. He has a diverse experience of working in the industry like Chemical, Petrochemical, FMCG, Auto, Textile etc. He is SAP certified consultant and has attended course from AOTS Japan in addition to other



Mr. Amir Nazir
General Manager
Sales & Marketing

Mr. Amir is associated with the Company for 22 years. He is a

Key Management

Management / Leadership training programs. He has been involved in the transformation of ERP systems with SAP and integration of different business operations.



Mr. Syed Waseem Hassan
General Manager
Safety, Health & Corporate Governance

Mr. Waseem has been associated with the Company for the last 23 years. He has done his MBA in Banking & Finance and started his career with Packages Ltd in the field of (Import/Export). In 1999, he joined Honda Atlas Cars (Pak) Ltd. in Logistic Division. He has worked in Import, Sales tax, Local Purchase, Dispatches, and Corporate Affairs (Regional Office Islamabad). He also has experience of handling Custom matters, Tariff Based System and has been involved in dealings and necessary approvals from the Govt. He has also attended a Management Training course from AOTS Japan. From April 2021, he has been assigned the responsibilities of Safety, Health, and Corporate Governance Division.



Mr. Hamood Ur Rahman Qaddafi
General Manager / CFO
Finance

Mr. Hamood is a Fellow Member of the Institute of Cost & Management Accountants of Pakistan and holds

an Executive MBA from LUMS. He joined Honda in 2009 and was involved in establishing and running the Internal Audit division at the Company for over 12 years. Owing to his diversified experience in Costing and Budgeting, Business Planning, Financial Management, and Internal Audit, Hamood was appointed as the CFO of Honda in August 2020. Mr. Hamood began his career in the year 2000 with Haleeb Foods Ltd and served in Finance and Budgeting & Planning departments for 5 years. He also served in the Finance Department of Beaconhouse National University for 2 years. Prior to joining Honda in 2009, he worked as Manager Costing & Planning in Nimir Chemicals Pakistan Ltd. He is an avid reader and loves to travel.



Mr. Imran Haider Rathore
General Manager
Legal, IPR & CRM

Mr. Rathore completed his LLB Hons in 1999 from University of Punjab and LLM in Corporate & Commercial Law in 2018. He worked in reputable Law Firm as Associate Lawyer before joining M/S MobiServe Pakistan Ltd (An Orascom Telecom Company). Mr. Rathore joined HACPL in 2008 and remained part of Sales, After Sales and Admin & HR Division before appointed as Head of Legal, IPR & CRM. He has also attended a Management Training course from AOTS Japan in addition to other Management / Leadership training programs.



Mr. Aneel Anwar
Acting General Manager
Production

Mr. Aneel is Mechanical Associate Engineer with DAE from GCT Lahore. He has also completed Diploma in Business Management from FC College in 2017. Since joining the Company in 1993, he has held numerous managerial positions in Paint, Welding, Assembly Final, and Engine Assy Depts. He has successfully accomplished management courses from ILO Japan in 2007 & Pretreatment & Electro Deposition Training from Honda Philippines in 1993. He has been assigned the responsibilities of Production as Acting General Manager from May 2023.

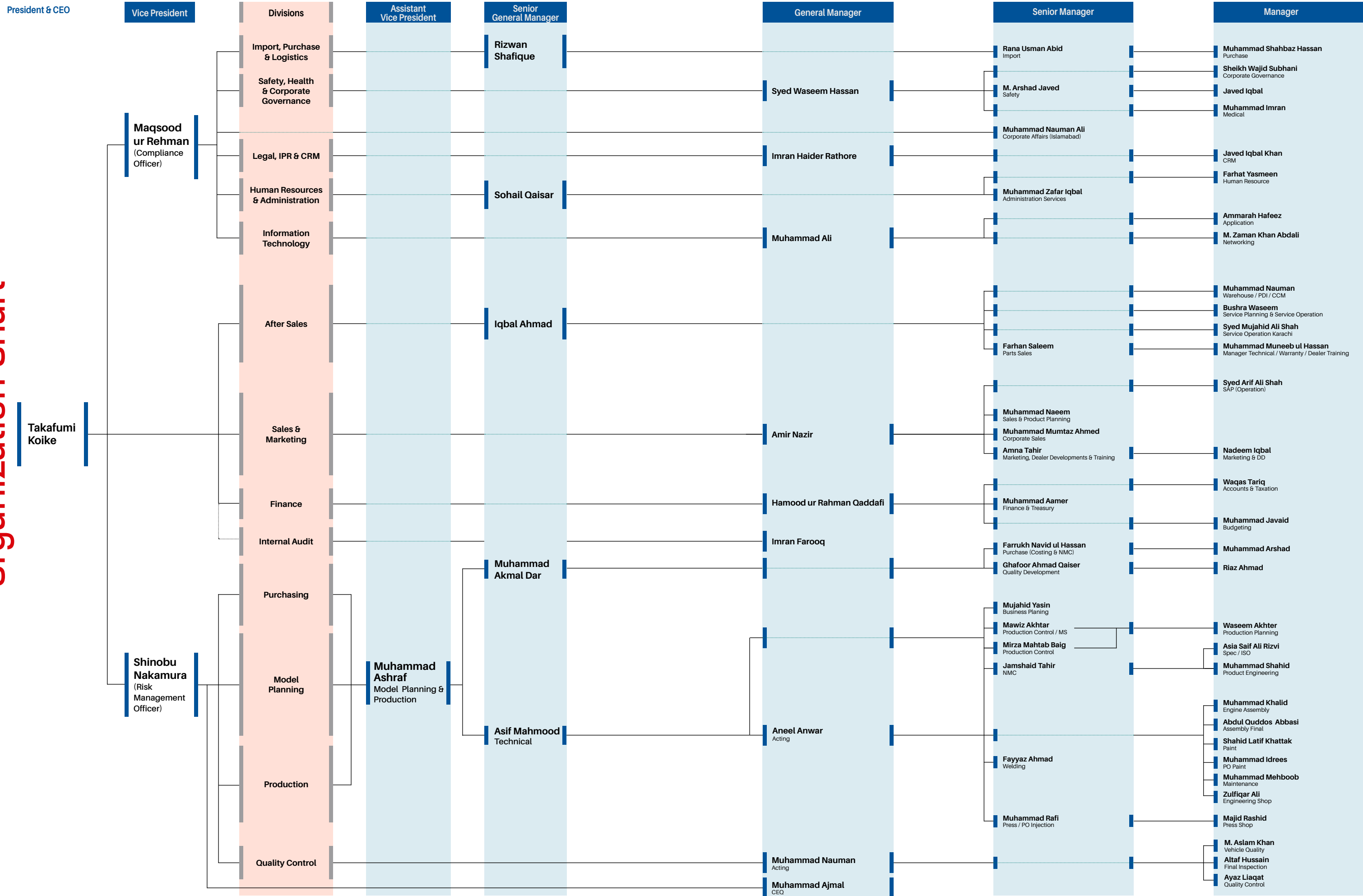


Mr. Muhammad Nauman
Acting General Manager
Quality Control

Mr. Nauman is graduate in Mechanical Engineering from UET Lahore. He is also an Executive MBA and completed DBM from FCCU. He joined the Company in 1993. He has vast experience of Production Planning & Control, Purchasing & Quality Development, New Model Centre (NMC) and In-House Manufacturing (Press and PO). Since May 2023 he is working as Acting General Manager of the QC Division.

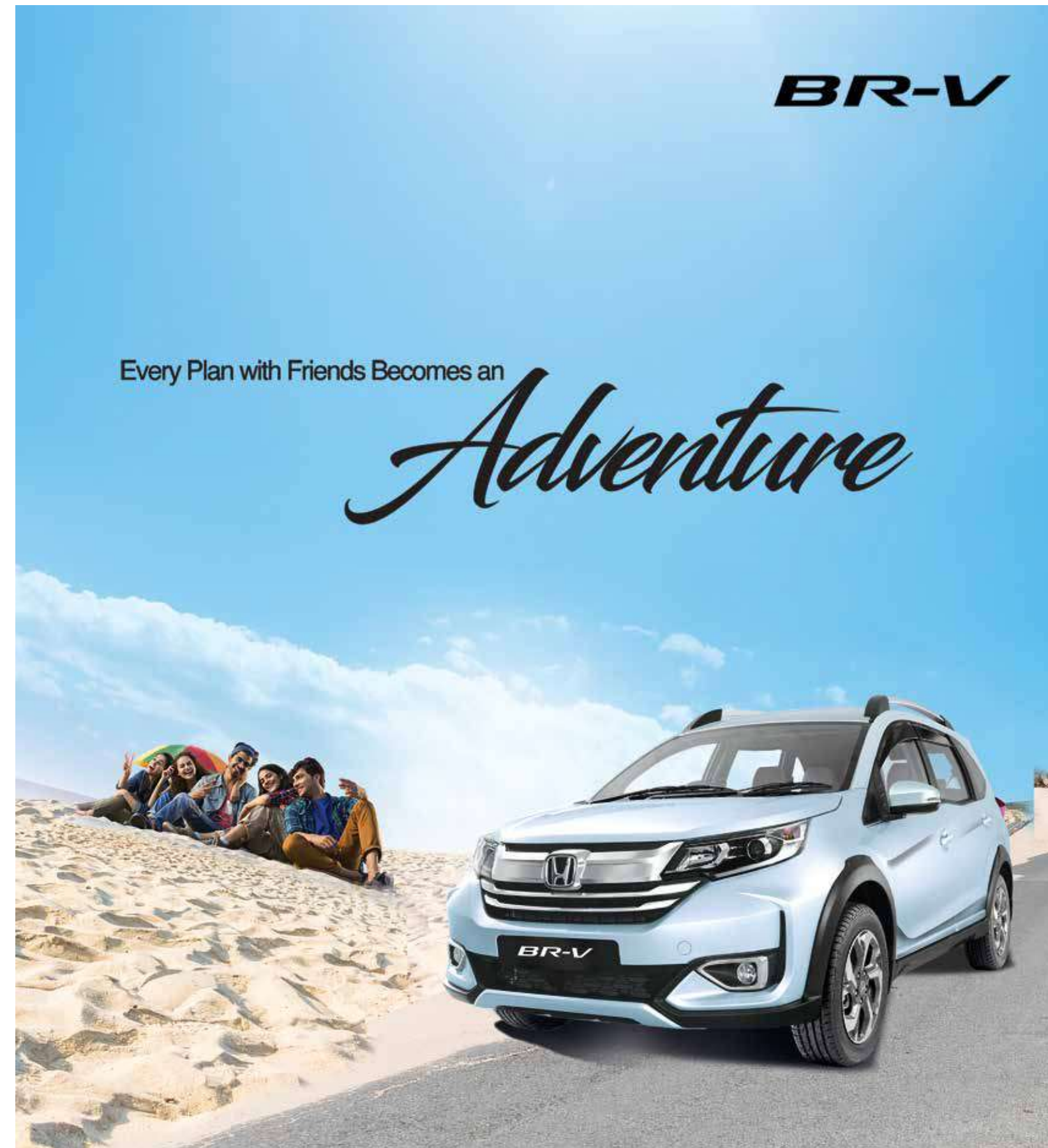
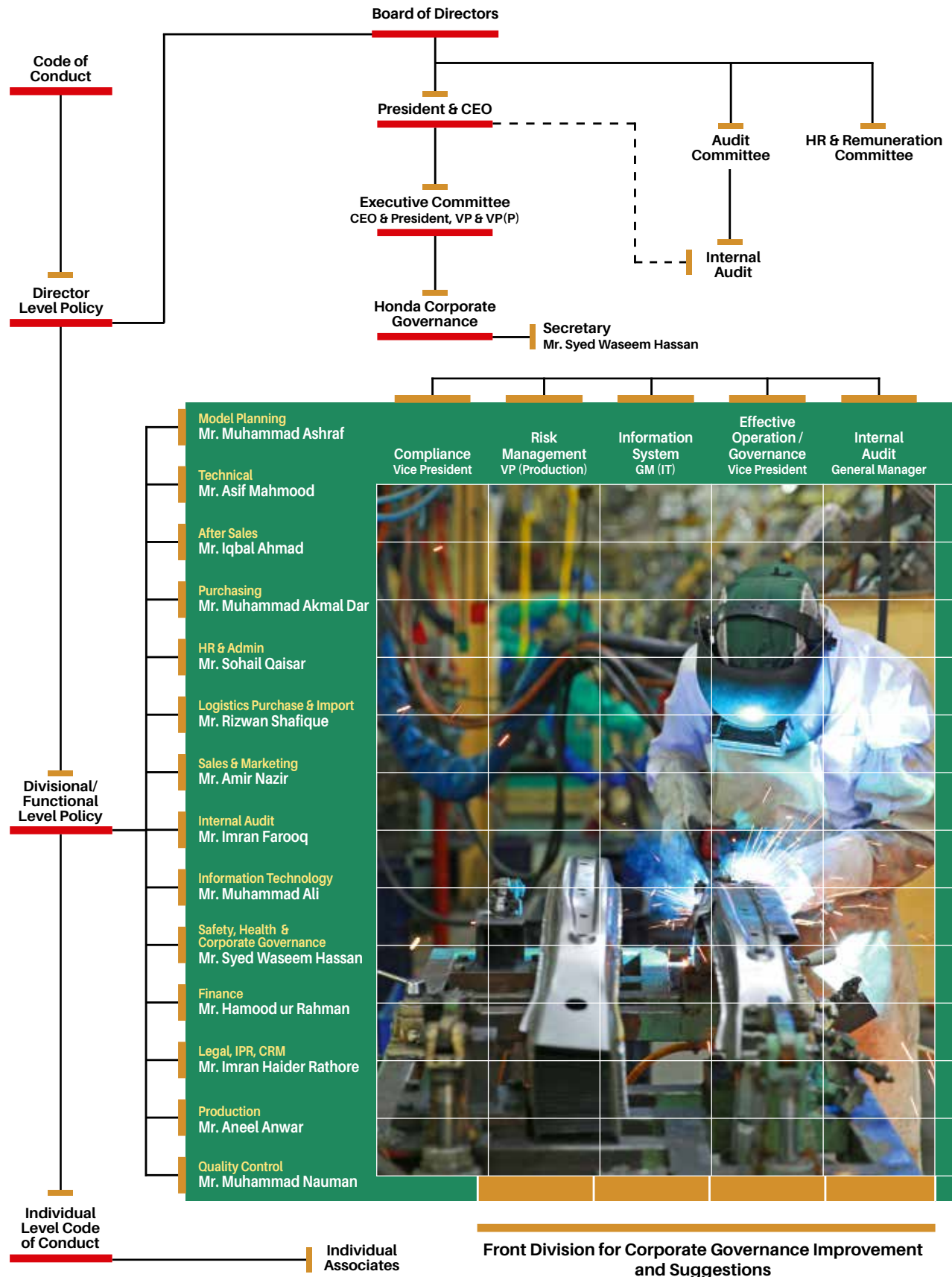


Organization Chart



Corporate Governance

(Organization Structure)





L to R:

Sitting:

Mr. Sohail Qaiser, Mr. Iqbal Ahmed, Mr. Rizwan Shafique, Mr. Muhammad Akmal Dar, Mr. Muhammad Ashraf & Mr. Asif Mahmood

L to R:

Standing:

Mr. Imran Farooq, Mr. Imran Haider Rathore, Mr. Muhammad Nauman, Mr. Muhammad Ajmal, Mr. Muhammad Ali, Mr. Syed Waseem Hassan, Mr. Amir Nazir, Mr. Hamood ur Rahman Qaddafi & Mr. Aneel Anwar

Business Principles

HONDA MOTOR CO., LIMITED, JAPAN

Corporate Philosophy

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

Management Policy

1. Proceed always with ambition and youthfulness.
2. Respect sound theory, develop fresh ideas and make the most effective use of time.

3. Enjoy your work and encourage open communications.
4. Strive constantly for a harmonious flow of work.
5. Be ever mindful of the value of research and endeavor.

HONDA ATLAS CARS (PAKISTAN) LIMITED

Corporate Philosophy

1. Dynamic manufacturing and marketing of prestigious products to the entire satisfaction of customers.

2. Create ideal working environment for continuous development of products and personnel.
3. Provide adequate return to shareholders and fulfill corporate civic obligations.

Management Policy

1. Respect for all - man has priority over machine.
2. Man is the key in controlling i.e. machines, methods and materials.
3. Follow 3S spirit i.e. small, smart and speed.

4. Believe in 3A "Hands on Approach" i.e. be on Actual Spot, look at the Actual Spot and confront the Actual Situation.
5. Be a good corporate citizen; assume a responsible role in the community.

Priority Standards of Conduct

1. Safety: There can be no production without safety.
2. Quality: To achieve complete customers satisfaction by focusing on smart teamwork, meeting all applicable legal

and regulatory requirements & continually improving our strategies and goals.

3. Productivity: With safety and quality, each of us will strive to excel the performance in all fields of our activities i.e. Production, Model Planning, Quality Control, Purchasing, Sales & Marketing, After Sales, Finance, Import, Purchase & Logistics, IT, IA, Health Safety and Corporate Governance, Legal IPR and CRM and Human Resources & Administration Division.

Human Resources and Succession Plan

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

Human Resource Division has succession plan for each key job/ area to make sure the continuity of operations in the relevant division

Business Principles

and to fill the temporary/permanent vacancy.

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

- Smart team work,
- Complying all applicable legal and regulatory requirements,
- Continually improving our strategies and goals.

Health, Safety and Environmental Policy
Honda Atlas Cars (Pakistan) Limited, being a leading car manufacturing company in Pakistan, is committed to produce Honda Cars with sustainable performance in Health, Safety and Environment (HSE).

In order to achieve this, the company shall:

- provide safe and healthy workplace to all stakeholders affected by its operations, for the prevention of injury and ill health.
- assign responsibilities for effective implementation of HSE management systems.
- comply all HSE applicable legal, regulatory and other requirements.
- create awareness and understanding about health, safety and environmental issues amongst our associates.
- empower workers for their participation and consultation on health and safety related matters.
- Identify and evaluate risks & opportunities to eliminate, reduce or manage risks related to company's operations proactively

to ensure that health & safety hazards and environmental impacts are prevented.

- formulate objectives and targets to eliminate workplace hazards, prevent environment pollution and continually improve HSE management systems, as much as possible.
- keep public and others interested parties informed on our HSE performance, wherever required.

Operating Principles

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



L to R:
Sitting: Ms. Amna Tahir, Mr. Rana Usman Abid, Mr. Muhammad Aamer, Mr. Mawiz Akhtar, Mr. Muhammad Arshad Javed, Mr. Mujahid Yasin, Mr. Muhammad Zafar Iqbal & Mr. Mirza Mehtab Baig
Standing: Mr. Jamshaid Tahir, Mr. Muhammad Mumtaz Ahmed, Mr. Muhammad Rafi, Mr. Fayyaz Ahmad, Mr. Farrukh Navid ul Hassan, Mr. Ghafoor Ahmad Qaiser, Mr. Farhan Saleem & Mr. Muhammad Naeem

Honda Philosophy



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


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

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

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

The Passion behind the White Coveralls

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



Fundamental Beliefs



Equality

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

Trust

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

The Joy of Selling

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

The Joy of Creating

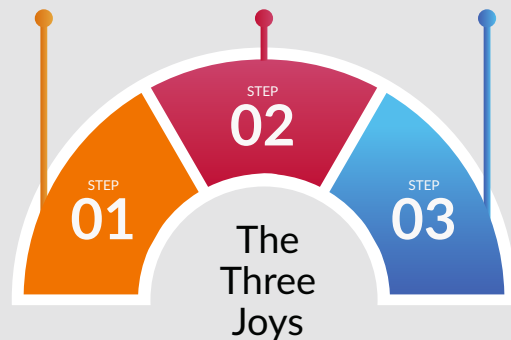
The joy of creating occurs when Honda associates and suppliers involved in the design, development, engineering and manufacturing of Honda products recognize a sense of joy in our customers and dealers. The joy of creating occurs when quality products exceed expectations and we experience pride in a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

The Joy of Buying

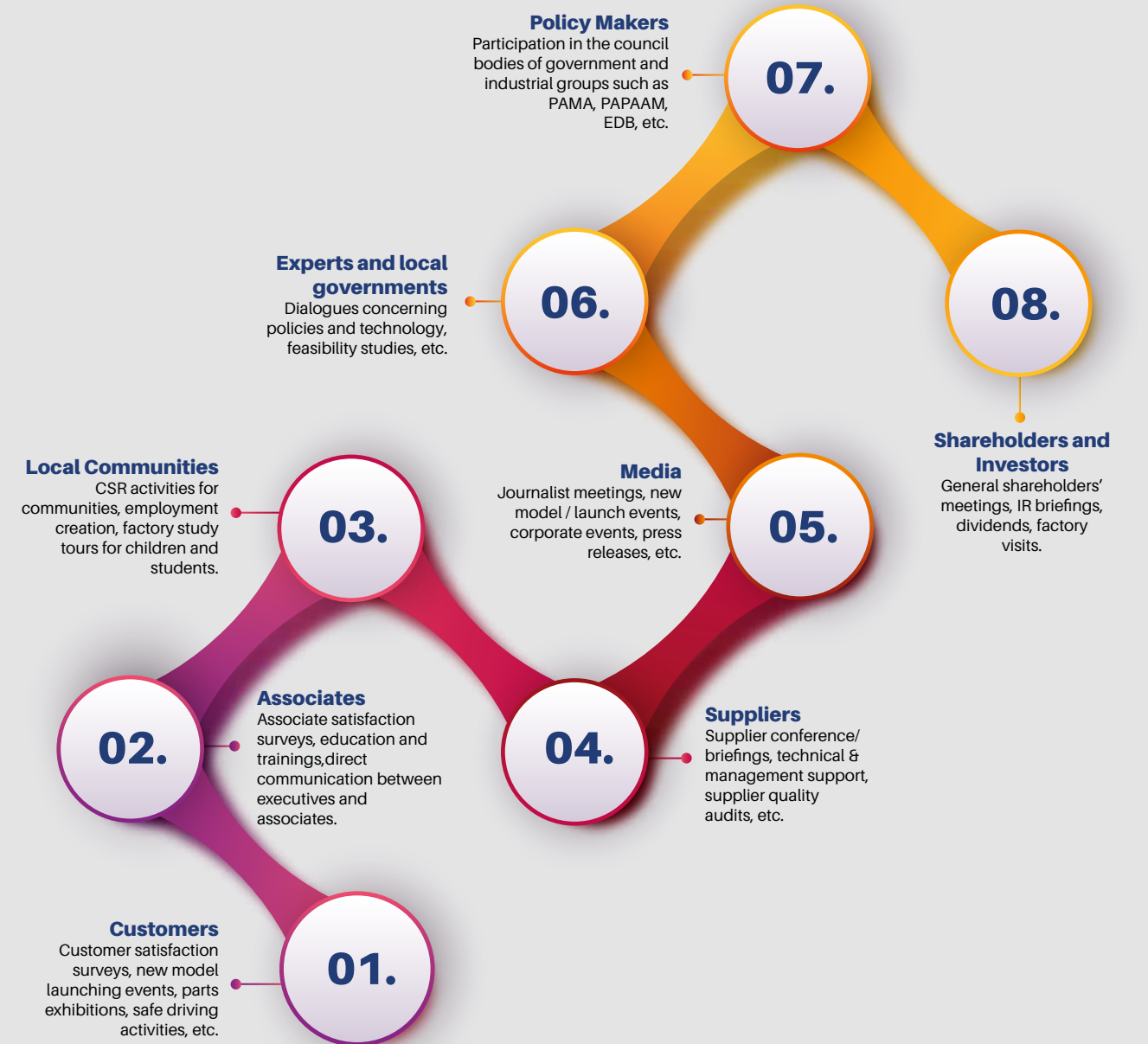
The joy of buying is achieved through providing products and services that exceed the needs and expectations of each customer.

Initiative

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



Stakeholders' Engagement



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

finally listen to stakeholders' evaluations of its activities.

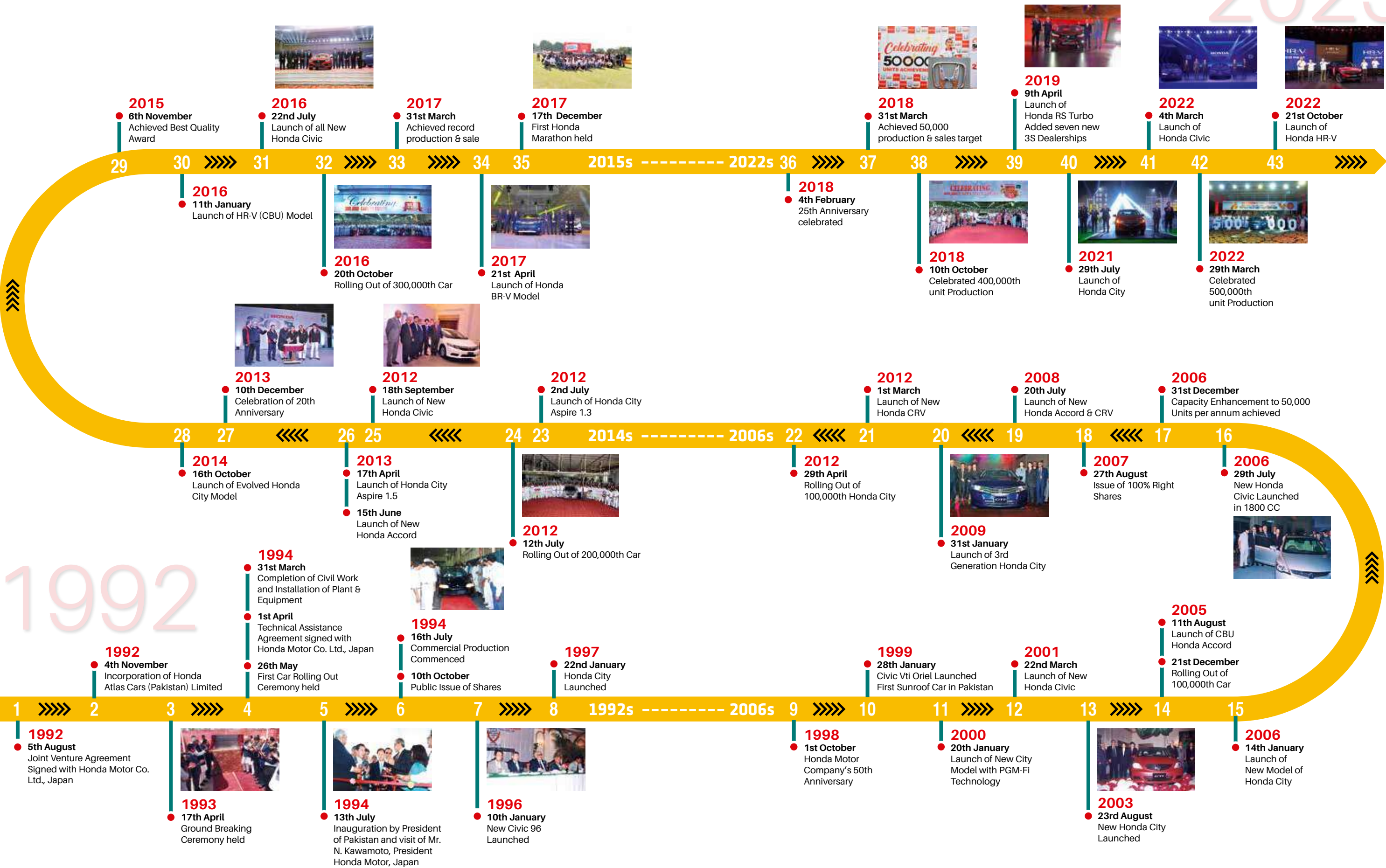
Especially in recent years, the growing scale of the companies in Pakistan, along with the proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads

to a proper understanding of stakeholders regarding the Company's initiatives while also giving the Company an understanding of changes and risks in the social environment.

