



“Makes all the difference”

ANNUAL REPORT 2016



COVER CONCEPT



Life is a constant struggle to improve, evolve and succeed in the ever challenging world. In this strive Honda has always been there to make a difference. On our cover this year the rising tides symbolize the successful journey that we have travelled with our customers over the past decades. They also stand for the inventions and innovations Honda has been offering to enable you to take on every challenge of life as it unfolds itself. Honda Atlas Cars (Pakistan) Limited is committed to give you the power and the strength to move ahead and pursue your dreams.

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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. Yusuf H. Shirazi
Chairman
Mr. Toichi Ishiyama
President/CEO
Mr. Aamir H. Shirazi
Mr. Kenichi Matsuo
Mr. Kazuhisa Hirota
Mr. M. Naeem Khan
Mr. Nadeem Arshad Elahi
Mr. Shigeru Yamazaki
Mr. Yasutaka Uda

COMPANY SECRETARY

Mr. Maqsood-ur-Rehman Rehmani

CHIEF FINANCIAL OFFICER

Mr. Ahmad Umair Wajid

EXECUTIVE COMMITTEE

Mr. Toichi Ishiyama
Mr. Kenichi Matsuo
Mr. Maqsood-ur-Rehman Rehmani

AUDIT COMMITTEE

Mr. Aamir H. Shirazi
Chairman
Mr. Kazuhisa Hirota
Mr. M. Naeem Khan
Mr. Nadeem Arshad Elahi
Mr. Yasutaka Uda
Mr. Hamood-ur-Rahman
Secretary

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Aamir H. Shirazi
Chairman
Mr. Toichi Ishiyama
Mr. Kenichi Matsuo
Mr. Kazuhisa Hirota
Mr. M. Naeem Khan

HEAD OF INTERNAL AUDIT

Mr. Hamood-ur-Rahman

AUDITORS

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

LEGAL ADVISOR

Cornelius, Lane & Mufti
Bokhari Aziz & Karim

BANKERS

Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
United Bank Limited

REGISTERED OFFICE

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

SHARE REGISTRAR

M/s Hameed Majeed Associates
HM House, 7-Bank Square,
Lahore, Pakistan.
Tel: +92 42 37235081-82

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
1-XX, Phase III, DHA.
Tel: +92 42 35694851-3
35694809, 35693992
Fax: +92 42 35694854

Karachi
House No. 16, Block 'C',
KDA Housing Scheme,
Karsaz Road.
Tel: +92 21 34305411-3
Fax: +92 21 34305414

WEB SITE

www.honda.com.pk
www.facebook.com/hacpl

BOARD OF DIRECTORS



MR. YUSUF H. SHIRAZI

Chairman

Mr. Shirazi is a Law Graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University with Role of Honour and AMP Harvard. He served in the Financial Services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a Columnist, particularly on matters – socio-politico-economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has Joint Ventures with Honda, GS Yuasa and MAN to name a few.

Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the Founder Member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting Faculty Member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others,

on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology- Space & Upper Atmosphere Research Commission (SUPARCO).

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

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



MR. TOICHI ISHIYAMA

President & CEO

Mr. Toichi Ishiyama has been associated with Honda Motor Co., Japan for last 24 years. He joined Honda Motor Co., in 1992.

He has broad experience in the areas of product business planning and operations. He has worked in American Honda Motor's U.S.A for two years. He has also served in Asian Honda Motor Company, Thailand for three years and Honda Motor (China) Investment Company for four years.

He is President of Honda Atlas Cars (Pakistan) Limited since April 1, 2015. He is also a member on the Board of Atlas Honda Limited.



MR. AAMIR H. SHIRAZI

Director

Mr. Aamir H. Shirazi is the President of Atlas Group. He graduated from Claremont Mckenna College, California and completed his OPM from Harvard Business School. He was the Chief Executive of Atlas Honda Limited for over eleven years. He was also appointed as professional director on the Board of Lahore Stock Exchange for two consecutive terms by the Securities & Exchange Commission of Pakistan. He has been Honorary Consul General of Japan, Lahore since 2002. He is also on the Board of Murree Brewery Company Limited and Total Parco Pakistan Limited.



MR. KENICHI MATSUO

Director

Mr. Matsuo is associated with Honda Motor Company for last 36 years. He started his career as Engineer in Automobile Assembly, HM Japan and he has a vast experience of Automobile Assembly and Business Planning Operations.

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

He is appointed on the Board of Honda Atlas Cars (Pakistan) Limited w.e.f April 1, 2016 as Director & Vice President Production.

MR. KAZUHISA HIROTA

Director

Mr. Kazuhisa Hirota has been associated with Honda Motor, Japan for last 29 years. He has vast experience of Accounting and Finance Division, working in Honda Motor, Japan and different Honda ventures and subsidiaries in China & Thailand.

He has worked as Manager in Honda Automobile (China) and Deputy General Manager in Honda Motor (China) Investment Co., Limited for eight years. Currently, he is working as Director of Asian Honda Motors Co., Limited, President of Honda Leasing Thailand Co., Limited and General Manager for Regional Operations, Planning Office, Honda Motor, Japan.

He joined Honda Atlas Cars (Pakistan) Limited as Board member in April 2014.

MR. NADEEM ARSHAD ELAHI

Director

Mr. Nadeem Arshad Elahi has an extensive background in operations, general management and business development. He is amongst the co-founders of TRG and FTA Direct Incorporation. He also served as Director of Manufacturing for over seven years of Tanveer Textiles, involved in the production of finished textile fabrics in Pakistan.

He also serves as a member Executive Committee of the American Business Council in Pakistan. He is the current President of the Harvard Business School Club of Pakistan, Member of the Board of Directors of OPEN-Karachi Chapter and a member of the Corporate Leaders Advisory Board of the Institute of Business Administration (IBA), Karachi.

Mr. Nadeem Arshad Elahi has an MBA from Harvard Business School and a B.A in Mathematics and Economics from Brown University, USA.

MR. SHIGERU YAMAZAKI

Director

Mr. Yamazaki has been associated with Honda Motor, Japan for more than 34 years. He has experience of Sales, Product Planning, Marketing and diversified business operations. He has worked as Coordinator in Honda Motor Europe, UK and Honda Nederland, Holland. He has also worked in American Honda Motor, USA for six year in Auto Product Planning Division. He has worked as General Manager Automobile Business Division in Asian Honda Motor, Thailand and Sr. Vice President, Marketing & Sales Division, Honda Car India Limited for three years.

Currently Mr. Yamazaki is working as General Manager, Overseas Operations (Asia & Oceania) in Honda Motor, Japan.

Mr. Yamazaki is graduate in Economic from Aoyama Gakuin University, Japan and joined on the Board of Honda Atlas Cars (Pakistan) Limited from April 1, 2016.



MR. M. NAEEM KHAN

Director

Mr. M. Naeem Khan is an AMP from Harvard Business School, Boston, USA, a fellow member of The Institute of Chartered Accountants of Pakistan and a member of The Institute of Chartered Accountants in England &

Wales. His association with the Atlas Group extends to over 24 years in various capacities. He has exposure in oil marketing, food, investment banking, power and capital markets.

MR. YASUTAKA UDA

Director

Mr. Yasutaka Uda has vast experience in the automobile industry, having worked with Honda ventures, across the globe. In 2007, he assumed senior management role in the Honda Motor Company Limited, Japan and later on joined Honda South America Limited as the Director. Before taking over his current responsibilities, he was stationed as the Director in the Honda Motorcycle

& Scooter India (Private) Limited. He has diversified knowledge of Honda Products and has experience of working in different cultures. He is also serving as Vice President – Technical & a member of the Board of Atlas Honda Limited from March 2015. He joined on the Board of Honda Atlas Cars (Pakistan) Limited from April 1, 2016.

KEY MANAGEMENT



MR. MAQSOOD-UR-REHMAN REHMANI

Vice President & Company Secretary
Human Resource & Admin

Mr. Rehmani has done MBA Marketing and is a Law graduate from University of Karachi. He has vast experience of Administration, Industrial relations, Human Resource, Logistics & Supply Chain operations and Vendor Development. He joined Atlas Honda Limited in 1989 and was transferred to Honda Atlas Cars (Pakistan) Limited in 2008 as GM Logistics. He was appointed as Vice President HR & Admin & Company Secretary in November 2014.



MR. MUHAMMAD ASHRAF

Sr. General Manager
Model Planning & Production

Mr. Ashraf has more than 34 years experience of automobile production operations and new model development. He started his career with Awami Autos Limited in 1982 and has also worked with Pak Suzuki Motor Co for nine years. He joined Honda Atlas Cars (Pakistan) Limited in 1993 and has qualified Management Courses from AOTS Japan. He has worked in different management capacities and currently he is Head of Model Planning & Production Division.



MR. IQBAL AHMED

General Manager
Import, Purchase & Logistics

Mr. Iqbal has BSc in Mechanical Engineering from UET, Lahore and Executive MBA from LUMS. He has more than 24 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.



MR. TADAHIRO HAYAKAWA

General Manager
Production

Mr. Hayakawa has been associated with Honda Motor Co., Japan for more than 30 years. He has vast experience of different production operations. He has been head of Welding operations at Honda of the UK Manufacturing Ltd., for eight years. He has also served as ELP at American Honda Motor Co., (HAM) for seven years. He was transferred to Honda Atlas Cars (Pakistan) Limited on April 1, 2015.



MR. AYAZ HAFEEZ

Sr. General Manager
After Sales

Mr. Ayaz holds a MBA degree. He has 22 years experience of Sales, Marketing, Dealers Development, Product and Business Planning & After Sales Service. He is associated with the company since 1994 and has qualified Management Courses from AOTS Japan. Prior to this, he served the Pakistan Army for eight years, held staff and instructional appointments, having attended courses in Pakistan and USA with distinction. Since Dec. 2015, he's Head of After Sales Division.



MR. NADEEM AZAM

General Manager
Sales & Marketing

Mr. Nadeem has done MBA in Marketing Management. He started his career with Honda in 1993 as Executive, Marketing & Planning Division. He has over 23 years experience of Sales, Marketing and Product Planning operations. He has also served as GM After Sales Division for more than 2 years. Currently he is working as Head of Sales & Marketing Division.



MR. SHOJIRO IGA

Chief Engineer Quality (CEQ)

Mr. Iga has been associated with Honda Motor Co., Japan for more than 36 years. He started his career in Assembly Final Department of Honda Motor Co., Suzuka Plant, Japan. He has vast experience of Market Quality, Quality Assurance & Quality Control operations. He has also served for four years at Market Quality Division of WD Honda Automobiles China. He is CEQ of Honda Atlas Cars (Pakistan) Limited since 2012.



MR. ASIF MAHMOOD

General Manager
Purchasing

Mr Asif is Mechanical Engineer, graduated from UET Lahore. He joined HACPL in 1994 as trainee Engineer. Over the past 22 years, he served in Material Service, Production Planning & Control, ISO, New Model Control (NMC) & Spec Control. In 2012, he was assigned the responsibilities in Purchasing & Quality Development department. Since Dec 2015, he is heading the Purchasing Division of the Company.



MR. M. SOHAIL NAWAZ

General Manager
Quality Control

Mr. Sohail holds BE Mechanical from UET, Lahore. He joined as Trainee Engineer Vehicle Quality (VQ) in 1993. He has more than 22 years experience of Vehicle Quality, Assembly Final, New Model & Specification Control,