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

Chronicle of Events

2023



Pattern of Shareholding

As on March 31, 2023

Number of Shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
2988	1	100	139,504	0.10
1718	101	500	551,518	0.39
1180	501	1000	1,004,108	0.70
1175	1001	5000	2,670,596	1.87
169	5001	10000	1,251,652	0.88
46	10001	15000	574,910	0.40
36	15001	20000	667,080	0.47
12	20001	25000	270,591	0.19
12	25001	30000	333,688	0.23
10	30001	35000	327,067	0.23
7	35001	40000	260,817	0.18
1	40001	45000	42,200	0.03
4	45001	50000	192,000	0.13
2	50001	55000	103,650	0.07
2	55001	60000	116,200	0.08
2	60001	65000	125,400	0.09
2	65001	70000	135,840	0.10
2	70001	75000	142,700	0.10
1	80001	85000	85,000	0.06
2	85001	90000	176,145	0.12
1	90001	95000	94,000	0.07
2	95001	100000	200,000	0.14
2	100001	105000	206,280	0.14
1	110001	115000	112,000	0.08
2	120001	125000	248,450	0.17
1	125001	130000	125,700	0.09
1	140001	145000	144,400	0.10
1	145001	150000	150,000	0.11
1	150001	155000	151,300	0.11
1	160001	165000	165,000	0.12
1	180001	185000	184,092	0.13
1	230001	235000	233,500	0.16
1	235001	240000	237,257	0.17
1	310001	315000	313,300	0.22
1	360001	365000	364,705	0.26
1	560001	565000	562,835	0.39
1	745001	750000	746,243	0.52
1	845001	850000	850,000	0.60
1	875001	880000	876,708	0.61
1	1150001	1155000	1,153,016	0.81
1	1275001	1280000	1,277,155	0.89
1	1605001	1610000	1,607,366	1.13
1	1960001	1965000	1,961,500	1.37
1	2245001	2250000	2,250,000	1.58
1	3465001	3470000	3,466,877	2.43
1	43115001	43120000	43,119,650	30.20
1	72825001	72830000	72,828,000	51.00
7,401			142,800,000	100.00

Categories of Shareholders

As on March 31, 2023

Sr. No.	Description	Number of Shareholders	Shares Held	Percentage of Total Capital
1	Individuals	7,288	10,324,572	7.23
2	Foreign Company	1	72,828,000	51.00
3	Associated Undertakings/Companies	2	43,969,650	30.79
4	Joint Stock Companies	55	2,183,138	1.53
5	Financial Institutions	10	7,293,146	5.11
6	Insurance Companies	6	261,462	0.18
7	Investment Companies	6	1,853,793	1.30
8	Mutual Funds	7	1,311,906	0.92
9	Funds	13	466,222	0.33
10	Others	13	2,308,111	1.62
		7,401	142,800,000	100

Shareholding Information

as on March 31, 2023

Categories	Number of Shareholders	Shares Held
Associated Companies		
+ M/s. Honda Motor Company Ltd.	1	72,828,000
+ M/s. Shirazi Investments (Pvt) Limited	1	43,119,650
M/s. Atlas Insurance Limited	1	850,000
Mutual Funds		
M/s. FIRST CAPITAL MUTUAL FUND	1	170
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	100,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	7,270
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	50,350
CDC - TRUSTEE ABL STOCK FUND	1	100
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	1,000
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,153,016
Directors, CEO, Their Spouse and Minor Children		
Mr. Aamir H. Shirazi	1	#
Mr. Saquib H. Shirazi	1	#
Mr. Takafumi Koike	1	*
Mr. Shinobu Nakamura	1	*
Mr. Eikiho Sato	1	*
Mr. Gaku Nakanishi	1	*
Ms. Rie Mihara	1	500
Mr. Ariful Islam	1	500
Mr. Muhammad Naeem	1	700
Executives	10	11,055
Public Sector Companies & Corporations (Joint Stock Companies)	55	2,183,138
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension/Other Funds	48	12,182,734
Others, Individuals	7,269	10,311,817
TOTAL:	7,401	142,800,000

Note: + The above mentioned associated companies have 5% or more voting rights.
Mr. Aamir H. Shirazi and Mr. Saquib H. Shirazi holding 500 qualification shares each. The ultimate ownership remains with M/s. Shirazi Investments (Pvt) Limited.
* The shareholding of Honda Motor Co. Limited, Japan include 3 directors holding 525 shares each and 1 director holding 500 shares (Total 2,075) in the name Mr. Takafumi Koike, Mr. Shinobu Nakamura, Mr. Eikiho Sato and Mr. Gaku Nakanishi in the capacity of its nominee directors. The ultimate ownership remains with Honda Motor Co., Limited, Japan.
** Ms. Rie Mihara, Mr. Ariful Islam have 500 and Mr. Muhammad Naeem Khan holds 700 qualification shares. These shares are held in their own name.

Investor Relations Information

As on March 31, 2023

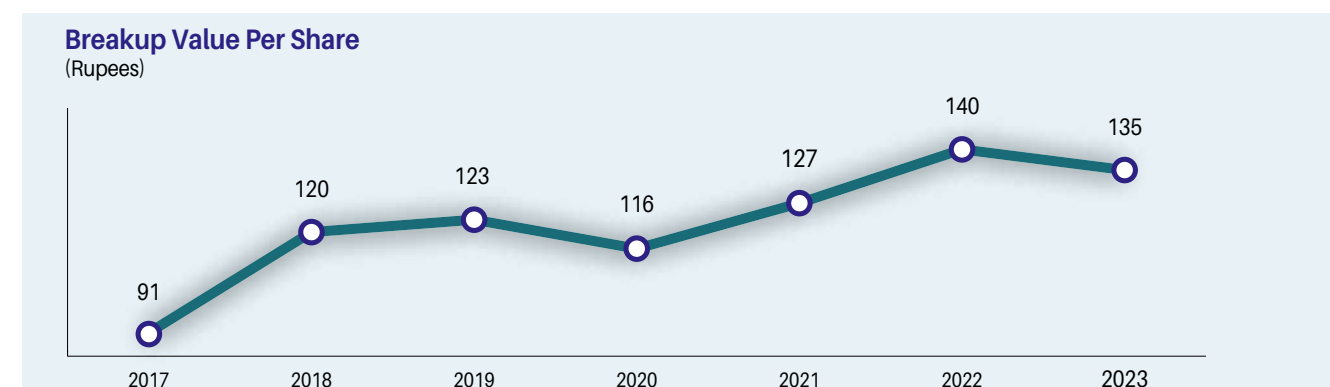
Company Information

Established on November 4, 1992
 Line of Business Manufacturing of Honda Vehicles
 Registered Office 1-Mcleod Road, Lahore
 Tel: (92-42) 37225015-17
 Fiscal Year-End March 31
 External Auditors M/s. A.F. Ferguson & Co.
 Share Registrar M/s. Hameed Majeed Associates (Pvt.) Ltd.
 H.M. House, 7 - Bank Square, Lahore.
 Phone: +92-42-3723 5081-82, Email: shares@hmconsultants.com

Digital Mediums
www.honda.com.pk
www.facebook.com/hacpl
<https://www.linkedin.com/company/honda-pakistan-official/>
<https://instagram.com/hondapakistanofficial?igshid=YmMyMTA2M2Y=>
<https://twitter.com/HACPLOfficial?t=TUGRJlkxOTAHcE3fswHPeQ&s=09>

Stock Information

Exchange Listing	The Company is listed on Pakistan Stock Exchange Limited (PSX)
Stock Symbol	HCAR
Numbers of Shares Authorized	200,000,000
Number of Shares Issued	142,800,000
Number of Shareholders	7,401 (as on March 31, 2023)
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	June 23, 2023 @ 11:00 A.M. at Faletti's Hotel, Lahore.
Dates of Book Closure	June 12, 2023 to June 23, 2023 (both days inclusive)
Next Election of Directors	April-2024
Financial Calendar (2023-24)	May 2023 : Annual Audited Results for the year ended March 31, 2023 & allied matters July 2023 : Unaudited first-quarter financial results & Corporate Briefing Session November 2023: Half-year financial results with limited Audited Review January 2024 : Unaudited third-quarter financial results



Share Transfer System

Physical share transfers received by the Company's Share Registrar are registered within 15 days from the date of receipt, provided the documents are completed in all respects.

E-Dividend Mandate (Mandatory)

As per Section 242 of the Companies Act, 2017 the payment of cash dividend through electronic mode has become mandatory. Therefore, all shareholders are advised to provide valid bank account details (if it is not provided earlier) in the "Dividend Mandate Form", available on Company's website to enable the Company to transfer your cash dividend into your bank account. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service.

Withholding of Tax & Zakat on Dividend

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, the 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.

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

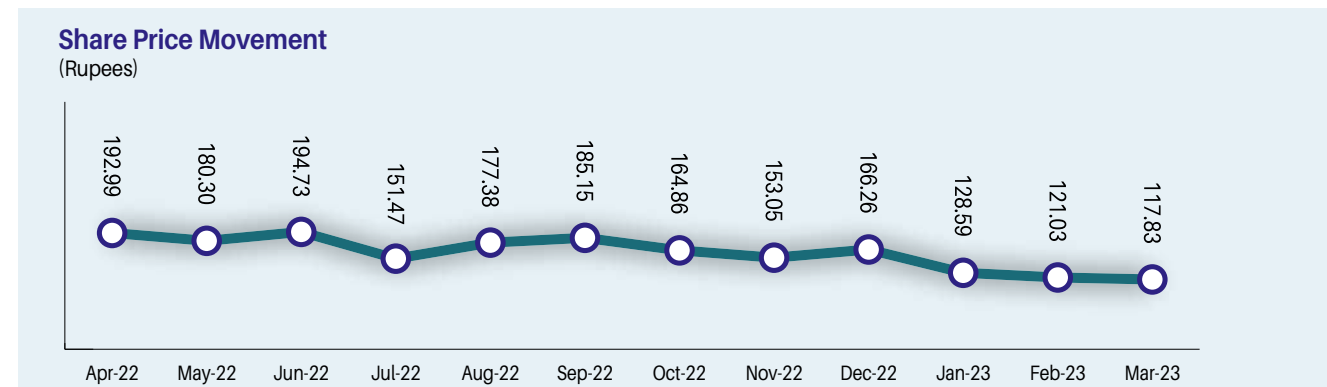
Copy of Computerized National Identification Number (CNIC) or National Tax Number (NTN):

The shareholders are informed that as per sub Clause 9(i) of Regulation 4 of Companies (Distribution of Dividends) Regulations 2017, the identification of the registered shareholder or its authorized person should be made available with the Company. Therefore, it is requested

that shareholders must provide copy of their Computerized National Identity Card (in case of individual) or National Tax Number (in case of other than individual) or Passport (in case of foreign individual) shareholder. The shareholders are requested to provide the above documents by mail to the Company Secretary, unless it has already been provided. The members while sending above documents must quote their respective folio number. Shareholders are also requested to immediately notify the change of address, if any.

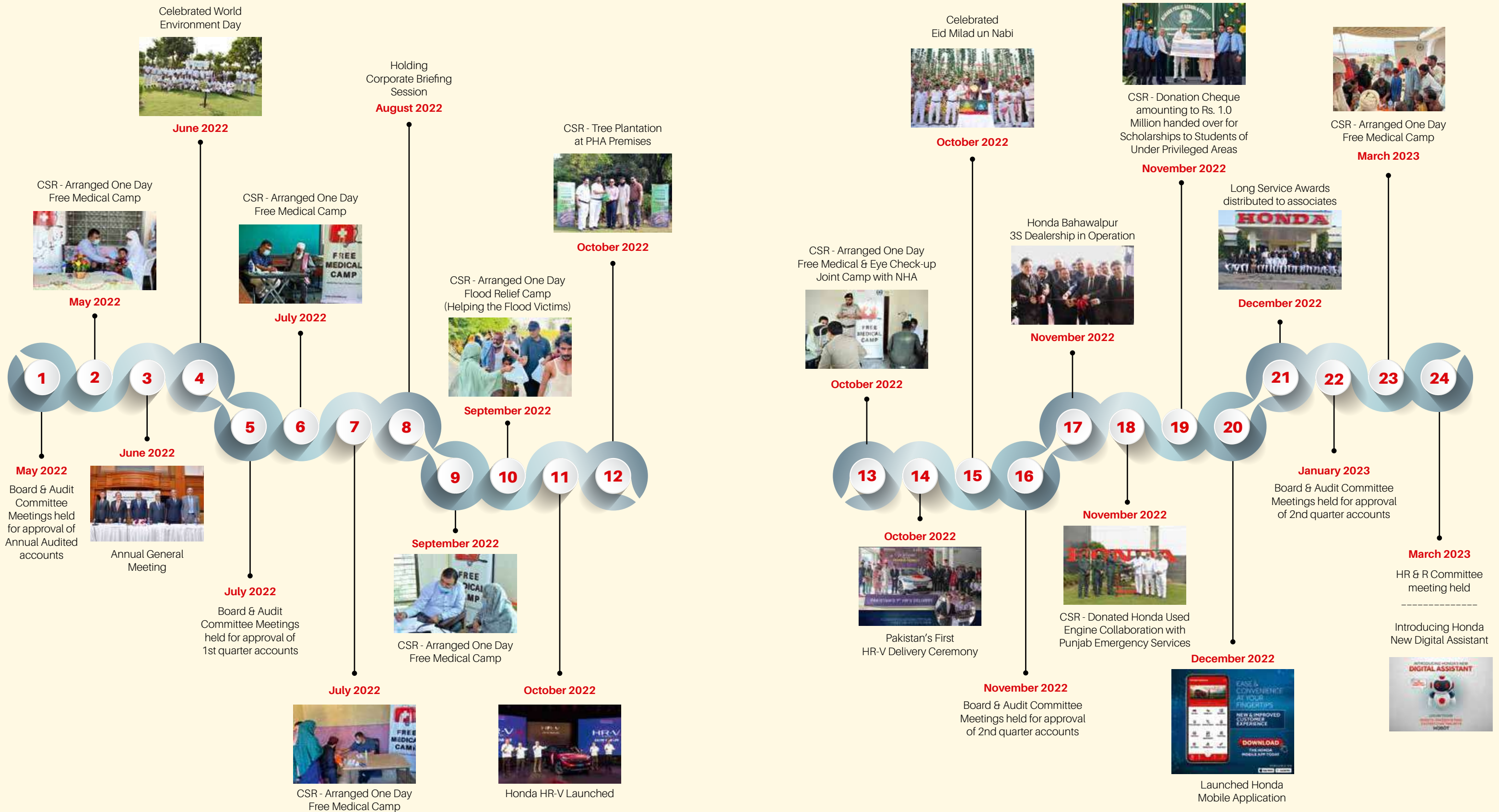
Website of the Company

The Company is operating the website which containing updated information regarding the Company. The site can be accessed at www.honda.com.pk. The website contains latest financial results of the Company together with Company's profile and product range, etc



Significant Events

During 2022-23



Chairman's Review

As on March 31, 2023



Mr. Aamir H. Shirazi
Chairman

I am pleased to present the 31st Annual Report of the Company for the year ended March 31, 2023.



MACROECONOMIC OVERVIEW

During the year under review, the economy remained subdued. This was largely on account of continued political uncertainty, low foreign reserves and rising inflation. Due to the effects of floods, rupee devaluation and revision in energy prices, inflation was recorded at an all-time high of 35%. Supply shortages of essential items and restriction on imports created further pressure on domestic prices. Overall deterioration in economic fundamentals led to a revision in the GDP growth projection from 2% to 0.5% for the fiscal year under review.

On the external front, policy tightening and adoption of stabilization strategies have started to yield positive results. The current account deficit (CAD) has narrowed by 68% to USD 3.3 billion in Jul-March FY23. The improvement in CAD was mainly driven by a

reduction in import bill from USD 47.3 billion to USD 37.3 billion. However, due to slowdown in global demand and an exchange rate peg, exports and workers remittances declined by 8.65% and 10.8% respectively. Despite positive development in CAD and multilateral inflows, foreign exchange reserves held by the Central Bank dipped below USD 5 billion for the first time in ten years. The delay in resumption of IMF program has also added pressure on the currency, which breached the 285 level. To maintain macroeconomic stability, the Central Bank increased the benchmark interest rate from 9.75% to 21%, representing an 115.4% increase during the year. On the fiscal front, revenue collection remained short of target. PKR 5,156 billion was collected during the nine months against the projection of PKR 5,460 billion. Due to deterior-



ation of investors' confidence and political uncertainty, the PSX 100 index also declined below 40,000 level.



Launch of Honda HR-V

AGRICULTURE

The performance of agriculture sector was badly affected in the first half of 2023 due to torrential rains and floods. However, the Rabi crop is expected to perform better on account of favorable weather conditions, availability of high-quality seeds and fertilizer. Moreover, increased disbursement of agriculture credit is expected to support the Agri output, indicating a promising outlook for farmers and the agriculture sector. This will help improve demand for consumer durables in rural areas.

LARGE SCALE MANUFACTURING (LSM)

The output of Large-Scale Manufacturing (LSM) remained strained and contracted by 4.4% when compared with the same period of last year. The decline is primarily attributed to the monetary and fiscal measures taken by authorities to slow down aggregate demand. Supply constraints and the rising cost of business too, has led to reduction in production output of various industries such as textile,

steel, consumer durables, and automobiles. Resumption of IMF program is a prerequisite for revival of the manufacturing sector. The accompanying foreign currency inflows from bilateral and multilateral institutions will help revive industrial growth.

AUTOMOBILE INDUSTRY

The automotive industry is experiencing one of its most challenging periods in history. The industry has had to deal with major local and global disruptions throughout the year. The current challenge is the ongoing import curbs on the Completely Knocked Down (CKD) kits which has led to plant closures and loss of employment. Devaluation, rising inflation, and tighter fiscal measures have driven car prices further away from customers. Potential buyers are experiencing unprecedented late delivery times and non-availability of desired car variants due to disruption in supplies. The automotive industry consists

of complex supply chains, which over time have evolved into a global production network. Shortages ranging from microchips to labor are affecting almost every touch point along the automotive supply chain globally. Moreover, rising tension in the Asia Pacific region, coupled with the war in Ukraine, has increased global uncertainty. There is broad recognition that disruption may become a permanent feature of the industry in the years to come.

The automobile industry in Pakistan is undergoing a severe recession. Downstream distribution and suppliers are also being affected. The industry's volumes, as a result, witnessed a dip as the cumulative sales of passenger cars and light commercial vehicles for the year declined to 184,220 units as compared to 252,131 units last year. Similarly, the Company's sales declined to 25,726 units as against 37,613 units in the preceding year. The ability of vehicle assemblers to control production factors, at a level

that offsets frequent fluctuations in the dollar-rupee parity, has become a critical success factor. As import restrictions stretch, the Country may face further delays in securing the IMF's bailout package and access to related funding. The deteriorating economic and political direction has further aggravated the situation. Although the industry has displayed maturity during the ongoing cyclical trough, it certainly needs further introspection to ensure sustainability in future.

THE COMPANY

Your Company continues to observe the '3 Joys' philosophy through innovative and reliable products. The Company sustained challenging circumstances during the year and, with the introduction of HRV, the Company managed to produce 26,176 units as compared to 37,780 units produced of last year.

Following were the key highlights for the year ended March 2023:

Launch of Honda HR-V

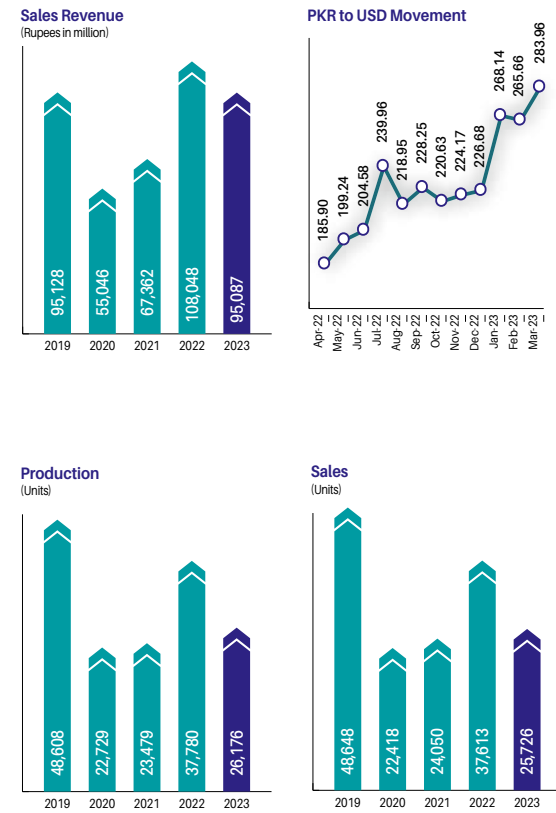
"Excite Your Life"

The All-New Honda HR-V 2022 was officially launched in Pakistan on October 21, 2022. Honda HR-V is nothing like a conventional automobile. It boasts of a remarkable Body Design, together with a highly-responsive performance with a maximum torque of 145 Newton-meters. Honda HR-V 2022 is equipped with remarkable exterior & interior features. It fosters Honda's aim to anchor better road safety for everyone, sharing the road through advanced future safety technologies. The goal is to reduce traffic collision fatalities involving Honda automobiles globally by 2050. It also comes with a full set of advanced safety and driving technologies such as a Hill Descent Control (HDC), Hill Start Assist, Vehicle Stability Assist, Agile Handle Assist, Electric Parking Brake, Auto Brake

Hold, Walk Away Auto Lock, Front and Rear Passenger Seat Belt Reminder and 4 Airbags. In addition, the All-New Honda HR-V 2022 is exceptionally comfortable as it is carefully designed when considering space for the driver, passengers and luggage; fully integrating it with everyday lives. The highlight of comfort is the roomy cabin, the design of the instrument panel with a neat layout, easy to use to bring high convenience for both driver and passengers. It is apparent that HR-V will set a new SUV segment benchmark in Pakistan since it is the first Japanese Brand Mid SUV launched in Pakistan.



Chairman's Review as on March 31, 2023



Clean Energy.. Solar Panels



Addition of New Dealerships

During the year, one new dealership was added in Honda's network at Bahawalpur. With the addition of this new dealership, the Company extended its network to 38 3S dealerships, covering almost all major consumer markets of the country. The new dealership will provide not only convenience for booking of new vehicles but increase efficient after-sales services to our valued customers.

FINANCIAL PERFORMANCE

The Company has been striving to cope with radically changing business conditions. Under current circumstances, keeping overall targets intact was challenging. With continued efforts, the Company managed to achieve satisfactory financial results.

During the year ended March 31, 2023, the Company achieved net sales revenue of PKR 95,087 million

as compared to PKR 108,048 million in the corresponding last year. In order to counter the exchange rate impact, aggressive pricing helped to secure gross profit of PKR 7,161 million against PKR 5,533 million. Selling and administrative expenses were maintained at last year's level of PKR 2,224 million. Other income improved to PKR 2,322 million against PKR 2,005 million owing to customers' confidence in the Company's products and better funds management. Financial and other charges were recorded at a level of PKR 5,276 million against 1,037 million, last year. The Company had to bear the brunt of unfavorable exchange rate parity which eroded the operational profitability. The Company posted PKR 1,983 million as profit before tax in comparison to the profit of PKR 4,275 million last year. After statutory tax adjustments, including adjustment of Super Tax, the net profit for the year ended March 31, 2023 came in at PKR 260 million as compared to the profit of



PKR 2,510 million of last year. Earning per share declined to PKR 1.82 against PKR 17.58 for the preceding year.

The Company remains committed to delivering 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.

MANUFACTURING EXCELLENCE

The Company has always been keen to embrace modern technology and improve process efficiency through environment friendly resources. The Company has taken a big step forward by deploying a Clean Energy Project during the year.



Enhancement of Solar Energy System

Pakistan has been facing energy shortage for several years now. With soaring fuel prices and reduced subsidy, cost of electricity has substantially increased over time. The emerging threat of abrupt climate change has induced the need for clean energy alternatives. Solar energy, therefore, has turned out to be one of the most abundant renewable energy resource. Various factors, such as technology acceptance, investment and favorable regulations for renewable energy are increasing demand for sustainable solar energy. In the year 2019, the Company initiated a 0.5 MW solar project with a commitment to enhance its reliance on green energy. During the year, the Company extended that capacity through installation of 1.0 MW "on grid generation system." At present, the Company generates 1.5 MW solar energy which partially supports the power requirements of production and office areas using clean energy solar panels.

Chairman's Review as on March 31, 2023



Celebrated World Environment Day - June 2022

FUTURE OUTLOOK

Over the last 75 years, the economy has shown strong resilience despite volatility and uncertainty. Moving forward, it is essential for the Country to sustain the reform momentum and focus on policies for sustainable growth. Macroeconomic adjustment measures, fiscal consolidation and export promotion will help relieve pressure on the currency. Managing the underlying risk necessitates articulating and effectively implementing a clear strategy for economic recovery. As the economy gradually returns to full capacity and recovery becomes sustainable, the automobile segment is expected to resume its upward momentum. While the macroeconomic is currently challenging, your Company is well positioned to carve out niche market opportunities for further market penetration and share growth.

The Company has demonstrated its ability to handle adversity while building a long-term business proposition that increases stakeholder value. In this regard, the "Honda Philosophy" continues to remain the corner stone of our business.

تختے چلجی پب دعر دی اتھے اگدا سسر و دا بونا

(When one puts down the foot, it grows and grow)

Acknowledgement

I would like to acknowledge the continued support and cooperation of Honda Motor Company Limited in maintaining high standards of excellence. I extend gratitude to 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. Takafumi Kioko and his team deserve strong appreciation for their endeavors in these challenging times. I wish the Company all the success in the coming years.

Aamir H. Shirazi
Chairman

May 26, 2023
Karachi.



Directors' Report

As on March 31, 2023



Takafumi Koike
President/CEO

The Directors of the Company are pleased to present their report together with the 31st Annual Report of the Company along with Audited Financial Statements for the year ended March 31, 2023.

Financial Results:

Key financial results for the year are as follows:

Rupees in million	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax for the year	1,982.65	4,275.40
Taxation	(1,722.51)	(1,765.50)
Other comprehensive income/(loss) for the year	43.06	(99.89)
Un-appropriated profit	303.20	2,410.01
Opening retained earnings	77.12	166.71
Total balance available for appropriation	380.32	2,576.72
Appropriations:		
Transfer to general reserves	-	(1,500.00)
Proposed dividend (2022: 70%)	-	(999.60)
	-	(2,499.60)
Earnings per share - basic & diluted (Rs.)	1.82	17.58



BUSINESS ENVIRONMENT

The business environment remained difficult throughout the year. The automobile industry witnessed a significant decline due to import restrictions and faced unprecedented challenges. PKR devaluation, increase in taxes, high inflation, decline in worker remittances, global supply chain disruptions, higher interest rates, and the delay in the resumption of IMF program has also added pressure to an overall slowdown of the economy. The restrictions on the opening of LCs and foreign payments persist. Resultantly, the Company's supply chain was severely disrupted during the year. The Company, inevitably, had to shut down its plant for more than two months during the year under review. Despite all the challenges, the Company closed the financial year with a profit before tax of Rs 1982.65 million and net profit after tax of Rs 260.14 million, as compared to Rs 4,275.41 million and Rs 2,509.91

million respectively, in the corresponding last year.

EARNINGS PER SHARE

The basic and diluted earnings per share after tax was Rs. 1.82 (2022: Rs. 17.58).



Directors' Report as on March 31, 2023



30th Annual General Meeting of Shareholders

COMPOSITION OF THE BOARD

The following is the composition of the Board of Directors:

Total Number of Directors: 9

- a) Male 8
- b) Female 1

Composition of the Board:

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

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

BOARD OF DIRECTORS

The Board of Directors is comprised of three Independent Directors and six Directors representing Honda Motor and Atlas Group. In order to respond to the mandate of the shareholders to achieve sustainable growth and enhance the corporate value of the Company over the medium to long term, the duties of the Board include making decisions concerning key

Company matters, strategic business direction, corporate governance, management policies and monitoring of operations. In addition, the Board discusses and makes decisions concerning matters specified in the Articles of Association, the Code, and other applicable laws. To fulfill these roles, the candidates for Directors shall be persons of superior characteristics and insight who have high expertise in business & financial management, accounting, quality, production, or the Company's business operations.

CHANGES ON THE BOARD

Mr. Hironobu Yoshimura, Executive Director and President & CEO was replaced by Mr. Takafumi Koike on April 01, 2022. Mr. Kazunori Shibayama, Director was replaced by Mr. Gaku Nakanishi and Mr. Katsumi Kasai, Executive Director was replaced by Mr. Shinobu Nakamura in regular annual rotations by Honda Motor, Japan on May 17, 2022, and July 01, 2022, respectively. The Board acknowledges the valuable contributions made by the outgoing Directors and welcomes the new members on the Board.

ROLES AND RESPONSIBILITIES OF CHAIRMAN & CEO/ PRESIDENT

To promote a culture of transparency and good governance, the 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.

The 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 to implement the Board's policies within delegated limits beside other responsibilities.

DIRECTOR'S REMUNERATION

In terms of requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Code), the Company has formulated a policy namely "Remuneration Policy

for Executive & Non- Executive Directors", which deals with the remuneration of the Directors. The system of remuneration for Directors is designed to enhance their motivation for improved business performance, both over the short term and medium to long term with sustained growth of corporate value. The Executive Directors are paid monthly remuneration and benefits as approved by the Directors, whereas the Company does not pay remuneration to Non-executive Directors, except for advisory and meeting fee. For information on remuneration and fee of Directors & CEO in 2022-23, please refer to notes to the Financial Statements.

For the year ending March 31, 2024, the Board has approved the following advisory fee & remunerations for the Directors:

- a) the advisory fee of the Chairman for attending Board meetings (Non-executive Director) at Rs. 50.69 million,
- b) the remuneration of the President/CEO at Rs. 30.0 million; and
- c) the remuneration of one full-time director at Rs. 25.0 million

BOARD MEETINGS

During the year, four meetings of the Board of Directors were held. The attendance of the Board Members were as follows:

Sr No	Name	Designation	Q1	Q2	Q3	Q4	No of meetings Attended
1	Mr. Aamir H. Shirazi	Chairman	✓	✓	✓	✓	4
2	Mr. Takafumi Koike	President & CEO and Executive Director	✓	✓	✓	✓	4
3	Mr. Saquib H. Shirazi	Non-Executive Director / Senior Advisor	✓	✓	✓	✓	4
4	Mr. Katsumi Kasai	Executive Director & Vice President Production	✓	-	-	-	1
4	Mr. Shinobu Nakamura (replaced Mr. Katsumi Kasai)	Executive Director & Vice President Production	-	✓	✓	✓	3
5	Mr. Muhammad Naeem Khan	Independent Director	✓	✓	✓	✓	4
6	Mr. Eihiko Sato	Non-Executive Director	✓	✓	✓	✓	4
7	Mr. Gaku Nakanishi	Non-Executive Director	✓	-	✓	✓	3
8	Mr. Ariful Islam	Independent Director	✓	✓	✓	✓	4
9	Ms. Rie Mihara	Independent Director	✓	✓	✓	-	3
10	Mr. Maqsood ur Rahman	Company Secretary & Vice President	✓	✓	✓	✓	4
11	Mr. Hamood ur Rahman	CFO / General Manager Finance	✓	✓	✓	✓	4

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

AUDIT COMMITTEE

The Audit Committee is composed of four members, including Independent and Non-Executive Directors. The Chairman of the Audit Committee is an Independent Director. The Committee quarterly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee which approves the audit plan, based on an annual and quarterly assessment of the operating areas. To respond to the entrustment of the shareholders, the Audit Committee reviews the audit reports, internal control systems, financial statements and performs other duties of the Committee as prescribed by the laws and regulations, with the aim of ensuring sound and sustainable growth of the Company. Reporting is required whenever there is an item that has a major impact on the Company. The internal auditors review the department processes to ensure compliance with the policies, regulations, and SOPs of the Company. The Internal Audit Division directly reports to the Chairman Audit Committee.



Directors' Report as on March 31, 2023



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

The attendance of the Audit Committee members was as under:

Sr No	Name	Designation	Q1	Q2	Q3	Q4	No of meetings Attended
1	Mr. M. Naeem Khan	Chairman / Independent Director	✓	✓	✓	✓	4
2	Mr. Saquib H. Shirazi	Non-Executive Director	✓	✓	✓	✓	4
3	Mr. Eihiko Sato	Non-Executive Director	✓	✓	✓	✓	4
4	Mr. Gaku Nakanishi	Non-Executive Director	✓	-	✓	✓	3
5	Mr. Imran Farooq	Head of Internal Audit / Secretary ACM	✓	✓	✓	✓	4

Leave of absence was granted to the member who did not attend the Audit Committee meetings.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee consists of five members, the majority of whom are non-executive directors. The Chairman of the Committee is an independent director. The Committees provides strategic guidance to the management on human resource, review the annual performance evaluations, personnel policies, and compensation & benefits for the associates.

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

Sr.No.	Name of Committee Member	Designation	Attendance
1	Mr. Muhammad Naeem Khan	Chairman	1
2	Mr. Saquib H. Shirazi	Member	1
3	Mr. Takafumi Koike	Member	1
4	Mr. Shinobu Nakamura	Member	1
5	Mr. Eihiko Sato	Member	1

CORPORATE GOVERNANCE

The Company strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principles, to strengthen the trust of its shareholders, customers, and society. The Board always encourages timely, decisive, and risk-considered decision-making; seeks sustainable growth and the enhancement of corporate value over the mid-to-long term; and becomes "a company that society wants to exist." To clearly segregate the supervisory and execution function of management and to enable prompt & flexible decisions, the Company has an Audit Committee, a Human Resource & Remuneration Committee and an Executive Committee which allows broad delegation of the business execution authority to the Executive Officers.

COMPLIANCE

To improve compliance culture, the Company has nominated a Compliance Officer designated by the Board of Directors. The Compliance Officer makes decisions regarding important internal control system measures including formulation and amendment of compliance policies. In addition, the responsibilities of



the Compliance Officer encompass confirming the status of the establishment and operation of internal control systems to appropriate management of the Business Ethic Proposal Line and deciding measures to prevent recurrences when any breach transpires. For matters of compliance that are of particularly high importance, deliberation or reporting at a meeting of the Executive Committee is carried out depending on the details of the matter. There were no such violations of laws or regulations in the year under review.

HONDA CODE OF CONDUCT

To earn the trust of customers and society for sustainable growth, we must not only comply with laws & regulations but go beyond those legal structures by practicing sincere and ethical conduct. Recognizing this, the Company has formulated the Honda Code of Conduct. It summarizes the sincere behavior to be practiced by the people working at Honda around the world. The Company works to instill the Honda Code of Conduct in every associate through actions such as trainings, the distribution of leaflets, the publication of in-house newsletters and posting of information on its intranet. This year, the Company conducted a comprehensive written test on the Honda Code of Conduct. More than 85% of associates participated in the test with the understanding level of 92%.

BUSINESS ETHICS PROPOSAL LINE

The Company has established the Business Ethics Proposal Line as a structure to improve corporate ethics. This hotline addresses issues that compromise corporate ethics through violation of laws or internal rules. This allows the Company to accept proposals and provide consultation, from a fair and neutral standpoint,



for associates who face barriers in improving or resolving issues at the workplace. In addition, this hotline responds to inquiries about the internal rules when questionable actions have occurred and engages in fact evaluation related to such cases. Proposals are accepted by email, letter, telephone, or drop-box from all associates and business partners. We ensure the protection of the proposers and anonymous proposals are also accepted.

INITIATIVES TO PREVENT BRIBERY AND CORRUPTION

The Company strictly prohibits bribery and corruption. The Honda Code of Conduct requires the Company to comply with the laws & regulations. The Code states, "As an independent corporate entity,

the Company maintains appropriate relationships with political entities and administrative entities and will interact in an appropriate manner in compliance with laws, regulations & Company policies and will not offer entertainment or gifts (both monetary and non-monetary) that are prohibited by laws, regulations, and company policies." Moreover, the Code stipulates that the associates will not receive from or provide to business partners benefits in the form of goods (both monetary and non-monetary) or entertainment beyond what is generally considered appropriate by society.

In addition to the above, the Company also has established the Honda Policy on the Prevention of Bribery and Corruption. It stipulates basic policy



Directors' Report as on March 31, 2023

about bribery & corruption and the Honda Guideline for the Prevention of Bribery and Corruption specifies compliance and prohibited items. The reinforcement of the policy is ensured through training, emails of any policy change, and through Company's intranet. The Company has also trained the trainer, division wise, on Honda Policy on the Prevention of Bribery and Corruption which are able to give further training to associates in their respective division.

ESTABLISHING AN EFFECTIVE RISK MANAGEMENT STRUCTURE

The Risk Management Policy aims at driving the Company's sustainable growth and stabilizing management based on the Honda Philosophy. It targets all the risks having a potential impact on the operations of the Company.

The Company has developed a risk management framework which is headed by the Risk Management Officer. The risk assessment activities are carried out by each Business and Functional Division. The purpose of these activities is to foresee potential risks surrounding the business and to respond before hand to mitigate these risks. Each department performs risk evaluation by using the common risk items and the assessment criteria to identify the priority risks of each Division. The Company wide priority risks are identified by the Risk Management Officer after due deliberation over the risk status of each operation. The concerned division then includes such risk items in its business plan for continuous monitoring, improving the situation, and risk mitigation.

During the year, the Company arranged a special four-day training program at Punjab Emergency Services 1122 academy to develop Emergency



Certificate Ceremony - "Trained the Trainer" on Prevention of Bribery & Corruption Policy

Response Team. The objective of this training was to respond appropriately to disasters/emergencies like fire incidents, earthquakes, floods, etc., and provide necessary "First Aid" treatment to victims of disaster before shifting to hospitals. The trained staff of the Company is now part of "Valenteers" of Rescue 1122 and can extend their services to the community accordingly. This team also participated in the "Annual Volunteers National Contest" this year and its performance, as beginners, was much appreciated by the higher management of 1122 Rescue.

INFORMATION MANAGEMENT

To protect the information assets, including confidential & personal information, the Company has adopted the Global Confidentiality Policy (GCP) and the Global IT Security Policy (GITSP). These policies stipulate a systematic response structure and compliance items for handling confidential & personal information along with security standards for

information systems and networks. They also specify the line of reporting in the event of any information leakage. While effectively applying these policies, the Company has set up the Confidentiality Committee to ensure timely response to changes. Besides strengthening activities to ensure information security against increasingly sophisticated and complex cyberattacks, the Company continuously monitors its capability of immediately responding to the events which must be addressed.

PERSONNEL MANAGEMENT

Honda believes that human beings are born as free and unique individuals with the capacity to think, reason, create - and the ability to dream. The Company wishes to nurture and promote these characteristics by respecting individual differences, trusting each other as equal partners, exercising abilities to the fullest and sharing joy. From this standpoint, the Company adopts Respect for the Individual as one of the Company's



Drive Safety Seminar at UET Lahore



Four days training program on Emergency Response Team at 1122 Premises

'Fundamental Beliefs'. The Company follows the 'Three Principles' of Personnel Management, specifically Respecting Initiative, Ensuring Fairness and Encouraging Mutual Trust, when managing its human resources in areas such as recruitment, training, assignment, evaluation and treatment. The Company always seeks to create an environment which supports to develop abilities and ambitions of associates and provides them with a workplace where these skills may actively be exercised.

During the year, three associates, from the Management cadre, attended "International Training Program" organized by AOTS in Japan. As a part of Asia & Oceania Exchange Expatriate Program, two associates were seconded to Thailand for a couple of years. Further, for enhancement of managerial skills, one-year Executive Diploma in Management Excellence (EDME) from LUMS was attended and successfully completed by three associates. The fourth batch of

twenty associates has been enrolled in Forman Christian College Lahore for a one-year "Diploma of Business Management (DBM)". In addition, various public and customized programs from LUMS, PIM, PSTD, and other prominent institutes and trainers were organized for associates with a focus on growth and evolving business needs.

OCCUPATIONAL HEALTH AND SAFETY

The Company always endeavors to build a safe and secure work environment for associates. Under the fundamental safety principle of "no safety, no production", the Company seeks to realize a work environment that brings joy to the people working with a true sense of safety & security. Based on this principle, the Health & Safety Division has established basic policies for preventing industrial accidents and their recurrence, as well as ensuring the health of associates. During the year, all associates went through mandatory annual medical



Annual Medical Check-up

checkups, and necessary precautions were taken in case of any deviation from standard health parameters. The Company continued to focus on the health of associates in the controlled pandemic environment. All workstations & lunch tables were protected, and where needed, the work-from-home protocols and E-meetings were observed. The Company obtained certification of ISO 45001 (Occupational Health and Safety Management System) without any major observation, despite the first attempt.



Annual Medical Check-up

Directors' Report as on March 31, 2023



Fire Fighting Drill



Free Medical Camp



Helping the Flood Victims

The Company has been taking various measures to upgrade the fire safety system on the premises. It includes adding new fire safety fixtures, improving existing installations, and conducting fire fighting drills for associates. This year HACPL has also conducted Fire Fighting Drill to coup the situation in future.

CSR ACTIVITIES

During the year, the Company continued to undertake social contribution activities, aiming to share the joy with people and to 'become



a company society wants to exist'. The Company contributed to society through some major projects including help to flood victims, medical camps, safe driving, education, fire safety trainings, and environment.

Helping the Flood Victims

Honda and Atlas Group, together, arranged emergency supplies worth Rs. 220 million for the flood affected. The aim was to empathize the traumatic flood victims in the catastrophic situation. The Group participated in the relief work and provided food boxes, shelters, tents, and water filtration units. Distribution was done through dealers and community networks developed over 60 years of presence in the country.

Free Medical Camps

The first free medical camp was arranged in 2014 in the Manga Mandi village and since then, it has been a hallmark of the Company's CSR activities. During the year, the Company organized five free medical

camps in remote areas through which, more than 2,182 patients were provided free medical treatment and medicines. Since start of this initiative, the Company has arranged 45 medical camps, wherein more than 27,000 patients have been provided free medical assistance.

Joint Camp with NHA for Free Medical & Eye Check-up

The Company joined hands with National Highway & Motorway Police to host Free Medical & Eye Check-up Camp for commercial drivers and surrounding community. During this camp, more than 200 drivers & residents were provided free medication and optical glasses.

Tree Plantation

Honda pledged to donate 5,000 plants to Punjab Horticulture Authority (PHA) on their premises near Doctors Hospital Lahore. The ceremony commenced with planting seeds for a greener tomorrow. Honda aims to achieve more as an environmentally



Handed over Honda used Car Engine to 1122's Driving Training Center



Fire-fighting trainings lecture at vendor premises



Donated Rs 1 M. under Scholarships Program to Aligarh School



Donated plants to Punjab Horticulture Authority (PHA)

sustainable company by participating in the initiative of 'Planting a Billion Trees' by the Government of Pakistan.

Collaboration with Punjab Emergency Services

The Company aims to increase awareness of Road Safety in Pakistan. Its 'Road Safety for Everyone' initiative is proactively being applied. The target is to reduce 50% traffic collision fatalities by 2030 and Zero traffic collision fatalities involving motorcycles and automobiles globally by 2050. The Company has been working with Punjab Emergency Services 1122 to educate and create responsibility for Road Safety through Training. To take this initiative forward, a "Model Driving Track" has been developed on the premises of 1122. Moreover, the Company handed over a "Honda used Engine" to the Driving Training Center for training purposes.

Scholarships to Students of Under Privileged Areas

The Company encourages the

education for students in the remote areas. To achieve this dream, the Company donated Rs. 1 million to Aligarh School, Manga Mandi, Lahore. The Company strives for the quality education to the students from under privileged areas so that they can play vital role in the development of their community and country.

Fire Fighting Training

The Company arranged to provide the fire fighting training to their dealers and vendors at their premises. This year fire fighting training was arranged for Punjab Vendors which trained more than 480 employees. The standard session included theoretical knowledge about fire and its contents, followed by a practical demonstration to control the fire. These sessions have been helpful to raise the importance of fire safety among our business partners.

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 the Securities and Exchange Commission of Pakistan and forms a part of the Listing Regulations of the Pakistan Stock Exchange.

- The financial statements of the Company for the year ended March 31, 2023, present fairly its state of affairs, the results of its operations, cash flow, and changes in equity;
- The Company has maintained proper books of accounts;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements for the year ended March 31, 2023, and accounting estimates are based on reasonable and prudent judgment;

Directors' Report as on March 31, 2023

- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- e. The systems of internal controls are sound in design and have been effectively implemented and monitored;
- f. There are no doubts about the Company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance, as detailed in listing regulations;
- h. The book value of investments held by the Employees Provident Fund and Employees Gratuity Fund as on March 31, 2023, are as follows (PKR in millions):



Fund Name	March 31, 2023	March 31, 2022
Provident Fund	575.42	608.70
Gratuity Fund	983.37	777.37

- i. The Key operating and financial data for the last ten years is given in this report.

STATEMENT OF VALUE ADDITION

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

MATERIAL CHANGES

There have been no material changes since March 31, 2023 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.

SHARES TRANSFER

During the year, 1,550 qualification shares were transferred in the name of Mr. Koike, Mr. Nakanishi and Mr. Nakamura, the new nominated director from Honda Motor, Japan replacing Mr. Yoshimura, Mr. Shibayama and Mr. Kasai respectively who were transferred to their new assignments. There was no other transaction of sale or purchase of shares of the Company by Directors, Company Secretary, Chief Financial Officer and

their spouses or minor children during the period under review.

CHAIRMAN'S REVIEW

The Chairman's review included in the Annual Report deals inter alia with the performance of the Company for the year ended March 31, 2023 and the future outlook. The directors endorse the contents of the review.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

HOLDING COMPANY

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

PATTEN OF SHAREHOLDING


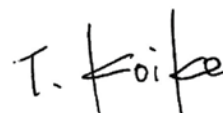
The pattern of shareholding as on

March 31, 2023 and its disclosure is annexed with this report.

EXTERNAL AUDITORS

M/s A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending March 31, 2024. The Audit Committee has recommended their reappointment to the Board.

For and on behalf of
The Board of Directors

 
Aamir H. Shirazi **Takafumi Koike**
Chairman President/CEO

Karachi, May 26, 2023



Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019



Executive Committee: (L to R) Mr. Maqsood ur Rehman, Mr. Takafumi Koike and Mr. Katsumi Kasai



Name of Company: **Honda Atlas Cars (Pakistan) Limited**
Year ended: **March 31, 2023**

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

1. The total number of directors are 9 as per the following:
 - a. Male 8
 - b. Female 1

2. The composition of the Board of Directors (the Board) is as follows:

Sr. No.	Category	Names
1.	Independent Directors	Mr. Muhammad Naeem Khan
2.		Mr. Arif Ul Islam
3.		Ms. Rie Mihara
4.	Other Non-Executive Directors	Mr. Aamir H. Shirazi
5.		Mr. Saquib H. Shirazi
6.		Mr. Eihiko Sato
7.		Mr. Gaku Nakanishi
8.	Executive Directors	Mr. Takafumi Koike
9.		Mr. Shinobu Nakamura

The independent director meets the criteria of independence under the Companies Act, 2017.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date 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 the 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 the Board.

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

9. Out of the nine, five 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. However, during the year, no Directors' Training Program was arranged.

10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.

11. The Chief Financial Officer and the 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		
	1. Mr. Muhammad Naeem Khan	Chairman
	2. Mr. Saquib H. Shirazi	Member
	3. Mr. Eihiko Sato	Member
	4. Mr Gaku Nakanishi	Member

b) HR & Remuneration Committee		
	1. Mr. Muhammad Naeem Khan	Chairman
	2. Mr. Saquib H. Shirazi	Member
	3. Mr. Takafumi Koike	Member
	4. Mr. Shinobu Nakamura	Member
	5. Mr. Eihiko Sato	Member

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

a) **Audit Committee**
Four quarterly meetings were held during the financial year ended March 31, 2023.

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

b) **HR & Remuneration Committee**
One meeting was held during the financial year ended March 31, 2023.

Statement of Compliance



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

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act,

these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Since there are no Nomination and Risk Management Committees in place (required under non-mandatory provision of Regulations 29 & 30), the Executive Committee of the Company performs these functions effectively and appraise the Board, wherever required.

Further, five directors of the Company qualify the Directors Training Program (DTP) and the Company will take adequate measures for DTP for the remaining directors, female executive and head of department (required under non-mandatory provision of Regulation 19(1) and Regulation 19(3).

Moreover, the Company will also place significant policies on its website in due course of time (required under non-mandatory provision of Regulation 35).

Lastly, the Board will facilitate the member representing minority shareholders, if anyone intend to contest, in the next election of Directors (required under non-mandatory provision of Regulation 5).

Aamir H. Shirazi
Chairman

Date: May 26, 2023
Karachi.



Independent Auditor's Review Report

to the Members of Honda Atlas Cars (Pakistan) Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Honda Atlas Cars (Pakistan) Limited for the year ended March 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

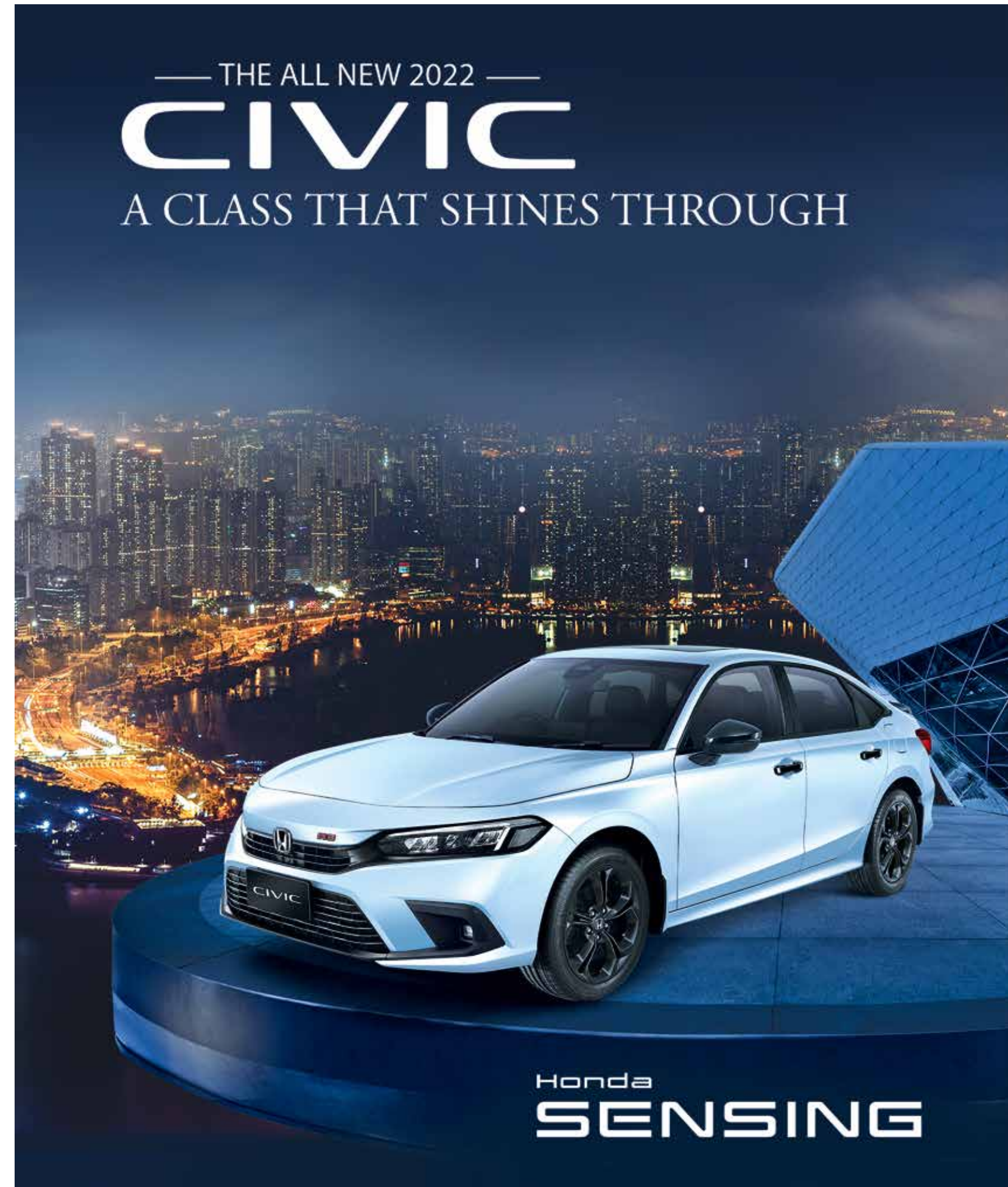
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended March 31, 2023.

A. F. FERGUSON & CO.
Chartered Accountants

Lahore

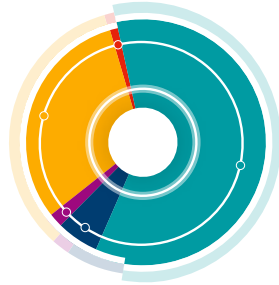
Date: June 01, 2023

UDIN: CR202310071VMfq2bUPt



Revenue Application

March 31, 2023



60% Product cost
6% Other costs
2% Employees
31% Government
0% Shareholders
1% Profit retained

Rupees in thousand	2023	2022
REVENUE		
Gross sales	118,864,403	133,241,755
Other income	2,321,705	2,004,952
Total	121,186,108	135,246,707

APPLICATION

Product Cost

Cost of sales (excluding employees' remuneration and government levies)	72,519,228	82,598,986
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Other costs

Operating expenses (excluding employees' remuneration)	6,057,450	2,054,782
Dealers' commission	1,645,984	2,041,424
Financial charges	346,141	53,263
Total	8,049,575	4,149,469

Employees

Workers' profit participation fund	105,310	227,436
Employees' remuneration	2,770,901	2,771,240
Total	2,876,211	2,998,676

Government

Workers' welfare fund	18,244	45,887
Sales tax & CVT	22,131,168	23,152,481
Custom duties	13,565,975	18,125,691
Income tax	1,722,507	1,765,499
Total	37,437,894	43,089,558

Shareholders

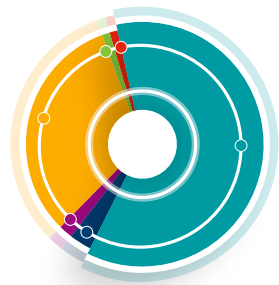
Dividend	-	999,600
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Retained in Business

Profit retained	303,200	1,410,418
Total	121,186,108	135,246,707

Percentage	2023	2022
APPLICATION		
Product cost	60	61
Other costs	6	3
Employees	2	2
Government	31	32
Shareholders	0	1
Profit retained	1	1
Total	100	100

March 31, 2022



61% Product cost
3% Other costs
2% Employees
32% Government
1% Shareholders
1% Profit retained

Value Added and its Distribution

March 31, 2023



35% Government
59% Employees
0% Shareholders
6% Retained in Business

Rupees in thousand	2023	2022
VALUE ADDED		
Net sales	95,087,251	108,047,850
Other income	2,321,705	2,004,952
Cost of sales (excluding employees' remuneration)	(86,085,203)	(100,724,677)
Operating expenses (excluding employees' remuneration)	(6,057,450)	(2,054,782)
Finance cost	(346,141)	(53,263)
Total	4,920,162	7,220,080

DISTRIBUTION

To Government

Workers' welfare fund	18,244	45,887
Income tax	1,722,507	1,765,499
Total	1,740,751	1,811,386

To Employees

Workers' profit participation fund	105,310	227,436
Employees' remuneration	2,770,901	2,771,240
Total	2,876,211	2,998,676

To Shareholders

Dividend	-	999,600
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Retained In Business

Profit retained	303,200	1,410,418
Total	4,920,162	7,220,080

Percentage	2023	2022
DISTRIBUTION		
Government	35	25
Employees	59	41
Shareholders	0	14
Retained in business	6	20
Total	100	100

March 31, 2022



25% Government
41% Employees
14% Shareholders
20% Retained in Business

Financial Highlights

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
STATEMENT OF PROFIT OR LOSS											
Sales	Rs in million	95,087	108,048	67,362	55,046	95,128	91,523	62,803	40,086	37,764	39,153
Gross profit	Rs in million	7,161	5,533	3,776	4,091	7,304	10,449	9,122	6,047	4,773	2,857
Operating profit	Rs in million	2,329	4,329	2,897	2,275	5,605	9,493	8,660	5,186	3,786	2,135
Profit before tax	Rs in million	1,983	4,275	2,781	1,547	5,594	9,479	8,636	5,179	3,767	2,097
Profit after tax	Rs in million	260	2,510	1,793	682	3,851	6,494	6,135	3,556	3,162	1,074
Proposed dividend	Rs in million	-	1,000	645	143	1,735	3,846	1,856	1,000	714	428
STATEMENT OF FINANCIAL POSITION											
Share capital	Rs in million	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Shareholders' equity	Rs in million	19,264	19,961	18,196	16,557	17,627	17,073	13,065	7,941	5,120	2,391
Capital expenditure	Rs in million	1,651	3,782	3,895	724	961	1,266	1,812	1,346	662	239
Fixed assets - at cost	Rs in million	19,356	18,431	16,613	13,129	12,621	11,961	11,454	9,844	8,531	8,150
Fixed assets - net	Rs in million	10,461	10,662	7,974	4,905	5,245	5,373	4,974	3,781	2,933	3,041
Non current liabilities	Rs in million	4,603	4,317	3,053	474	465	540	440	226	64	56
Total assets	Rs in million	62,688	70,263	45,155	31,842	32,101	58,809	51,497	16,205	13,926	12,317
Working capital	Rs in million	12,578	13,330	13,045	11,792	12,286	12,047	8,419	4,300	1,806	(1,043)
Capital employed	Rs in million	23,441	23,837	21,213	18,890	17,627	17,073	13,065	7,941	5,120	2,391
SIGNIFICANT RATIOS											
Profitability											
Gross profit margin	%	7.5	5.1	5.6	7.4	7.7	11.4	14.5	15.1	12.6	7.3
Profit before tax	%	2.09	3.96	4.13	2.81	5.88	10.36	13.75	12.92	9.98	5.4
Profit after tax	%	0.3	2.3	2.7	1.2	4.0	7.1	9.8	8.9	8.4	2.7
Liquidity											
Current ratio	Times	1.3	1.3	1.5	1.8	1.9	1.3	1.2	1.5	1.2	0.9
Quick ratio	Times	1.0	0.8	1.1	1.0	1.2	1.1	1.0	1.0	0.6	0.5
Long term debt to equity	Times	0.2	0.2	0.2	-	-	-	-	-	-	-
Total liabilities to equity	Times	3.3	3.5	2.5	1.9	1.8	3.4	3.9	2.0	2.7	5.2
Activity											
Total assets turnover	Times	1.5	1.5	1.5	1.7	3.0	1.6	1.2	2.5	2.7	3.2
Fixed assets turnover	Times	9.1	10.1	8.4	11.2	18.1	17.0	12.6	10.6	12.9	12.9
Stock turnover ratio	Times	5.0	5.9	5.5	5.1	10.4	10.9	10.1	7.1	7.0	8.9
Interest cover (BT)	Times	6.7	81.3	24.9	3.1	500.9	655.8	369.4	741.8	202.8	56.1
Interest cover (AT)	Times	1.8	48.1	16.4	1.9	345.2	449.6	262.7	509.6	170.4	29.2
Number of days stock	Days	73	62	66	72	35	33	36	51	52	41
Earning											
Return on capital employed	%	1.1	11.1	8.9	3.7	22.2	43.1	58.4	54.5	84.2	57.2
Return on equity (BT)	%	10.1	22.4	16.0	9.1	32.2	62.9	82.2	79.3	100.3	111.7
Return on equity (AT)	%	1.3	13.2	10.3	4.0	22.2	43.1	58.4	54.5	84.2	57.2
Earning per share (BT)	Rs.	13.9	29.9	19.5	10.8	39.2	66.4	60.5	36.3	26.4	14.7
Earning per share (AT)	Rs.	1.8	17.6	12.6	4.8	27.0	45.5	43.0	24.9	22.1	7.5
Price earning ratio (AT)	Times	65.6	11.8	21.7	27.7	8.9	10.5	17.5	10.1	8.3	7.3
Dividend per ordinary share	Rs.	-	7.00	4.52	1.0	12.1	26.9	13.0	7.0	5.0	3.0
Dividend pay out ratio	%	-	39.8	36.0	21.0	45.1	59.2	30.3	28.1	22.6	39.9
OTHER INFORMATION											
Break up value per share	Rs.	135	140	127	116	123	120	91	56	36	17
Market value per share	Rs.	118	207	273	133	240	477	752	252	183	55
Contribution to national exchequer	Rs in million	40,704	43,708	28,236	23,407	32,227	33,913	25,130	12,488	11,758	13,750
Units produced	Units	26,176	37,780	23,479	22,729	48,608	50,177	34,560	25,939	23,320	23,223
Units sold	Units	25,726	37,613	24,050	22,418	48,648	50,100	35,381	25,800	23,311	23,310
Manpower (permanent+contractual)	Nos.	1,532	2,274	1,498	1,483	2,284	2,278	2,033	1,256	1,160	1,122
Exchange rates at year end date											
¥ to \$	¥	132.69	121.52	110.82	108.29	110.64	106.06	111.65	112.74	119.13	104.00
Rs to \$	Rs.	283.96	183.68	152.79	166.59	140.51	115.60	104.95	104.85	101.94	98.53
Rs to ¥	Rs.	2.14	1.51	1.38	1.54	1.27	1.09	0.94	0.93	0.85	0.95