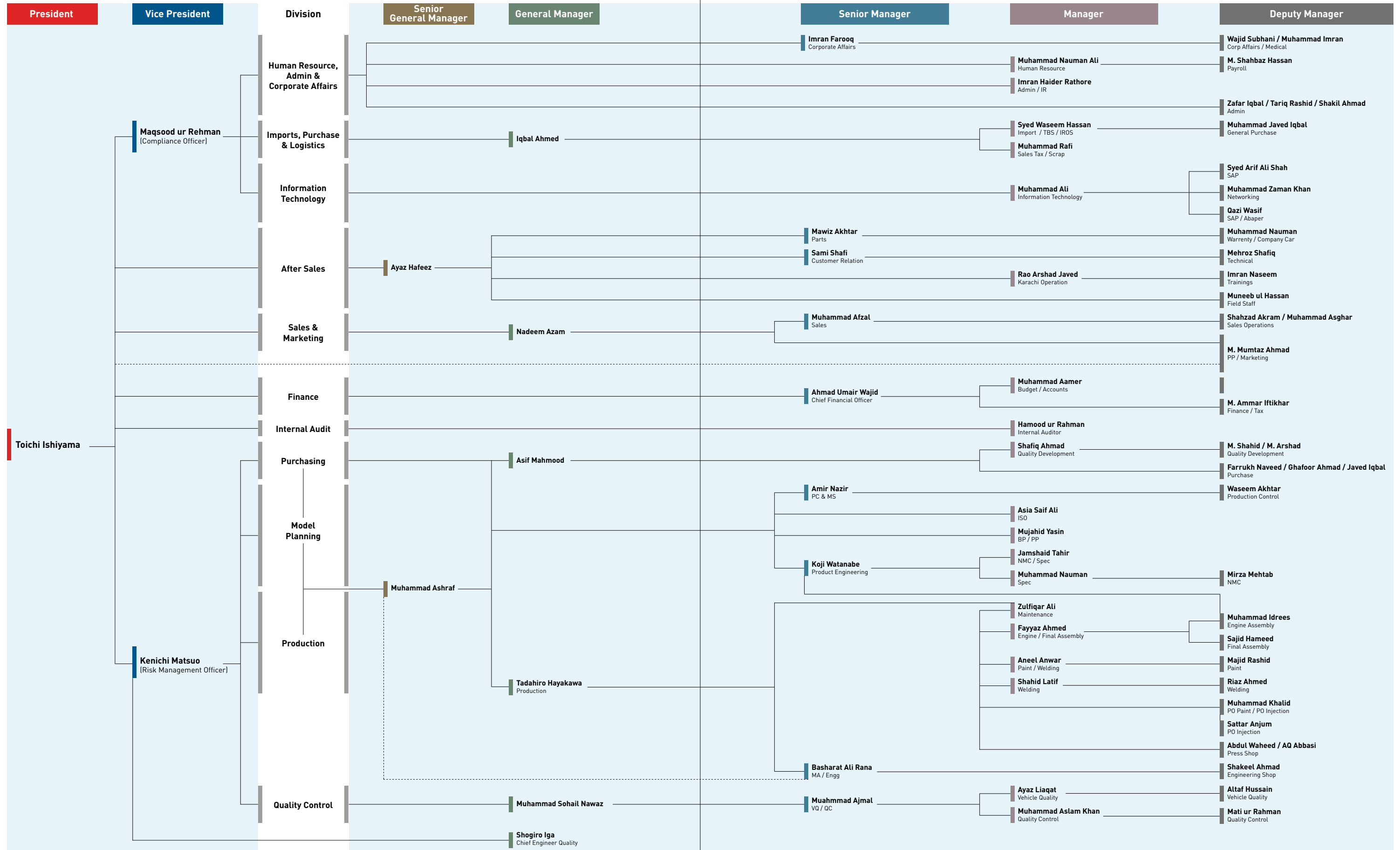
MR. AHMAD UMAIR WAJID

Chief Financial Officer

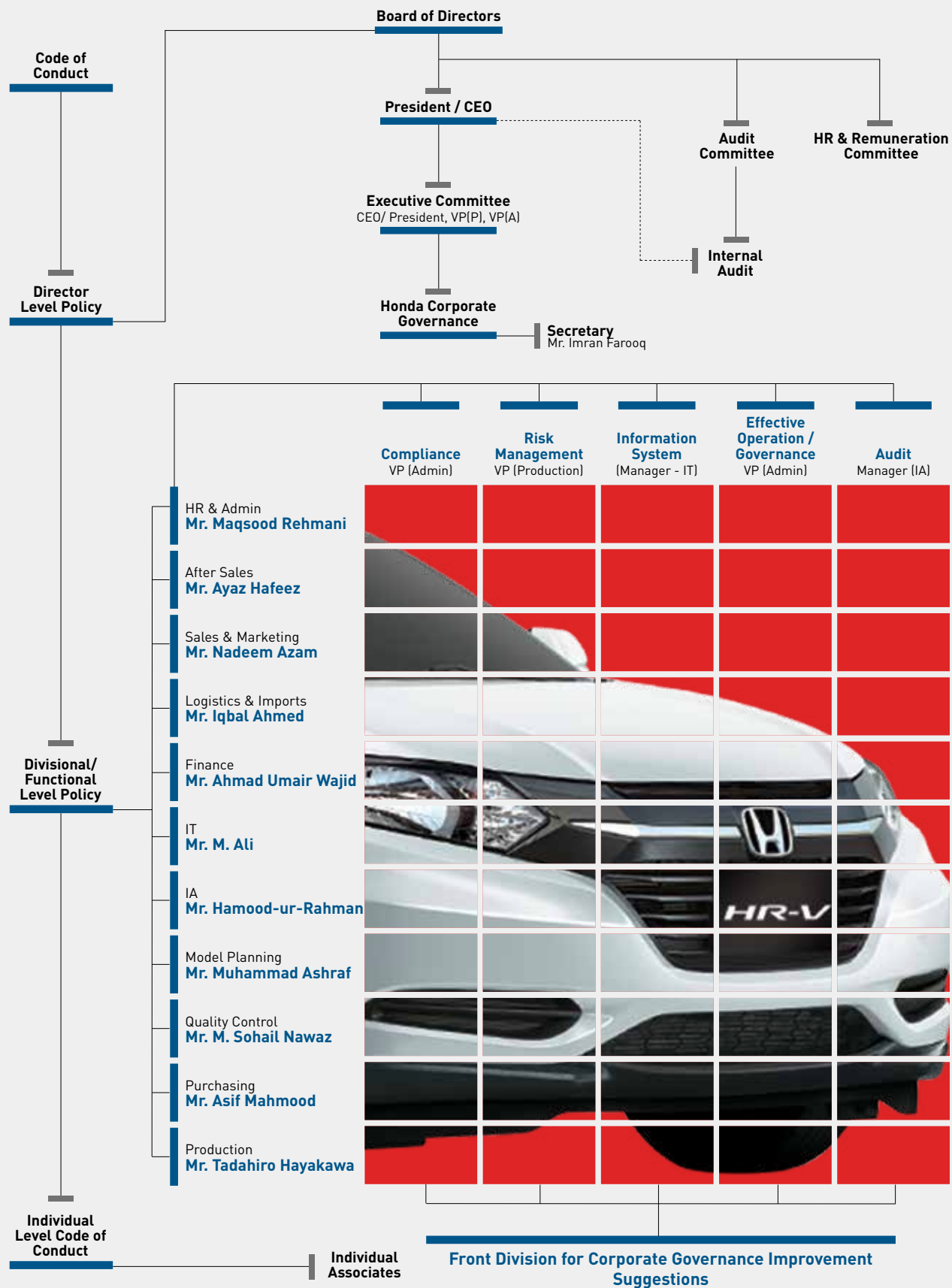
Mr. Umair is an Associate Member of the Institute of Chartered Accountant of Pakistan and having more than 11 years post qualification experience. He has been involved in financial management, Budgeting, Strategic

Business Planning, corporate compliance and risk management operations. He took over as Chief Financial Officer of the Company in 2013.

ORGANIZATION CHART



CORPORATE GOVERNANCE (ORGANIZATION STRUCTURE)



BUSINESS PRINCIPLES



Sitting (L to R) : Mr. Toichi Ishiyama, Mr. Yusuf H. Shirazi, Mr. Shigeru Yamazaki
 Standing (L to R) : Mr. Ahmad Umair Wajid (CFO), Mr. Kenichi Matsuo, Mr. Nadeem Arshad Elahi, Mr. Kazuhisa Hirota, Mr. Aamir H. Shirazi, Mr. Maqsood-ur-Rehman (Company Secretary)

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 customers 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 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 and Human Resources & Administration Division.

HUMAN RESOURCES AND SUCCESSION PLAN

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

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

QUALITY POLICY

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

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

ENVIRONMENT POLICY

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

Our environmental philosophy is firmly based on the following principles:

1. Recognize the impacts of our activities, products and services on environment;
2. Formulate objectives and targets for pollution prevention, environmental impacts mitigation and resource conservation as far as technically feasible;

3. Operate in compliance with applicable legal and other requirements with the commitment to preserve global environment;
4. Create awareness and understanding about environmental issues amongst our associates;
5. Commitment to continuous improvement of the environmental performance and review of the environmental management system to ensure its suitability, adequacy and effectiveness;
6. Keep public and other interested parties informed on our environmental performance, if deemed necessary.

SAFETY, HEALTH AND ENVIRONMENT

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

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

OPERATING PRINCIPLES

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



Sitting (L to R) : Mr. Ayaz Hafeez, Mr. Maqsood-ur-Rehman, Mr. Muhammad Ashraf,
 Standing (L to R) : Mr. Tadahiro Hayakawa, Mr. Nadeem Azam, Mr. Iqbal Ahmad, Mr. Ahmad Umair Wajid, Mr. Muhammad Sohail Nawaz, Mr. Asif Mahmood, Mr. Shojiro Iga



Sitting (L to R) : Mr. Mawiz Akhtar, Mr. Sami Shafi, Mr. Basharat Ali Rana,
 Standing (L to R) : Mr. Imran Farooq, Mr. Muhammad Ajmal, Mr. Amir Nazir, Mr. Muhammad Afzal

HONDA PHILOSOPHY



FUNDAMENTAL BELIEFS

Respect for the Individual

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

Equality Equality means to recognize and respect individual differences in one another and treat each other fairly. Our company is committed to this principle and to creating equal opportunities for each individual. An individual's race, sex, age, religion, national origin, educational background, social or economic status have no bearing on the individual's opportunities.

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

The Three Joys

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

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

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

HONDA AND OUR STAKEHOLDERS

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

To be "a company that society wants to exist," Honda must appropriately and accurately convey to society the sort of value that we seek to offer. Together with this, we must put into practice a communication cycle by which we engage in dialogs with diverse stakeholders to grasp and understand the demands and expectations placed on the company, work these into concrete measures and finally listen to stakeholders' evaluations of our activities. Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the degree of the impact of companies on society and of society on

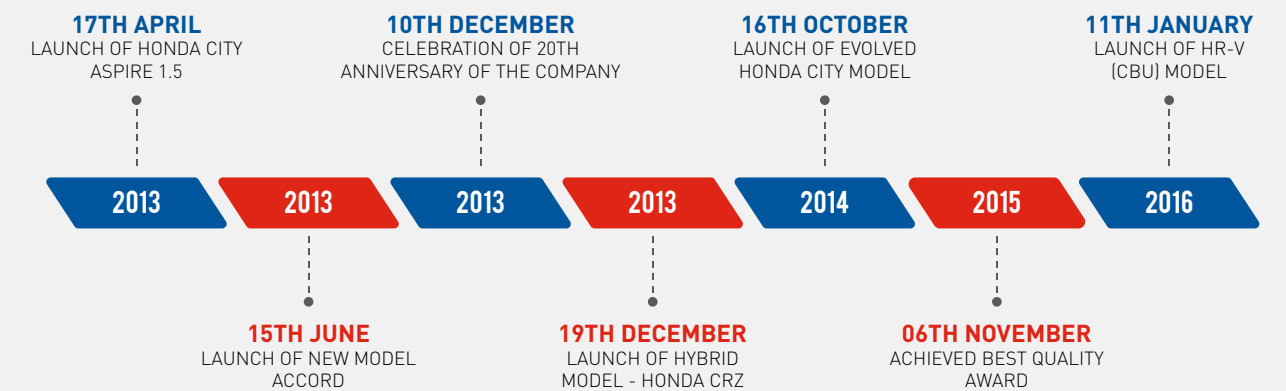
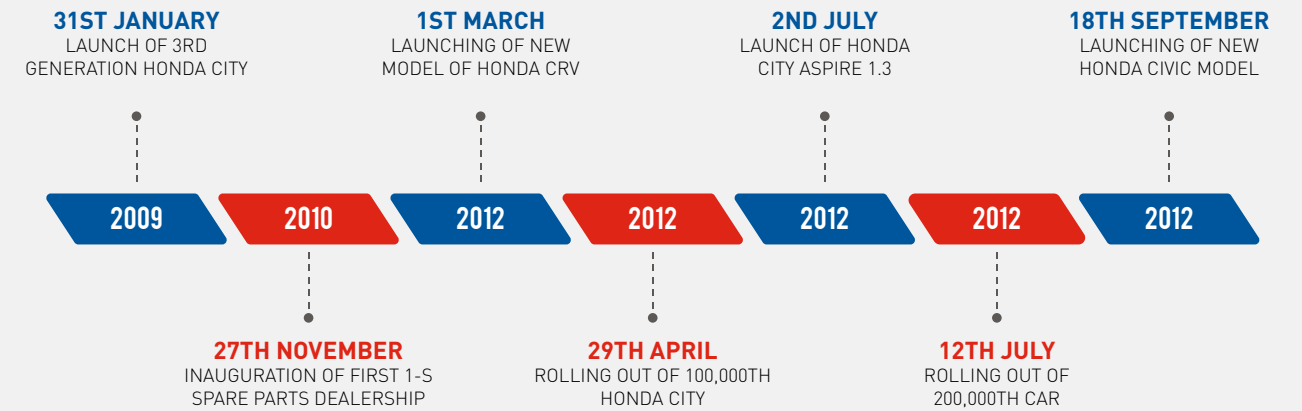
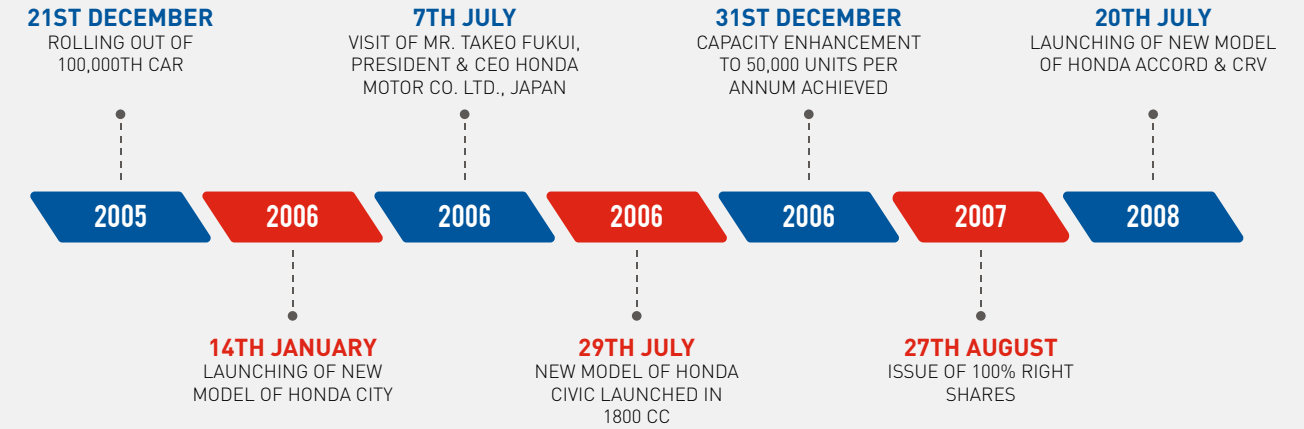
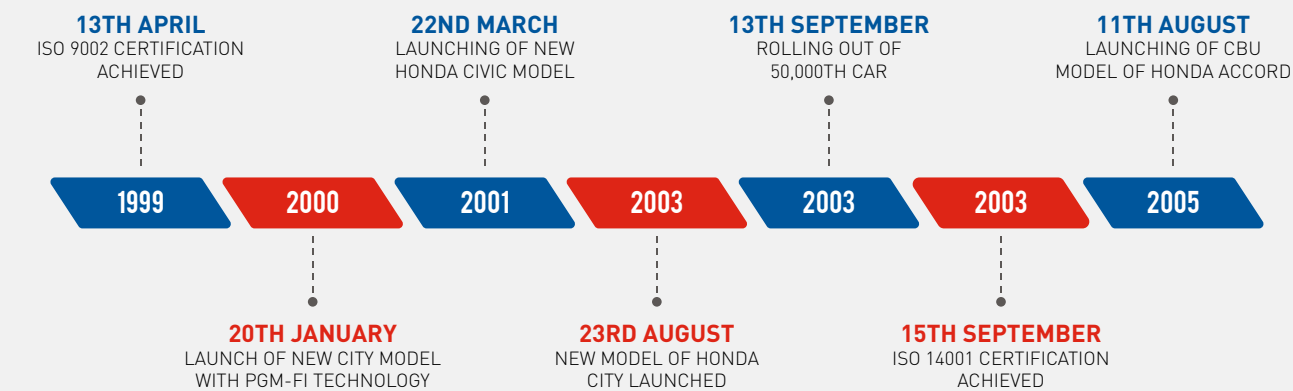
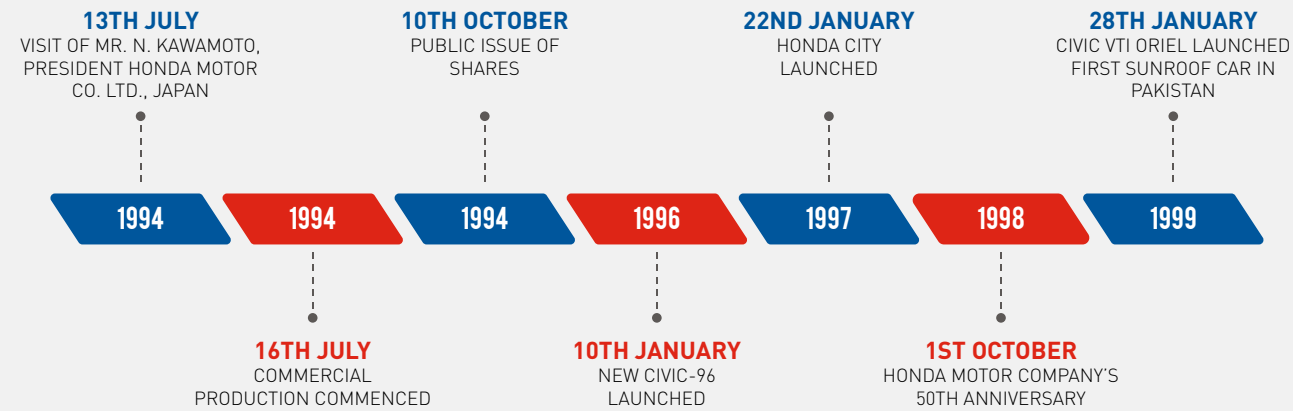
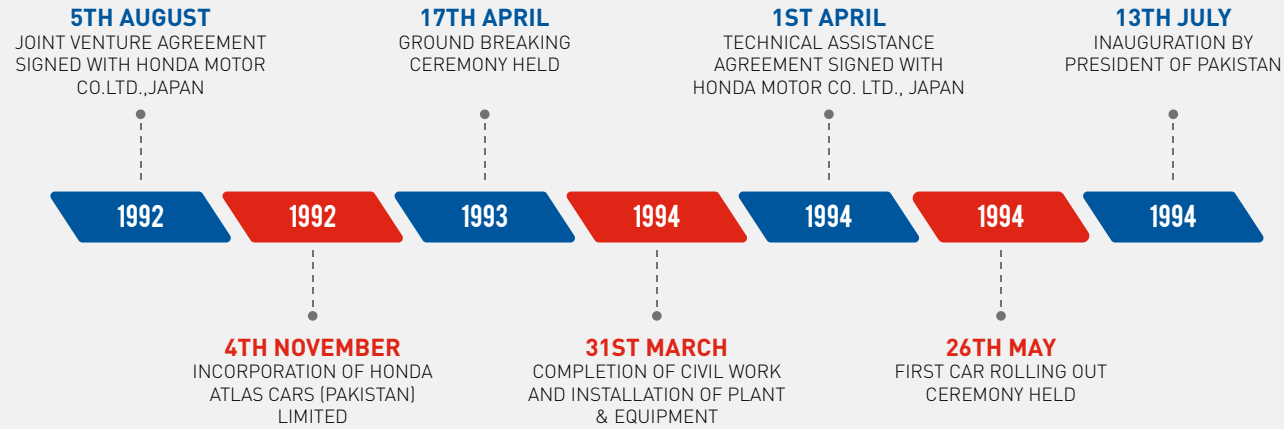
companies, in a process that continues to accelerate. While companies can connect an emphasis on dialog with stakeholders to the expansion of business opportunities and the creation of fans, wrong responses can lead to major risks to reputation.