Horizontal Analysis

	2023	2022	2021	2020	2019	2018	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
	Rupees in thousand						Percentage				
STATEMENT OF FINANCIAL POSITION											
EQUITY AND LIABILITIES											
SHARE CAPITAL AND RESERVES											
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	-	-	-	-	-
Reserves	17,456,000	15,956,000	14,956,000	14,306,000	12,306,000	9,706,000	9.40	6.69	4.54	16.25	26.79
Unappropriated profit	380,325	2,576,725	1,812,163	823,254	3,892,652	5,939,492	(85.24)	42.19	120.12	(78.85)	(34.46)
NON-CURRENT LIABILITIES											
Long-term finances - secured	2,921,056	2,739,121	2,068,693	-	-	-	6.64	32.41	100.00	-	-
Deferred grant	820,361	787,677	595,838	-	-	-	4.15	32.20	100.00	-	-
Gratuity	136,539	250,977	173,374	187,484	164,766	93,385	(45.60)	44.76	(7.53)	13.79	76.44
Deferred taxation	706,823	521,177	201,780	270,510	288,058	433,591	35.82	158.29	(25.41)	(6.09)	(33.56)
Deferred revenue	18,547	18,197	13,535	16,438	11,829	12,838	1.92	34.44	(17.66)	38.96	(7.86)
CURRENT LIABILITIES											
Current portion of non-current liabilities	442,008	357,011	361,713	20,498	5,232	3,026	23.81	(1.30)	1,664.63	291.78	72.90
Short term borrowings - secured	-	-	-	-	-	-	-	-	-	-	-
Short term loan from related party - Unsecured	-	-	-	2,332,246	-	-	-	-	(100.00)	100.00	-
Accrued mark-up	19,504	37,293	6,120	75,547	17	782	(47.70)	509.36	(91.90)	444,294.12	(97.83)
Trade, dividend and other payables	38,358,921	45,590,870	23,538,010	12,381,837	14,004,637	41,191,665	(15.86)	93.69	90.10	(11.59)	(66.00)
	62,688,084	70,263,048	45,155,226	31,841,814	32,101,191	58,808,779	(10.78)	55.60	41.81	(0.81)	(45.41)
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	9,364,933	7,549,924	4,000,261	4,518,634	4,905,667	4,991,899	24.04	88.74	(11.47)	(7.89)	(1.73)
Intangible assets	1,089,005	747,295	186,188	289,015	215,951	305,124	45.73	301.37	(35.58)	33.83	(29.23)
Capital work-in-progress	7,015	2,364,549	3,788,001	97,062	123,487	76,348	(99.70)	(37.58)	3,802.66	(21.40)	61.74
Long term trade debts	481,267	27,216	56,157	117,080	208,959	-	1,668.32	(51.54)	(52.04)	(43.97)	100.00
Long term loans and advances	343,759	254,558	170,209	213,814	346,959	189,023	35.04	49.56	(20.39)	(38.37)	83.55
Long term deposits	4,042	4,042	4,042	4,042	4,042	4,042	-	-	-	-	-
CURRENT ASSETS											
Stores and spares	235,060	290,262	185,370	194,479	169,004	138,779	(19.02)	56.59	(4.68)	15.07	21.78
Stock-in-trade	12,602,074	22,866,173	11,648,838	11,268,644	8,670,614	8,208,043	(44.89)	96.30	3.37	29.96	5.84
Trade debts	944,078	978,728	845,765	868,505	1,122,986	92,441	(3.54)	15.72	(2.62)	(22.66)	1,114.81
Advances, prepayments and other receivables	22,466,514	15,398,259	9,349,859	8,653,570	10,173,428	13,135,180	45.90	64.69	8.05	(14.94)	(22.55)
Derivative financial instruments	-	-	-	42,205	-	-	-	-	(100.00)	100.00	-
Short term investments	14,251,272	6,795,538	-	4,053,057	4,768,252	20,674,900	100.00	100.00	(100.00)	(15.00)	(76.94)
Cash and bank balances	899,065	12,986,504	14,920,536	1,521,707	1,391,842	10,993,000	(93.08)	(12.96)	880.51	9.33	(87.34)
	62,688,084	70,263,048	45,155,226	31,841,814	32,101,191	58,808,779	(10.78)	55.60	41.81	(0.81)	(45.41)
STATEMENT OF PROFIT OR LOSS											
Sales	95,087,251	108,047,850	67,362,307	55,046,264	95,128,289	91,522,872	(12.00)	60.40	22.37	(42.13)	3.94
Cost of sales	(87,926,215)	(102,515,219)	(63,586,363)	(50,955,042)	(87,824,215)	(81,073,777)	(14.23)	61.22	24.79	(41.98)	8.33
Gross profit	7,161,036	5,532,631	3,775,944	4,091,222	7,304,074	10,449,095	29.43	46.52	(7.71)	(43.99)	(30.10)
Distribution and marketing costs	(902,374)	(1,145,187)	(736,974)	(667,901)	(931,787)	(916,906)	(21.20)	55.39	10.34	(28.32)	1.62
Administrative expenses	(1,321,962)	(1,079,683)	(823,588)	(738,757)	(800,040)	(677,602)	22.44	31.10	11.48	(7.66)	18.07
Other income	2,321,705	2,004,952	918,484	638,618	1,313,522	1,883,025	15.80	118.29	43.82	(51.38)	(30.24)
Other expenses	(4,929,616)	(984,045)	(237,080)	(1,048,538)	(1,281,007)	(1,244,569)	400.95	315.07	(77.39)	(18.15)	2.93
Finance cost	(346,141)	(53,263)	(116,159)	(727,444)	(11,189)	(14,476)	549.87	(54.15)	(84.03)	6,401.42	(22.71)
Profit before taxation	1,982,648	4,275,405	2,780,627	1,547,200	5,593,573	9,478,567	(53.63)	53.76	79.72	(72.34)	(40.99)
Taxation	(1,722,507)	(1,765,499)	(987,422)	(865,448)	(1,742,460)	(2,984,117)	(2.44)	78.80	14.09	(50.33)	(41.61)
Profit after taxation	260,141	2,509,906	1,793,205	681,752	3,851,113	6,494,450	(89.64)	39.97	163.03	(82.30)	(40.70)

Vertical Analysis

	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
	Rupees in thousand					Percentage				
STATEMENT OF FINANCIAL POSITION										
EQUITY AND LIABILITIES										
SHARE CAPITAL AND RESERVES										
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	2.28	2.03	3.16	4.48	4.45
Reserves	17,456,000	15,956,000	14,956,000	14,306,000	12,306,000	27.85	22.71	33.12	44.93	38.34
Unappropriated profit / (Accumulated loss)	380,325	2,576,725	1,812,163	823,254	3,892,652	0.61	3.67	4.01	2.59	12.13
NON-CURRENT LIABILITIES										
Long-term finances - secured	2,921,056	2,739,121	2,068,693	-	-	4.66	3.90	4.58	-	-
Deferred grant	820,361	787,677	595,838	-	-	1.31	1.12	1.32	-	-
Gratuity	136,539	250,977	173,374	187,484	164,766	0.22	0.36	0.38	0.59	0.51
Deferred taxation	706,823	521,177	201,780	270,510	288,058	1.13	0.74	0.45	0.85	0.90
Deferred revenue	18,547	18,197	13,535	16,438	11,829	0.03	0.03	0.03	0.05	0.04
CURRENT LIABILITIES										
Current portion of non-current liabilities	442,008	357,011	361,713	20,498	5,232	0.71	0.51	0.80	0.06	0.02
Short term borrowings - secured	-	-	-	-	-	-	-	-	-	-
Short term loan from related party - Unsecured	-	-	-	2,332,246	-	-	-	-	7.32	-
Accrued mark-up	19,504	37,293	6,120	75,547	17	0.03	0.05	0.01	0.24	-
Trade, dividend and other payables	38,358,921	45,590,870	23,538,010	12,381,837	14,004,637	61.19	64.89	52.13	38.89	43.63
	62,688,084	70,263,048	45,155,226	31,841,814	32,101,191	100.00	100.00	100.00	100.00	100.00
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	9,364,933	7,549,924	4,000,261	4,518,634	4,905,667	14.94	10.75	8.86	14.19	15.28
Intangible assets	1,089,005	747,295	186,188	289,015	215,951	1.74	1.06	0.41	0.91	0.67
Capital work-in-progress	7,015	2,364,549	3,788,001	97,062	123,487	0.01	3.37	8.39	0.30	0.38
Long term trade debts	481,267	27,216	56,157	117,080	208,959	0.77	0.04	0.12	0.37	0.65
Long term loans and advances	343,759	254,558	170,209	213,814	346,959	0.55	0.36	0.38	0.67	1.08
Long term deposits	4,042	4,042	4,042	4,042	4,042	0.01	0.01	0.01	0.01	0.01
CURRENT ASSETS										
Stores and spares	235,060	290,262	185,370	194,479	169,004	0.37	0.41	0.41	0.61	0.53
Stock-in-trade	12,602,074	22,866,173	11,648,838	11,268,644	8,670,614	20.10	32.54	25.80	35.39	27.01
Trade debts	944,078	978,728	845,765	868,505	1,122,986	1.51	1.39	1.87	2.73	3.50
Advances, prepayments and other receivables	22,466,514	15,398,259	9,349,859	8,653,570	10,173,428	35.84	21.92	20.71	27.18	31.69
Derivative financial instruments	-	-	-	42,205	-	-	-	-	0.13	-
Short term investments	14,251,272	6,795,538	-	4,053,057	4,768,252	22.73	9.67	-	12.73	14.85
Cash and bank balances	899,065	12,986,504	14,920,536	1,521,707	1,391,842	1.43	18.48	33.04	4.78	4.34
	62,688,084	70,263,048	45,155,226	31,841,814	32,101,191	100.00	100.00	100.00	100.00	100.00
STATEMENT OF PROFIT OR LOSS										
Sales	95,087,251	108,047,850	67,362,307	55,046,264	95,128,289	100.00	100.00	100.00	100.00	100.00
Cost of sales	(87,926,215)	(102,515,219)	(63,586,363)	(50,955,042)	(87,824,215)	(92.47)	(94.88)	(94.39)	(92.57)	(92.32)
Gross profit	7,161,036	5,532,631	3,775,944	4,091,222	7,304,074	7.53	5.12	5.61	7.43	7.68
Distribution and marketing costs	(902,374)	(1,145,187)	(736,974)	(667,901)	(931,787)	(0.95)	(1.06)	(1.09)	(1.21)	(0.98)
Administrative expenses	(1,321,962)	(1,079,683)	(823,588)	(738,757)	(800,040)	(1.39)	(1.00)	(1.22)	(1.34)	(0.84)
Other income	2,321,705	2,004,952	918,484	638,618	1,313,522	2.44	1.86	1.36	1.16	1.38
Other expenses	(4,929,616)	(984,045)	(237,080)	(1,048,538)	(1,281,007)	(5.18)	(0.91)	(0.35)	(1.90)	(1.35)
Finance cost	(346,141)	(53,263)	(116,159)	(727,444)	(11,189)	(0.36)	(0.05)	(0.17)	(1.32)	(0.01)
Profit before taxation	1,982,648	4,275,405	2,780,627	1,547,200	5,593,573	2.09	3.96	4.13	2.81	5.88
Taxation	(1,722,507)	(1,765,499)	(987,422)	(865,448)	(1,742,460)	(1.81)	(1.63)	(1.47)	(1.57)	(1.83)
Profit after taxation	260,141	2,509,906	1,793,205	681,752	3,851,113	0.27	2.32	2.66	1.24	4.05



Financial Statements
For the year ended March 31, 2023

Independent Auditor's Report

To the members of Honda Atlas Cars (Pakistan) Limited

Report on the Audit of the Financial Statements

OPINION

We have audited the annexed financial statements of Honda Atlas Cars (Pakistan) Limited (the Company), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2023 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Following is the Key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
(i)	<p>Capital expenditure (Refer notes 16, 17 and 18 to the annexed financial statements)</p> <p>During the current year, the Company has incurred a significant amount of expenditure that has been capitalised.</p> <p>We consider the above as a key audit matter being significant transaction and event for the Company during the year.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed, on a sample basis, costs capitalised during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. Assessed whether the costs capitalised met the relevant criteria for capitalization as per the applicable accounting and reporting framework. Evaluated management's estimation of economic useful lives and residual values by considering our knowledge of the business and practices adopted in the local industry. Checked the date of transfer of capital work-in-progress to operating fixed assets / intangible assets by examining the completion certificates, on a sample basis. Assessed whether the disclosures are made in accordance with the financial reporting framework.

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

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

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

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

Independent Auditor's Report

To the members of Honda Atlas Cars (Pakistan) Limited

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Masood.



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: June 01, 2023

UDIN: AR202310071ZYge6PJHV

Independent Auditor's Report

Statement of Financial Position

As at March 31, 2023

Rupees in thousand	Note	2023	2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (2022: 200,000,000)			
ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital			
142,800,000 (2022: 142,800,000)			
ordinary shares of Rs 10 each	5	1,428,000	1,428,000
Reserves	6	17,456,000	15,956,000
Revenue reserve: Un-appropriated profits		380,325	2,576,725
		19,264,325	19,960,725
NON-CURRENT LIABILITIES			
Long term finances - secured	7	2,921,056	2,739,121
Deferred government grant	8	820,361	787,677
Employee retirement benefits	9	136,539	250,977
Deferred taxation	10	706,823	521,177
Deferred revenue		18,547	18,197
		4,603,326	4,317,149
CURRENT LIABILITIES			
Current portion of non-current liabilities	11	442,008	357,011
Short term borrowings - secured	12	-	-
Accrued markup	13	19,504	37,293
Unclaimed dividend		50,666	47,937
Unpaid dividend		509,796	-
Trade and other payables and provisions	14	37,798,459	45,542,933
		38,820,433	45,985,174
CONTINGENCIES AND COMMITMENTS			
	15		
		62,688,084	70,263,048

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

Aamir H. Shirazi
Chairman

Takafumi Koike
President / CEO

Hamood ur Rahman Qaddafi
Chief Financial Officer

Rupees in thousand	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	9,364,933	7,549,924
Intangible assets	17	1,089,005	747,295
Capital work-in-progress	18	7,015	2,364,549
Long term trade debts	19	481,267	27,216
Long term loans to employees	20	343,759	254,558
Long term deposits		4,042	4,042
		11,290,021	10,947,584
CURRENT ASSETS			
Stores and spares	21	235,060	290,262
Stock-in-trade	22	12,602,074	22,866,173
Trade debts	23	944,078	978,728
Loans, advances, deposits, prepayments and other receivables	24	16,437,113	10,739,845
Income tax recoverable		6,029,401	4,658,414
Short term investments	25	14,251,272	6,795,538
Cash and bank balances	26	899,065	12,986,504
		51,398,063	59,315,464
		62,688,084	70,263,048

Aamir H. Shirazi
Chairman

Takafumi Koike
President / CEO

Hamood ur Rahman Qaddafi
Chief Financial Officer

Statement of Profit or Loss

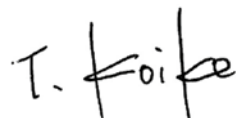
For the year ended March 31, 2023

Rupees in thousand	Note	2023	2022
Sales	27	95,087,251	108,047,850
Cost of sales	28	(87,926,215)	(102,515,219)
Gross profit		7,161,036	5,532,631
Distribution and marketing costs	29	(902,374)	(1,145,187)
Administrative expenses	30	(1,321,962)	(1,079,683)
Other income	31	2,321,705	2,004,952
Other expenses	32	(4,929,616)	(984,045)
Finance cost	33	(346,141)	(53,263)
Profit before taxation		1,982,648	4,275,405
Taxation	34	(1,722,507)	(1,765,499)
Profit for the year		260,141	2,509,906
Earnings per share - basic and diluted (in Rupees)	38	1.82	17.58

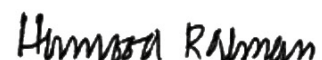
The annexed notes 1 to 47 form an integral part of these financial statements.



Aamir H. Shirazi
Chairman



Takafumi Koike
President / CEO



Hamood ur Rahman Qaddafi
Chief Financial Officer

Statement of Comprehensive Income

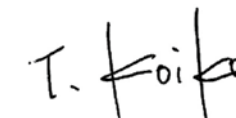
For the year ended March 31, 2023

Rupees in thousand	2023	2022
Profit for the year	260,141	2,509,906
Other comprehensive income/(loss) for the year:		
<i>Items that may be reclassified subsequently to profit or loss (net of tax)</i>	-	-
<i>Items that will not be subsequently reclassified to profit or loss (net of tax):</i>		
- Remeasurement gain/(loss) of post retirement benefits obligation	43,059	(99,888)
	43,059	(99,888)
Total comprehensive income for the year	303,200	2,410,018

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



Aamir H. Shirazi
Chairman



Takafumi Koike
President / CEO



Hamood ur Rahman Qaddafi
Chief Financial Officer

Statement of Changes in Equity

For the year ended March 31, 2023

Rupees in thousand	Share capital	Capital Reserve	Revenue Reserves		Total Equity
	Issued, subscribed and paid-up share capital	Share premium	General reserve	Un-appropriated profits	
Balance as on April 1, 2021	1,428,000	76,000	14,880,000	1,812,163	18,196,163
Appropriation of reserves					
Transfer to general reserve	-	-	1,000,000	(1,000,000)	-
Total comprehensive income for the year					
Profit for the year	-	-	-	2,509,906	2,509,906
Other comprehensive loss for the year	-	-	-	(99,888)	(99,888)
	-	-	-	2,410,018	2,410,018
Transactions with owners in their capacity as owners recognised directly in equity					
Final dividend for the year ended March 31, 2021 @ Rupees 4.52 per share	-	-	-	(645,456)	(645,456)
Balance as on March 31, 2022	1,428,000	76,000	15,880,000	2,576,725	19,960,725
Appropriation of reserves					
Transfer to general reserve	-	-	1,500,000	(1,500,000)	-
Total comprehensive income for the year					
Profit for the year	-	-	-	260,141	260,141
Other comprehensive income for the year	-	-	-	43,059	43,059
	-	-	-	303,200	303,200
Transactions with owners in their capacity as owners recognised directly in equity					
Final dividend for the year ended March 31, 2022 @ Rupees 7.00 per share	-	-	-	(999,600)	(999,600)
Balance as on March 31, 2023	1,428,000	76,000	17,380,000	380,325	19,264,325

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

Aamir H. Shirazi
Chairman

Takafumi Koike
President / CEO

Hamood ur Rahman Qaddafi
Chief Financial Officer

Statement of Cash Flows

For the year ended March 31, 2023

Rupees in thousand	Note	2023	2022
Cash flows from operating activities			
Cash generated from operations	35	999,634	12,243,244
Finance cost paid		(104,799)	(22,090)
Employees' retirement benefits and other obligations paid		(289,614)	(235,944)
Net increase in loans to employees		(315,810)	(186,842)
Income tax paid		(2,907,848)	(3,910,731)
Royalty paid		(1,486,079)	(1,387,578)
Net increase in deferred revenue		3,273	8,296
Net cash (outflow)/inflow from operating activities		(4,101,243)	6,508,355
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,354,969)	(2,927,709)
Purchase of intangible assets		(295,693)	(853,987)
Proceeds from disposal of property, plant and equipment		185,425	68,590
Proceeds from disposal of short term investments		6,981,276	38,775,790
Purchase of short term investments		-	(45,024,758)
Interest received		935,699	1,304,719
Net cash inflow/(outflow) from investing activities		6,451,738	(8,657,355)
Cash flows from financing activities			
Long term finances acquired		590,392	1,109,587
Long term finances repaid		(289,979)	(249,959)
Dividends paid		(487,075)	(644,660)
Net cash (outflow)/inflow from financing activities		(186,662)	214,968
Net increase/(decrease) in cash and cash equivalents		2,163,833	(1,934,032)
Cash and cash equivalents at the beginning of the year		12,986,504	14,920,536
Cash and cash equivalents at the end of the year	36	15,150,337	12,986,504

Refer notes 7 and 11 for reconciliation of liabilities arising from financing activities.

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

Aamir H. Shirazi
Chairman

Takafumi Koike
President / CEO

Hamood ur Rahman Qaddafi
Chief Financial Officer

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The registered office of the Company is situated at 1-Mcleod Road, Lahore, and its manufacturing facility is located at 43 km, Multan Road, Manga Mandi, Lahore. The Company also has regional offices situated at Asia House, 19-C&D, Block L, Gulberg III, Main Ferozepur Road, Lahore and Tower A, Technology Park, Shahrah-e-Faisal, Karachi.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 (the 'Act'); and
- ii) Provisions of and directives issued under the Act.

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

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

The following amendments and interpretations to published accounting and reporting standards that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments and interpretations to accounting and reporting standards that became effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on April 1, 2022 but does not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

2.2.2 Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on April 1, 2022. The standard and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies below.

3.2 Critical accounting estimates and judgements

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

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

- a) Employees' retirement benefits - gratuity - note 4.1.2 (a)
- b) Provision for taxation - notes 4.2 and 34
- c) Useful lives and residual values of property, plant and equipment and intangible assets - notes 4.3, 4.4, 16 and 17
- d) Impairment of financial assets - note 4.8.4
- e) Provision for warranty claims - note 4.15.1 and 14.10
- f) Contingent liabilities - notes 4.26 and 15
- g) Provision for net realizable value of stock-in-trade - notes 4.12 and 22.5

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Employee benefits

4.1.1 Short term obligations

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

4.1.2 Post employment benefits

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

(a) Defined benefit plan - Gratuity

The Company operates a funded defined benefit gratuity scheme for all its local permanent employees having a service period of more than 5 years. Gratuity is payable based on last drawn basic salary multiplied by length of years of service and gratuity factors which increase with completed service. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at March 31, 2023 using the "Projected Unit Credit Method". Under the scheme, gratuity is payable on the basis of last drawn basic salary at the following rates:

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

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at the rate of 7.59% (2022: 8.2%) per annum of basic salary.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

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

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

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

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

	2023	2022 (Per annum)
Discount rate	15.75%	10.25%
Expected increase in eligible pay	8.45 to 15.75%	11.75 to 15.00%
Expected rate of return on plan assets	15.75%	11.75%

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

The Company is expected to contribute Rs 102.609 million to the gratuity fund in the next year.

(b) Defined contribution plan

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

4.2 Taxation

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

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is

not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in 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.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

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

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

	Rate
Buildings on freehold land	5%
Plant and machinery	11% to 33.30%
Furniture and office equipment	20%
Vehicles	20%
Tools and equipment	20%
Computers	35%

Depreciation on additions to operating fixed assets is charged from the month when an asset is available for use while no depreciation is charged from the month when the asset is derecognised or retired from active use.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant.

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

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

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

4.3.2 Major spare parts and stand-by equipment

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

4.4 Intangible assets

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

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

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

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

Amortisation is charged to profit or loss on a straight line basis so as to write off the cost of an asset over its estimated useful life. Amortisation on additions to intangible assets is charged from the month when an asset is available for use while no amortisation is charged for the month when the asset is derecognised or retired from active use. Amortisation is charged at the annual rates given below:

	Rate
License fees and drawings	11% to 50%
Computer software	20% to 30%

The assets' useful lives are continually reviewed by the Company and adjusted if impact on amortisation is significant.

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

4.5 Capital work-in-progress

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

4.6 Impairment of non-financial assets

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

assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.7 Leases

The Company is a lessee.

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

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

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

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In case of warehouses, security deposits are made part of the cost of right of use assets and treated as residual value of the warehouses. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.8 Financial assets

4.8.1 Classification

The Company classifies its financial assets in the following measurement categories:

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

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

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

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

4.8.2 Recognition and derecognition

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

4.8.3 Measurement

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

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

Debt instruments

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

- i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.
- ii) Fair value through other comprehensive income ('FVOCI'): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.
- iii) Fair value through profit or loss ('FVPL'): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

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

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

4.8.4 Impairment of financial assets other than investment in equity instruments

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

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

- Long term trade debts
- Long term loans to employees
- Long term deposits
- Trade debts
- Loans, deposits and other receivables
- Bank balances.
- Short term investments

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

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

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

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The following indicators are considered while assessing credit risk:

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

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

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

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 360 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

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

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

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

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

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

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

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

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

4.9 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

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

4.10 Offsetting of financial assets and financial liabilities

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

4.11 Stores and spares

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

4.12 Stock-in-trade

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

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

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Stock-in-trade considered obsolete are carried at nil value.

4.13 Borrowings

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

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

4.14 Borrowing costs

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

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

4.15 Provisions

Provisions for legal claims and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.15.1 Provision for service warranties

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period and for which the management does not expect to receive a warranty claim from the respective

vendors. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives, as well as parts and labour costs.

4.16 Trade debts

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

4.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.18 Cash and cash equivalents

For the purpose of presentation in the statement of cashflows, cash and cash equivalents include cash in hand, deposits held at calls with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, bank overdrafts and short term borrowings.

4.19 Investments

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

4.20 Revenue recognition

Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer, and control either transfers over time or at a point of time. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

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

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

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

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

4.21 Contract asset and contract liability

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the Company shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.22 Dividend and other appropriations

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

4.23 Segment reporting

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

4.24 Share capital

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

4.25 Earnings per share

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

4.26 Contingent liabilities

Contingent liability is disclosed when:

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

4.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are

deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.28 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

4.29 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2023		2022	
Number of shares		Rupees in thousand	
111,400,000	111,400,000	Ordinary shares of Rs 10 each fully paid in cash	1,114,000
31,400,000	31,400,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares	314,000
142,800,000	142,800,000		1,428,000

5.1 72,828,000 (2022: 72,828,000) ordinary shares of the Company, which represent 51% (2022: 51%) of the issued, subscribed and paid-up share capital of the Company are held by Honda Motor Co., Ltd., Japan, the holding company which is incorporated in Japan. The registered address of the holding company is 1-1, Minami-Aoyama, 2-Chome, Minato-ku, Tokyo, 107-8556, Japan.

5.2 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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

Number of shares	Note	2023	2022
Directors			
Mr. Arif Ul Islam		500	500
Mr. Naeem Khan		700	700
Ms. Rie Mihara		500	500
	5.3.1	1,700	1,700
Other related parties			
Atlas Insurance Limited		850,000	850,000
Shirazi Investments (Private) Limited		43,119,650	43,119,650
		43,971,350	43,971,350

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

Rupees in thousand	Note	2023	2022
6. RESERVES			
Composition of reserves is as follows:			
Capital			
Share premium	6.1	76,000	76,000
Revenue			
General reserve	6.2		
- At the beginning of the year		15,880,000	14,880,000
- Transferred from un-appropriated profit		1,500,000	1,000,000
		17,380,000	15,880,000
		17,456,000	15,956,000

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

6.2 This reserve has been maintained for general purposes.

Rupees in thousand	Note	2023	2022
7. LONG TERM FINANCES - SECURED			
Loan under refinance scheme - Conventional loan	7.1	-	184,156
Loan under refinance scheme - Islamic mode of financing	7.2	3,154,228	2,739,121
		3,154,228	2,923,277
Current portion shown under current liabilities		(233,172)	(184,156)
	7.1 and 7.2	2,921,056	2,739,121

7.1 This represents long term financing facility obtained from Standard Chartered Bank (Pakistan) Limited under the State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns, recognised initially at fair value. The total facility amounted to Rs 500 million. As of March 31, 2023, all instalments have been paid. The facility was secured against current assets of the Company. The markup on the facility was payable quarterly and the base rate applicable during the year was 1.25% per annum. The effective interest rate during the year was 7.5% (2022: 7.5%) per annum. The reconciliation of the carrying amount is as follows:

Rupees in thousand	Note	2023	2022
Balance as at beginning of the year		184,156	417,399
Repayments during the year		(187,469)	(249,959)
		(3,313)	167,440
Unwinding of discount on liability		3,313	16,716
Balance as at end of the year		-	184,156
Current portion shown under current liabilities	11	-	(184,156)
		-	-

7.2 This represents long term Islamic financing facility (Diminishing Musharakah) obtained from Faysal Bank Limited under State Bank of Pakistan's (SBP) Refinance Scheme for Temporary Economic Refinance Facility ('TERF'), recognised initially at fair value. The total facility available amounted to Rs 5,000 million. The balance is repayable in 32 equal quarterly instalments after a grace period of two years from the date of each disbursement. The facility is secured against a lien over the Company's first hypothecation charge over its fixed assets, excluding land and buildings, amounting to Rs 6,667 million. The markup on the facility is payable quarterly and the base rate applicable during the year was 1.6% per annum. The effective interest rate during the year ranges from 7.5% to 14.25% (2022: 7.5% to 10.25%) per annum. The reconciliation of the carrying amount is as follows:

Rupees in thousand	Note	2023	2022
Balance as at beginning of the year		2,739,121	1,883,959
Disbursements during the year		590,392	1,109,587
Repayments during the year		(102,510)	-
		3,227,003	2,993,546
Discounting adjustment for recognition at fair value - deferred government grant	8	(267,937)	(372,026)
Unwinding of discount on liability		195,162	117,601
Balance as at end of the year		3,154,228	2,739,121
Current portion shown under current liabilities	11	(233,172)	-
		2,921,056	2,739,121

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8. DEFERRED GOVERNMENT GRANT

This represents deferred government grant recognised in respect of the benefit of below-market interest rate on long term finances as referred to in note 7. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rate used is 7.5% to 14.25% (2022: 7.5% to 10.25%) per annum.

8.1 The reconciliation of the carrying amount is as follows:

Rupees in thousand	Note	2023	2022
Balance as at beginning of the year		952,713	715,004
Deferred government grant recognised during the year	7.2	267,937	372,026
Credited to profit or loss - amortised during the year		(198,475)	(134,317)
		1,022,175	952,713
Current portion shown under current liabilities	11	(201,814)	(165,036)
Balance as at end of the year		820,361	787,677

9. EMPLOYEE RETIREMENT BENEFITS

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

Rupees in thousand	Note	2023	2022
Present value of defined benefit obligation		1,119,914	1,028,363
Fair value of plan assets		(983,375)	(777,386)
Liability as at March 31		136,539	250,977

9.1 Movement in net liability of defined benefit obligation

Net liability as at beginning of the year		250,977	173,374
Charged to statement of profit or loss	9.5	104,075	74,980
Total remeasurement (gain)/loss for the year charged to OCI	9.6	(43,059)	140,687
Contributions made by the Company during the year		(175,454)	(138,064)
Net liability as at end of the year		136,539	250,977

9.2 Movement in the present value of defined benefit obligation

Present value of defined benefit obligation as at beginning of the year		1,028,363	777,037
Current service cost		74,585	57,210
Interest cost		118,899	79,370
Benefits paid during the year		(32,915)	(5,382)
Remeasurements on obligation recognised in OCI			
- Actuarial (gains)/losses from changes in financial assumptions		(68,773)	122,975
- Experience adjustments		(245)	(2,847)
Present value of defined benefit obligation as at end of the year		1,119,914	1,028,363

Rupees in thousand

2023 2022

9.3 Movement in the fair value of plan assets

Fair value of plan assets as at beginning of the year	777,386	603,663
Interest income on plan assets	89,409	61,600
Contributions made during the year	175,454	138,064
Benefits paid during the year	(32,915)	(5,382)
Remeasurements on fair value of plan assets recognised in OCI	(25,959)	(20,559)
Fair value of plan assets as at end of the year	983,375	777,386

9.4 Plan assets are comprised as follows:

Mutual funds - unquoted	754,170	561,016
Cash	229,205	216,370
	983,375	777,386

9.5 Amounts recognised in the statement of profit or loss

Current service cost	74,585	57,210
Interest cost	118,899	79,370
Interest income on plan assets	(89,409)	(61,600)
Net expense charged in the statement of profit or loss	104,075	74,980

9.6 Remeasurements charged to other comprehensive income ('OCI')

Actuarial (gains)/losses from changes in financial assumptions	(68,773)	122,975
Experience adjustments	(245)	(2,847)
Remeasurements on fair value of plan assets	25,959	20,559
Total remeasurements charged to OCI	(43,059)	140,687

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

Rupees in thousand	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	1,024,586	1,229,660
Salary growth rate	1.00%	1,230,731	1,021,988

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

9.8 Risks faced by the Company on account of gratuity obligation

- **Final salary risks** - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount would also increase proportionately.
- **Asset volatility** - Most investments of the Company are in various mutual funds of different institutions. Investments in equity instruments are subject to adverse fluctuations as a result of change in the market price.
- **Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields, since the long term private sector market is not deep enough in Pakistan. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

- **Investment risks** - The risk of the investments underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.
- **Risk of insufficiency of assets** - This is managed by making regular contribution to the fund as advised by the actuary.
- **Mortality risk** - The risk that the actual Mortality Experience is different than the assumed mortality. The effect is more pronounced in schemes where age and service distribution is on the higher side.
- **Withdrawal risk** - The risk of actual withdrawals Experience is different from assumed Withdrawal probability. The significance of the Withdrawal risk varies with age, service and the entitled benefits of the beneficiary.

10. DEFERRED TAXATION

The gross movement in net deferred tax liability during the year is as follows:

Rupees in thousand	Note	2023	2022
Opening deferred tax liability		521,177	201,780
Charged to statement of profit or loss	34	185,646	319,397
Closing deferred tax liability		706,823	521,177
The liability for deferred taxation comprises of taxable/ (deductible) temporary differences relating to:			
Accelerated tax depreciation		717,439	557,694
Minimum tax available for carry forward	10.1	-	-
Provision for custom duties		(10,616)	(36,517)
		706,823	521,177

- 10.1 Deferred tax asset on deductible temporary differences arising due to minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 has not been recognised as sufficient taxable profits would not be available for adjustment/utilisation in the foreseeable future. The minimum tax would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax (Rupees in thousand)	Accounting year in which minimum tax will expire
2019	33,621	2024
2020	338,100	2025
2021	145,399	2026
2022	708,109	2027
2023	695,339	2026
	1,920,568	

Rupees in thousand	Note	2023	2022
11. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term finances - secured	7	233,172	184,156
Current portion of deferred government grant	8	201,814	165,036
Current portion of deferred revenue		7,022	7,819
		442,008	357,011

12. SHORT TERM BORROWINGS - SECURED

12.1 Running finances - secured

Short term borrowings available from commercial banks under mark up arrangements amount to Rs 21,500 million (2022: Rs 14,860 million). These arrangements carry mark up ranging from 11.39% to 20.08% (2022: 7.29% to 11.44%) per annum. The aggregate short term borrowings amounting to Rs 16,860 million are secured by first pari passu hypothecation charge over current assets of the Company.

12.2. Letters of credit and guarantees

Of the aggregate facility of Rs 4,704 million (2022: Rs 2,351 million) for opening letters of credit, the amount utilized at March 31, 2023 was Rs 1,822 million (2022: Rs 55 million). The aggregate facility for opening letters of credit is secured by lien over import documents of the Company.

Of the aggregate facility of Rs 8,200 million (2022: Rs 7,200 million) for bank guarantees, out of which Rs 4,700 million is available as a sub-limit of the above mentioned facilities for short term borrowings, the amount utilized at March 31, 2023 was Rs 4,549 million (2022: Rs 5,844 million).

Rupees in thousand	Note	2023	2022
13. ACCRUED MARKUP			
Accrued mark up on:			
- Long term finances - secured		19,478	37,091
- Short term borrowings - secured		26	202
		19,504	37,293

14. TRADE AND OTHER PAYABLES AND PROVISIONS

Creditors	14.1	572,675	2,605,770
Accrued liabilities		1,673,504	1,408,280
Bills payable	14.2	15,155,703	4,800,560
Deposits against display cars	14.3	2,474,940	2,399,421
Accumulating compensated absences	14.4	106,712	95,411
Contract liabilities	14.5 & 27.1	10,857,318	28,378,934
License fee, technical fee and royalties	14.6	2,300,539	1,567,778
Provision for custom duties	15.1	32,169	32,169
Punjab sales tax payable		562,979	210,794
Withholding income tax payable		21,132	114,739
Punjab infrastructure development cess payable		631,276	631,275
Sindh development and maintenance of infrastructure cess payable		2,593,319	2,020,400
Workers' Welfare Fund	14.7	19,074	51,857
Workers' Profit Participation Fund	14.8	25,310	9,436
Custom duty payable		287,478	809,609
Payable to employees' provident fund		20,349	18,040
Security deposits	14.9	219,492	158,048
Provision for warranty claims	14.10	102,500	93,750
Others		141,990	136,662
		37,798,459	45,542,933

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

14.1 Includes amounts due to the following related parties:

Rupees in thousand	2023	2022
Holding company	-	4,339
Other related parties	38,372	70,244
	38,372	74,583

14.2 Includes amounts due to the following related parties:

Holding company	2,131,221	692,681
Other related parties	12,936,284	4,021,892
	15,067,505	4,714,573

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

Rupees in thousand	2023	2022
14.4 Accumulating compensated absences		
Balance as at beginning of the year	95,411	84,733
Provision for the year	125,461	108,558
	220,872	193,291
Payments made during the year	(114,160)	(97,880)
Balance as at end of the year	106,712	95,411

14.5 This represents contract liabilities of the Company towards customers against the sale of vehicles. Customers who have given these advances, are entitled to discount at the rate of Karachi Inter Bank Offered Rate ('KIBOR') plus 3% per annum, from the date of advance payment to the date of delivery in case the delivery is delayed over two months from the date of advance payment, subject to certain other conditions.

14.6 Includes amounts due to the following related parties:

Rupees in thousand	Note	2023	2022
Holding company		2,210,019	1,495,226
Other related parties		72,478	47,570
		2,282,497	1,542,796

14.7 **Workers' Welfare Fund**

Balance as at beginning of the year		51,857	63,843
Net provision for the year	32	18,244	45,887
		70,101	109,730
Payments during the year		(51,027)	(57,873)
Balance as at end of the year		19,074	51,857

Rupees in thousand	Note	2023	2022
14.8 Workers' Profit Participation Fund			
Balance payable/(recoverable) as at beginning of the year		9,436	(353)
Provision for the year	32	105,310	227,436
Interest for the year		896	-
		115,642	227,083
Payments during the year		(90,332)	(217,647)
Balance payable as at end of the year		25,310	9,436

14.9 These represent interest free deposits from dealers and customers of scrap amounting to Rs 203.09 million (2022: Rs 148.65 million) and Rs 16.40 million (2022: Rs 9.40 million) against spare parts sales and scrap sales respectively. These are repayable on demand and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. These have been kept in a separate bank account in accordance with the requirements of section 217 of the Act.

Rupees in thousand	2023	2022
14.10 Provision for warranty claims		
Balance as at beginning of the year	93,750	56,750
Charge for the year	25,000	37,000
Reversed during the year	(16,250)	-
Balance as at end of the year	102,500	93,750

15. CONTINGENCIES AND COMMITMENTS

15.1 **Contingencies**

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

The Company approached custom authorities on the grounds that the components specified in the above mentioned notices included certain components which were duly appearing in the indigenization program of the Company for the relevant period. Hence, CBU rate of duty was not applicable on import of these components. However, the Customs Appellate Tribunal, Lahore ('CAT'), vide its order dated November 30, 2007, decided the matter against the Company against which references were filed in the Honourable Lahore High Court. The Honourable Lahore High Court remanded back the cases to CAT on December 16, 2016 which are pending adjudication. The Company has made a provision of Rs 32 million against the total demand of Rs 110 million. As the management is confident that the matter would be settled in its favour, consequently, no provision for the balance amount has been made in these financial statements in respect of the above mentioned notices.

(ii) The Collector of Customs (Appeals) had endorsed demands aggregating to Rs 4,243.83 million raised against the Company by the Customs Department in respect of imports affected during the period from April 2011 to December 2016 and April 2017 to December 2017, on account of custom duty, sales tax and income tax on the grounds that 'license fee' and 'royalty' paid to M/s Honda Motor Co., Ltd., Japan was includable in the 'import value' of 'Completely Knocked Down' kits of vehicles assembled by the Company and parts thereof. The

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

Company has filed an appeal against the decision of Collector of Customs (Adjudication) before the Customs Appellate Tribunal which is pending adjudication.

During the year, the Collector of Customs (Adjudication) has endorsed further demand of Rs 1,140.99 million on similar grounds for the periods from April 2018 to March 2020 and April 2020 to March 2021, taking the total amount involved in the matter to Rs 5,384.82 million. The Company has already filed an appeal and obtained stay against this demand with Customs Appellate Tribunal.

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

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

- (iv) Bank guarantees of Rs 4,548.94 million (2022: Rs 5,844.05 million) have been issued in favour of third parties.

15.2 Commitments in respect of

- (i) Letters of credit and purchase orders for capital expenditure aggregating Rs 146.79 million (2022: Rs 93.81 million).
- (ii) Letters of credit and purchase orders for other than capital expenditure aggregating Rs 188.50 million (2022: Rs 2,795.58 million).

Rupees in thousand	Note	2023	2022
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	9,267,918	7,549,924
Major stores and spares	16.2	97,015	-
		9,364,933	7,549,924

16.1 Operating fixed assets

Rupees in thousand

2023

	Cost as at April 01, 2022	Additions / (deletions)	Cost as at March 31, 2023	Accumulated depreciation as at April 01, 2022	Depreciation charge / (deletions) for the year	Accumulated depreciation as at March 31, 2023	Book value as at March 31, 2023
Freehold land	417,319	-	417,319	-	-	-	417,319
Buildings on freehold land	2,430,896	113,767	2,544,663	1,286,130	62,740	1,348,870	1,195,793
Plant and machinery	10,079,978	2,632,489 (75,755)	12,636,712	5,000,365	1,216,365 (74,837)	6,141,893	6,494,819
Furniture and office equipment	298,024	49,578 (2,464)	345,138	187,379	27,700 (2,054)	213,025	132,113
Vehicles	848,669	642,070 (309,998)	1,180,741	290,073	192,827 (143,965)	338,935	841,806
Tools and equipment	227,069	12,981 (1,921)	238,129	153,616	16,349 (1,732)	168,233	69,896
Computers	378,502	11,604 (3,160)	386,946	212,970	60,425 (2,621)	270,774	116,172
	14,680,457	3,462,489 (393,298)	17,749,648	7,130,533	1,576,406 (225,209)	8,481,730	9,267,918

Rupees in thousand

2022

	Cost as at April 01, 2021	Additions / (deletions)	Cost as at March 31, 2022	Accumulated depreciation as at April 01, 2021	Depreciation charge / (deletions) for the year	Accumulated depreciation as at March 31, 2022	Book value as at March 31, 2022
Freehold land	417,319	-	417,319	-	-	-	417,319
Buildings on freehold land	2,403,015	27,881	2,430,896	1,226,868	59,262	1,286,130	1,144,766
Plant and machinery	7,925,097	3,982,750 (1,827,869)	10,079,978	6,161,529	666,602 (1,827,766)	5,000,365	5,079,613
Furniture and office equipment	283,729	20,558 (6,263)	298,024	168,049	25,179 (5,849)	187,379	110,645
Vehicles	593,287	368,517 (113,135)	848,669	257,122	94,078 (61,127)	290,073	558,596
Tools and equipment	209,771	18,587 (1,289)	227,069	138,992	15,750 (1,126)	153,616	73,453
Computers	292,982	100,111 (14,591)	378,502	172,379	53,159 (12,568)	212,970	165,532
	12,125,200	4,518,404 (1,963,147)	14,680,457	8,124,939	914,030 (1,908,436)	7,130,533	7,549,924

16.1.1 The book value of fully depreciated assets which are in use as at March 31, 2023 is Rs 1,586.76 million (2022: Rs 1,649.58 million).

16.1.2 Plant and machinery includes dies and moulds having book value of Rs 279.44 million (2022: Rs 82.65 million) which are in possession of various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

16.1.4 The depreciation charge has been allocated as follows:

Rupees in thousand	Note	2023	2022
Cost of sales - own manufactured	28	1,403,169	792,414
Distribution and marketing costs	29	45,926	31,990
Administrative expenses	30	127,311	89,626
		1,576,406	914,030

16.1.5 Property, plant and equipment, excluding land and buildings, amounting to Rs 6,667 million is pledged as security against long term loan as referred to in note 7.2.

16.1.6 Sale of operating fixed assets

Rupees in thousand		2023				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain / (loss) on sale	Mode of disposal
Vehicles	Employees					
	Muhammad Mumtaz Ahmed	2,877	1,449	1,488	39	As per Company policy
	Sami Shafi	2,869	1,445	1,488	43	-do-
	Muhammad Aamer	2,871	1,446	1,488	42	-do-
	Muhammad Khalid	2,867	1,444	1,488	44	-do-
	Muhammad Zafar Iqbal	2,871	1,446	1,488	42	-do-
	Farrukh Navid UI Hassan	2,871	1,446	1,488	42	-do-
	Muhammad Naeem	2,874	1,447	1,488	41	-do-
	Ghafoor Ahmad Qaiser	2,871	1,445	1,488	43	-do-
	Muhammad Arshad Javed	2,870	1,445	1,488	43	-do-
	Muhammad Muneeb UI Hassan	2,870	1,445	1,488	43	-do-
	Muhammad Aslam Khan	2,867	1,444	1,488	44	-do-
	Muhammad Nauman	2,867	1,444	1,488	44	-do-
	Rana Usman Abid	2,867	1,444	1,488	44	-do-
	Mirza Mahtab Baig	2,867	1,444	1,488	44	-do-
	Muhammad Nauman Ali	2,870	1,445	1,488	43	-do-
	Farhan Saleem	2,870	1,445	1,488	43	-do-
	Zulfiqar Ali	2,867	1,444	1,488	44	-do-
	Amna Tahir	2,867	1,444	1,488	44	-do-
	Mawiz Akhtar	2,867	1,444	1,488	44	-do-
	Shahid Latif	2,867	1,444	1,488	44	-do-
	Muhammad Rafi	2,867	1,444	1,488	44	-do-
	Fayyaz Ahmad	2,867	1,444	1,488	44	-do-
	Asia Saif Ali Rizvi	2,867	1,444	1,488	44	-do-
	Ayaz Liaqat	2,867	1,444	1,488	44	-do-
	Mujahid Yasin	2,867	1,444	1,488	44	-do-
	Jamshaid Tahir	2,867	1,444	1,488	44	-do-
	Abdul Waheed	2,867	1,444	1,488	44	-do-
	Syed Arif Ali Shah	2,867	1,444	1,488	44	-do-
	Aneel Anwar	2,867	1,444	1,488	44	-do-
	Majid Rashid	2,907	1,488	1,616	128	-do-
	Waseem Akhter	2,910	1,490	1,616	126	-do-
	Muhammad Imran	2,906	1,488	1,616	128	-do-
	Muhammad Shahid	2,910	1,490	1,616	126	-do-
	Abdul Quddos Abbasi	2,910	1,490	1,616	126	-do-
	Waqqas Tariq	3,485	2,082	2,063	(19)	-do-
	Qazi Wasif Ali	3,562	2,374	2,401	27	-do-
	Bushra Waseem	3,559	2,372	2,401	29	-do-
	Sh.Wajid Subhani	3,536	2,357	2,401	44	-do-
	M.Zaman Khan Abdali	3,523	2,819	2,944	125	-do-
	Javed Iqbal Khan	3,525	2,820	2,944	124	-do-

Rupees in thousand

2023

Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain / (loss) on sale	Mode of disposal
	Riaz Ahmad	3,523	2,819	2,944	125	-do-
	Farhat Yasmeen	3,554	2,843	2,944	101	-do-
	Muhammad Shahbaz Hassan	3,475	2,780	2,944	164	-do-
	Muhammad Nauman	2,910	1,490	1,616	126	-do-
	Muhammad Umair Aslam	1,567	631	773	142	-do-
	Ammarah Hafeez	1,569	632	689	57	-do-
	Amna Riyaset	1,543	622	773	151	-do-
	Malik Muhammad Nawaz Sharif	1,566	631	773	142	-do-
	Arif Hussain Awan	1,564	630	773	143	-do-
	Muhammad Suhaib Bin Aziz	1,567	631	773	142	-do-
	Amna Farrukh	1,567	631	773	142	-do-
	Hafiz Muhammad Sajid	1,566	631	773	142	-do-
	Azeem Sattar	1,565	630	773	143	-do-
	Naeem Akhtar	1,567	631	773	142	-do-
	Jurry Murtaza Syed	1,542	621	773	152	-do-
	Muhammad Tahir Mahmood	1,565	630	773	143	-do-
	Syeda Mustajab Zehra	1,566	631	773	142	-do-
	Ali Raza	1,542	621	773	152	-do-
	Mubashar Ahmed	1,567	631	773	142	-do-
	Muhammad Amjad	1,647	664	848	184	-do-
	Muhammad Faisal Ijaz	1,645	663	848	185	-do-
	Muhammad Nawaz	1,565	630	773	143	-do-
	Muhammad Javaid	1,647	664	848	184	-do-
	Shamas Din	1,645	663	848	185	-do-
	Waseem Shahid	1,565	630	773	143	-do-
	Salman Gul	1,890	761	848	87	-do-
	Imran Khan	1,458	587	633	46	-do-
	Asim Shafi	1,567	631	773	142	-do-
	Syed Mujahid Ali Shah	1,645	663	848	185	-do-
	Moazzam Waheed	1,567	631	773	142	-do-
	Muhammad Afzal	1,649	664	848	184	-do-
	Umair Asmat	1,576	635	773	138	-do-
	Nadeem Bashir	1,567	631	773	142	-do-
	Ejaz Ahmad	1,707	699	901	202	-do-
	Wajid Ali	1,543	622	773	151	-do-
	Muhammad Ahsin Naeem	1,546	623	773	150	-do-
	Muhammad Naveed Mazhar	1,566	631	773	142	-do-
	Zahid Nadeem	1,542	621	773	152	-do-
	Muhammad Zohaib (Ex-employee)	1,567	610	689	79	-do-
	Nadeem Iqbal	2,982	2,585	2,714	129	-do-
	Kashif Mushtaq	2,844	2,464	2,393	(71)	-do-
	Waqar Ahmad Khan	1,900	973	1,107	134	-do-
	Altaf Hussain	2,980	2,583	2,714	131	-do-
	Muhammad Arshad	2,982	2,585	2,714	129	-do-
	Muhammad Mehboob	2,982	2,585	2,714	129	-do-
	Javed Iqbal	2,357	1,307	1,547	240	-do-
	Naseem Maqsood	2,844	2,464	2,393	(71)	-do-
	Muhammad Idrees	2,358	1,308	1,547	239	-do-
	Chaudry Usman Liaquat	1,899	972	1,107	135	-do-
	Sadaf Saqib	2,413	1,291	981	(310)	-do-
	Mumtaz Hussain (Ex-employee)	2,153	1,135	1,370	235	-do-
	Atif Iqbal (Ex-employee)	2,795	2,478	2,570	92	-do-
	Sami Shafi (Ex-employee)	4,780	4,382	4,880	498	-do-
	Abdul Waheed (Ex-employee)	4,668	4,201	4,529	328	-do-
	Muhammad Shakeel (Ex-employee)	2,982	2,326	2,422	96	-do-
	Muhammad Khyzar (Ex-employee)	3,023	2,671	2,703	32	-do-
	Muhammad Salman (Ex-employee)	2,841	2,134	2,098	(36)	-do-
	Fahad Mehmood (Ex-employee)	2,514	1,425	1,516	91	-do-

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For the year ended March 31, 2023

Rupees in thousand		2023				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain / (loss) on sale	Mode of disposal
Employees						
- Key management personnel						
	Aamir H. Shirazi	2,718	1,058	1,150	92	As per Company policy
	Imran Haider Rathore	2,869	1,444	1,488	44	-do-
	Muhammad Ashraf	2,890	1,310	1,347	37	-do-
	Maqsood Ur Rehman	2,893	1,311	1,347	36	-do-
Related Party						
	Atlas Insurance Limited	11,059	8,551	8,881	330	Total loss-insurance claim
Outsiders						
	Creative Electronics (Pvt) Ltd	27,093	10,189	16,960	6,771	Auction
	Kamran Bashir Mughal	11,599	2,800	3,350	550	Auction
	Adnan Naseer	3,470	992	2,245	1,253	Auction

Rupees in thousand		2022				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain / (loss) on sale	Mode of disposal
Vehicles	Employees					
	Nadeem Iqbal	1,467	542	606	64	As per Company policy
	Muhammad Mehboob	1,472	563	626	63	-do-
	Ghulam Murtaza	1,425	545	545	-	-do-
	Arif Hussain	1,425	545	545	-	-do-
	Tariq Gulzar	1,425	545	545	-	-do-
	Naseem Maqsood	1,425	545	545	-	-do-
	Sami Ullah Athar	1,417	576	576	-	-do-
	Muhammad Ijaz Anjum	1,417	576	576	-	-do-
	Farhat Yasmin	1,472	603	671	68	-do-
	Nawazish Ali	1,566	736	877	141	-do-
	Khurram Manzoor	1,565	735	877	142	-do-
	Rizwan Haider	1,546	726	877	151	-do-
	Imtiaz Hussain Khan	2,183	1,413	1,636	223	-do-
	Zeeshan Ashraf	2,440	1,731	1,788	57	-do-
	Muhammad Zubair Maqbool	1,567	736	877	141	-do-
	Subah Sadiq	2,157	1,396	1,636	240	-do-
	Muhammad Kashif Shahzad	2,035	1,241	1,289	48	-do-
	Ahsan Saleem	1,565	735	877	142	-do-
	Muhammad Shahzad Ashraf (ex-employee)	1,900	1,095	1,550	455	-do-
	Majid Sultan Khattak (ex-employee)	2,693	1,736	1,649	(87)	-do-
	Employees - Key management personnel					
	Maqsood Ur Rehman	2,896	1,489	1,525	36	As per Company policy
	Muhammad Ashraf	2,892	1,486	1,525	39	-do-
	Muhammad Akmal Dar	2,758	1,225	1,286	61	-do-
	Basharat Ali Rana	2,890	1,485	1,525	40	-do-
	Sohail Qaisar	2,890	1,485	1,525	40	-do-
	Muhammad Ajmal	2,891	1,486	1,525	39	-do-
	Asif Mahmood	2,890	1,485	1,525	40	-do-
	Muhammad Ali	2,894	1,487	1,525	38	-do-
	Hamood Ur Rahman Qaddafi	2,869	1,475	1,513	38	-do-
	Iqbal Ahmad	2,887	1,484	1,525	41	-do-
	Amir Nazir	2,890	1,485	1,525	40	-do-
	Imran Farooq	2,890	1,485	1,525	40	-do-
	Syed Waseem Hasan	2,870	1,475	1,513	38	-do-

Rupees in thousand		2022				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain / (loss) on sale	Mode of disposal
Related Party						
	Atlas Insurance Limited	4,152	2,555	2,815	260	Total loss-insurance claim
Outsiders						
	Augmentec Business Solutions	16,017	6,557	17,005	10,448	Auction
	Muhammad Irfan	2,698	767	2,550	1,783	Auction

Rupees in thousand		2023	2022
16.2 Major stores and spares			
	Balance at the beginning of the year	-	-
	Additions during the year	97,015	-
	Balance at the end of the year	97,015	-

Rupees in thousand		2023						
		Cost as at April 01, 2022	Additions / (deletions)	Cost as at March 31, 2023	Accumulated amortisation as at April 01, 2022	Amortisation charge / (deletions) for the year	Accumulated amortisation as at March 31, 2023	Book value as at March 31, 2023
17. INTANGIBLE ASSETS								
	License fees and drawings	1,236,882	436,008 (366,244)	1,306,646	567,048	184,739 (366,244)	385,543	921,103
	Computer softwares	149,211	109,699 (62,999)	195,911	71,750	19,258 (62,999)	28,009	167,902
		1,386,093	545,707 (429,243)	1,502,557	638,798	203,997 (429,243)	413,552	1,089,005

Rupees in thousand		2022						
		Cost as at April 01, 2021	Additions / (deletions)	Cost as at March 31, 2022	Accumulated amortisation as at April 01, 2021	Amortisation charge / (deletions) for the year	Accumulated amortisation as at March 31, 2022	Book value as at March 31, 2022
	License fees and drawings	631,895	604,987	1,236,882	448,866	118,182	567,048	669,834
	Computer softwares	67,454	81,757	149,211	64,295	7,455	71,750	77,461
		699,349	686,744	1,386,093	513,161	125,637	638,798	747,295

Rupees in thousand		Note	2023	2022
17.1	The amortisation charge has been allocated as follows:			
	Cost of sales - own manufactured	28	184,739	118,182
	Administrative expenses	30	19,257	7,455
			203,996	125,637

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

Rupees in thousand	Note	2023	2022
18. CAPITAL WORK-IN-PROGRESS			
Plant and machinery [including in transit Rs Nil (2022: Rs 462.92 million)]		2,937	1,984,251
Intangible assets under development		966	250,980
Others		3,112	129,318
		7,015	2,364,549

18.1 The reconciliation of the carrying amount is as follows:

Opening balance		2,364,549	3,788,001
Additions during the year	18.1.1	1,650,663	3,781,696
		4,015,212	7,569,697
Transfers during the year		(4,008,197)	(5,205,148)
Closing balance		7,015	2,364,549

18.1.1 Includes borrowing cost capitalised of Rs 9.92 million (2022: Rs 35.62 million).

Rupees in thousand	Note	2023	2022
19. LONG TERM TRADE DEBTS			
Considered good		836,769	38,561
Unwinding of discount	31	42,963	9,335
		879,732	47,896
Current portion shown under current assets	23	(398,465)	(20,680)
		481,267	27,216

19.1 These represent interest free receivables in respect of vehicles sold on monthly instalments in accordance with the Company's policy and are recoverable within a period of 2 to 5 years. Included in these receivables is an amount aggregating to Rs 300 million (2022: Rs 47.9 million) which is due from employees of related parties (on the basis of common directorship). Long term trade debts have been carried at amortised cost by discounting future cash flows ranging from 11.5% to 18.79% per annum (2022: 11.5% per annum).