With this awareness in mind, Honda engages in dialogs with stakeholders through a variety of opportunities, with our sales departments and Customer Relations Center acting as points of contact for customers, our purchasing departments doing so for suppliers, and our human recourse division establishing local community relations.

Stakeholder Engagement



CHRONICLE OF EVENTS



PATTERN OF SHAREHOLDING

AS ON MARCH 31, 2016

Number of Shareholders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
1965	1	-	93,326	0.07
894	101	-	319,029	0.22
903	501	-	795,691	0.56
855	1001	-	2,085,111	1.46
140	5001	-	1,073,906	0.75
117	10001	-	2,593,202	1.82
27	50001	-	2,161,945	1.51
2	145001	-	300,000	0.21
4	155001	-	627,100	0.44
1	160001	-	165,000	0.12
1	165001	-	170,000	0.12
1	175001	-	177,300	0.12
1	185001	-	187,920	0.13
1	195001	-	200,000	0.14
2	220001	-	442,300	0.31
2	230001	-	465,600	0.33
1	235001	-	238,500	0.17
1	245001	-	250,000	0.18
1	265001	-	270,000	0.19
1	270001	-	274,600	0.19
1	290001	-	292,500	0.20
1	305001	-	308,200	0.22
1	310001	-	313,800	0.22
1	350001	-	355,000	0.25
1	360001	-	364,705	0.26
1	370001	-	375,000	0.26
1	515001	-	519,600	0.36
2	530001	-	1,064,501	0.75
1	545001	-	545,600	0.38
1	560001	-	562,000	0.39
1	600001	-	605,000	0.42
1	610001	-	615,000	0.43
1	640001	-	640,500	0.45
1	845001	-	850,000	0.60
1	925001	-	925,100	0.65
1	2520001	-	2,524,589	1.77
1	3110001	-	3,111,300	2.18
1	10600001	-	10,601,650	7.42
1	32515001	-	32,517,000	22.77
1	72825001	-	72,825,400	51.00
1	72825001	-	72,825,400	51.00
4,941			142,800,000	100.00

CATEGORIES OF SHAREHOLDERS

AS ON MARCH 31, 2016

Sr. No.	Description	Number of Shareholders	Shares Held	Percentage of Total Capital
1	Individuals	4,817	10,407,257	7.29
2	Joint Stock Companies	48	2,552,185	1.79
3	Financial Institutions	9	2,294,486	1.61
4	Foreign Company	1	72,828,000	51.00
5	Insurance Companies	8	1,798,705	1.26
6	Modarabas	2	10,100	0.01
7	Mutual Funds	30	8,769,159	6.14
8	Investment Companies	7	43,152,420	30.22
9	Pension Funds	9	579,458	0.41
10	Others	10	408,230	0.29
		4,941	142,800,000	100.00

SHAREHOLDING INFORMATION

AS ON MARCH 31, 2016

Categories	Number of Shareholders	Shares Held
Associated Companies		
Honda Motor Company Limited ⁺	1	72,828,000
Shirazi Capital (Pvt) Limited ⁺	1	32,517,000
Shirazi Investments (Pvt) Limited ⁺	1	10,602,650
Atlas Insurance Limited	1	850,000
Mutual Funds		
M/s First Capital Mutual Fund	1	170
CDC - Trustee Meezan Balanced Fund	1	266,500
CDC - Trustee JS Islamic Fund	1	50,000
CDC - Trustee AKD Index Tracker Fund	1	6,100
CDC - Trustee Al Meezan Mutual Fund	1	292,500
CDC - Trustee Meezan Islamic Fund	1	3,111,300
EVL Emerging Frontier Fund [000911900247]	1	375,000
CDC - Trustee UBL Stock Advantage Fund	1	308,200
CDC - Trustee Al-Ameen Shariah Stock Fund	1	238,500
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	220,300
CDC - Trustee HBL Multi - Asset Fund	1	33,300
CDC - Trustee ABL Stock Fund	1	222,000
CDC - Trustee First Habib Stock Fund	1	13,000
CDC - Trustee Lakson Equity Fund	1	85,700
CDC - Trustee Hbl Islamic Stock Fund	1	68,800
CDC - Trustee Kse Meezan Index Fund	1	28,700
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	1	4,800
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	1	3,000
CDC - Trustee First Habib Islamic Balanced Fund	1	5,000
MCBFSL - Trustee ABL Islamic Stock Fund	1	156,300
CDC - Trustee First Capital Mutual Fund	1	4,500
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund - Equity Sub Fund	1	58,000
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	80,900
CDC - Trustee National Investment (Unit) Trust	1	2,524,589
CDC - Trustee PICIC Islamic Stock Fund	1	33,400
CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund	1	5,100
CDC - Trustee ABL Pension Fund - Equity Sub Fund	1	4,400
CDC - Trustee PIML Value Equity Fund	1	11,000
CDC - Trustee NIT Islamic Equity Fund	1	545,600
CDC - Trustee NITIPF Equity Sub-Fund	1	12,500
Directors, CEO, their Spouses and Minor Children		
Syed Yusuf H. Shirazi	1	#
Mr. Toichi Ishiyama	1	*
Mr. Aamir H Shirazi	1	#
Mr. Hisatada Tachi	1	*
Mr. Hironobu Yoshimura	1	*
Mr. Kazuhisa Hirota	1	*
Mr. Muhammad Naeem Khan	1	500
Mr. Nadeem Arshad Elahi	1	500
Mr. Takayoshi Koyama	1	*
Executives	9	18,178
Public Sector Companies & Corporations	48	2,552,185
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension/Other Funds	32	3,865,519
Shareholders Holding 5% or More Voting Rights⁺		
Others	4,809	10,796,309
Total	4,941	142,800,000

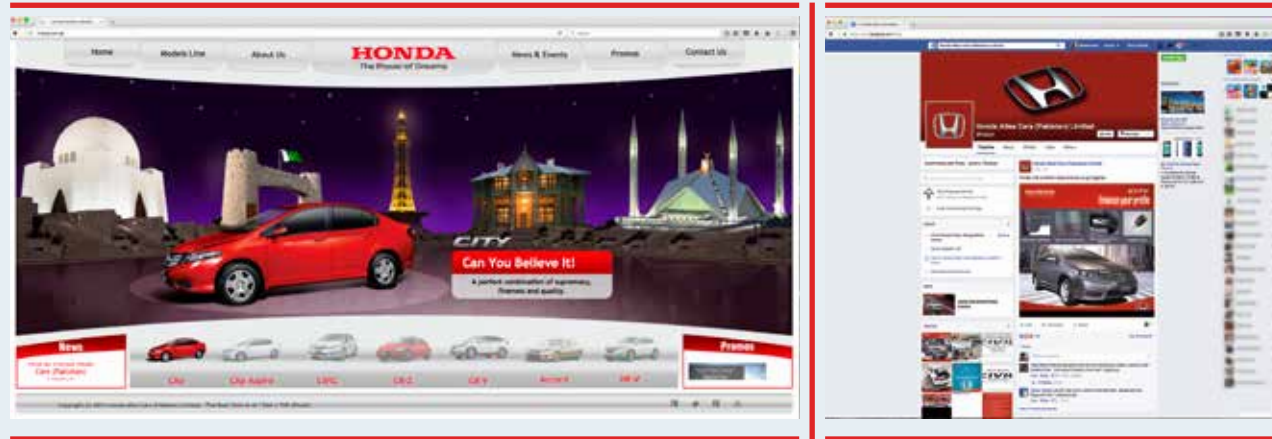
Note: + The above mentioned associated companies have 5% or more voting rights.
Mr. Yusuf H. Shirazi and Mr. Aamir H. Shirazi hold 500 qualification shares. The ultimate ownership remains with M/s. Shirazi Investments (Pvt) Limited.
* The shareholding of Honda Motor Co. Limited, Japan includes 4 directors holding 525 shares each and 1 director holding 500 shares (Total 2600) in the name of Mr. Toichi Ishiyama, Mr. Hisatada Tachi, Mr. Kazuhisa Hirota, Mr. Hironobu Yoshimura and Mr. Takayoshi Koyama in the capacity of its nominee directors. The ultimate ownership remains with Honda Motor Co., Limited, Japan.

INVESTOR RELATIONS INFORMATION

AS ON MARCH 31, 2016

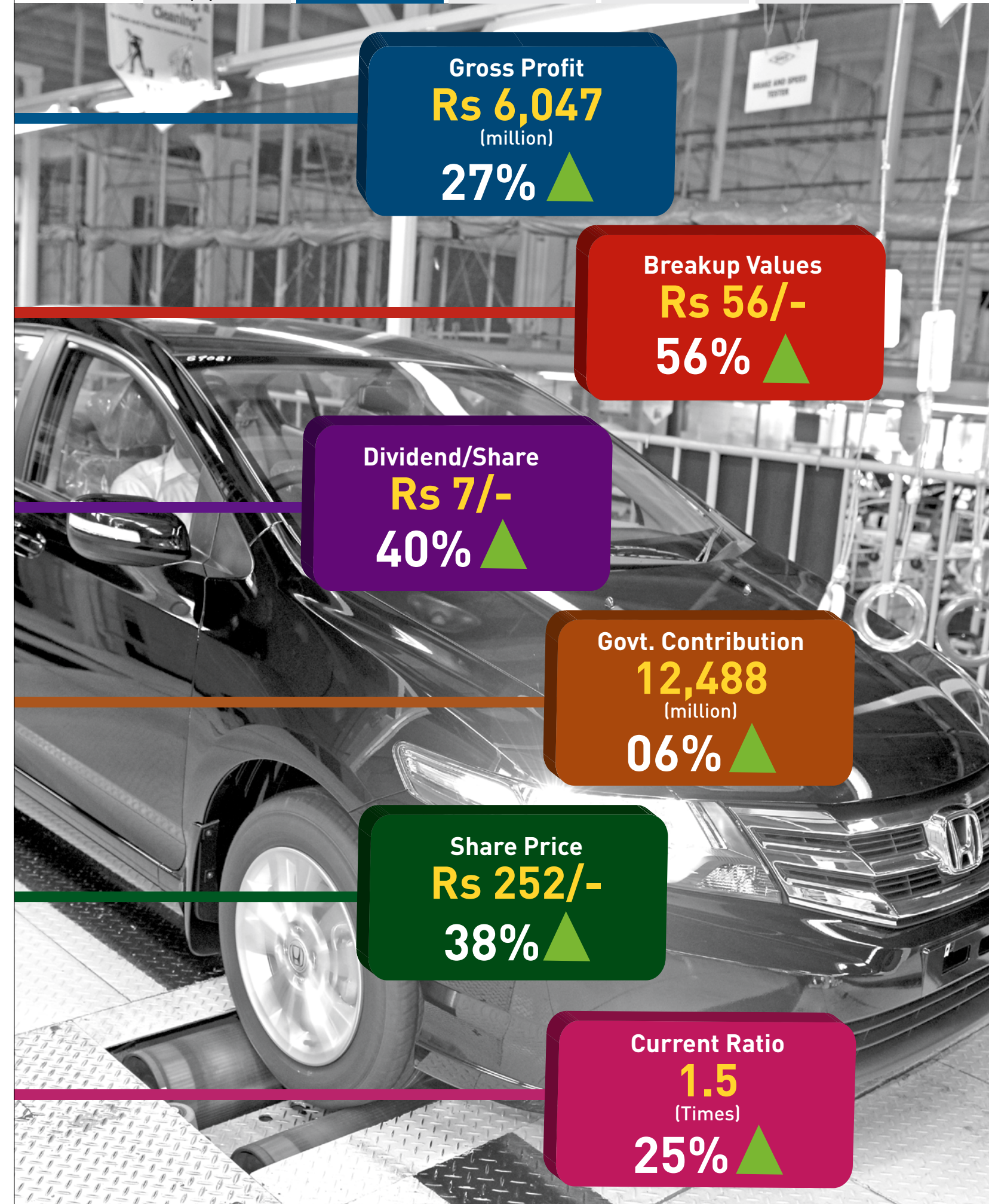
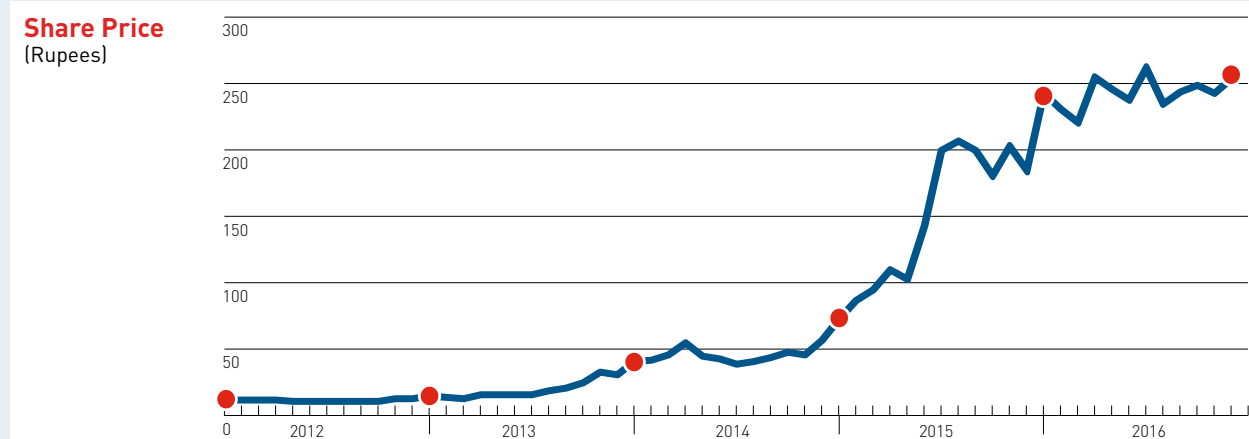
Company Information

Established	November 4, 1992
Line of Business	Automobiles
Fiscal Year-End	March 31
Auditor's	M/s. A.F. Ferguson & Company
Share Registrar	M/s. Hameed Majeed Associates (Pvt.) Ltd.
	H.M. House, 7 - Bank Square, Lahore
	Phone: +92-42-3723 5081-82
	Email: info@hmconsultants.com
Web Site	www.honda.com.pk
	www.facebook.com/hacpl



Stock Information

Security Code	HCAR
Number of Shares Authorized	200,000,000
Number of Shares Issued	142,800,000
Number of Shareholders	4,941
Number of Shares per Trading Unit	100 Shares
Stock Exchange Listing	Pakistan Stock Exchange Limited
General Meeting of Shareholders	July 19, 2016
Book Closing	July 9, 2016 to July 19, 2016



Gross Profit
Rs 6,047
 (million)
27% ▲

Breakup Values
Rs 56/-
56% ▲

Dividend/Share
Rs 7/-
40% ▲

Govt. Contribution
12,488
 (million)
06% ▲

Share Price
Rs 252/-
38% ▲

Current Ratio
1.5
 (Times)
25% ▲

CHAIRMAN'S REVIEW

AS ON MARCH 31, 2016



It gives me great pleasure to present you the Annual Audited Financial Statements for the year ended March 31, 2016.