Rupees in thousand	Note	2023	2022
20. LONG TERM LOANS TO EMPLOYEES			
Loans to employees - considered good			
- Key management personnel	20.2	44,631	20,280
- Others		711,109	474,608
		755,740	494,888
Discounting of long term loans		(248,621)	(107,277)
Unwinding of discount	31	54,959	34,530
		562,078	422,141
Current portion shown under current assets			
- Key management personnel		(9,513)	(4,276)
- Others		(208,806)	(163,307)
	24	(218,319)	(167,583)
		343,759	254,558

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

Staff welfare loans carry interest at the rate ranging from 11.5% to 22.00% per annum (2022: 8.30% to 11.5% per annum) and are recoverable within a period of 7 years commencing from the date of disbursement through monthly deductions from salaries.

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

Car loans are interest free and are recoverable within a maximum period of 4 to 6 years commencing from the date of disbursement through monthly deductions from salaries.

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

Loans other than staff welfare loans, which are interest free have been carried at amortised cost by discounting future cash flows at the market rate prevailing on the date of disbursement of loan which ranges from 15.52% to 18.79% per annum (2022: 8.08% to 12.84%).

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

20.2 The reconciliation of carrying amount of long term loans to key management personnel is as follows:

Rupees in thousand	2023	2022
Opening balance	20,280	6,587
Disbursements during the year	29,592	24,480
Receipts during the year	(5,241)	(10,787)
Closing balance	44,631	20,280

20.2.1 These comprise loans to the following key management personnel: Muhammad Ali, Basharat Ali Rana, Iqbal Ahmed, Amir Nazir, Muhammad Akmal Dar, Asif Mahmood, Sohail Qaisar, Imran Farooq, Muhammad Ajmal, Syed Wasim Hassan, Hamood Ur Rahman Qaddafi, Imran Haider Rathore.

The maximum amount of loan outstanding from the key management personnel at the end of any month during the year was Rs 45.43 million (2022: Rs 20.28 million).

The loans to key management personnel of the Company have been granted under the same terms as explained in note 20.1.

21. STORES AND SPARES

Most of the items of stores and spares are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage. Further, stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Spares amounting to Rs 0.01 million (2022: Rs 0.01 million) are in the possession of various vendors which relate to the dies and moulds.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

Rupees in thousand	Note	2023	2022
22. STOCK-IN-TRADE			
Raw materials [including in transit Rs 296.46 million (2022: Rs 7,991.98 million)]	22.2	9,390,095	20,545,606
Work-in-process		94,018	707,331
Finished goods			
- Own manufactured	22.3	2,303,304	720,218
- Trading stock [including in transit Rs Nil (2022: Rs 183.35 million)]	22.4	814,657	961,695
		12,602,074	22,934,850
Less: Provision for slow moving items	22.1	-	(68,677)
		12,602,074	22,866,173

22.1 Movement of provision for slow moving items

Balance as at April 1		68,677	139,475
Reversal during the year		(68,677)	(70,798)
Balance as at March 31		-	68,677

22.2 Raw materials amounting to Rs 489.26 million (2022: Rs 466.98 million) are in the possession of various vendors of the Company for further processing into parts to be supplied to the Company.

22.3 Own manufactured finished goods amounting to Rs 912.54 million (2022: Rs 44.51 million) are in the possession of various dealers as consignment stock for display at dealerships.

22.4 Trading stock amounting to Rs 8.80 million (2022: Rs 13.91 million) is in possession of various dealers as consignment stock for display at dealerships.

22.5 Stock-in-trade includes raw materials costing Rs Nil (2022: 2,488.13 million) having net realisable value Rs Nil (2022: 2,402.02 million), work-in-process costing Rs Nil (2022: Rs 142.62 million) having a net realisable value of Rs Nil (2022: 139.90 million), finished goods costing Rs Nil (2022: 19.07 million) having a net realisable value Rs Nil (2022: Rs 17.83 million). The related expense has been charged to cost of sales.

Rupees in thousand	Note	2023	2022
23. TRADE DEBTS			
Considered good			
- Current portion of long term trade debts	19	398,465	20,680
- Others	23.1	545,613	958,048
		944,078	978,728
Considered doubtful		16,142	16,142
Loss allowance		(16,142)	(16,142)
		-	-
		944,078	978,728

23.1 Includes balance receivable from Honda Trading Asia Co. Limited, a related party, amounting to Rs 0.153 million (2022: 0.062 million).

The maximum amount receivable from the related parties at the end of any month during the year was Rs 0.153 million (2022: Rs 0.062 million).

Rupees in thousand	Note	2023	2022
The aging analysis of trade debts that are past due and not impaired is as follows:			
Neither past due nor impaired		-	-
Past due but not impaired:			
Up to 90 days		-	62
90 to 180 days		153	-
Greater than 180 days		-	-
		153	62
		153	62

The aging analysis of trade debts other than related parties are as follows:

Neither past due nor impaired		512,408	680,011
Past due but not impaired:			
Up to 90 days		27,105	-
90 to 180 days		-	189,924
Greater than 180 days		5,947	88,051
		33,052	277,975
		545,460	957,986

24. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Current portion of loans to employees	20	218,319	167,583
Advances - considered good:			
- to suppliers and contractors	24.1	2,017,073	2,063,610
- to employees		-	1
		2,017,073	2,063,611
Due from related parties	24.2	240,256	80,770
Recoverable from government authorities:			
- Sales tax		1,922,340	4,817,953
- Custom duty		39,152	39,152
		1,961,492	4,857,105
Prepayments	24.3	327,393	290,344
Margin held against imports		11,482,816	3,139,548
Profit receivable on bank deposits		59,251	55,927
Other receivables	24.4	130,513	84,957
		16,437,113	10,739,845

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

24.1 Includes interest bearing advances to suppliers and contractors aggregating Rs 645.73 million (2022: Rs 1,618.71 million). Such advances carry markup at the rate of 3 months KIBOR plus 1.25%. Markup rate charged during the year on the outstanding balances ranged from 13.20% to 18.25% (2022: 8.70% to 11.79%) per annum.

Rupees in thousand	Note	2023	2022
24.2 Due from related parties			
Holding company			
Honda Motor Co., Ltd., Japan		-	213
Other related parties			
Honda Automobile (Thailand) Co., Ltd.		100,648	71,487
Honda Malaysia SDN. BHD. Malaysia		-	124
PT Honda Prospect Motor Indonesia		1,399	4,784
PT Honda Precision Parts Mfg.		138,209	3,154
American Honda Motor Co., Inc.		-	1,008
	24.2.1	240,256	80,770

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

24.2.2 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 240 million (2022: Rs 81 million).

Rupees in thousand	2023	2022
The aging analysis of due from related parties that are past due and not impaired is as follows:		
Neither past due nor impaired	-	-
Past due but not impaired:		
Up to 90 days	231,552	75,518
90 to 180 days	8,479	5,252
Greater than 180 days	225	-
	240,256	80,770
	240,236	80,770

24.3 This includes prepaid insurance to Atlas Insurance Limited, a related party, amounting to Rs 253.34 million (2022: Rs 210.48 million).

24.4 Other receivables include an amount of Rs 0.79 million (2022: Rs 1.40 million) due from Atlas Insurance Limited, a related party. It is in the normal course of business and is interest free. The maximum aggregate amount due from the related party at the end of any month during the year was Rs 1.96 million (2022: Rs 2.89 million). It is neither past due nor impaired.

25. This represents investment in Government Treasury Bills which bear markup ranging from 17.76% to 20.97% (2022: 11.21% to 11.23%) per annum.

Rupees in thousand	Note	2023	2022
26. CASH AND BANK BALANCES			
At banks on:			
- Current accounts		65,981	30,048
- Deposit accounts	26.1	821,703	4,353,545
		887,684	4,383,593
Cash in hand		11,381	2,911
Term deposit receipts	26.2	-	8,600,000
		899,065	12,986,504

26.1 Balances in deposit accounts bear mark up which ranges from 8.25% to 20% (2022: 8.25% to 11.50%) per annum.

26.2 This represents term deposit receipts having maturity of one month from the date of purchase. These bear mark up which was Nil (2022: 11.50% to 13.00%) per annum.

Rupees in thousand	Note	2023	2022
27. SALES			
Sales - own manufactured goods	27.1 & 27.2	115,385,710	130,026,655
Sales tax		(16,842,219)	(18,933,763)
Federal excise duty		(4,106,451)	(3,619,226)
Capital value tax		(490,190)	-
Commission to dealers		(1,645,384)	(2,040,924)
Discount to customers	27.3	(781,957)	(498,299)
		91,519,509	104,934,443
Sales - trading goods		4,260,650	3,713,399
Sales tax		(692,308)	(599,492)
Commission to dealers		(600)	(500)
		3,567,742	3,113,407
		95,087,251	108,047,850

27.1 Contract liabilities as at the beginning of the year, aggregating to Rs 28.38 billion (2022: Rs 10.81 billion), have been recognized as sales upon dispatch of vehicles against such advances.

27.2 Includes amortization of deferred revenue amounting to Rs 3.72 million (2022: Rs 5.65 million) that has been recognised in respect of deferred revenue outstanding as at the beginning of the year.

27.3 This represents discount to customers as explained in note 14.5 to these financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

Rupees in thousand	Note	2023	2022
28. COST OF SALES			
Raw material consumed		78,961,454	95,009,651
Stores and spares consumed		279,007	215,417
Salaries, wages and benefits	28.1	1,841,012	1,790,542
Fuel and power		349,451	347,462
Insurance		209,325	147,372
Travelling and vehicle running		297,769	336,694
Freight and handling		1,022,176	293,061
Repairs and maintenance		139,131	86,943
Technical assistance		75,107	13,425
Depreciation on property, plant and equipment	16.1.4	1,403,169	792,414
Amortisation on intangible assets	17.1	184,739	118,182
Royalty	28.2	2,162,067	2,135,060
Canteen subsidy		76,703	81,606
(Reversal)/provision for net realisable value		(86,223)	34,198
Rent, rate and taxes	28.3	80,087	43,339
Other expenses		13,369	9,103
		87,008,343	101,454,469
Opening stock of work-in-process		707,331	599,743
Closing stock of work-in-process		(94,018)	(707,331)
		613,313	(107,588)
Cost of goods manufactured		87,621,656	101,346,881
Own work capitalized		(366,750)	(186,508)
Cost of damaged cars		(5,642)	(22,586)
		87,249,264	101,137,787
Opening stock of finished goods		720,218	63,501
Closing stock of finished goods		(2,303,304)	(720,218)
		(1,583,086)	(656,717)
Cost of sales - Own manufactured goods		85,666,178	100,481,070
Cost of sales - Trading goods		2,260,037	2,034,149
		87,926,215	102,515,219
28.1 Salaries, wages and benefits include following amounts in respect of gratuity:			
Current service cost		53,111	40,319
Net interest on defined benefit obligation		21,000	12,524
		74,111	52,843

In addition to above, salaries, wages and benefits include Rs 61.17 million (2022: Rs 54.03 million) on account of provident fund contributions.

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

Company name	Address	Relationship with the Company	2023 Rupees in thousand	2022 Rupees in thousand
Honda Motor Co., Ltd., Japan	1-1, Minami-Aoyama, 2-Chome, Minato-ku, Tokyo, 107-8556, Japan	Holding company	1,839,626	2,104,015
Honda Lock Mfg. Co. Japan	3700, Shimonaka Sadowara-Cho Miyazaki City Miyazaki Pref, 880-0293 Japan	Group company	4,215	4,950
Honda Access Asia Oceania Co. Limited	2754/1 Soi Sukhumvit 66/1, Sukhumvit Rd; Kwaeng Bangna, Bangkok 10260 Thailand	Group company	-	6
Yutaka Giken Co., Ltd.	508-1, Yutaka-cho, Higashi-ku Hamamatsu-Shi SZK 431-3194, Japan	Group company	8,083	10,347
Other parties	Various	None	12,277	11,608
			1,864,201	2,130,926

28.3 This represents expenses incurred by the Company in respect of short term leases as per IFRS 16.

Rupees in thousand	Note	2023	2022
29. DISTRIBUTION AND MARKETING COSTS			
Salaries, wages and benefits	29.1	336,902	308,858
Fuel and power		12,781	8,044
Insurance		23,909	16,633
Travelling and vehicle running		50,777	33,223
Freight and handling		30,804	21,954
Repairs and maintenance		6,047	18,271
Printing and stationery		18,136	24,442
Warranty costs - net of claims		(14,460)	93,193
Advertising and sales promotion		281,683	478,771
Depreciation on property, plant and equipment	16.1.4	45,926	31,990
Training expenses		6,338	6,413
Canteen subsidy		12,485	8,982
Free service claims		9,553	10,356
Rent, rates and taxes	29.2	27,708	26,800
Fees and subscriptions		43,336	48,849
Others		10,449	8,408
		902,374	1,145,187
29.1 Salaries, wages and benefits include following amounts in respect of gratuity:			
Current service cost		8,029	6,974
Net interest on defined benefit obligation		3,175	2,166
		11,204	9,140

In addition to above, salaries, wages and benefits include Rs 12.39 million (2022: Rs 11.42 million) on account of provident fund contributions.

29.2 This represents expenses incurred by the Company in respect of short term leases as per IFRS 16.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

Rupees in thousand	Note	2023	2022
30. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	30.1	636,046	571,952
Fuel and power		31,539	20,276
Insurance		37,926	23,060
Travelling and vehicle running		123,990	77,833
Repairs and maintenance		94,460	89,277
Printing and stationery		14,287	12,382
Communications		47,419	44,192
Postage		1,215	1,508
Auditors' remuneration	30.2	12,661	13,243
Legal and professional charges		20,810	26,242
Depreciation on property, plant and equipment	16.1.4	127,311	89,626
Amortisation on intangible assets	17.1	19,257	7,455
Fees and subscriptions		10,177	9,774
Canteen subsidy		22,353	17,888
Security expenses		851	87
Training expenses		21,706	4,201
Others	30.3	99,954	70,687
		1,321,962	1,079,683
30.1 Salaries, wages and benefits include following amounts in respect of gratuity:			
Current service cost		13,444	9,917
Net interest on defined benefit obligation		5,316	3,080
		18,760	12,997

In addition to above, salaries, wages and benefits include Rs 20.06 million (2022: Rs 16.59 million) on account of provident fund contributions.

30.2 Auditors' remuneration

The charges for professional services (excluding sales tax) consist of the following in respect of auditors' services for:

Rupees in thousand	2023	2022
Statutory audit	2,641	2,401
Half yearly review	779	709
Taxation services	3,535	8,425
Certifications and audits required by various regulations	1,663	1,043
Assistance in preparation of statutory documentation	3,036	136
Out of pocket expenses	1,007	529
	12,661	13,243

30.3 Includes expense in respect of short term leases as per IFRS 16 of Rs 1.96 million (2022: Rs 2.31 million). It also includes expense in respect of advisory fee of a non-executive Director aggregating Rs 45.225 million (2022: 39.085 million).

Rupees in thousand	Note	2023	2022
31. OTHER INCOME			
Profit on bank deposits		825,936	1,218,640
Interest on loans to employees		6,591	4,184
Unwinding of discount on long term trade debts	19	42,963	9,335
Unwinding of discount on long term loans to employees	20	54,959	34,530
Fair value gain on financial assets at fair value through profit or loss:			
- Realised		891,270	400,224
- Unrealised		342,783	146,346
		1,234,053	546,570
Net gain on disposal of property, plant and equipment		17,336	13,879
Markup on advances to suppliers		106,496	72,340
Others		33,371	105,474
		2,321,705	2,004,952

32. OTHER EXPENSES

Workers' Welfare Fund	14.7	18,244	45,887
Workers' Profit Participation Fund	14.8	105,310	227,436
Exchange loss - net		4,485,379	677,052
Freight loss - net		21,424	33,670
Sales tax recoverable written off		298,249	-
Donations	32.1	1,010	-
		4,929,616	984,045

32.1 The Company made a donation of Rs 1.01 million (2022: Rs Nil) to Aligarh Public School & College (Manga) for the purpose of student scholarship. No directors or their spouses had any interest in the donee during the year.

Rupees in thousand	Note	2023	2022
33. FINANCE COST			
Interest/mark up on:			
- Workers' Profit Participation Fund		896	-
- Short term borrowings - secured		284	426
- Long term finances - secured		57,933	15,361
Discounting of long term trade debts		259,131	-
Bank charges		27,897	37,476
		346,141	53,263

34. TAXATION

Current

- For the year	34.1	1,303,734	1,486,058
- Prior years		233,127	(39,956)
		1,536,861	1,446,102

Deferred

- For the year	10	185,646	319,397
		185,646	319,397
		1,722,507	1,765,499

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

34.1 This represents minimum tax charged under section 113 of Income Tax Ordinance, 2001.

Percentage	2023	2022
34.2 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate as per Income Tax Ordinance, 2001	29.00	29.00
Tax effect of:		
- change in prior years' tax	11.78	(0.85)
- super tax	3.98	-
- permanent differences	1.01	0.19
- effect of change in tax rate for future periods	4.32	-
- deferred tax asset not recognised	41.16	16.65
- lower tax rates and final tax regime	(5.01)	(3.70)
- others	0.64	-
	57.88	12.29
Average effective tax rate charged to statement of profit or loss	86.88	41.29

Rupees in thousand	Note	2023	2022
35. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,982,648	4,275,405
Adjustments for:			
Depreciation on property, plant and equipment	16.1.4	1,576,406	914,030
Net gain on disposal of property, plant and equipment	31	(17,336)	(13,879)
Profit on bank deposits	31	(825,936)	(1,218,640)
Markup on advances to suppliers	31	(106,496)	(72,340)
Interest on loans to employees	31	(6,591)	(4,184)
Gain on short term investments	31	(185,738)	(546,570)
Discounting of long term loans		175,873	62,651
Discounting of long term trade debts	33	259,131	-
Finance cost		87,010	53,263
Provision for employees' retirement benefits and other obligations		229,536	183,538
Amortisation on intangible assets	17.1	203,997	125,637
Provision for net realizable value		-	90,174
Amortisation of deferred revenue		(3,720)	(5,697)
Royalty	28	2,162,067	2,135,060
Exchange loss - net	32	4,485,379	677,052
Sales tax recoverable written off	32	298,249	-
Working capital changes	35.1	(9,314,845)	5,587,744
		999,634	12,243,244

Rupees in thousand	Note	2023	2022
35.1 Working capital changes			
Decrease/(increase) in current assets			
- Stores and spares		(41,813)	(104,892)
- Stock-in-trade		10,264,099	(11,307,509)
- Trade debts		(678,532)	(104,023)
- Loans, advances, deposits, prepayments and other receivables		(5,941,457)	(3,570,557)
		3,602,297	(15,086,981)
(Decrease)/increase in current liabilities			
- Trade and other payables		(12,917,142)	20,674,725
		(9,314,845)	5,587,744
36. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the statement of cash flows comprise of the following:			
- Short term investments	25	14,251,272	-
- Cash and bank balances	26	899,065	12,986,504
		15,150,337	12,986,504

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Rupees in thousand	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2023	2022	2023	2022	2023	2022	2023	2022
Short term employee benefits								
Managerial remuneration	1,544	968	991	1,057	-	-	360,907	289,862
House rent and utilities	5,775	3,758	4,198	3,706	-	-	203,807	162,104
Bonus	-	-	-	-	-	-	92,634	124,908
Reimbursement of medical expenses	110	135	43	15	-	-	8,961	10,391
Meeting fee - note 37.3	-	-	-	-	1,400	1,150	-	-
Advisory fee	-	-	-	-	45,226	39,085	-	-
Other allowances	14,919	11,971	15,818	7,468	-	-	78,229	54,743
Post employment benefits								
Contributions to Provident and Gratuity Funds	-	-	-	-	-	-	71,809	52,233
	22,348	16,832	21,050	12,246	46,626	40,235	816,347	694,241
Number of persons	1	1	2	1	4	4	148	118

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

37.2 Total number of directors of the Company (excluding Chief Executive) is 8 (2022: 8). No remuneration was paid to any of the other directors.

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For the year ended March 31, 2023

37.3 This represents remuneration for attending Board meetings as approved in Annual General Meeting dated July 14, 2020.

38. EARNINGS PER SHARE (EPS)

38.1 Basic earnings per share

		2023	2022
Profit for the year	Rupees in thousand	260,141	2,509,906
Weighted average number of ordinary shares	Number in thousand	142,800	142,800
Basic EPS	Rupees	1.82	17.58

38.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2023 and March 31, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

39. OPERATING SEGMENTS

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

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

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

(a) Manufacturing

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

(b) Trading

This segment relates to the trading of CBUs and parts.

Rupees in thousand	Manufacturing		Trading		Total	
	2023	2022	2023	2022	2023	2022
39.2 Segment information						
Segment revenue	91,519,509	104,934,443	3,567,742	3,113,407	95,087,251	108,047,850
Segment expenses						
- Cost of sales	(85,666,178)	(100,481,070)	(2,260,037)	(2,034,149)	(87,926,215)	(102,515,219)
Gross profit	5,853,331	4,453,373	1,307,705	1,079,258	7,161,036	5,532,631
Distribution and marketing costs					(902,374)	(1,145,187)
Administrative expenses					(1,321,962)	(1,079,683)
Other income					2,321,705	2,004,952
Other expenses					(4,929,616)	(984,045)
Finance cost					(346,141)	(53,263)
Profit before taxation					1,982,648	4,275,405
Taxation					(1,722,507)	(1,765,499)
Profit for the year					260,141	2,509,906

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

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

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

In thousand	2023	2022
In USD		
Cash and bank balances	32	12
Other receivables	46	18
Trade and other payables	(42,316)	(16,988)
Net exposure	(42,238)	(16,958)
In JPY		
Other receivables	513	3,213
Trade and other payables	(1,068,349)	(820,597)
Net exposure	(1,067,836)	(817,384)
In THB		
Other receivables	10,739	9,178
Trade and other payables	(119,578)	(103,125)
Net exposure	(108,839)	(93,947)

As at March 31, 2023, if the Rupee had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on post tax profit for the year would have been Rs 425.99 million (2022: Rs 110.46 million) lower/higher, mainly as a result of exchange losses/gains on translation of USD denominated financial instruments.

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As at March 31, 2023, if the Rupee had weakened/strengthened by 5% against the JPY with all other variables held constant, the impact on post tax profit for the year would have been Rs 81.12 million (2022: Rs 44.11 million) lower/higher, mainly as a result of exchange losses/gains on translation of JPY denominated financial instruments.

As at March 31, 2023, if the Rupee had weakened/strengthened by 5% against the THB with all other variables held constant, the impact on post tax profit for the year would have been Rs 32.22 million (2022: Rs 18.41 million) lower/higher, mainly as a result of exchange losses/gains on translation of JPY denominated financial instruments.

(ii) Other price risk

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

(iii) Interest rate risk

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

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

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

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

Rupees in thousand	Note	2023	2022
Fixed rate instruments:			
Financial assets			
Long term loans to employees		37,962	45,431
Short term investments - treasury bills	25	14,251,272	6,795,538
Bank balances - term deposit receipts	26	-	8,600,000
Bank balances - deposit accounts	26	821,703	4,353,545
		15,110,937	19,794,514
Financial liabilities			
Long term finances - secured	7	(3,154,228)	(2,923,277)
Net exposure		11,956,709	16,871,237

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

As at March 31, 2023, the Company does not hold any variable rate financial instruments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

(i) Exposure to credit risk

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

Rupees in thousand	Note	2023	2022
Long term loans to employees	20	343,759	254,558
Long term deposits		4,042	4,042
Long term trade debts	19	481,267	27,216
Trade debts	23	944,078	978,728
Loans, advances and other receivables		11,912,836	3,361,202
Short term investments	25	14,251,272	6,795,538
Balances with banks	26	887,684	12,983,593
		28,824,938	24,404,877

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

(ii) Impairment of financial assets

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 24 months before March 31, 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade debts. The Company has identified the Gross Domestic Product and the Consumer Price Index of Pakistan i.e. where it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Security deposits pledged by the dealers to Company have been regarded as collateral against trade receivables. These security deposits are in liquid form.

On that basis, the loss allowance as at March 31, 2023 was determined to be immaterial and hence has not been accounted for.

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(iii) Credit quality of financial assets

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

	Rating		Rating Agency	2023	2022
	Short term	Long term		Rupees in thousand	
Banks					
Treasury bills	Not available			14,251,272	6,795,538
Citibank N.A.	P-1	AA3	Moody's	3,689	52,412
Deutsche Bank A.G.	P-1	A1	Moody's	411	4,351
Faysal Bank Limited	A-1+	AA	PACRA	1,681	4,742
Habib Bank Limited	A-1+	AAA	PACRA	231,322	379,130
MCB Bank Limited	A-1+	AAA	PACRA	22,786	34,585
National Bank of Pakistan	A-1+	AAA	PACRA	715	715
Meezan Bank Limited	A-1+	AAA	JCR-VIS	55,617	12,417
Allied Bank Limited	A-1+	AAA	PACRA	1,366	1,964
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	190,726	535,621
Soneri Bank Limited	A-1+	AA-	PACRA	377,634	3,355,169
United Bank Limited	A-1+	AAA	JCR-VIS	1,737	2,487
				15,138,956	11,179,131

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

(c) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines. At March 31, 2023, the Company had Rs 21,500 million available borrowing limits from financial institutions under mark up arrangements and Rs 899 million in cash and bank balances and Rs 14,251.27 million in short term investments.

Management monitors the forecasts of the Company's cash and cash equivalents (note 36 to these financial statements) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Rupees in thousand	Less than one year	One to five years	More than five years	Total contractual cashflows	Carrying amount
At March 31, 2023					
Accrued markup	19,504	-	-	19,504	19,504
Unclaimed dividend	50,666	-	-	50,666	50,666
Unpaid dividend	509,796	-	-	509,796	509,796
Trade and other payables	22,665,904	-	-	22,665,904	22,665,904
Long term finances	380,623	2,674,321	1,121,458	4,176,402	3,154,228
	23,626,493	2,674,321	1,121,458	27,422,272	26,400,098
At March 31, 2022					
Accrued markup	37,293	-	-	37,293	37,293
Unclaimed dividend	47,937	-	-	47,937	47,937
Trade and other payables	13,189,970	-	-	13,189,970	13,189,970
Long term finances	531,743	2,305,326	1,038,921	3,875,990	2,923,277
	13,806,943	2,305,326	1,038,921	17,151,190	16,198,477

40.2 Fair value estimation

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

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

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

The following table presents the financial assets and liabilities that are measured at fair value at March 31, 2023:

Rupees in thousand	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
At fair value through profit or loss				
Short term investments	14,251,272	-	-	14,251,272
	14,251,272	-	-	14,251,272
Liabilities	-	-	-	-

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The following table presents the financial assets and liabilities that are measured at fair value at March 31, 2022:

Rupees in thousand	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
At fair value through profit or loss				
Short term investments	6,795,538	-	-	6,795,538
	6,795,538	-	-	6,795,538
Liabilities				
	-	-	-	-

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

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company has no such type of financial instruments as on March 31, 2023.