THE ECONOMY

Pakistan's economy continued to show promising signs of inclusive growth. The headline inflation maintained its downward trend and recorded a multi decade low level of 2.64%. This was mainly due to the swift pass through impact of declining global oil prices to general consumers and adequate food supplies. Lower oil prices also contributed in controlling the deficit in trade account and reduced the import bill by 5.8%, despite higher imports of raw material and machinery. On the other hand, decreasing exports (9.9% year on year decline) on account of weak global demand continued to obscure performance of the external sector. However, support came from a steady increase in worker remittances, which helped to narrow down the current account deficit to US\$ 1,859 million, down by 4.5% year on year basis. This, together with, inflows from Euro bond issuance, Coalition Support Fund and receipts from international financial institutions strengthened the forex reserves to US\$ 20.8 billion. The resulting stability in external account prevented significant depreciation in the Pak Rupee, which remained relatively firm despite weakening of the regional currencies. The comfort at external front and favorable inflationary expectations allowed the central bank to reduce the discount rate by 350 bps to 6.0% during the year.

On the fiscal front, the budgetary deficit remained manageable despite higher development spending. This was due to control over energy subsidies and improved revenue generation. Government revenues increased to Rs 2,103 billion during July ~ Mar 2016, up by 19.7%, in the corresponding period of last year. The improvement

came on the back of additional tax measures, which included 1% across-the-board increase in customs duties and additional regulatory and excise duties on various products.

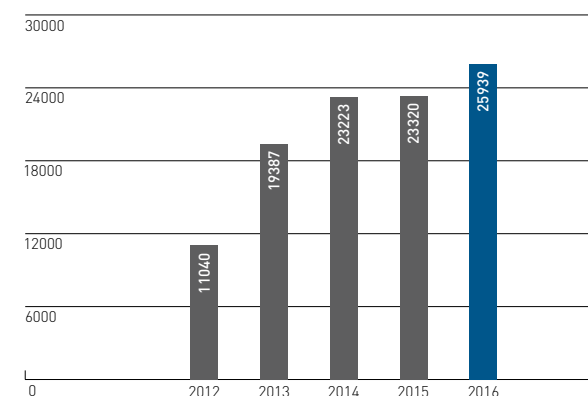
AGRICULTURE

Agriculture sector continues to be under pressure with both cotton and rice crops missing their targets and managing only 9.6 million bales and 6.6 million tons respectively. However, timely rains, adequate availability of inputs and higher agri credit disbursements provided favorable growing conditions, at least, for the Rabi crops. Accordingly, a healthy wheat crop in excess of 26 million tons is expected to partly offset the lower outputs of cotton and rice. The government introduced an agriculture relief package in September 2015 that offered cash transfers to growers, tax concessions for imports of agricultural machinery and subsidies for fertilizers. This should provide support to the declining income of farmers, amid lower global commodity prices.

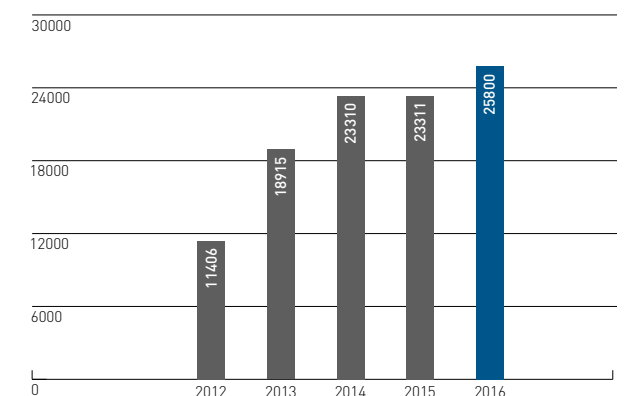
LARGE SCALE MANUFACTURING (LSM)

LSM recorded noticeable improvement in first seven months of FY '16 (4.35% compared to 2.37% of FY '15). Major contribution came from automobiles, fertilizer and construction-allied industries. The improvement was primarily driven by better energy availability, lower international prices of key inputs, higher government spending and monetary easing. Further, improving law and order situation, recent cut in electricity tariff and pick up in development work under China-Pakistan Economic Corridor (CPEC) will also benefit the overall manufacturing sector.

PRODUCTION (UNITS)



SALES (UNITS)



AUTOMOBILE INDUSTRY

The automobile industry continued to show strong growth during the year under review, amid favorable economic conditions, rise in auto financing, launch of new models and government's Apna Rozgar Scheme. Overall production increased by 35.3% and a total of 184,324 units were produced during the twelve months to March 2016 against 161,191 units, in the corresponding period of last year. Industry sales grew by 33.5% in line with production and 182,996 units were sold during the period. This marks the highest annual sedan cars production & sales since 2006!

The industry has been growing continuously in the last seven quarters since Jul-Sep 2014 where an average quarterly growth of 31.5% has been maintained. During last twelve months, the 800cc segment grew by 50.3% mainly due to government financing to 'Apna Rozgar Scheme' creating demand for more than 40,000 units. The two other segments of 1000cc and 1300cc & above posted a growth of 25.8% and 27.7% respectively.

NEW AUTO POLICY

A new auto policy affording a number of benefits for new entrants and for closed units was announced in March 2016 after a wait of 3 years. It was hoped that a level-playing field should have been ensured for existing manufactures to compete with new entrants on the same grounds. Nevertheless, the policy will bring new investment in the country, help to expand the base of auto industry and make it more competitive.

Pakistan is the only automobile producing country allowing import of used cars under gift, baggage and transfer of residence schemes, a gross misuse of which has been causing huge losses to the industry. Thus OEMs have not been able to fully utilize their installed capacity for last many years. A complete ban, once for all, on used cars imports could boost the automobile industry by 20%, apart from saving precious forex reserves, creating new jobs opportunities, developing the vending & ancillary industries and lower overhead unit costs by full utilization of the production base. Current growth trends indicate opportunities to boost production levels. A right policy combination for existing and new players could not only bring new investors in the auto-sector but also encourage current OEMs to invest more to expand their production capacity and develop their local infrastructure to enhance competitive advantage.

SALES RESULTS

The Company consolidated its progress to date and posted 11.2% growth over last year whereby a total of 25,939 units were produced against 23,320 units in 2014-15. Sales also grew by 10.7% and 25,800 units were sold in 2015-16 against 23,311 units in the corresponding period of last year, The Honda City variant recorded ever highest units sales whereas the total sales units were second highest for the Company in its 22 years of operations! Honda City unit sales showed a growth of 30.8% over last year, whereas Honda Civic declined by 25.3% mainly due to the anticipated full model change. CBU unit sales of Honda Accord and CRV, together with the newly launched HR-V, also posted increase over last year.



► Launch of HR-V

LAUNCH OF HR-V

The Company introduced the HR-V, another CBU model, on January 11, 2016. This is a second-generation mini-SUV but first one in Pakistan. The all-new Honda HR-V has a 1.5L i-VTEC engine mated to Honda's CVT and paddle shifters. The car is equipped with a bunch of modern features like Push Start, Climate Control, Cruise Control, Electronic Parking Brake, 7-inch display audio, Vehicle Stability Assist (VSA), ABS Brakes and Rear Parking Sensors. Honda lovers have very well accepted this new addition in the product lineup.

FINANCIALS

This has been the third consecutive year where your Company earned the highest-ever annual post tax profit surpassing the previous year's performance!

Sales revenue for the year ended March 31, 2016 increased by 6.1% to Rs 40,085.52 million against

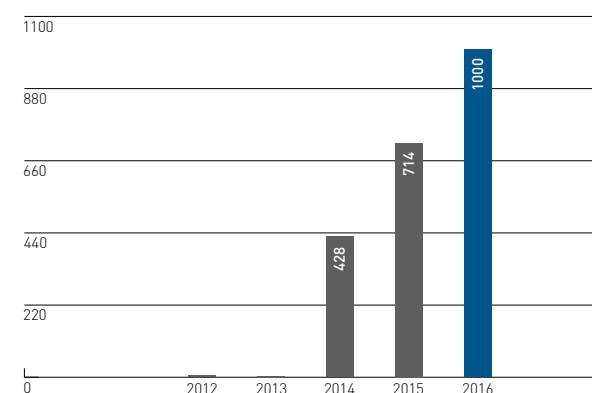


► Prize Distribution Ceremony on Celebrating 275,000 units

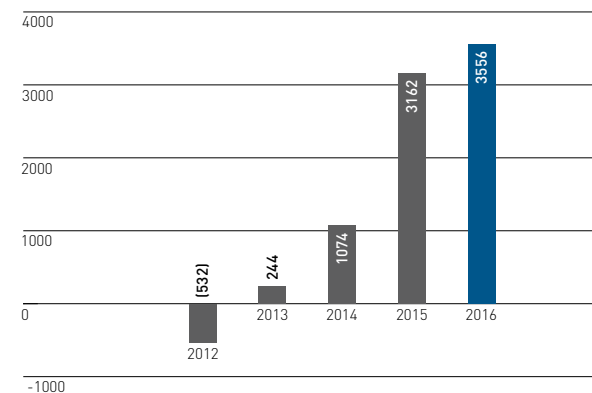
Rs 37,764.16 million for the year to March 31, 2015, mainly due to increase in sales of Honda City. The cost of goods sold also increased by 3.2% to Rs 34,038.74 million during the year under review against Rs 32,991.34 million for the corresponding period last year. The gross profit rose by 26.7% to Rs 6,046.78 million against Rs 4,772.82 million of last year. Gross profit margin too, increased from 12.64% of last year to 15.08% during the fiscal year ended March 31, 2016, mainly due to cost saving efforts and stable exchange rate parity.

Administrative expenses increased by 10.0% to Rs 351.86 million during the year against Rs 319.94 million of last year. However, selling expenses for the year reduced by Rs 101.2 million to Rs 333.05 million from Rs 434.26 million for the year to March 31, 2015, a decrease of 23.3%. This was mainly due to reduction in advertisement & sales promotion expenses during the year, as compared with the last year.

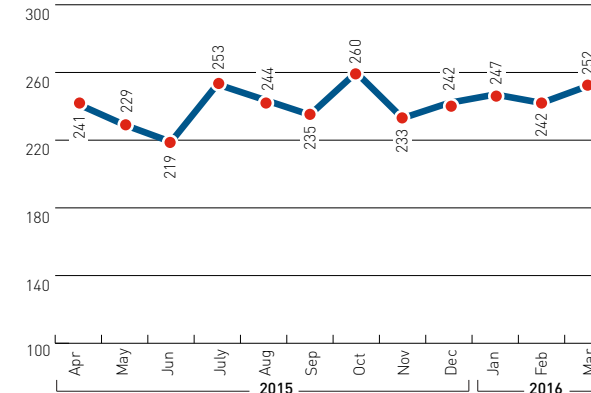
DIVIDEND
(Rs in Million)



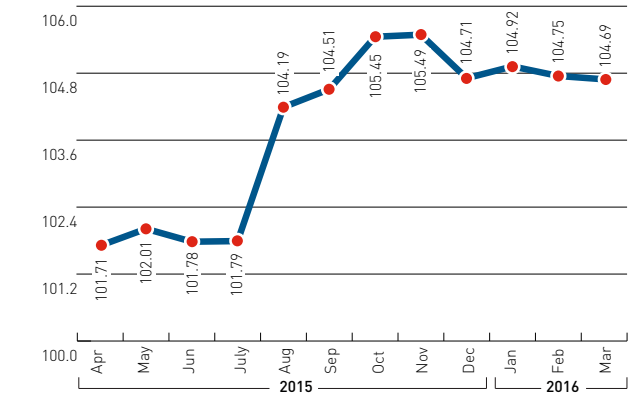
PROFIT / (LOSS) AFTER TAX
(Rs in Million)



SHARE PRICE
(Rupees)



PKR TO US\$ MOVEMENT
(Rupees)





► Participants of Best Quality Award - 2015

Other income for the year improved by 41.5% to Rs 309.77 million against Rs 218.98 million for last year, due to improved cash flow and better funds management. The financial charges at Rs 6.99 million for the year against Rs 18.67 million for last year were down by 62.6%, being the lowest in the last 10 years. Other charges however, increased by 7.5% on account of the higher profit to Rs 485.78 million for the year against Rs 451.90 million for last year, mainly due to increase in provision for workers Profit Participation Fund and Workers Welfare Fund. The loss due to exchange rate fluctuation was substantially reduced by 42.7% over last year due to stable exchange rate prevailing throughout the year.

Thus, the Company earned profit before tax of Rs 5,178.88 million for the year ended March 31, 2016 against Rs 3,767.04 million in the preceding year, up by 37.5%. After statutory tax provision for the year, the profit after tax grew by 12.4% to Rs 3,555.78 million against Rs 3,162.38 million in the preceding year. Earnings per share for the year rose to Rs 24.90 against Rs 22.15 of last year.

CONTRIBUTION TO GOVERNMENT REVENUE

During the year, the Company contributed a sum of Rs 12.488 billion towards government revenue in the shape of custom duty, sales tax, income tax and other levies against Rs 11.758 billion in the corresponding period, last year, an increase of 6%. In February 2016, the Company was also awarded first position as 'highest tax payer' in Punjab region by the Custom Authorities, Lahore.



► Vendors Conference 2015

VENDORS CONFERENCE

In June 2015, the Company held its Annual Vendors Conference in Lahore. The purpose of the conference was to boost localization efforts, share Company's future direction and commitment to increase self-reliance of our business partners. In light of globalization and fast changing business practices, a strong collaboration between the Company and its vendors was stressed. Environmental initiatives of the Company such as, how to reduce CO₂ emissions by electricity saving, were also shared with vendors. Commemorative shields for best supply management systems, quality, cost and delivery were presented to eligible vendors.

BEST QUALITY AWARD

Your Company being a manufacturing facility of Honda Motors, has a strong focus on global quality assurance standards to ensure the best quality products are provided to its valued customers. The Company has established manufacturing controls, standards for each part and process to prevent product quality issues. During the year, the Company won 'Honda Global Best Quality'



► Sports Gala: Participants of Inter Department Cricket Competition

awards for 2015. The Engine Assembly Department won the Gold Award in the best quality category. It was a proud moment for the Company as it has been winning this award for six consecutive years. The Company also bagged special Silver and Bronze awards for Frame Assembly Department and Paint Department respectively.

Mr. Noriya Kaihara, Chief Quality Officer, Chief Operating Officer and Director Honda Motor Co., Japan was the Chief Guest on the occasion. He appreciated the skill, hard work and commitment of the entire HACPL team and hoped that this positive spirit will take the Company to greater heights in the days to come.

FUTURE OUTLOOK

The recent stability in economic output has set the basis for stronger and sustainable macroeconomic growth. Following the monetary easing, favorable inflation outlook and consistent inflow of remittances, the economy is well positioned to achieve greater competitiveness. Continuing low international oil prices provide a unique opportunity to strengthen foreign exchange reserves. However, the decline in other commodity prices poses challenges to the already subdued commodity-based exports. Resultantly, continued commitment towards fiscal consolidation and industrial & structural reforms is imperative to continue with this momentum. The fast implementation of China Pakistan Economic Corridor (CPEC) projects and further improvement in security situation will foster investments and also have a positive spillover effect on domestic industrial growth. Unfortunately, the subdued agricultural prospects may continue to weigh down on the overall GDP growth. In this regard, the recently announced government's relief package would support the earnings and consumption potential of rural buyers.



► Customer receiving Car from Honda Dealer

The Company has been showing good results; every year surpassing the record profits of preceding year! This year it has achieved second highest unit sales & highest sales revenue and is geared up to continue to show strong performance in the coming years. There is confidence that with the new investment & development plans for the near future, the Company will further consolidate its market position and will continue to show strong results in line the trend of last three years.

The Company is focused to capitalize on market growth with its strong & innovated product line, best design, quality and after sales backup for its valued customers.

CHANGES ON THE BOARD

During the year, three members on the Board of Directors completed their tenure and were replaced. Mr. Hisatada Tachi, who served Company for more than two years as Vice President (Production)/Director was succeeded by Mr. Kenichi Matsuo as new Vice President (Production)/Director. Mr. Takayoshi Koyama and Mr. Hironobu Yoshimura also retired and were replaced by Mr. Yasutaka Uda and Mr. Shigeru Yamazaki respectively. The Board appreciates the valuable contribution made by the outgoing directors and welcomes the new members on the Board.

اللہ کے زورِ بیاں اور زیادہ

ACKNOWLEDGEMENT

I would like to acknowledge and thank the trust and confidence posed by our valued customers in the Company's product. I would also like to thank our dealers, vendors, bankers, shareholders and Honda Motor Co., for their continued support. Mr. Toichi Ishiyama and his team also deserve appreciation for the record results for the year and I wish the team every success in the coming years.

YUSUF H. SHIRAZI
Chairman

Karachi, May 16, 2016

DIRECTORS' REPORT

The directors feel pleasure to present you the Annual Audited Financial Statement for the year ended March 31, 2016, together with the Auditors' Report thereon.

Financial results for the year are as follows:

Rupees in million	Year ended March 31, 2016	Year ended March 31, 2015
Profit before tax for the year	5,178.88	3,767.04
Taxation	1,623.10	604.66
Profit after tax	3,555.78	3,162.38
Other comprehensive loss for the year	(20.58)	(5.44)
Accumulated profit brought forward	21.75	8.82
Accumulated profit	3,556.95	3,165.75
Appropriations:*		
Transfer to general reserves	(2,550.00)	(2,430.00)
Proposed dividend 70% (2015: 50%)	(999.60)	(714.00)
	(3,549.60)	(3,144.00)
Accumulated profit carried forward	7.35	21.75
Earning per share – basic and diluted (Rupees)	24.90	22.15

* The Board of Directors has proposed these appropriations, which are not reflected in the financial statements in compliance with the Fourth schedule of the Companies Ordinance 1984.

The net profit for the year improved by 12.4% to Rs 3,555.78 million, against Rs 3,162.38 million in the last year ended March 2015. The earnings per shares for the year grew to Rs 24.90 against Rs 22.15 of last year.

DIVIDEND

The Company considers return the profits to our valued shareholders as one of our most important responsibilities. We determine dividend while giving full consideration to our financial results from a long term perspective. The Company has tried to maintain the balance distribution of the profits among shareholders and retention by the Company to strengthen the balance sheet. Therefore, the Board of Directors have proposed a cash dividend of Rs 7/- per share for the

year ended March 31, 2016 against cash dividend of Rs 5/- per share paid during last year.

CSR ACTIVITIES

The Company has sought to contribute to society and customers by creating quality products and technologies while co-existing harmoniously with the local community that host its operations.

During the year, the Company has taken initiatives in the areas of education, health care, traffic safety and environment. The Company is working towards realization of its dream **“to be a Company that society wants to exist”**.

MEDICAL CAMPS

For last couple of years, the Company has been organizing periodical free medical camps in the vicinity of its factory. The surrounding community consists of poor people, including daily wages, contract workers, farmers and people doing odd jobs. Appropriate medical facilities are not available in these areas and people mostly administer self-medication or no medication in case of diseases.

During the year, the Company arranged three one-day free medical camps in the villages of Manga Mandi, Kot Asadullah and Shaam ki Bhattian. A free eye surgery camp was also arranged at Kot Asadullah with the help of Specialist Eye Surgeons of Mayo Hospital, where



▶ Annual General Meeting of Shareholders at Falettis Hotel, Lahore.



▶ Free Medical Camp at Village Bhat



▶ Free Eye Surgery Camp at Kot Assad Ullah Khan



▶ Blood Donation by Associates

surgery of patients was carried out. In all four medical camps, the Company provided free medicines and medical assistance to more than 2,000 peoples.

CAPACITY BUILDING AT LOCAL SCHOOL

The Company has been providing needed assistance to the local school to improve their infrastructure. During the year, the Company build a new class room in a girl's school in Manga Mandi. The boy's school in the same village was also improved with concrete pathways and increase in rest rooms.

SAFETY CAMPAIGNS

The Company have arranged two traffic safety education and trainings to Company associates and drivers who uses coasters for pick and drop of associates. These drivers were provided specific training, before start of winter season, to use safe driving technique in foggy days for their on safety and that of others on the roads.

BLOOD DONATION CAMPS

For last three years, the Company have been arranging blood donation campaign in coordination with the Fatmid Foundation, Lahore. The Company provided necessary education session with the associates

for creating awareness, need and importance of blood donation and the ways in which their donation will be utilized to save human lives. The associates voluntarily participated in this full day activity and donated blood bottles to the foundation.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements for the year ended March 31, 2016 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended March 31, 2016 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have



▶ Participants of Two Days Training Session "Problem Solving & Decision Making Skills"

been followed in preparation of financial statements;

- The systems of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations as on March 31, 2016;
- The book values of investments held by Employees Provident Fund and Employees Gratuity Fund as on March 31, 2016 were Rs 334 million and Rs 244 million respectively.
- The key operating and financial data for last ten years is given on page 42.

THE BOARD OF DIRECTORS

The Board of Directors is composed of nine members, which includes one independent director as required under requirement of the Code of Corporate Governance 2014. The independent director was added

after approval in general meeting of Shareholder in April last year.

The board is responsible for making decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating such matters according to the established criteria, assessing risks and giving such matters due consideration. The board is also responsible for

supervising and monitoring the conduct of duties.

During the year, two nominee directors of Honda Motors Company Limited, Japan were replaced. Mr. Takeharu Aoki and Mr. Tatsuo Sato were succeeded by Mr. Toichi Ishiyama and Mr. Hironobu Yoshimura on the Board on April 1, 2015. To fulfill the requirement of qualification shares, 525 nominee shares each were transferred in the name of new directors during the year.

BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held from April 01, 2015 to March 31, 2016. The attendance of the Board members was as follows:

Sr. No.	Name of Director	No of Meetings attended
1.	Mr. Yusuf H. Shirazi	4
2.	Mr. Toichi Ishiyama	4
3.	Mr. Hisatada Tachi	4
4.	Mr. Aamir H. Shirazi	4
5.	Mr. M. Naeem Khan	3
6.	Mr. Kazuhisa Hirota	-
7.	Mr. Takayoshi Koyama	-
8.	Mr. Hironobu Yoshimura	-
9.	Mr. Nadeem Arshad Elahi	3
	Mr. Maqsood ur Rehman (Company Secretary)	4
	Mr. Ahmad Umair Wajid (CFO)	4

The leave of absence was granted to the members not attending the Board meetings.

There was no other reported 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.

The Board approved the remuneration of Chairman (Non-executive) at Rs 31.2 million (2015-16: Rs 26.5 million), which includes allowances and other benefits as per terms of his employment, for the year ending March 31, 2017.

President/CEO will be paid an amount of Rs 9.4 million (2015-16: Rs 9.0 million) and one full-time director will be paid an amount of Rs 18.1 million (2015-16: Rs 17.0 million for one director), which includes allowances and other benefits as per terms of their employment, for the year ending March 31, 2017.

AUDIT COMMITTEE

Audit Committee comprises of five non-executive directors, including one independent director.

During the year, Audit Committee held eight meetings, each before the Board of Directors meeting to review the financial statements, internal audit reports, compliance with the best practices of the Corporate Governance requirements and other associated matters. These meetings included meeting with external auditors before and after completion of audit for the year ended March 31, 2016 and other statutory meetings as required by the Code of Corporate Governance.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board has formed the Human Resource & Remuneration Committee (HR&R) which consist of five members. As required, the Chairman of the HR&R Committee is a Non-Executive director. Last year, the Committee hold three meetings to discuss & approve the matters falling under the terms of reference of the Committee.

HONDA CODE OF CORPORATE GOVERNANCE

The Company strives to enhance corporate governance as one of the most important tasks for its management, based on our Fundamental Beliefs, in order to strengthen the trust of our shareholders, investors, customers and society, **"to become a Company that society wants to exist"**. The Company continued to comply with the requirements of all applicable regulations as well as the Honda Code of Corporate Governance (HCG), based on the fundamental corporate philosophy of Honda.

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with the performance of the Company for the year ended March 31, 2016 and future outlook. The directors of the Company endorse the contents of the review.

HOLDING COMPANY

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has fully complied with the requirements of the Code of Corporate Governance as contained in the Listing Regulation of the Pakistan Stock Exchange Limited. A statement to this effect is annexed with this report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on March 31, 2016 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

AUDITORS

The present auditors Messer's A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending March 31, 2017. Their re-appointment has been recommended by the Audit Committee.

For and on behalf of
The Board of Directors



Toichi Ishiyama
President/CEO

Karachi, May 16, 2016

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED MARCH 31, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages the representation of independent non-executive directors on its Board of Directors. At present the Boards includes:

Sr No	Category	Names
1	Executive Directors	Mr. Toichi Ishiyama
2		Mr. Hisatada Tachi
3	Non-Executive Directors	Mr. Yusuf H. Shirazi
4		Mr. Aamir H. Shirazi
5		Mr. Muhammad Naeem Khan
6		Mr. Kazuhisa Hirota
7		Mr. Hironobu Yoshimura
8		Mr. Takayoshi Koyama
9	Independent Director	Mr. Nadeem Arshad Elahi

The independent director meets the criteria of independence under clause 5.19.1(b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking

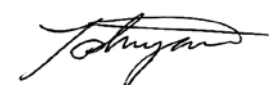
company, a DFI or an NBFII or, being a broker of stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies occurred on the Board of Directors from April 01, 2015 to March 31, 2016 and were filled up by the Directors within 14 days thereof.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged Directors' Training Program for two directors during the year.
10. Company provided information to foreign resident directors of their duties and responsibilities. Other directors of the company, being directors of other local companies have adequate exposure of corporate matters and are already aware of their duties and responsibilities.
11. During the year, there was no change in the position of Company Secretary, Chief Financial Officer (CFO) & Head of Internal Audit.
12. The directors' report for the year ended March 31, 2016 has been prepared in compliance with the requirements of the Code of Corporate Governance applicable as on March 31, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
16. The Board has formed an Audit Committee. It comprises of five members including one independent director and four non-executive directors including Chairman.
17. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the company as required by the Code. The Board has already approved the terms of references of the committee & advised to the Committee for compliance.
18. The Board has formed a HR and Remuneration Committee. It comprises of five members, of whom three are non-executive directors and the

Chairman of the Committee is a Non-Executive director.

19. The board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the internal audit function on full time basis.
20. 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim / final results and business decisions which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material principles enshrined in the Code of Corporate Governance 2012 have been complied with.



TOICHI ISHIYAMA
President/CEO

Lahore, May 6, 2016

AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of Honda Atlas Cars (Pakistan) Limited (the 'Company') for the year ended March 31, 2016 to comply with the requirements of Listing Regulation No. 35 of the Pakistani Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended March 31, 2016.

A. F. FERGUSON & CO.
Chartered Accountants

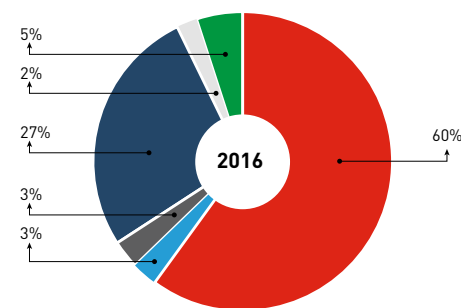
Lahore : May 16, 2016

Engagement Partner: Amer Raza Mir

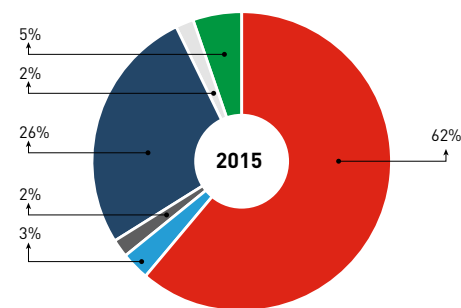
REVENUE APPLICATION

Rupees in thousand	2016	2015
REVENUE		
Gross sales	47,911,220	44,987,241
Other income	309,777	218,979
Total	48,220,997	45,206,220
APPLICATION		
Product Cost		
Cost of sales (excluding employees' remuneration and government levies)	28,725,171	27,812,026
Other costs		
Operating expenses (excluding employees' remuneration)	464,074	621,082
Dealers' commission	941,355	747,409
Financial charges	6,991	18,666
	1,412,420	1,387,157
Employees		
Workers' profit participation fund	278,262	202,230
Employees' remuneration	1,021,141	916,980
	1,299,403	1,119,210
Government		
Workers' welfare fund	108,099	75,341
Sales tax	6,884,344	6,475,673
Custom duties	4,633,263	4,575,221
Income tax	1,623,100	604,660
	13,248,806	11,730,895
Shareholders		
Dividend	999,600	714,000
Retained in Business		
Profit retained	2,535,597	2,442,932
Total	48,220,997	45,206,220

Percentage	2016	2015
APPLICATION (%)		
Product cost	60	62
Other costs	3	3
Employees	3	2
Government	27	26
Shareholders	2	2
Profit retained	5	5
Total	100	100



■ Product Cost ■ Other Cost
■ Employees ■ Government
■ Shareholders ■ Profit Retained

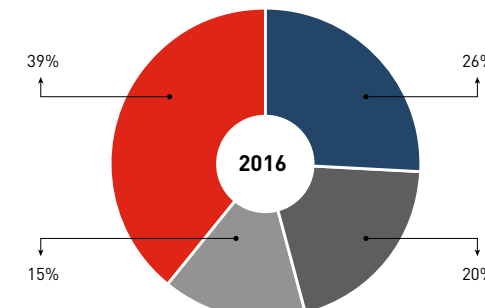


■ Product Cost ■ Other Cost
■ Employees ■ Government
■ Shareholders ■ Profit Retained

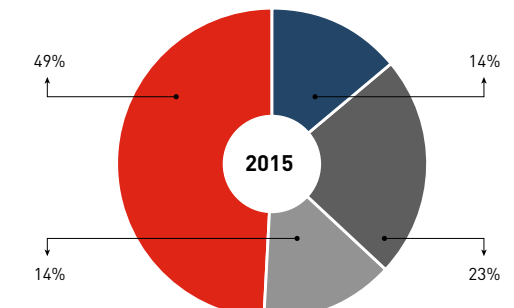
VALUE ADDED AND ITS DISTRIBUTION

Rupees in thousand	2016	2015
VALUE ADDED		
Net sales	40,085,521	37,764,159
Other income	309,777	218,979
Cost of sales (excluding employees' remuneration)	(33,358,434)	(32,387,247)
Operating expenses (excluding employees' remuneration)	(464,074)	(621,082)
Finance cost	(6,991)	(18,666)
Total	6,565,799	4,956,143
DISTRIBUTION		
To Government		
Workers' welfare fund	108,099	75,341
Income tax	1,623,100	604,660
	1,731,199	680,001
To Employees		
Workers' profit participation fund	278,262	202,230
Employees' remuneration	1,021,141	916,980
	1,299,403	1,119,210
To Shareholders		
Dividend	999,600	714,000
Retained in Business		
Profit retained	2,535,597	2,442,932
Total	6,565,799	4,956,143

Percentage	2016	2015
DISTRIBUTION %		
Government	26	14
Employees	20	23
Shareholders	15	14
Retained in business	39	49
Total	100	100