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

40.3 Financial instruments by categories

Rupees in thousand	At fair value through profit or loss	At amortised cost	Total
As at March 31, 2023			
Assets as per statement of financial position			
Long term loans to employees	-	343,759	343,759
Long term deposits	-	4,042	4,042
Long term trade debts	-	481,267	481,267
Trade debts	-	944,078	944,078
Loans, advances and other receivables	-	12,131,155	12,131,155
Short term investments	14,251,272	-	14,251,272
Cash and bank balances	-	899,065	899,065
	14,251,272	14,803,366	29,054,638

Rupees in thousand	At fair value through profit or loss	At amortised cost	Total
As at March 31, 2022			
Assets as per statement of financial position			
Long term loans to employees	-	254,558	254,558
Long term deposits	-	4,042	4,042
Long term trade debts	-	27,216	27,216
Trade debts	-	978,728	978,728
Loans, deposits and other receivables	-	3,528,785	3,528,785
Short term investments	6,795,538	-	6,795,538
Cash and bank balances	-	12,986,504	12,986,504
	6,795,538	17,779,833	24,575,371

Rupees in thousand	Financial liabilities at amortized cost	
	2023	2022
Liabilities as per statement of financial position		
Accrued markup	19,504	37,293
Unclaimed dividend	50,666	47,937
Unpaid dividend	509,796	-
Trade and other payables	22,665,904	13,189,970
Long term finances - secured	3,154,228	2,923,277
	26,400,098	16,198,477

40.4 Offsetting financial assets and financial liabilities

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

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40.5 Capital management

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

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

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

Rupees in thousand	2023	2022
Borrowings - notes 7 and 11	3,154,228	2,923,277
Less: Cash and cash equivalents - note 36	15,150,337	12,986,504
Net debt	(11,996,109)	(10,063,227)
Total equity	19,264,325	19,960,725

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

41. TRANSACTIONS WITH RELATED PARTIES

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

Rupees in thousand	Holding company	Key management personnel	Entities with significant influence over the Company	Other related parties
For the year ended March 31, 2023				
Purchase of goods	3,949,261	-	-	31,383,766
Purchase of property, plant and equipment	74,098	-	-	345,297
Purchase of intangible assets	228,255	-	-	-
Sale of goods	-	-	74,557	428,112
Insurance premium	-	-	-	790,499
Insurance claims	-	-	-	50,153
Sales of property plant and equipment	-	5,333	-	-
Technical assistance and training charges	1,839,626	-	-	32,738
Dividend paid	509,796	-	301,838	-
Recovery booked against warranty claims	21,609	-	-	629,956
Short-term employment benefits - note 41.1.1	-	266,910	-	-
Post-employment benefits - note 41.1.1	-	14,783	-	-

Rupees in thousand	Holding company	Key management personnel	Entities with significant influence over the Company	Other related parties
For the year ended March 31, 2022				
Purchase of goods	6,315,825	-	-	56,428,933
Purchase of property, plant and equipment	90,679	-	-	2,121,570
Purchase of intangible assets	344,131	-	-	-
Sale of goods	-	-	26,909	305,912
Insurance premium	-	-	-	883,248
Insurance claims	-	-	-	50,006
Sales of property plant and equipment	-	19,584	-	-
Technical assistance and training charges	1,148	-	-	13,040
Dividend paid	329,183	-	194,901	-
Recovery booked against warranty claims	1,232	-	-	238,457
Short-term employment benefits - note 41.1.1	-	239,638	-	-
Post-employment benefits - note 41.1.1	-	11,457	-	-

41.1.1 These represent remuneration of the Chief Executive, directors and certain executives that are included in the remuneration disclosed in note 37 to these financial statements.

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

Name	Country of Origin	Basis of relationship	Aggregate % of shareholding in the Company
Honda Motor Co. Ltd Japan	Japan	Group Company	51%
Shirazi Investments (Private) Limited	Pakistan	Common directorship and Group Company	30%
Atlas Insurance Limited	Pakistan	Group Company	1%
American Honda Motor Co., Inc.	United States of America	Group Company	None
Asian Honda Motor Co. Ltd., Thailand	Thailand	Group Company	None
Atlas Asset Management Limited	Pakistan	Common directorship	None
Atlas Autos (Private) Limited	Pakistan	Common directorship	None
Atlas Battery Limited	Pakistan	Common directorship	None
Atlas Engineering (Private) Limited	Pakistan	Common directorship	None
Atlas Foundation	Pakistan	Group Company	None
Atlas Hitec (Private) Limited	Pakistan	Common directorship	None
Atlas Honda Limited	Pakistan	Common directorship	None
Atlas Power Limited	Pakistan	Common directorship	None
Honda Atlas Power Product (Private) Ltd	Pakistan	Group Company	None
Honda Access (Thailand) Co. Ltd	Thailand	Group Company	None
Honda Access Asia & Oceania Co., Ltd	Thailand	Group Company	None
Honda Assembly (Malaysia) Sdn. Bhd.	Malaysia	Group Company	None
Honda Automobile Thailand Co. Ltd	Thailand	Group Company	None
Honda Autoparts Manufacturing M Sdn. Bhd - Malaysia	Malaysia	Group Company	None
Honda Cars Philippines, Inc.	Philippines	Group Company	None
Honda Lock Mfg. Co Japan	Japan	Group Company	None
Honda Malaysia Sdn Bhd	Malaysia	Group Company	None
Honda Motor (China) Co., Ltd.	China	Group Company	None
Honda Parts Manufacturing Co Ltd	Philippines	Group Company	None
Honda Trading (South China) Co., Ltd.	China	Group Company	None

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

Name	Country of Origin	Basis of relationship	Aggregate % of shareholding in the Company
Honda Trading America Corp.	America	Group Company	None
Honda Trading Asia Co. Ltd.	Thailand	Group Company	None
Honda Trading Brazil Ltd	Brazil	Group Company	None
Honda Trading China Co.,Ltd	China	Group Company	None
Honda Trading Corporation Japan	Japan	Group Company	None
Honda Trading Europe Ltd	United Kingdom	Group Company	None
Honda Trading Malaysia	Malaysia	Group Company	None
Honda Trading Philippines Corp.	Philippines	Group Company	None
Honda Trading Viet Nam Co., Ltd.	Viet Nam	Group Company	None
P.T Honda Prospect Motor Indonesia	Indonesia	Group Company	None
P.T.Honda Precision Parts Mfg	Indonesia	Group Company	None
Pt. Honda Trading Indonesia	Indonesia	Group Company	None
Shanghai Honda Trading Co., Ltd.	China	Group Company	None
Shirazi Trading Company (Private) Limited	Pakistan	Common directorship	None
Taiwan Honda Trading Co., Ltd.	Taiwan	Group Company	None
Yutaka Giken Co. Ltd	Japan	Group Company	None
Maqsood Ur Rehman	N/A	Key Management Personnel	None
Muhammad Ashraf	N/A	Key Management Personnel	None
Iqbal Ahmad	N/A	Key Management Personnel	None
Asif Mahmood	N/A	Key Management Personnel	None
Amir Nazir	N/A	Key Management Personnel	None
Hamood Ur Rahman Qaddafi	N/A	Key Management Personnel	None
Basharat Ali Rana	N/A	Key Management Personnel	None
Muhammad Ajmal	N/A	Key Management Personnel	None
Muhammad Ali	N/A	Key Management Personnel	None
Syed Waseem Hasan	N/A	Key Management Personnel	None
Muhammad Akmal Dar	N/A	Key Management Personnel	None
Sohail Qaisar	N/A	Key Management Personnel	None
Imran Farooq	N/A	Key Management Personnel	None
Imran Haider Rathore	N/A	Key Management Personnel	None
Aamir H. Shirazi	N/A	Director	0.00004%
Takafumi Koike	N/A	Director	0.00004%
Saquiub H. Shirazi	N/A	Director	0.00004%
Shinobu Nakamura	N/A	Director	0.00004%
Eihiko Sato	N/A	Director	0.00004%
Gaku Nakanishi	N/A	Director	0.00004%
Muhammad Naeem Khan	N/A	Director	0.00005%
Ariful Islam	N/A	Director	0.00004%
Rie Mihara	N/A	Director	0.00004%
Company's Employees Provident Fund	N/A	Post Employment Benefit Plan	None
Company's Employees Gratuity Fund	N/A	Post Employment Benefit Plan	None

42. PLANT CAPACITY AND ACTUAL PRODUCTION

Number	Capacity		Production	
	2023	2022	2023	2022
Motor vehicles	50,000	50,000	26,176	37,780

Capacity of plant is mentioned after accounting for double shift.

The variance of actual production from capacity is on account of production planned as per market demand and shortage of raw material due to import restrictions which led to plant shut down resulting in decrease in production.

43. NUMBER OF EMPLOYEES

	2023	2022
Total number of employees (including contractual labour) as at March 31	1,532	2,274
Average number of employees during the year (including contractual labour)	1,970	2,138

Rupees in thousand	2023	2022
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44. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Loans/advances obtained as per Islamic mode:

Loans obtained as per Islamic mode	3,154,228	2,739,121
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Shariah compliant bank deposits/bank balances:

Bank balances	55,616	12,417
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Revenue earned from shariah compliant business

	95,087,251	108,047,850
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Profit earned from shariah compliant bank deposits/bank balances

Profit on term deposit receipts	-	96,655
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Mark-up paid on Islamic mode of financing

	84,301	15,590
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Profits earned or interest paid on any conventional loan or advance

Profit earned on deposits with banks	825,936	1,121,985
Interest paid on loans	58,971	16,377

Relationship with shariah compliant bank

The Company has obtained long term loans from Faysal Bank Limited (as disclosed in note 7.2) and has maintained bank balances with Meezan Bank Limited.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2023

45. PROVIDENT FUND RELATED DISCLOSURE

All investments out of provident fund have been made in the in collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Act and the rules formulated for the purpose.

46. DATE OF AUTHORISATION FOR ISSUE

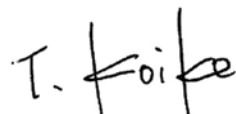
These financial statements were authorised for issue on May 26, 2023 by the Board of Directors of the Company.

47. CORRESPONDING FIGURES

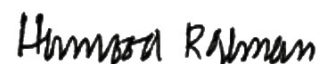
Corresponding figures have been re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-arrangements have been made.



Aamir H. Shirazi
Chairman



Takafumi Koike
President / CEO



Hamood ur Rahman Qaddafi
Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 31st Annual General Meeting of shareholders of Honda Atlas Cars (Pakistan) Limited will be held on Friday, June 23, 2023, at 11:00 a.m. at Faletti's Hotel, 24-Egerton Road, The Mall, Lahore to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on Wednesday, June 29th, 2022;
2. To approve and adopt the annual audited financial statements for the year ended March 31, 2023, together with the Directors' and Auditors' reports thereon;
3. To appoint Auditors for the next financial year and fix their remuneration;
4. To transact any other business with the permission of the Chairman.

By order of the Board



Maqsood ur Rehman Rehmani
Company Secretary & Vice President

Lahore: June 02, 2023

NOTES:

1. The share transfer books of the company will remain closed from June 12, 2023, to June 23, 2023 (both days inclusive). The share transfer request should receive at the Company's Share Registrar, M/s Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Lahore by the close of business on June 09, 2023.
2. All shareholders entitled to attend, speak, and vote at this Annual General Meeting shall be entitled to appoint another member to attend and vote on his/her behalf as a proxy. 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.
3. Any individual Beneficial Owner of Central Depository Company of Pakistan Ltd. (CDC), entitled to attend and vote at this meeting, must bring his/her CNIC or passport along with the CDC account number to prove his/her identity and in case of proxy must enclose attested copy of his/her CNIC or passport. Representatives of Corporate members should bring the usual documents required for such purposes. CDC Account Holders will also have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).
4. Members are requested to immediately inform the company's share registrar "M/s Hameed Majeed Associates, HM-House, 7-Bank Square, Lahore." of any change in their address/particulars and provide a copy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the company to comply with the relevant laws.
5. The shareholders residing in a city and collectively holding at least 10% of the total paid-up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for the video link facility shall be received by the company at the address given hereinabove at least 7 days before the date of the meeting.
6. SECP through SRO 787(1)/2014 dated September 8, 2014, has allowed the companies to circulate their Annual Audited Financial Statements to its members through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses.

The Company has circulated its Annual Audited Financial Statements to its members through email, whose email addresses are available. The annual report link is available in the mail. Physical shares holders will receive link through courier at their registered address In addition to the above, the Company has also placed its Financial Statements and AGM notices on its website www.honda.com.pk.

Authorized Sales Service & Spare Parts Dealers

3S DEALERS

KARACHI

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

Honda Defence

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

Honda SITE

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

Honda South

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

Honda Drive In

118-C, Rashid Minhas Road.
Tel: (021) 34992832-7
Fax: (021) 34992823

Honda Quaideen

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

Honda Port Qasim

Plot No. 3B & 4B, Block-B,
Gulshan-e-Benazir,
Township Scheme,
PQA, Bin Qasim.
Cell: (0223) 6671789

Honda Khair

Plot 8B, Corridor Area,
near Gulshan e Mayamar Mor,
Main Super Highway.
UAN 03111-111-772,
(021) 36881414-18

Honda United

D-8, Block-B, North
Nazimabad,
Karachi Central.
Tel: 0333-8882342

HYDERABAD

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

ABBOTTABAD

Honda Abbott
Kala Pull,
Main Mansehra Road,
Musa Zai Colony.
Tel: (0312) 0108190

LAHORE

Honda Fort
32 Queens Road.
Tel: (0311) 4348265
Fax: (042) 36361076

Honda Point

Main Defence Road.
Tel: (042) 35700994
Fax: (042) 35700993

Honda Gateway

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

Honda Township

Main Peco Road,
Kot Lakhpat.
Tel: (042)-111-07-08-06
Fax: (042) 35943371

Honda Ring Road

1-KM Ferozpur Road,
Bhulley Shah Interchange,
Ring Road.
Tel: (042)-345-100-00

Honda Lahore

12 KM, Lahore Sheikhpura
Road Kot Abdul Malik Lahore.
Ph # 042-7900500-4

ISLAMABAD

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

Honda Avenue

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

JHELUM

Honda Express
Main GT Road, Kala Gujran.
Tel: (0544) 272082

RAWALPINDI

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

Honda Downtown

Main G.T. Road Swan Camp
Rawalpindi / Islamabad.
UAN (051) 111 899 899

MARDAN

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

MULTAN

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

Honda Multan

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

FAISALABAD

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

Honda Chenab

123 JB Raja Wala,
Green View Colony.
Tel: (041) 260-111-4
Fax: (041) 2603549

Honda Lyallpur

Gattwala Toll Plaza,
Sheikhpura Road.
Tel: (041) 2423774-9

SARGODHA

Honda Ittefaq
7-Km Lahore Road.
UAN: 0304-111-8292
Tel: 0482169291-92

GUJRANWALA

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

SIALKOT

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

MIRPUR

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

PESHAWAR

Honda North
Main University Road.
Tel: (091) 5854901
Fax: (091) 5854753

DERA GHAZI KHAN

Honda HiSun
Multan Road.
Tel: (064) 111-690-690
Fax: (064) 2689009

RAHIM YAR KHAN

Honda Rahim Yar Khan
Shahbaz Pur Road, Near
Naveena Textile Mills,
Cantt Chowk.
Tel: (068) 5674446-8
Fax: (068) 5674445

SAHIWAL

Honda Sahiwal
Sahiwal Bypass Lahore Road
near PSO
Tel: 040-4502081-82

QUETTA

Honda Carwan
Airport Road, Besides Carwan
Fuel Station, Sheikhmanda.
Tel: 081-2881001-3

BAHAWALPUR

Honda Bahawalpur
KLP Road,
Bypass, Bahawalpur
Cell: 0300-0891400

Authorized Service & Spare Parts Dealers

2S DEALERS

LAHORE

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

Aabpara Honda

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

Samanabad Honda

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

Defence Honda

E-105, New Super Town, Near Main
Gate Defence Housing, Society,
Main Boulevard, DHA
Tel: 0321-4466544, 042-35732358

Smart Honda

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

Shalamar Honda

Quaid-e-Azam Interchange,
Lakhodair Mehmood Booti,
Near Eastern, Housing Society.
Tel: 042-6558011-5

KARACHI

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

RAWALPINDI

Royal Honda
CB-940/A, Meherabad,
Main Peshawar Road,
Rawalpindi Cantt.
Tel: 0314-5462464

Swan Honda

Swan Honda Private Limited,
Main G.T. Road, Opposite SOS,
Village Near Sawan Camp.
Tel: 0300-5550569

ISLAMABAD

Margalla Honda
Service Road, E-11/4 Near,
Aura Grand Marquee.
Tel: 051-2318051-2

AMX Honda

Plot # 142, Opposite,
Islamabad Dry port I-9/2.
Tel: 0333-5488898

MULTAN

Prime Honda
Mushtaq Colony Industrial,
Estate Road, Near Nadirabad,
Railway Crossing.
Tel: 061-6538112

BAHAWALPUR

Horizon Honda
Multan Road.
Tel: 0321-6817729

Authorized Spare Parts Dealers

1S DEALERS

LAHORE

Sugoi Parts Center
Shop No. 4-6, Shamy Center,
4-Montgomery Road.
Tel: 042-36370121

Sugoi Defence Parts Center

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

KARACHI

Sugoi Parts Center
Shop No. 1&2 Amber Electronics,
Market M.A Jinnah Road.
Tel: 021-32778211-12

Sugoi Sunset Parts Center

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

FAISALABAD

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

Civil Lines Honda

P-121/1 Jail Road, Civil Lines.
Tel: 041-2641925, 2409394

GUJRAT

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

SUKKUR

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

HARIPUR

Haripur Honda
Main G.T Road Haripur
Tel: (+92-995) 319881-3

HYDERABAD

Hyderabad Honda
A-33, SITE Area Hyderabad
Tel: 022-3885144, 0321-3003958

GUJRANWALA

GT Honda (PVT) Ltd.
Chan Da Qila, GT Road, Gujranwala
Tel: 055-4298936

ڈائریکٹرز کی رپورٹ

31 مارچ 2023ء

ہولڈنگ کمپنی
جاپان میں قائم میسرز نونڈا موٹر کمپنی لمیٹڈ 51 فی صد ملکیتی حصص کے ساتھ ہولڈنگ کمپنی ہے۔

بیٹرن آف شیئر ہولڈنگ
31 مارچ 2023ء کو بیٹرن آف شیئر ہولڈنگ اور اس کا اظہار رپورٹ ہذا کے ساتھ لف ہے۔

بیرونی آڈیٹرز
میسرز لے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس رینڈر ہو چکے ہیں اور اہلیت کی بنا پر 31 مارچ 2024ء کو اختتام پذیر سال کے لئے اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔ آڈٹ کمیٹی نے بورڈ کو ان کی دوبارہ تقرری کی سفارش کی ہے۔

f. کمپنی کی کاروباری جاری رکھنے کی صلاحیت میں کوئی ابہام نہیں ہے۔
g. لسٹنگ ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ٹھوس ستقم موجود نہیں ہے۔

h. 31 مارچ 2023ء کو ملازمین کے پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایے کی بک ویلیو (ملین روپوں میں) حسب ذیل ہے:

	31 مارچ 2023ء	31 مارچ 2022ء
پراویڈنٹ فنڈ	575.42	608.70
گریجویٹ فنڈ	983.37	777.37

گذشتہ دس برس کے لئے اہم فعال مالیاتی اعداد و شمار پورٹس ہذا میں دیئے گئے ہیں۔

منافع میں اضافہ کا اعلامیہ
”منافع میں اضافے اور تقسیم کا اعلامیہ“ سالانہ رپورٹ ہذا کے ساتھ منسلک ہے۔

مادی تبدیلیاں
31 مارچ 2023ء سے رپورٹ کی تاریخ تک کوئی مادی تبدیلی واقع نہیں ہوئی ہے اور کمپنی اس دورانیے میں کسی عہد و پیمانے میں داخل نہیں ہوئی ہے جس کے کمپنی کی مالیاتی حالت پر مضر اثرات مرتب ہوں۔

حصص کی منتقلی
سال بھر میں، مسٹر کوئیچیک، مسٹر ناکانیچی اور مسٹر ناکامورا کے نام پر 1,550 کو لفکیشن حصص منتقل کئے گئے جو ہنڈاموٹر، جاپان کے نئے نامزد ڈائریکٹرز ہیں اور جنہیں بالترتیب مسٹر یوشی مورا، مسٹر شایاما اور مسٹر کاسائی سے تبدیل کیا گیا ہے۔ کمپنی کے حصص میں ڈائریکٹرز، کمپنی سیکریٹری، چیف فنانسیشنل آفیسر اور ان کے اہلیان اور نابالغ بچوں کی جانب سے زیر جائزہ مدت کے دوران کوئی لین دین نہ کیا گیا ہے۔

چیئرمین کا تجزیہ
چیئرمین کے جائزے کو سالانہ رپورٹ میں شامل کیا گیا ہے جو 31 مارچ 2023ء کو اختتام پذیر سال کے لئے کمپنی کی کارکردگی اور مستقبل کے منظر نامے پر مشتمل ہے۔ ڈائریکٹرز نے جائزے کے متن کی تائید کی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل سے متعلق بیان
کمپنی نے لسٹنگ پینل (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے معیارات کی مکمل طور پر تعمیل کی ہے۔ اس بابت بیان رپورٹ کے ساتھ لف ہے۔

کو فروغ دینے کے لئے 1122 کی جگہ پر ”ماڈل ڈرائیونگ ٹریک“ تیار کیا گیا ہے۔ علاوہ ازیں، کمپنی نے ٹریڈنگ کے لئے ”ہنڈا کے استعمال شدہ انجن“ 1122 کے ڈرائیونگ ٹریڈنگ سنٹر کو عطیہ کیا ہے۔

پسماندہ علاقوں کے طالب علموں کے لئے وظائف
کمپنی دور دراز مقامات پر طلباء کی تعلیم کی حوصلہ افزائی کرتی ہے۔ اس خواب کو پورا کرنے کے لئے کمپنی نے علی گڑھ سکول، مانگانڈی لاہور کو 1 ملین روپے کا عطیہ دیا ہے۔ کمپنی پسماندہ علاقوں سے تعلق رکھنے والے طلباء کو معیاری تعلیم کی فراہمی کے لئے کوشاں ہے تاکہ وہ اپنے معاشرے اور ملک کی ترقی میں اپنا اہم ترین کردار ادا کر سکیں۔

فائر فائٹنگ ٹریننگ
کمپنی نے اپنے ڈیلرز اور سپلائرز کی املاک پر فائر فائٹنگ ٹریننگ فراہم کرنے کا آغاز کیا۔ اس دفعہ کمپنی نے لاہور وینڈرز کے لئے فائر فائٹنگ ٹریننگ کا اہتمام کیا جس میں 480 سے زائد ملازمین کی تربیت کی گئی۔ اس سیشن کے دوران فائر اور اس کے مندرجات سے متعلق تھیوریٹیکل علم دیا گیا اور بعد ازاں آگ پر قابو پانے کے لئے عملی تربیت کا بھی اہتمام کیا گیا۔ کاروباری شراکت داروں میں فائر سیفٹی کی اہمیت اجاگر کرنے کے لئے یہ سیشن انتہائی کارگر ثابت ہوئے۔

کاروباری و مالیاتی رپورٹنگ فریم ورک
کمپنی بغیر کسی رکاوٹ کے لئے کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پر عزم ہے۔ ڈائریکٹرز اور مسرت بیان کرتے ہیں کہ کمپنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے معیارات اور پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کے مطابق کوڈ آف کارپوریٹ گورننس کے قواعد پر عمل پیرا ہے۔

- 31 مارچ 2023ء کو اختتام پذیر سال کے لئے مالیاتی اسٹیٹمنٹس کمپنی کے کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلو اور لیویٹی کی بالکل درست عکاسی کرتی ہیں۔
- کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- 31 مارچ 2023ء کو اختتام پذیر سال کے لئے مالیاتی اسٹیٹمنٹس کی تیاری میں معقول اکاؤنٹنگ پالیسیوں کا باقاعدگی سے اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور معقول فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ معیارات کا اطلاق کیا گیا ہے۔
- داخلی نظم و ضبط کا ایک مربوط نظام تیار کیا گیا ہے اور اس کی موثر نگرانی کی جاتی ہے۔

کمپنی کئی بڑے پروجیکٹس کے ذریعے معاشرے میں اپنا مثبت کردار ادا کرنے کے لئے کوشاں ہے جس میں سیلاب متاثرین کی مدد، میڈیکل کیپ، محفوظ ڈرائیونگ، تعلیم، فائر سیفٹی ٹریننگ اور مالیاتی تحفظ جیسے پروجیکٹس شامل ہیں۔

سیلاب متاثرین کی مدد
ہنڈا اور اٹلس گروپ نے سیلاب متاثرین کے لئے 220 ملین روپے مالیت کے ایمر جنسی سامان کا بندوبست کیا۔ اس کا مقصد تباہ کن حالات میں سیلاب متاثرین سے ہمدردی کا اظہار کرنا تھا۔ گروپ نے بلیف کاموں میں بھی شرکت کی اور انہیں خوراک کے باکس پہنچا دیے، ٹینٹ اور واٹر فلٹریشن یونٹ فراہم کئے۔ ملک میں عرصہ 60 برس سے خدمات فراہم کرنے والے ڈیلرز اور کمیونٹی ورکس کے ذریعے تقسیم کا عمل مکمل کیا گیا۔

فری میڈیکل کیپ
گاؤں مانگانڈی کے لئے 2014ء میں پہلے فری میڈیکل کیپ کا اہتمام کیا گیا۔ یہ کمپنی کی CSR سرگرمیوں کے لئے ایک بڑا سنگ میل رہا ہے۔ سال بھر میں کمپنی نے دور دراز مقامات پر پانچ فری میڈیکل کیپ لگائے اور 2,182 سے زائد مریضوں کو مفت طبی علاج اور ادویات کی سہولت فراہم کی گئی۔ اس سرگرمی کے آغاز سے کمپنی نے اب تک 45 میڈیکل کیپ لگائے ہیں جہاں 27,000 سے زائد مریضوں کو بالکل مفت طبی امداد دی گئی۔

NHA کی شراکت سے فری میڈیکل و آئی جیک اپ کیپ
کمپنی نے نیشنل ہائی وے اینڈ موٹروے پولیس کی شراکت سے کمرشل ڈرائیوروں اور ملحقہ آبادیوں کے لئے فری میڈیکل اور آئی جیک اپ کیپ لگایا۔ اس کیپ سے 200 سے زائد ڈرائیورز اور رہائشیوں کو مفت ادویات اور ٹیکس فراہم کی گئیں۔

شجر کاری
ہنڈا نے ڈاکٹرز ہسپتال لاہور کے قریب پنجاب ہارٹیکلچر اتھارٹی (PHA) کو 5000 پودے عطیہ کیے گئے۔ سرسبز کل کے لئے پختہ کاشت کر کے تقریب کا آغاز کیا گیا۔ ہنڈا حکومت پاکستان کے ”بلین ٹری منصوبے“ میں شرکت کے ذریعے ماحولیاتی لحاظ سے قابل بھروسہ کمپنی بننے کے لئے سرگرم عمل ہے۔

پنجاب ایمر جنسی سروسز کے ساتھ شراکت داری
کمپنی پاکستان میں روڈ سیفٹی سے آگاہی کو فروغ دینے کے لئے کوشاں ہے۔ ”ہر کسی کے لئے روڈ سیفٹی“ اقدامات کو بھرپور انداز میں نافذ کیا جا رہا ہے جس کے مقاصد میں سال 2030 تک ٹریفک حادثات اور اس میں اموات کو 50 فی صد تک کم کرنا اور سال 2050ء تک عالمی سطح پر موٹرسائیکلز اور گاڑیوں میں تصادم کی وجہ سے اموات کو صفر فیصد کرنا شامل ہے۔ کمپنی ٹریڈنگ کے ذریعے روڈ سیفٹی کی بابت ذمہ داری پیدا کرنے اور آگاہی دینے کے لئے پنجاب ایمر جنسی سروسز 1122 کے ساتھ مل کر کام کر رہی ہے۔ 1122 میں اس اقدام

نمبر شمار	نام	عہدہ	Q1	Q2	Q3	Q4	اجلاس میں حاضری کی تعداد
9	مس رائی میہارا	خود مختار ڈائریکٹر	✓	✓	✓	-	3
10	مسٹر مقصود الرحمن	کمپنی سیکرٹری اور نائب صدر	✓	✓	✓	✓	4
11	مسٹر حمود الرحمن	CFO / جنرل مینجنگ فنانس	✓	✓	✓	✓	4

بورڈ اجلاس میں شرکت نہ کر سکنے والے اراکین کو غیر حاضری کی رخصت عنایت کی گئی۔

آڈٹ کمیٹی

آڈٹ کمیٹی چار اراکین بشمول خود مختار اور نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ آڈٹ کمیٹی کا چیئر مین ایک خود مختار ڈائریکٹر ہوتا ہے۔ کمیٹی سہ ماہی مباحثوں پر وسائل کی تقسیم اور اس فنکشن کے اختیارات پر نظر ثانی کرتی ہے۔ انٹرنل آڈٹ فنکشن کا سربراہ آڈٹ کمیٹی کو جواب دہ ہوتا ہے جو فعال شعبوں کے سہ ماہی اور سالانہ جائزہ کی بنیاد پر آڈٹ پلان منظور کرتی ہے۔ چیئر ہولڈرز کی امانت پر رد عمل دینے کی غرض سے آڈٹ کمیٹی آڈٹ رپورٹس، انٹرنل کنٹرول سسٹمز اور مالیاتی اسٹیٹمنٹس پر نظر ثانی کرتی ہے اور قوانین و ضوابط کے مطابق کمیٹی کے دیگر فرمائش کو سرانجام دیتی ہے تاکہ کمیٹی کی مربوط اور پائیدار نمو کو یقینی بنایا جاسکے۔ اگر ایسا آئیٹم موجود جو کمیٹی پر واضح اثرات مرتب تو اس کی رپورٹنگ لازمی امر ہے۔ انٹرنل آڈٹ کمیٹی کی پالیسیوں، ضوابط اور SOPs کی تعمیل کو یقینی بنانے کے لئے شعبہ جاتی طریق عمل پر نظر ثانی کرتی ہے۔ انٹرنل آڈٹ ڈیویژن چیئر مین آڈٹ کمیٹی کو براہ راست رپورٹ کرتا ہے۔