■ Government ■ Employees
■ Shareholders ■ Retained in business



■ Government ■ Employees
■ Shareholders ■ Retained in business

FINANCIAL HIGHLIGHTS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
PROFIT AND LOSS ACCOUNT											
Rupees in million											
Sales	40,086	37,764	39,153	30,275	16,600	22,026	15,854	14,150	14,715	17,055	
Gross profit / (loss)	6,047	4,773	2,857	1,447	(44)	199	(240)	177	627	100	
Operating profit / (loss)	5,186	3,786	2,135	716	(347)	(93)	(533)	(400)	297	(176)	
Profit / (loss) before tax	5,179	3,767	2,097	525	(499)	(245)	(988)	(622)	64	(482)	
Profit / (loss) after tax	3,556	3,162	1,074	244	(532)	(298)	(852)	(402)	75	(265)	
Proposed dividend	1,000	714	428	43	-	-	-	-	-	-	
BALANCE SHEET											
Rupees in million											
Share capital	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428 #	714	
Shareholders' equity	7,941	5,120	2,391	1,365	1,128	1,677	1,976	2,828	3,230	2,441	
Capital expenditure	1,346	662	239	466	397	55	29	2,129	188	2,521	
Fixed assets - at cost	9,844	8,531	8,150	7,957	8,202	7,821	7,786	7,783	5,979	5,832	
Fixed assets - net	3,781	2,933	3,041	3,503	3,668	3,945	4,594	5,406	4,010	4,341	
Non current liabilities	226	64	56	43	110	417	1,333	1,500	500	1,958	
Total assets	16,205	13,926	12,317	15,146	9,489	10,573	8,946	9,942	6,817	8,305	
Working capital	4,300	1,806	(1,043)	(3,180)	(3,622)	(2,816)	(2,125)	(1,685)	(652)	(225)	
Capital employed	7,941	5,120	2,391	1,365	1,294	2,511	3,476	4,328	3,730	4,982	
SIGNIFICANT RATIOS											
Profitability											
Gross profit / (loss) margin	%	15.1	12.6	7.3	4.8	(0.3)	0.9	(1.5)	1.3	4.3	0.6
Operating profit / (loss) margin	%	12.9	10.0	5.5	2.4	(2.1)	(0.4)	(3.4)	(2.8)	2.0	(1.0)
Profit / (loss) before tax	%	12.9	10.0	5.4	1.7	(3.0)	(1.1)	(6.2)	(4.4)	0.4	(2.8)
Profit / (loss) after tax	%	8.9	8.4	2.7	0.8	(3.2)	(1.4)	(5.4)	(2.8)	0.5	(1.6)
Liquidity											
Current ratio	Times	1.5	1.2	0.9	0.8	0.6	0.7	0.6	0.7	0.8	0.9
Quick ratio	Times	1.0	0.6	0.5	0.4	0.2	0.2	0.2	0.2	0.2	0.2
Long term debt to equity	Times	-	-	-	-	0.2	0.5	0.8	0.5	0.2	1.0
Total liabilities to equity	Times	2.0	2.7	5.2	11.1	8.4	6.3	4.5	3.5	2.1	3.4
Activity											
Total assets turnover	Times	2.5	2.7	3.2	2.0	1.7	2.1	1.8	1.4	2.2	2.1
Fixed assets turnover	Times	10.6	12.9	12.9	8.6	4.5	5.6	3.5	2.6	3.7	3.9
Stock turnover ratio	Times	7.1	7.0	8.9	8.0	5.3	7.6	6.1	6.1	6.5	4.9
Interest cover (BT)	Times	741.8	202.8	56.1	3.7	(2.3)	(0.6)	(1.2)	(1.8)	1.3	(0.6)
Interest cover (AT)	Times	509.6	170.4	29.2	2.3	(2.5)	(1.0)	(0.9)	(0.8)	1.3	0.1
Number of days stock	Days	51	52	41	46	69	48	60	60	56	74
Earning											
Return on capital employed	%	54.5	84.2	57.2	18.4	(28.0)	(10.0)	(21.8)	(10.0)	1.7	(6.1)
Return on equity (BT)	%	79.3	100.3	111.7	42.1	(35.6)	(13.4)	(41.1)	(20.5)	2.3	(18.7)
Return on equity (AT)	%	54.5	84.2	57.2	19.6	(37.9)	(16.3)	(35.5)	(13.3)	2.6	(10.3)
Earning / (loss) per share (BT)	Rs	36.3	26.4	14.7	3.7	(3.5)	(1.7)	(6.9)	(4.4)	0.5	(6.8)
Earning / (loss) per share (AT)	Rs	24.9	22.1	7.5	1.7	(3.7)	(2.1)	(6.0)	(2.8)	0.5	(3.7)
Price earning ratio (AT)	Times	10.1	8.3	7.3	17.1	(3.0)	(4.8)	(2.7)	(4.3)	88.0	(15.7)
Dividend per ordinary share	Rs	7.0	5.0	3.0	0.3	-	-	-	-	-	-
OTHER INFORMATION											
Break up value per share	Rs	56	36	17	10	8	12	14	20	23	34
Market value per share	Rs	252	183	55	29	11	10	16	12	44	58
Contribution to national exchequer	Rs in M	12,488	11,758	13,750	10,664	6,281	8,229	6,316	6,452	4,958	6,213
Units produced	Units	25,939	23,320	23,223	19,387	11,040	16,440	11,980	12,780	15,080	18,240
Units sold	Units	25,800	23,311	23,310	18,915	11,406	16,467	12,344	12,502	15,604	18,709
Manpower (permanent+contractual)	Nos.	1,253	1,160	1,122	1,003	934	975	857	955	946	1,034
Exchange rates at year end date											
¥ to \$	¥	113	120	104	94	82	83	94	98	100	117
Rs to \$	Rs	104.85	101.94	98.53	98.57	90.75	85.50	84.18	80.45	62.77	60.85
Rs to ¥	Rs	0.93	0.85	0.95	1.05	1.11	1.03	0.90	0.82	0.63	0.52

Issue of 100% right shares

HORIZONTAL ANALYSIS

	2016	2015	2014	2013	2012	2011	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011
	Rupees in thousand						Percentage				
BALANCE SHEET											
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	2,956,000	526,000	76,000	76,000	249,500	548,500	461.98	592.11	-	(69.54)	(54.51)
Unappropriated profit / (Accumulated loss)	3,556,949	3,165,752	887,220	(139,326)	(549,676)	(299,307)	12.36	256.82	(736.79)	(74.65)	83.65
NON-CURRENT LIABILITIES											
Long-term finances - secured	-	-	-	-	83,333	416,667	-	-	-	(100.00)	(80.00)
Gratuity	82,824	52,552	44,425	37,834	26,393	-	57.60	18.29	17.42	43.35	100.00
Deferred taxation	134,108	-	-	-	-	-	100.00	-	-	-	-
Deferred revenue	8,835	11,623	11,709	4,800	-	-	(23.99)	(0.73)	143.94	100.00	-
CURRENT LIABILITIES											
Current portion of deferred revenue	6,194	4,651	-	-	-	-	33.18	100.00	-	-	-
Current portion of long-term finances	-	-	-	-	83,334	416,667	-	-	-	(100.00)	(80.00)
Accrued mark-up	669	1,762	13,790	91,986	65,496	4,302	(62.03)	(87.22)	(85.01)	40.45	1,422.45
Trade and other payables	8,031,319	8,735,729	9,856,245	13,646,869	8,102,678	8,058,598	(8.06)	(11.37)	(27.78)	68.42	0.55
	16,204,898	13,926,069	12,317,389	15,146,163	9,489,058	10,573,427	16.36	13.06	(18.68)	59.62	(10.26)
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	2,511,897	2,822,852	2,873,067	3,355,778	3,255,755	3,847,016	(11.02)	(1.75)	(14.38)	3.07	(15.37)
Intangible assets	71,035	71,373	86,431	139,556	56,366	87,023	(0.47)	(17.42)	(38.07)	147.59	(35.23)
Capital work-in-progress	1,198,229	38,776	81,293	7,857	355,812	11,448	2,990.13	(52.30)	934.66	(97.79)	3,008.07
Long term loans and advances	81,547	62,438	52,772	37,189	33,855	33,532	30.60	18.32	41.90	9.85	0.96
Long term deposits	4,042	4,042	4,042	4,042	4,042	4,042	-	-	-	-	-
Deferred taxation	-	378,307	393,238	1,042,794	1,154,027	926,746	(100.00)	(3.80)	(62.29)	(9.64)	24.52
CURRENT ASSETS											
Stores and spares	122,954	132,724	116,205	115,646	112,139	106,039	(7.36)	14.22	0.48	3.13	5.75
Stock-in-trade	4,009,825	5,523,796	3,852,540	4,311,552	2,853,523	3,443,054	(27.41)	43.38	(10.65)	51.10	(17.12)
Trade debts	86,242	44,224	-	-	-	-	95.01	100.00	-	-	-
Short term investments	1,149,777	-	-	491,680	-	-	100.00	-	(100.00)	100.00	-
Advances, prepayments and other receivables	1,006,233	1,489,154	2,503,651	2,105,102	1,581,062	1,245,786	(32.43)	(40.52)	18.93	33.14	26.91
Cash and bank balances	5,963,117	3,358,383	2,354,150	3,534,967	82,477	868,741	77.56	42.66	(33.40)	4,186.00	(90.51)
	16,204,898	13,926,069	12,317,389	15,146,163	9,489,058	10,573,427	16.36	13.06	(18.68)	59.62	(10.26)
PROFIT AND LOSS ACCOUNT											
Sales	40,085,521	37,764,159	39,153,254	30,274,604	16,599,608	22,026,109	6.15	(3.55)	29.33	82.38	(24.64)
Cost of sales	(34,038,741)	(32,991,341)	(36,296,009)	(28,827,522)	(16,643,607)	(21,826,799)	3.17	(9.10)	25.91	73.20	(23.75)
Gross profit / (loss)	6,046,780	4,772,818	2,857,245	1,447,082	(43,999)	199,310	26.69	67.04	97.45	(3,388.90)	(122.08)
Distribution and marketing costs	(333,046)	(434,257)	(340,556)	(218,707)	(130,550)	(139,185)	(23.31)	27.51	55.71	67.53	(6.20)
Administrative expenses	(351,863)	(319,940)	(287,026)	(201,908)	(158,943)	(171,729)	9.98	11.47	42.16	27.03	(7.45)
Other operating income	309,777	218,979	270,548	213,434	204,456	83,977	41.46	(19.06)	26.76	4.39	143.47
Other operating expenses	(485,775)	(451,897)	(364,890)	(524,117)	(217,842)	(64,945)	7.50	23.84	(30.38)	140.60	235.43
Profit / (loss) from operations	5,185,873	3,785,703	2,135,321	715,784	(346,878)	(92,572)	36.99	77.29	198.32	(306.35)	274.71
Finance cost	(6,991)	(18,666)	(38,075)	(190,967)	(151,926)	(152,255)	(62.55)	(50.98)	(80.06)	25.70	(0.22)
Profit / (loss) before taxation	5,178,882	3,767,037	2,097,246	524,817	(498,804)	(244,827)	37.48	79.62	299.61	(205.22)	103.74
Taxation	(1,623,100)	(604,660)	(1,023,576)	(280,530)	(33,409)	(53,625)	168.43	(40.93)	264.87	739.68	(37.70)
Profit / (loss) after taxation	3,555,782	3,162,377	1,073,670	244,287	(532,213)	(298,452)	12.44	194.54	339.51	(145.90)	78.32

VERTICAL ANALYSIS

	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
	Rupees in thousand					Percentage				
BALANCE SHEET										
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	8.81	10.25	11.59	9.43	15.05
Reserves	2,956,000	526,000	76,000	76,000	249,500	18.24	3.78	0.62	0.50	2.63
Unappropriated profit / (Accumulated loss)	3,556,949	3,165,752	887,220	(139,326)	(549,676)	21.95	22.73	7.20	(0.92)	(5.79)
NON-CURRENT LIABILITIES										
Long-term finances - secured	-	-	-	-	83,333	-	-	-	-	0.88
Gratuity	82,824	52,552	44,425	37,834	26,393	0.51	0.38	0.36	0.25	0.28
Deferred taxation	134,108	-	-	-	-	0.83	-	-	-	-
Deferred revenue	8,835	11,623	11,709	4,800	-	0.05	0.08	0.10	0.03	-
CURRENT LIABILITIES										
Current portion of deferred revenue	6,194	4,651	-	-	-	0.04	0.03	-	-	-
Current portion of long-term finances	-	-	-	-	83,334	-	-	-	-	0.88
Accrued mark-up	669	1,762	13,790	91,986	65,496	-	0.01	0.11	0.61	0.69
Trade and other payables	8,031,319	8,735,729	9,856,245	13,646,869	8,102,678	49.56	62.73	80.02	90.10	85.39
	16,204,898	13,926,069	12,317,389	15,146,163	9,489,058	100.00	100.00	100.00	100.00	100.00
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	2,511,897	2,822,852	2,873,067	3,355,778	3,255,755	15.50	20.27	23.33	22.16	34.31
Intangible assets	71,035	71,373	86,431	139,556	56,366	0.44	0.51	0.70	0.92	0.59
Capital work-in-progress	1,198,229	38,776	81,293	7,857	355,812	7.39	0.28	0.66	0.05	3.75
Long term loans and advances	81,547	62,438	52,772	37,189	33,855	0.50	0.45	0.43	0.25	0.36
Long term deposits	4,042	4,042	4,042	4,042	4,042	0.02	0.03	0.03	0.03	0.04
Deferred taxation	-	378,307	393,238	1,042,794	1,154,027	-	2.72	3.19	6.88	12.16
CURRENT ASSETS										
Stores and spares	122,954	132,724	116,205	115,646	112,139	0.76	0.95	0.94	0.76	1.18
Stock-in-trade	4,009,825	5,523,796	3,852,540	4,311,552	2,853,523	24.74	39.67	31.28	28.47	30.07
Trade debts	86,242	44,224	-	-	-	0.53	0.32	-	-	-
Short term investments	1,149,777	-	-	491,680	-	7.10	-	-	3.25	-
Advances, prepayments and other receivables	1,006,233	1,489,154	2,503,651	2,105,102	1,581,062	6.21	10.69	20.33	13.90	16.66
Cash and bank balances	5,963,117	3,358,383	2,354,150	3,534,967	82,477	36.80	24.12	19.11	23.34	0.87
	16,204,898	13,926,069	12,317,389	15,146,163	9,489,058	100.00	100.00	100.00	100.00	100.00
PROFIT AND LOSS ACCOUNT										
Sales	40,085,521	37,764,159	39,153,254	30,274,604	16,599,608	100.00	100.00	100.00	100.00	100.00
Cost of sales	(34,038,741)	(32,991,341)	(36,296,009)	(28,827,522)	(16,643,607)	(84.92)	(87.36)	(92.70)	(95.22)	(100.27)
Gross profit / (loss)	6,046,780	4,772,818	2,857,245	1,447,082	(43,999)	15.08	12.64	7.30	4.78	(0.27)
Distribution and marketing costs	(333,046)	(434,257)	(340,556)	(218,707)	(130,550)	(0.83)	(1.15)	(0.87)	(0.72)	(0.79)
Administrative expenses	(351,863)	(319,940)	(287,026)	(201,908)	(158,943)	(0.88)	(0.85)	(0.73)	(0.47)	(0.96)
Other operating income	309,777	218,979	270,548	213,434	204,456	0.77	0.58	0.69	0.70	1.23
Other operating expenses	(485,775)	(451,897)	(364,890)	(524,117)	(217,842)	(1.21)	(1.20)	(0.93)	(1.73)	(1.31)
Profit / (loss) from operations	5,185,873	3,785,703	2,135,321	715,784	(346,878)	12.94	10.02	5.45	2.36	(2.09)
Finance cost	(6,991)	(18,666)	(38,075)	(190,967)	(151,926)	(0.02)	(0.05)	(0.10)	(0.63)	(0.92)
Profit / (loss) before taxation	5,178,882	3,767,037	2,097,246	524,817	(498,804)	12.92	9.98	5.36	1.73	(3.00)
Taxation	(1,623,100)	(604,660)	(1,023,576)	(280,530)	(33,409)	(4.05)	(1.60)	(2.61)	(0.93)	(0.20)
Profit / (loss) after taxation	3,555,782	3,162,377	1,073,670	244,287	(532,213)	8.87	8.37	2.74	0.81	(3.21)

INSPECTION



FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Honda Atlas Cars (Pakistan) Limited (the 'Company') as at March 31, 2016 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2016 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), was deducted by the Company and desposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. Ferguson & Co.

Chartered Accountants

Lahore: May 16, 2016

Engagement Partner: Amer Raza Mir

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	Note	2016	2015
Sales	23	40,085,521	37,764,159
Cost of sales	24	(34,038,741)	(32,991,341)
Gross profit		6,046,780	4,772,818
Distribution and marketing costs	25	(333,046)	(434,257)
Administrative expenses	26	(351,863)	(319,940)
Other income	27	309,777	218,979
Other expenses	28	(485,775)	(451,897)
		(860,907)	(987,115)
Profit from operations		5,185,873	3,785,703
Finance cost	29	(6,991)	(18,666)
Profit before taxation		5,178,882	3,767,037
Taxation	30	(1,623,100)	(604,660)
Profit after taxation		3,555,782	3,162,377
Earnings per share - basic and diluted (Rupees)	34	24.90	22.15

The annexed notes 1 to 42 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Toichi Ishiyama
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	2016	2015
Profit after taxation	3,555,782	3,162,377
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of net defined benefit liability	(30,272)	(8,127)
Income tax on remeasurement of net defined benefit liability	9,687	2,682
	(20,585)	(5,445)
Total comprehensive income for the year	3,535,197	3,156,932

The annexed notes 1 to 42 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Toichi Ishiyama
Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	Capital Reserve		Revenue Reserve		Total
	Share capital	Share premium	General reserve	Un-appropriated profit	
Balance as on April 01, 2014	1,428,000	76,000	-	887,220	2,391,220
Transfer to general reserve	-	-	450,000	(450,000)	-
Profit for the year	-	-	-	3,162,377	3,162,377
Other comprehensive loss for the year	-	-	-	(5,445)	(5,445)
Total comprehensive income for the year	-	-	-	3,156,932	3,156,932
Transactions with owners, recognized directly in equity					
Cash dividend for the year ended March 31, 2014					
@ Rs 3 per share	-	-	-	(428,400)	(428,400)
Balance as on March 31, 2015	1,428,000	76,000	450,000	3,165,752	5,119,752
Transfer to general reserve	-	-	2,430,000	(2,430,000)	-
Profit for the year	-	-	-	3,555,782	3,555,782
Other comprehensive loss for the year	-	-	-	(20,585)	(20,585)
Total comprehensive income for the year	-	-	-	3,535,197	3,535,197
Transactions with owners, recognized directly in equity					
Cash dividend for the year ended March 31, 2015					
@ Rs 5 per share	-	-	-	(714,000)	(714,000)
Balance as on March 31, 2016	1,428,000	76,000	2,880,000	3,556,949	7,940,949

The annexed notes 1 to 42 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Toichi Ishiyama
Chief Executive

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	Note	2016	2015
Cash flows from operating activities			
Cash generated from operations	31	6,643,016	2,677,318
Finance cost paid		(823)	(14,532)
Employees' retirement benefits and other obligations paid		(58,555)	(63,538)
Net increase in loans to employees		(25,501)	(13,314)
Income tax paid		(223,489)	(12,841)
Royalty paid		(784,680)	(720,338)
Increase in deferred revenue		3,407	5,465
Net cash generated from operating activities		5,553,375	1,858,220
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,241,591)	(630,000)
Purchase of intangible assets		(103,909)	(31,658)
Proceeds from sale of property, plant and equipment		17,095	67,505
Purchase of short term investments		(400,000)	-
Interest received		235,826	165,999
Net cash used in investing activities		(1,492,579)	(428,154)
Cash flows from financing activities			
Dividend paid		(710,685)	(425,833)
Net cash used in financing activities		(710,685)	(425,833)
Net increase in cash and cash equivalents		3,350,111	1,004,233
Cash and cash equivalents at the beginning of the year		3,358,383	2,354,150
Cash and cash equivalents at the end of the year	32	6,708,494	3,358,383

The annexed notes 1 to 42 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Toichi Ishiyama
Chief Executive

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

Honda Atlas Cars (Pakistan) Limited (the 'Company') is a public limited company incorporated in Pakistan on November 4, 1992. The Company is a subsidiary of Honda Motor Co., Ltd., Japan. 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. Its 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 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan ('SECP') differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on April 01, 2015, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after April 01, 2016, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3. BASIS OF MEASUREMENT

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

3.2 The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment and estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates which have been explained as follows:

a) Employee retirement benefits

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

b) Provision for taxation

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

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

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

3.3 Change in accounting estimates

The Company, during the year, has reviewed the useful lives of its property, plant and equipment and intangible assets. As a result, the useful life of certain items of plant and machinery and intangible assets has been revised upwards. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting estimate, the profit before tax for the year ended March 31, 2016 would have been lower by Rs 170.40 million and carrying value of property, plant and equipment and intangible assets as at that date would have been lower by Rs 148.89 million and by Rs 21.51 million respectively. Consequently, due to the above changes in accounting estimates, future profits before tax would decrease by Rs 170.40 million.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Employees' retirement benefits and other obligations

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

4.1.1 Defined benefit plan

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

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

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at the rate of 6.6% (2015: 6.4%) per annum of basic salary and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at March 31, 2016.

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.

The amount recognized in balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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:

Discount rate	9.5% per annum
Expected increase in eligible pay	8.5% to 11.5% per annum
Expected rate of return on plan assets	9.5% per annum

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

The Company is expected to contribute Rs 33.74 million to the gratuity fund in the next year.

4.1.2 Accumulating compensated absences

Accruals are made annually to cover the obligation for accumulating compensated absences on the basis of accumulated leaves and the last drawn salary and are charged to profit.

4.1.3 Defined contribution plan

The Company operates a defined contributory provident fund for all its permanent employees. Contributions are made equally by the Company and the employees at the rate of 10% per annum of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund.

4.2 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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 utilized.

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

4.3 Property, plant and equipment

Property, plant and equipment 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 property, plant and equipment except for freehold land and model specific plant and machinery is charged to profit 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 being charged at the rates given below:

	Rate
Buildings on freehold land	5%
Plant and machinery	9% to 28%
Furniture and office equipment	20%
Vehicles	20%
Tools and equipments	20%
Computers	35%

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at March 31, 2016 has not required any adjustment.

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

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

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

4.4 Intangible assets

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

Amortization is charged to profit on the straight line method so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is available for use while no amortization is charged for the month in which the asset is disposed off. Amortization is charged at the annual rates given below:

	Rate
License fees and drawings	17% to 55%
Computer software	20% to 33%

The assets' useful lives are continually reviewed by the Company and adjusted if impact on amortization 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 (note 4.6).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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 operating fixed assets as and when these are available for use.

4.6 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4.7 Leases

The Company is the lessee:

4.7.1 Operating leases

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

4.8 Financial assets

4.8.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

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

d) Held to maturity

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

4.8.2 Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

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

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.19.

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.

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 profit and loss account.

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 recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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.

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 realizable 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 realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

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 profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark up to the extent of the amount remaining unpaid.

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

4.14 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.15 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 Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.16 Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

Sales of vehicles and spare parts are recognized as revenue when goods are dispatched and invoiced to the customers.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.17 Provisions

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

4.18 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.19 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.20 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts and short term borrowings are shown in current liabilities on the balance sheet.

4.22 Dividend

Dividend distribution to the Company's members is recognized as a liability in the period in which it is approved by the members.

4.23 Segment reporting

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

4.24 Share capital

Ordinary shares are classified as equity and recognized 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 Deferred revenue

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2016	2015		2016	2015
Number of shares			Rupees in thousand	
111,400,000	111,400,000	Ordinary shares of Rs 10 each fully paid in cash	1,114,000	1,114,000
31,400,000	31,400,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares	314,000	314,000
142,800,000	142,800,000		1,428,000	1,428,000

5.1 72,828,000 (2015: 72,828,000) ordinary shares of the Company are held by Honda Motor Co., Ltd., Japan, the holding company.

5.2 Ordinary shares of the Company held by associated undertakings as at year end are as follows:

Number of shares	2016	2015
Atlas Insurance Limited	850,000	850,000
Shirazi Investments (Private) Limited	10,602,650	10,602,650
Shirazi Capital (Private) Limited	32,517,000	32,517,000
	43,969,650	43,969,650

Rupees in thousand	Note	2016	2015
6. RESERVES			
Movement in and composition of reserves is as follows:			
Capital			
Share premium	6.1	76,000	76,000
Revenue			
General reserve			
- At the beginning of the year		450,000	-
- Transferred from un-appropriated profit		2,430,000	450,000
		2,880,000	450,000
		2,956,000	526,000

6.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

Rupees in thousand	2016	2015
7. DEFERRED LIABILITIES		
The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligation	327,013	228,461
Fair value of plan assets	(244,189)	(175,909)
Closing net liability	82,824	52,552
Opening net liability	52,552	44,425
Current service cost	18,066	15,738
Net interest on defined benefit liability	5,255	5,552
Past service cost	30,322	-
Net remeasurements for the year	30,272	8,127
Payments to fund during the year	(53,643)	(21,290)
Closing net liability	82,824	52,552
The movement in the present value of defined benefit obligation is as follows:		
Opening value of defined benefit obligation	228,461	193,099
Past service cost	30,322	-
Current service cost	18,066	15,738
Interest cost	22,781	23,469
Benefits paid during the year	(1,303)	(10,693)
Remeasurements on obligation - Actuarial losses from changes in financial assumptions	12,271	-
Remeasurements on obligation - Experience adjustments	16,415	6,848
Closing value of defined benefit obligation	327,013	228,461
The movement in the fair value of plan assets is as follows:		
Opening fair value of plan assets	175,909	148,674
Expected return on plan assets	17,526	17,916
Contributions	53,643	21,291
Benefits paid during the year	(1,303)	(10,693)
Remeasurements on fair value of plan assets	(1,586)	(1,279)
Closing fair value of plan assets	244,189	175,909
Plan assets are comprised as follows:		
Debt	135,414	120,605
Mutual funds	29,904	28,582
Cash	78,871	26,722
	244,189	175,909

The actual return on the plan assets during the year was Rs 15.80 million (2015: Rs 17.09 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

Rupees in thousand	2016	2015	2014	2013	2012
As at March 31					
Present value of defined benefit obligation	(327,013)	(228,461)	(193,099)	(162,057)	(124,443)
Fair value of plan assets	244,189	175,909	148,674	124,223	98,050
Deficit	(82,824)	(52,552)	(44,425)	(37,834)	(26,393)
Experience adjustment:					
- on obligation	9%	3%	4%	7%	4%
- on plan assets	-1%	-1%	1%	0%	0%

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 assumptions	Increase in assumption	Decrease in assumption
Discount rate	1.00%	295,977	363,292
Salary growth rate	1.00%	363,724	295,057

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

8. SHORT TERM BORROWINGS - SECURED

Short term borrowings available from commercial banks under mark up arrangements amount to Rs 4,460 million (2015: Rs 4,460 million). The rates of mark up range from 6.98% to 9% per annum (2015: 9.01% to 10.63%) on the balances outstanding. The aggregate short term borrowings are secured by first pari passu hypothecation charge over current assets of the Company.

Of the aggregate facility of Rs 2,233 million (2015: Rs 2,223 million) for opening letters of credit, the amount utilized at March 31, 2016 was Rs 72.28 million (2015: Rs 21.62 million). The aggregate facility for opening letters of credit is secured by lien over import documents.

Of the aggregate facility of Rs 500 million (2015: Rs 400 million) for guarantees, which is available as a sub-limit of the above mentioned facility for short term borrowings, the amount utilized at March 31, 2016 was Rs 249.01 million (2015: Rs 188.41 million)

Rupees in thousand	2016	2015
9. ACCRUED MARK UP		
Accrued mark up on:		
Short term borrowings - secured	8	292
Advances from customers	661	1,470
	669	1,762

Rupees in thousand	Note	2016	2015
10. TRADE AND OTHER PAYABLES			
Creditors	10.1	847,306	731,412
Accrued liabilities		266,338	425,473
Bills payable	10.2	2,317,210	3,886,747
Deposits against display cars	10.3	1,567,157	1,470,663
Accumulating compensated absences	10.4	43,914	29,167
Advances from customers	10.5	1,786,670	1,275,660
License fee, technical fee and royalties	10.6	288,115	253,257
Provision for custom duties		32,169	32,169
Unclaimed dividends		10,778	7,463
Punjab sales tax payable		76,331	57,492
Withholding tax payable		70,745	82,066
Workers' welfare fund		203,866	132,349
Workers' profit participation fund	10.7	278,262	202,230
Others		242,458	149,581
		8,031,319	8,735,729

10.1 Creditors include amounts due to related parties (associated companies) of Rs 125.69 million (2015: Rs 30.01 million).

10.2 Bills payable include amounts due to related parties (associated companies) of Rs 2,317.21 million (2015: Rs 3,846.60 million).

10.3 These represent interest free deposits from dealers against display cars and are repayable on demand.

Rupees in thousand	2016	2015
10.4 Accumulating compensated absences		
Opening balance	29,167	37,424
Provision for the year	49,981	33,991
Payments made during the year	(35,234)	(42,248)
Closing balance	43,914	29,167

10.5 Advances from customers include Rs 1,779.43 million (2015: Rs 1,161.71 million) against the sale of vehicles. These advances carry mark up at the rate of 6.21% per annum (2015: 8.32% per annum), being the weighted average rate of three months' market treasury bills as at the end of the year, in accordance with the directive issued by the Engineering Development Board, Government of Pakistan on September 17, 2002. The mark up is calculated and payable on demand of customer, if vehicles are delivered after sixty days from the receipt of such advances.

10.6 License fee, technical fee and royalties include amounts due to related parties (associated companies) of Rs 273.67 million (2015: Rs 250.09 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	Note	2016	2015
10.7 Workers' profit participation fund			
Opening balance		202,230	112,589
Provision for the year	28	278,262	202,230
Interest for the year	29	145	412
Payments during the year		(202,375)	(113,001)
Closing balance		278,262	202,230

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

(i) Claims against the Company not acknowledged as debt by the Company amount to Rs 9.79 million (2015: Rs 9.79 million). As the management is confident that the matter would be settled in its favor, consequently, no provision has been made in these financial statements in respect of the above mentioned disputed liabilities.

(ii) In the previous years, the Company received 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. The Company has made a provision of Rs 32 million against the total demand of Rs 110 million. As the management is confident that the matter would be settled in its favor, consequently, no provision for the balance amount has been made in these financial statements in respect of the above mentioned notices.

(iii) Custom, Excise and Sales Tax Appellate Tribunal (Appellate Tribunal) endorsed the demand of Rs 1,105.04 million earlier raised against the Company on account of custom duty, sales tax and income tax on the grounds that 'license fee' and 'royalty' paid to M/s Honda Motor Co., Ltd., Japan was includable in the 'import value' of 'completely knocked down' kits of vehicles assembled by the Company and parts thereof.

The Company further agitated the matter before Honorable Lahore High Court that is pending adjudication. In this respect, interim relief has been extended by Honorable Court and the Custom authorities have been refrained from enforcing the recovery of the amount adjudged against the Company. No provision on this account has been made in these financial statements as the Company's management considers that its stance is founded on meritorious grounds and relief will be secured from higher appellate fora. 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.

In addition to above, another demand of Rs 110.93 million, raised on substantially similar grounds in respect of imports affected during the period from June 2008 to March 2009, have been endorsed by Collector (Appeals) and the Company has preferred an appeal before Appellate Tribunal against such demand. While Appellate Tribunal is not likely to extend any relief on this account due to its earlier decision on the matter, the liability on this account has not been recognized in these financial statements as management expects a relief from higher appellate fora, as explained above.