مالیاتی اسٹیٹمنٹس، انٹرنل آڈٹ رپورٹس، متعلقہ قوانین و ضوابط کی تعمیل اور دیگر معاملات کے جائزے اور تبادلہ خیال کے لئے زیر جائزہ سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ آڈٹ کمیٹی اراکین کی حاضری حسب ذیل رہی:

نمبر شمار	نام	عہدہ	Q1	Q2	Q3	Q4	اجلاس میں حاضری کی تعداد
1	مسٹر محمد نعیم خان	چیئر مین / خود مختار ڈائریکٹر	✓	✓	✓	✓	4
2	مسٹر ثاقب ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	✓	✓	✓	✓	4
3	مسٹری ہیکو ساتو	نان ایگزیکٹو ڈائریکٹر	✓	✓	✓	✓	4
4	مسٹر گوگونا کاشی	نان ایگزیکٹو ڈائریکٹر	✓	-	✓	✓	3
5	مسٹر عمران فاروق	سربراہ انٹرنل آڈٹ / سیکرٹری۔ اے سی ایم	✓	✓	✓	✓	4

آڈٹ کمیٹی اجلاس میں شرکت نہ کر سکنے والے اراکین کو غیر حاضری کی رخصت عنایت کی گئی۔

ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی

ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی پانچ اراکین، جن میں زیادہ تر نان ایگزیکٹو ڈائریکٹرز ہیں، پر مشتمل ہے۔ کمیٹی کا چیئر مین ایک خود مختار ڈائریکٹر ہے۔ یہ کمیٹی انسانی وسائل، سالانہ کارکردگی کے جائزہ، عملے کی پالیسیوں اور لیسوسی ایٹس کے معاوضے اور مراعات پر انتظامیہ کی سٹریٹجک رہنمائی کرتی ہے۔

زیر جائزہ سال کے دوران کمیٹی کے دائرہ کار میں آنے والی معاملات پر غور و خوض اور ان کی منظوری کے لئے HR&R کمیٹی کا ایک اجلاس منعقد ہوا۔ ایچ آر اینڈ آر کمیٹی اراکین کی حاضری کی تفصیلات حسب ذیل ہیں:

نمبر شمار	نام رکن کمیٹی	حاضری
1	مسٹر محمد نعیم خان	چیئر مین
2	مسٹر ثاقب ایچ شیرازی	رکن
3	مسٹر تاقی کوئیچے	رکن
4	مسٹر شی نوپونا کامورا	رکن
5	مسٹری ہیکو ساتو	رکن

بورڈ آف ڈائریکٹرز

کی ہدایات اس کے ذمے ہے جب کہ چیئر مین بورڈ اجلاس کے لجنوں، ہدایات کی فراہمی اور کارروائی پر دستخط کرنے کا اختیار رکھتا ہے۔

چیئر ایگزیکٹو آفیسر ایک ایگزیکٹو ڈائریکٹر ہوتا ہے جو کمیٹی انتظامیہ کے سربراہ کی حیثیت سے بھی اپنے فرمائش سرانجام دیتا ہے۔ وہ دیگر ذمہ داریوں کے علاوہ اپنی طے شدہ حدود میں رہ کر بورڈ کی پالیسیوں کو نافذ کرنے کا مجاز ہے۔

ڈائریکٹرز کا معاوضہ

لسنڈ کمپنی (کوڈ آف کارپوریشن گورننس) ضوابط، 2017ء (ضابطہ) کے تحت کمیٹی نے ”پالیسی برائے معاوضہ ایگزیکٹو اور نان۔ ایگزیکٹو ڈائریکٹرز“ کے نام سے ایک پالیسی ترتیب دی ہے جو ڈائریکٹرز کے معاوضہ تک محدود ہے۔ ڈائریکٹرز کے معاوضے کا نظام کاروباری قدر کی دائمی نمو حاصل کرنے کی غرض سے قلیل اور متوسط و طویل مدتی کاروباری کارکردگی کو بہتر بنانے میں ڈائریکٹرز کے جذبہ کو بڑھانے کے لئے مرتب کیا گیا ہے۔ ایگزیکٹو ڈائریکٹرز کو ماہانہ معاوضہ اور مراعات پیش کی جاتی ہیں جن کی منظوری اراکین دیتے ہیں جب کہ کمیٹی نان ایگزیکٹو ڈائریکٹرز کو ایڈوائزری فیس کے علاوہ معاوضہ ادا نہیں کرتی۔ 23-2022 میں ڈائریکٹرز اور CEO کے معاوضہ اور فیس کی معلومات کے لئے براہ کرم ان مالیاتی اسٹیٹمنٹس کے نوٹس ملاحظہ کریں۔

31 مارچ 2024ء کو اختتام پذیر سال کے لئے شیئر ہولڈرز کی منظوری سے مشروط ڈائریکٹرز کی ایڈوائزری فیس اور معاوضہ کی تفصیلات حسب ذیل ہیں:

- (a) چیئر مین (نان۔ ایگزیکٹو ڈائریکٹر) کی ایڈوائزری فیس مبلغ 50.69 ملین روپے
(b) صدر / CEO کا مشاہیر 30 ملین روپے؛ اور
(c) ایک کل وقتی ڈائریکٹر کا مشاہیر 25.0 ملین روپے۔

بورڈ کے اجلاس

سال بھر میں بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ بورڈ اراکین کی حاضری حسب ذیل ہے:

نمبر شمار	نام	عہدہ	Q1	Q2	Q3	Q4	اجلاس میں حاضری کی تعداد
1	مسٹر عامر ایچ شیرازی	چیئر مین	✓	✓	✓	✓	4
2	مسٹر تاکا فومی کوئیچے	صدر اور ایگزیکٹو ڈائریکٹر	✓	✓	✓	✓	4
3	مسٹر ثاقب ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر / سینئر ایڈوائزر	✓	✓	✓	✓	4
4	مسٹر کاتسومی کاسائی	ایگزیکٹو ڈائریکٹر اور نائب صدر۔ پروڈکشن	-	-	-	✓	1
4	مسٹر شی نوپونا کامورا (مسٹر کاتسومی کاسائی سے تبدیل)	ایگزیکٹو ڈائریکٹر اور نائب صدر۔ پروڈکشن	✓	✓	✓	-	3
5	مسٹر محمد نعیم خان	خود مختار ڈائریکٹر	✓	✓	✓	✓	4
6	مسٹری ہیکو ساتو	نان ایگزیکٹو ڈائریکٹر	✓	✓	✓	✓	4
7	مسٹر گوگونا کاشی	نان ایگزیکٹو ڈائریکٹر	✓	-	✓	✓	3
8	مسٹر عارف الاسلام	خود مختار ڈائریکٹر	✓	✓	✓	✓	4

ڈائریکٹرز کی رپورٹ

31 مارچ 2023ء

کمپنی کے ڈائریکٹرز 31 مارچ 2023ء کو اختتام پذیر سال کے لئے کمپنی کی اکتیسویں (31 ویں) سالانہ رپورٹ اور پڑتال شدہ مالیاتی اسٹیٹمنٹس کے ہمراہ اپنی رپورٹ ازراہ مسرت پیش کرتے ہیں۔

مالیاتی نتائج

اس سال اہم مالیاتی نتائج حسب ذیل ہیں:-

سال مختتمہ	سال مختتمہ	
31 مارچ 2022ء	31 مارچ 2023ء	(ملین روپوں میں)
4,275.40	1,982.65	مذکورہ برس کے لیے نفع بمعہ ٹیکس ٹیکسیشن
(1,765.50)	(1,722.51)	دیگر جامع آمدنی / (خسارہ) برائے مذکورہ سال
(99.89)	43.06	غیر تخصیص شدہ منافع
2,410.01	303.20	ابتدائی برقرار آمدنی
166.71	77.12	تخصیص کے لیے دستیاب کل رقم
2,576.75	380.32	تخصیصات:
(1,500.00)	-	عمومی ذخائر میں منتقلی
(999.60)	-	مجوزہ منافع (2022: 70 فیصد)
(2,499.60)	-	
17.58	1.82	فی حصص آمدنی - بنیادی و تحلیلی (روپے)

بورڈ کی ترکیب

بورڈ آف ڈائریکٹرز کی ترکیب حسب ذیل ہے:

کل تعداد ڈائریکٹرز	
9	
8	i. مرد
1	ii. خاتون

بورڈ کی ترکیب:

3	i. خود مختار ڈائریکٹرز
4	ii. نان ایگزیکٹو ڈائریکٹرز
2	iii. ایگزیکٹو ڈائریکٹرز

سال بھر میں بورڈ میں تین تبدیلیاں کی گئیں۔ البتہ بورڈ کی لازمی ترکیب کو برقرار رکھا گیا۔

کاروباری ماحول

سال بھر کاروباری ماحول مشکلات کا شکار رہا۔ درآمدات پر پابندی کی وجہ سے آٹو موبائل انڈسٹری کو غیر مثالی مشکلات کا سامنا کرنا پڑا۔ پاکستانی روپے کی بے قدری، ٹیکسوں میں اضافہ، افراط زر کی بلند شرح، مزدوروں کے ترسیلات زر میں کمی، عالمی سپلائی چین میں رکاوٹوں اور آئی ایم ایف پروگرام کے تسلسل میں تاخیر نے معیشت کی مجموعی سست روی میں اضافہ کیا۔ لیٹر آف کریڈٹ کھولنے اور غیر ملکی ادائیگیوں میں رکاوٹ بھی قائم رہی۔ نتیجتاً سال بھر میں کمپنی کی سپلائی چین میں شدید رکاوٹ برقرار رہی۔ لہذا کمپنی کو زیر جائزہ سال کے دوران دو ماہ سے زائد عرصے کے لئے اپنے پلانٹ کو بند کرنا پڑا۔ تمام مشکلات کے باوجود کمپنی کے مالیاتی سال کا اختتام 1982.65 ملین روپے منافع علاوہ ٹیکس اور 260.14 ملین روپے خالص منافع علاوہ ٹیکس پر بند کیا جب کہ گذشتہ برس کے اعداد و شمار بالترتیب 4,275.41 ملین روپے اور 2,509.91 ملین روپے رہے۔

فی حصص آمدنی

علاوہ ٹیکس بنیادی وڈائیٹیوٹڈ فی حصص آمدنی 1.82 روپے تھی (2022: 17.58 روپے)

چیئرمین کا تجزیہ

31 مارچ 2023

کرے گا۔ جاری خطرات کا مقابلہ کرنے کے لئے معاشی بحالی کی ایک مربوط اور مؤثر حکمت عملی کی ضرورت ہے۔ چونکہ معیشت اپنی مکمل استعداد کے ساتھ واپس آ رہی ہے اور بحالی بھی پائیدار ہو رہی ہے لہذا آٹو موبائل شعبہ بھی اپنی ترقی کی رفتار کو جاری رکھنے کے لئے پر عزم ہے۔ چونکہ کئی اقتصادیات فی الوقت مشکل ترین مرحلے سے گزر رہی ہے لہذا آپ کی کمپنی مارکیٹ میں مضبوط پوزیشن سنبھالے ہوئے، مزید نمو کے لیے مارکیٹ سے بہترین مواقع اخذ کرنے کے لیے کوشاں ہے۔

کمپنی طویل مدتی کاروباری تعلقات استوار کرتے ہوئے بدترین حالات سے مقابلہ کرنے کی صلاحیت رکھتی ہے جس سے اسٹیک ہولڈرز کے منافع میں اضافہ ہو گا۔ اس تناظر میں، ”ہنڈا فلسفہ“ ہمارے کاروبار کا سنگ میل رہے گا۔

جتنے لچھی پیب دھری اٹھے اگدا سسر و دا بونا

سولر انرجی سسٹم کی توسیع

پاکستان کئی برسوں سے بجلی کی قلت کا شکار ہے۔ ایندھن کی بڑھتی ہوئی قیمتوں اور کم سبسڈی کے باعث بجلی کی قیمت میں وفاقاً نمایاں اضافہ ہوتا جا رہا ہے۔ ماحولیاتی تبدیلیوں کے بڑھتے ہوئے خطرات نے کلین انرجی متبادل پر غور کرنے کے لئے مجبور کیا ہے۔ لہذا، سولر انرجی کثرت سے پائے جانے والے انرجی وسائل میں سے ایک ہے۔ ٹیکنالوجی پر انحصار، سرمایہ کاری اور قابل تجدید انرجی کے لئے موافق قواعد جیسے کئی عوامل موافق سولر انرجی کی طلب میں اضافہ کر رہے ہیں۔ سال 2019ء کے دوران کمپنی نے 0.5 میگا واٹ سولر پروجیکٹ کا آغاز کیا تاکہ کمپنی اپنے قابل بھروسہ گرین انرجی وسائل کو بڑھا سکے۔ سال بھر میں، 1.0 میگا واٹ کے ”آن گریڈ پزیشن سسٹم“ کے تخصیص کے ذریعے کمپنی نے اس کی استعداد میں اضافہ کیا ہے۔ فی الوقت کمپنی 1.5 میگا واٹ سولر انرجی پیدا کر رہی ہے جو کلین انرجی سولر پینلز کے ذریعے پیداواری اور دفتری مقامات کی بجلی کی ضروریات کو پورا کر رہی ہے۔

عامر ایچ شیرازی

چیئرمین

مؤرخہ: 26 مئی، 2023ء

کراچی

روپے کے مقابلہ میں 31 مارچ 2023ء کو اختتام پذیر سال کے لئے خالص منافع 260 ملین روپے ریکارڈ ہوا۔ فی حصص آمدنی گذشتہ برس میں 17.58 روپے کی نسبت 1.82 روپے تک گر گئی۔

کمپنی پائیدار نمو اور جدت پیدا کرنے کے طویل مدتی مقاصد حاصل کرنے کے لئے پر عزم ہے۔ آپریشنل عمدگی، پروڈکٹ پورٹ فولیو تنوع، لاگت میں کمی اور سرمایے کے مضبوط ڈھانچے پر بھرپور توجہ دے کر اس ہدف کو حاصل کیا جاسکتا ہے۔

پیداواری عمدگی

کمپنی جدید ٹیکنالوجی کو اپنانے اور ماحول دوست وسائل کے ذریعے عمل میں بہتری کے لئے ہمہ وقت تیار ہے۔ کمپنی نے مذکورہ سال کے دوران کلین انرجی پروجیکٹ متعارف کرا کر ایک بہت بڑا قدم اٹھایا ہے۔

مستقبل کا منظر نامہ

عرصہ 75 برس سے، معیشت نے عدم استحکام اور غیر یقینی صورتحال کے باوجود مضبوط لچک دکھائی ہے۔ آگے بڑھتے ہوئے، ملک کے لئے اصلاحات کی رفتار کو برقرار رکھنا اور پائیدار نمو کے لئے پالیسیوں پر توجہ دینا انتہائی ضروری ہے۔ کئی اقتصادی ایڈجسٹمنٹ اقدامات، مالیاتی استحکام اور برآمدات کا فروغ کرنسی پر دباؤ میں کمی لانے میں مدد

میں 31 مارچ، 2023ء کو اختتام پذیر سال کے لئے کمپنی کی آئیسویں (31 ویں) سالانہ رپورٹ ازراہ مسرت پیش کرتا ہوں۔

کلی اقتصادی جائزہ

زیر جائزہ سال کے دوران، متواتر سیاسی عدم استحکام، غیر ملکی زر مبادلہ زخاڑ میں کمی اور افراط زر کی بلند شرح کے باعث معیشت زیر عتاب رہی۔ سیلاب کی تباہ کاریوں، روپے کی قدر میں کمی اور توانائی کی قیمتوں میں ردوبدل کے باعث مہنگائی تاریخ کی بلند ترین سطح 35% سے تجاوز کر گئی۔ ایشیائے ضروریہ کی رسد میں کمی اور درآمدات پر پابندی نے ملکی سطح پر قیمتوں پر دباؤ میں مزید اضافہ کیا۔ معاشی اشاریوں میں مجموعی اتتری کی صورت حال کے باعث زیر جائزہ مالیاتی سال کے دوران نمو کی ممکنہ شرح میں 2% سے 0.5% تک کمی کا سامنا کرنا پڑا۔

بیرونی سطح پر پالیسی کے انجماد اور استحکام کے لئے کئے گئے اقدامات کو اپنانے سے مثبت نتائج نکالنا شروع ہو گئے ہیں۔ کرنٹ اکاؤنٹ خسارے (CAD) مالیاتی سال 2023ء جولائی تا مارچ کے دوران 3.3 بلین ڈالر 68% فی صد کی واقع ہوئی ہے۔ CAD میں یہ پیش رفت درآمدی بل میں 47.3 بلین ڈالر سے 37.3 بلین ڈالر کی سے منسوب کی جا رہی ہے۔ البتہ، عالمی طلب میں سست روی اور مستقل شرح مبادلہ کے باعث برآمدات اور مزدوروں کے ترسیلات زر میں بالترتیب 8.65% اور 10.8% کی واقع ہوئی ہے۔ CAD میں مثبت پیش رفت اور دوست ممالک سے حاصل رقوم کے باوجود مرکزی بینک میں غیر ملکی مبادلہ کے زخاڑ دس سال کی کم ترین سطح یعنی 5 بلین ڈالر پر آگئے۔ آئی ایم ایف پروگرام کے تسلسل میں تاخیر نے بھی کرنسی پر دباؤ ڈالا ہے جو 285 روپے کی سطح عبور کر گئی ہے۔ کلی اقتصادی استحکام کو برقرار رکھنے کے لئے مرکزی بینک نے بیٹچ مارک شرح سود کو 9.75% سے بڑھا کر 21% کر دیا ہے۔ اور یہ سال بھر میں 115.4% اضافہ ظاہر کرتی ہے۔ مالیاتی لحاظ سے، محصولات بھی ہدف سے کافی کم رہیں۔ مذکورہ نو ماہی کے دوران 5,460 بلین روپے ہدف کے مقابلے میں 5,156 بلین روپے محصولات کی مد میں حاصل کئے گئے۔ سرمایہ کاروں کے اعتماد میں کمی اور سیاسی بے چینی کے باعث PSX-100 انڈیکس بھی 40,000 سے کم کی سطح پر آ گیا۔

زراعت

طوفانی بارشوں اور سیلاب کے باعث سال 2023ء کے پہلے نصف حصے میں زرعی شعبے کی کارکردگی بری طرح متاثر ہوئی۔ البتہ، موافق موسمی حالات اور معیاری بیج اور کھاد

کی دستیابی کے باعث وسیع فصلوں کی پیداواری کارکردگی بہتر رہنے کی توقع ہے۔ مزید برآں، زرعی قرضوں کی تقسیم میں اضافے کے باعث زرعی پیداوار کو خاطر خواہ سہارا ملنے کی توقع کی جا رہی ہے جو کسانوں اور زرعی شعبے کے لئے حوصلہ افزا منظر نامہ ظاہر کر رہی ہے۔ اس طرح دیہی علاقوں میں دیرپا صنعتی اشیاء کی طلب میں بہتری لانے میں مدد ملے گی۔

بڑے پیمانے کی صنعتیں (LSM)

گذشتہ برس کی اسی مدت کی نسبت بڑے پیمانے کی صنعتوں (LSM) کی پیداوار 4.4 فی صد تک کم ہو گئی۔ مجموعی طلب کو سست کرنے کے لئے حکام کی جانب سے کئے گئے مالیاتی و معاشی اقدامات سے اس کمی کو منسوب کیا جاتا ہے۔ رسد میں رکاوٹوں اور کاروبار کی بڑھتی ہوئی لاگت ٹیکسٹائل، اسٹیل، صارف اشیاء اور آٹوموبائل جیسی کئی صنعتوں کی پیداوار میں کمی کا باعث بن رہی ہے۔ صنعتی شعبے کی بحالی آئی ایم ایف پروگرام شروع ہونے سے مشروط ہے۔ دواور کثیر طرفہ اداروں سے غیر ملکی رقوم کی وصولی صنعتی نمو کو بحال کرنے میں مدد دے گی۔

آٹوموبائل انڈسٹری

آٹوموبائل انڈسٹری اس وقت تاریخ کے مشکل ترین دور سے گزر رہی ہے۔ اس صنعت کو سال بھر میں ملکی و عالمی سطح پر بڑی رکاوٹوں کا مقابلہ کرنا پڑا۔ حالیہ چیلنگ کمپلیٹ ٹاک ڈاؤن کٹ (CKD) کٹ کی درآمد پر جاری پابندی ہے جس نے پلانٹ کی بندش پر مجبور کیا اور روزگار کے مواقع بند کرنا پڑے۔ روپے کی قدر میں کمی، بڑھتی ہوئی مہنگائی اور جامد مالیاتی اقدامات نے کار کی قیمتوں کو صارف کی پہنچ سے دور کر دیا۔ ممکنہ خریدار رسد میں رکاوٹوں کے باعث تاخیر سے ڈیلیوری اور مطلوبہ گاڑیوں کے ویرینٹ کی عدم دستیابی جیسی مشکلات کا شکار ہیں جس کی نظیر ماضی میں نہیں ملتی۔ آٹوموٹیو انڈسٹری پیچیدہ سپلائی چین پر مشتمل ہے جو وقت گزرنے کے ساتھ ساتھ گلوبل پروڈکشن نیٹ ورک میں تبدیل ہو چکا ہے۔ مائیکرو چپ سے لے کر مزدوروں کی قلت تک عالمی سطح پر آٹوموٹیو سپلائی چین میں تقریباً ہر شعبے کو متاثر کر رہی ہے۔ مزید برآں، ایشیا پیسیفک خطے میں بڑھتا ہوا اتناؤ اور یوکرین کی جنگ نے عالمی سطح پر بے یقینی کی صورت حال میں اضافہ کیا۔ قوی امکان ہے کہ آئندہ برسوں میں یہ رکاوٹیں صنعت کا مستقل حصہ بننے جا رہی ہیں۔

پاکستان کی آٹوموبائل انڈسٹری شدید مندی کا شکار ہے۔ کام کرنے والے ڈسٹری بیوٹر اور سپلائرز بھی اس سے متاثر ہو رہے ہیں۔ اس کے نتیجے میں صنعت کے حجم میں کمی

واقع ہوئی کیونکہ مذکورہ سال کے دوران مسافر گاڑیوں اور لائٹ کمرشل گاڑیوں کی مجموعی فروخت گذشتہ برس میں 252,131 یونٹ کی نسبت 184,220 ہو گئی۔ اسی طرح سے کمپنی کی سیلز گذشتہ برس میں 37,613 یونٹ کے مقابلے میں 25,726 یونٹ تک گر گئی۔ پیداواری عوامل کو کنٹرول کرنے کے لئے گاڑیاں تیار کرنے والوں کی استعداد کو اس سطح پر لایا جاسکے گا ڈالر اور روپے کی برابری میں مسلسل اتار چڑھاؤ کو متوازن کیا جاسکے۔ درآمدات پر پابندی برقرار رہنے سے ملک کو آئی ایم ایف بیل آؤٹ پیکیج ملنے اور متعلقہ فنڈنگ تک رسائی میں تاخیر ہو سکتی ہے۔ ابتر معاشی و سیاسی صورت حال نے حالات کو مزید خراب کر دیا ہے۔ اگرچہ انڈسٹری نے جاری بحالی کے دور میں چٹنگی دکھائی ہے تاہم مستقبل میں استحکام کو یقینی بنانے کے لئے اسے مزید دور اندیشی کا اظہار کرنا ہو گا۔

کمپنی

آپ کی کمپنی جدید اور قابل بھروسہ پروڈکٹس کے ذریعے 'Joys3' فلسفہ پر عمل کر رہی ہے۔ کمپنی نے سال بھر میں مشکل حالات پر قابو پایا ہے اور HRV کے تعارف سے کمپنی گذشتہ برس میں 37,780 یونٹ کے مقابلے میں 26,176 یونٹ تیار کرنے میں کامیاب ہوئی ہے۔

مارچ 2023ء کو اختتام پذیر سال کے لئے اہم نکات مندرجہ ذیل ہیں:-

ہنڈا HRV "اپنی زندگی کو خوشیوں سے بھر دیں" کا افتتاح

بالکل نئی ہنڈا HRV 2022 کو پاکستان میں 12 اکتوبر 2022ء کو باقاعدہ طور پر متعارف کرایا گیا۔ ہنڈا HRV روایتی گاڑیوں کی طرح نہیں ہے۔ اس کے قابل ذکر ڈیزائن اور 145 نیوٹن میٹر ٹارک کے ساتھ انتہائی دوستانہ کارکردگی پر فخر کیا جا رہا ہے۔ ہنڈا HRV-2022 عمدہ بیرونی ڈیزائن اور اندرونی خصوصیات سے لیس ہے۔ یہ ہر کسی کے لئے روڈ سیفیٹی کے ہنڈا کے عزم کو مستحکم کرتا ہے جس کے ذریعے جدید ترین فیوچر سیفیٹی ٹیکنالوجی کے ذریعے سڑک کا حصہ بنا سکتا ہے۔ اس کا مقصد سال 2050ء تک عالمی سطح پر ہنڈا آٹوموبائل کے استعمال سے ٹریفک حادثات میں اموات کی شرح کو کم کرنا ہے۔ یہ ہل ڈیسنٹ کنٹرول (HDC)، ہل سٹارٹ اسسٹ، وہیکل اسٹیبلٹی اسسٹ، ایجنائل ہینڈل اسسٹ، الیکٹرک پارکنگ بریک، آئو بریک ہولڈ، واک اوے آؤ لاک، اگلی و پچھلی مسافرنسٹوں کے سیٹ بیٹل ریمانڈرز اور 4 لیٹر بیگز جیسے جدید ترین سیفیٹی نظام اور ڈرائیونگ ٹیکنالوجیز سے لیس ہے۔ مزید برآں، تازہ ترین

ہنڈا HRV-2022 انتہائی آرام دہ ہے کیونکہ اسے روزمرہ کے آرام دہ استعمال کی غرض سے ڈرائیور، مسافروں اور سامان کے لئے وسیع جگہ انتہائی احتیاط سے تیار کیا گیا ہے۔ وسیع کیبن، صاف لے آؤٹ کے ساتھ انٹر ومنت پینل کا ڈیزائن، ڈرائیور اور مسافروں کے لئے انتہائی باسہولت استعمال اس کی خصوصیات میں شامل ہیں۔ واضح ہوتا ہے کہ HR-V پاکستان میں SUV سیکٹ میں ایک نیا سنگ میل ثابت ہو گا کیونکہ یہ پہلا جزوی SUV جاپانی برانڈ ہے جسے پاکستان میں متعارف کرایا گیا ہے۔

نئی ڈیلرشپ کا اضافہ

مذکورہ سال کے دوران بہاولپور میں ہنڈا ایٹ ورک میں ایک نئی ڈیلرشپ کا اضافہ کیا گیا ہے۔ اس نئی ڈیلرشپ کے اضافے کے ساتھ کمپنی کانیت ورک اڈمیں (38S) ڈیلرشپ تک پھیل گیا ہے جو ملک کی تقریباً تمام بڑی صارف مارکیٹ کا احاطہ کرتا ہے۔ نئی ڈیلرشپ نہ صرف نئی گاڑیوں کی بنگ میں سہولت فراہم کرے گی بلکہ ہمارے تمام معزز صارفین کو بعد از فروخت خدمات کو بڑھانے میں مدد کرے گا۔

مالیاتی کارکردگی

کمپنی یکسر بدلتے ہوئے کاروباری حالات سے نپٹنے کے لئے کوشاں ہے۔ موجودہ حالات میں، تمام تر اہداف پر پورے کرنا مشکل تھا۔ مسلسل کوششوں کے ساتھ کمپنی تسلی بخش مالیاتی نتائج حاصل کرنے میں کامیاب ہوئی ہے۔

31 مارچ، 2023ء کو اختتام پذیر سال کے دوران کمپنی نے گذشتہ برس کی اسی مدت میں 108,048 ملین روپے کے مقابلے میں 95,087 ملین روپے خالص سیلز آمدنی حاصل کی ہے۔ شرح مبادلہ کے اثرات کا مقابلہ کرنے کے لئے قیمتوں میں ردوبدل کی مدد سے 5,533 ملین روپے کے مقابلے میں 7,161 ملین روپے کل منافع حاصل ہوا۔ سیلنگ و انتظامی اخراجات کو گذشتہ برس کی 2,224 ملین روپے سطح پر برقرار رکھا گیا۔ کمپنی کی پروڈکٹس پر صارفین کے اعتماد اور بہتر فنڈ منیجمنٹ کے باعث دیگر آمدنی میں 2,005 ملین روپے کے مقابلے میں 2,322 ملین روپے ریکارڈ کی گئی۔ مالیاتی و دیگر اخراجات گذشتہ برس میں 1,037 ملین روپے کے مقابلے میں 5,276 ملین روپے ریکارڈ ہوئے۔ کمپنی کو شرح مبادلہ کے غیر موافق توازن کے اثرات کو برداشت کرنا پڑا جس سے آپریشنل منافع محدود ہو کر رہ گیا۔ کمپنی نے گذشتہ برس میں 4,275 ملین روپے کے مقابلے میں 1,983 ملین روپے منافع جمعہ ٹیکس درج کیا۔ لازمی ٹیکس بشمول سپر ٹیکس ایڈجسٹمنٹ کے بعد گذشتہ برس میں 2,510 ملین

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