Similarly, the Company has preferred an appeal before Appellate Tribunal against another demand of Rs 523.72 million endorsed by Collector (Appeals) on substantially similar grounds in respect of imports affected during the period from April 2009 to December 2010. While Appellate Tribunal is not likely to extend any relief on this account due to its earlier decision on the matter, the liability on this account has not been recognized in these financial statements as management expects a relief from higher appellate fora, as explained above.

(iv) Bank guarantees of Rs 249.02 million (2015: Rs 188.41 million) have been issued in favour of third parties.

11.2 Commitments in respect of

(i) Letters of credit and purchases for capital expenditure aggregating Rs 52.78 million (2015: 22.61 million).

(ii) Letters of credit and purchases, other than capital expenditure aggregating Rs 607.87 million (2015: Rs 767.93 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

12. PROPERTY, PLANT AND EQUIPMENT

Rupees in thousand	2016							
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
At April 01, 2015								
Cost	417,319	2,003,643	5,080,310	157,856	247,988	114,702	103,041	8,124,859
Accumulated depreciation	-	873,864	4,136,147	95,670	77,475	58,841	60,010	5,302,007
Net Book Value	417,319	1,129,779	944,163	62,186	170,513	55,861	43,031	2,822,852
Year ended March 31, 2016								
Opening net book value	417,319	1,129,779	944,163	62,186	170,513	55,861	43,031	2,822,852
Additions at cost	-	5,797	22,544	13,024	58,073	11,161	17,611	128,210
Disposals								
Cost	-	-	542	4,797	22,974	-	4,114	32,427
Accumulated depreciation	-	-	399	2,804	7,387	-	4,035	14,625
	-	-	143	1,993	15,587	-	79	17,802
Depreciation for the year	-	56,554	282,449	13,251	38,180	12,011	18,918	421,363
Closing net book value	417,319	1,079,022	684,115	59,966	174,819	55,011	41,645	2,511,897
At March 31, 2016								
Cost	417,319	2,009,440	5,102,312	166,083	283,087	125,863	116,538	8,220,642
Accumulated depreciation	-	930,418	4,418,197	106,117	108,268	70,852	74,893	5,708,745
Net Book Value	417,319	1,079,022	684,115	59,966	174,819	55,011	41,645	2,511,897
2015								
At April 01, 2014								
Cost	417,319	1,956,674	4,844,894	133,012	222,887	112,381	73,561	7,760,728
Accumulated depreciation	-	818,418	3,799,524	86,311	74,217	60,695	48,496	4,887,661
Net Book Value	417,319	1,138,256	1,045,370	46,701	148,670	51,686	25,065	2,873,067
Year ended March 31, 2015								
Opening net book value	417,319	1,138,256	1,045,370	46,701	148,670	51,686	25,065	2,873,067
Additions at cost	-	53,500	400,328	28,183	110,629	18,251	33,753	644,644
Disposals								
Cost	-	6,531	164,912	3,339	85,528	15,930	4,273	280,513
Accumulated depreciation	-	2,659	157,625	3,040	32,667	14,009	4,135	214,135
	-	3,872	7,287	299	52,861	1,921	138	66,378
Depreciation for the year	-	58,105	494,248	12,399	35,925	12,155	15,649	628,481
Closing net book value	417,319	1,129,779	944,163	62,186	170,513	55,861	43,031	2,822,852
At March 31, 2015								
Cost	417,319	2,003,643	5,080,310	157,856	247,988	114,702	103,041	8,124,859
Accumulated depreciation	-	873,864	4,136,147	95,670	77,475	58,841	60,010	5,302,007
Net Book Value	417,319	1,129,779	944,163	62,186	170,513	55,861	43,031	2,822,852

12.1 Plant and machinery includes dies and moulds having book value of Rs 77.53 million (2015: Rs 115.74 million) which are in possession of various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.

12.2 The depreciation charge has been allocated as follows:

Rupees in thousand	Note	2016	2015
Cost of sales - own manufactured	24	369,613	578,390
Cost of sales - trading goods		214	4,278
Distribution and marketing costs	25	17,234	16,663
Administrative expenses	26	34,302	29,150
		421,363	628,481

12.3 Disposal of property, plant and equipment

Rupees in thousand	Particulars of assets	Sold to	2016				Mode of disposal
			Cost	Accumulated depreciation	Book value	Sale proceeds	
Plant and machinery	Assets written off		542	399	143	-	Assets written off
Furniture and office equipments	Outsiders						
	Zaheer & Brothers		270	230	40	68	Auction
	NRS Company		1,761	744	1,017	306	-do-
	Malik Traders		700	407	293	144	-do-
	Malik Traders		700	389	311	144	-do-
	Malik Traders		700	389	311	144	-do-
	Zaheer Brothers		222	215	7	17	-do-
	Zaheer Brothers		222	215	7	17	-do-
	Zaheer Brothers		222	215	7	17	-do-
Vehicles	Employee						
	Aamir Nazir		2,050	949	1,101	1,097	As per company policy
	M. Aamer		1,477	191	1,286	1,418	-do-
	Imran Rathore		1,475	191	1,284	1,418	-do-
	Nouman Ali		1,477	191	1,286	1,418	-do-
	Mujahid Yasin		1,475	191	1,284	1,418	-do-
	Aslam Khan		1,477	191	1,286	1,418	-do-
	Arshad Javed		1,477	191	1,286	1,418	-do-
	Muhammad Scheraz (ex-employee)		1,955	353	1,602	1,722	-do-
	Outsiders						
	Malik Traders		835	829	6	198	Auction
	Malik Traders		835	829	6	189	-do-
	Muhammad Shaheryar		3,257	1,165	2,092	1,400	-do-
	Muhammad Imran		3,270	1,169	2,101	1,512	-do-
	Muhammad Ammar		1,914	947	967	1,612	-do-
Computers	Assets written off		4,114	4,035	79	-	Assets written off
			32,427	14,625	17,802	17,095	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand		2015				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Buildings on freehold land	Outsiders					
	Haji Jameel	1,097	635	462	265	Auction
	Assets written off	5,434	2,024	3,410	-	Assets written off
Plant and machinery	Outsiders					
	Pak Traders	51,890	51,890	-	1,200	Auction
	S.T. Engineering Services	1,137	1,096	41	515	-do-
	Alliance Power	10,405	10,234	171	700	-do-
	Haji Jameel	29,532	27,330	2,202	1,686	-do-
	Talib Hussain	1,610	1,585	25	108	-do-
	Assets written off	70,339	65,490	4,849	-	Assets written off
Furniture and office equipments	Employee					
	Muhammad Sheraz	22	17	5	5	As per company policy
	Muhammad Rafi	23	17	6	25	-do-
	Outsiders					
	Liaquat Ali	368	363	5	119	Auction
	Sajida Tufail	82	71	11	12	-do-
	Talib Hussain	1,643	1,528	115	111	-do-
	Assets written off	1,201	1,044	157	-	Assets written off
Vehicles	Employee					
	Muhammad Afzal	2,051	650	1,401	1,371	As per company policy
	Muhammad Sheraz	1,425	767	658	647	-do-
	Ahmad Umair Wajid - related party (key management personnel)	2,050	650	1,400	1,371	-do-
	Mawiz Akhtar	2,051	650	1,401	1,371	-do-
	Muhammad Nauman	1,619	106	1,513	1,529	-do-
	Muhammad Rafi	1,619	106	1,513	1,529	-do-
	Wajid Subhani	1,417	736	681	697	-do-
	Muhammad Aamer	1,417	736	681	697	-do-
	Nauman Ali	1,417	736	681	697	-do-
	Imran Nasim	1,366	851	515	510	-do-
	Imran Rathore	1,417	736	681	697	-do-
	Arshad Javaid	1,417	736	681	697	-do-
	Mujahid Yasin	1,417	736	681	697	-do-
	Fayyaz Ahmed	1,417	736	681	697	-do-
	Muhammad Khalid	1,417	736	681	697	-do-
	Mirza Mehtab Baig	1,366	852	514	509	-do-
	Asia Saif Ali	1,417	735	682	699	-do-
	Muhammad Aslam	1,417	736	681	697	-do-
	Javaid Iqbal	1,417	736	681	697	-do-
	Sardar Abid Ali (ex-employee)	3,911	1,239	2,672	2,805	-do-

Rupees in thousand		2015				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	Outsiders					
	Pakistan Motors	1,706	-	1,706	1,565	Auction
	Luqman Khan	1,408	411	997	1,336	-do-
	Khalid Toor	1,403	592	811	1,100	-do-
	M. Khalid Malik	1,403	592	811	1,161	-do-
	Malik Zafar Iqbal	1,414	565	849	1,236	-do-
	Mamoon Mansoor	1,414	565	849	1,087	-do-
	Tahira Shahid	1,414	565	849	1,085	-do-
	Saeed Ahmad Mahmood	1,414	565	849	1,093	-do-
	Ihsan Ali	1,414	565	849	1,095	-do-
	Shafqat Ejaz	1,415	565	850	1,192	-do-
	Muqadas Bhatti	1,414	565	849	1,093	-do-
	Malik Muhammad Arif	1,414	565	849	1,077	-do-
	Atif Hussain	1,408	411	997	1,248	-do-
	Safdar Hussain	1,414	564	850	1,116	-do-
	Creative Electronics	2,817	1,157	1,660	2,500	-do-
	Raheel Qureshi	1,414	565	849	1,155	-do-
	Uzma Jabeen Naz	1,404	590	814	1,163	-do-
	Muhammad Asif	1,414	565	849	1,120	-do-
	Ghullam Abbas	1,414	565	849	1,120	-do-
	M. Asif	1,414	565	849	1,020	-do-
	Muhammad Adnan	1,414	565	849	1,079	-do-
	Farhan Makhdoom Khan	1,414	565	849	1,100	-do-
	M. Atif Masood	1,548	451	1,097	1,326	-do-
	M. Abdul Basit	1,414	565	849	1,115	-do-
	Jamshed Qaiser	1,414	565	849	1,097	-do-
	Muhammad Hassan Sarwar	1,414	565	849	1,120	-do-
	Jawaid Iqbal	1,414	565	849	1,158	-do-
	Jawad Afzal	1,414	564	850	1,083	-do-
	Asiya Waheed	1,414	564	850	1,134	-do-
	Sh. M. Mustaqeem	1,414	564	850	1,078	-do-
	M. Ahmad Khan	1,414	564	850	1,046	-do-
	Khalid Khalil	1,414	564	850	1,073	-do-
	Atlas Insurance Limited - related party (associated company)	5,449	943	4,506	5,455	Insurance claim
Tools and equipments	Outsiders					
	Liaquat Ali	69	69	-	22	Auction
	Assets written off	15,861	13,940	1,921	-	Assets written off
Computers	Assets written off	4,273	4,135	138	-	Assets written off
		280,513	214,135	66,378	67,505	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

13. INTANGIBLE ASSETS

Rupees in thousand	2016		
	License fees and drawings	Computer softwares	Total
At April 01, 2015			
Cost	364,822	2,347	367,169
Accumulated amortization	294,036	1,760	295,796
Net Book Value	70,786	587	71,373
Year ended March 31, 2016			
Opening net book value	70,786	587	71,373
Additions	-	57,837	57,837
Amortization for the year	49,064	9,111	58,175
Closing net book value	21,722	49,313	71,035
At March 31, 2016			
Cost	364,822	60,184	425,006
Accumulated amortization	343,100	10,871	353,971
Net Book Value	21,722	49,313	71,035
Rupees in thousand	2015		
	License fees and drawings	Computer softwares	Total
At April 01, 2014			
Cost	305,518	2,120	307,638
Accumulated amortization	219,902	1,305	221,207
Net Book Value	85,616	815	86,431
Year ended March 31, 2015			
Opening net book value	85,616	815	86,431
Additions	59,304	227	59,531
Amortization for the year	74,134	455	74,589
Closing net book value	70,786	587	71,373
At March 31, 2015			
Cost	364,822	2,347	367,169
Accumulated amortization	294,036	1,760	295,796
Net Book Value	70,786	587	71,373

Rupees in thousand	Note	2016	2015
13.1 The amortization charge has been allocated as follows:			
Cost of sales	24	48,837	73,907
Administrative expenses	26	9,338	682
		58,175	74,589
14. CAPITAL WORK-IN-PROGRESS			
Plant and machinery [including in transit Rs 274.72 million (2015: Nil)]		1,123,349	9,635
Other tangible assets		-	333
Intangible assets		74,880	28,808
		1,198,229	38,776
14.1 The reconciliation of the carrying amount is as follows:			
Opening balance		38,776	81,293
Additions during the year		1,357,098	661,658
Transfers during the year		(197,645)	(704,175)
Closing balance		1,198,229	38,776
15. LONG TERM LOANS AND ADVANCES			
Loans to employees - considered good			
- Executives	15.1	54,521	47,007
- Others		57,663	39,676
		112,184	86,683
Current portion shown under current assets			
- Executives		(13,013)	(11,226)
- Others		(17,624)	(13,019)
	20	(30,637)	(24,245)
		81,547	62,438
15.1 Executives			
Opening balance		47,007	42,150
Disbursements during the year		29,352	21,751
Repayments during the year		(21,838)	(16,894)
		54,521	47,007

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

Staff welfare loans carry interest at the rate of 7.0% per annum (2015: 10.5% 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 carry interest ranging from 1% to 4% per annum and are recoverable within a maximum period of 6 years commencing from the date of disbursement through monthly deductions from salaries.

All of these loans are secured against retirement benefits of employees and their guarantors and are granted to the employees of the Company in accordance with their terms of employment.

The maximum aggregate amount due from executives at the end of any month during the year was Rs 57.04 million (2015: Rs 47.01 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	Note	2016	2015
16. DEFERRED TAXATION			
Deferred tax is calculated in full on temporary differences under the balance sheet liability method using tax rates ranging from 25% to 31%			
Deferred tax asset as at April 01		378,307	393,238
Credited to other comprehensive income		9,687	2,682
Charged to profit and loss account for the year	30	(522,102)	(17,613)
Deferred tax (liability) / asset as at March 31		(134,108)	378,307
The deferred tax (liability) / asset comprises of temporary differences arising due to:			
Accelerated tax depreciation		(171,070)	(255,255)
Minimum tax carried forward		-	588,514
Unrealised gain on short term investments		(2,938)	-
Others		39,900	45,048
		(134,108)	378,307

17. STORES AND SPARES

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

Spares amounting to Rs 12.25 million (2015: Rs 5.20 million) are in the possession of various vendors which relate to the dies and moulds. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Rupees in thousand	Note	2016	2015
18. STOCK-IN-TRADE			
Raw materials [including in transit Rs 1,276.56 million (2015: Rs 2,624.43 million)]			
	18.1	2,034,451	3,637,182
Work-in-process		330,953	514,259
Finished goods			
- Own manufactured	18.2	1,323,386	1,058,478
- Trading stock [including in transit Rs 29.28 million (2015: Rs 26.35 million)]		321,035	313,877
		4,009,825	5,523,796

18.1 Raw materials amounting to Rs 74.81 million (2015: Rs 102.21 million) are in the possession of various vendors of the Company for further processing into parts to be supplied to the Company.

18.2 Finished goods amounting to Rs 774.87 million (2015: Rs 607.48 million) are in the possession of various dealers as consignment stock for display at dealerships.

18.3 The above balances include items costing Nil (2015: Rs 1.66 million) valued at their Net Realizable Value(NRV) amounting to Nil (2015: Rs 1.37 million).

Rupees in thousand	Note	2016	2015
19. TRADE DEBTS			
Considered good		86,242	44,224
Considered doubtful		16,142	16,142
Provision for doubtful debts		(16,142)	(16,142)
		-	-
		86,242	44,224
20. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loans to employees	15	30,637	24,245
Advances - considered good:			
- to employees	20.1	674	1,089
- to suppliers and contractors	20.2	534,140	219,006
		534,814	220,095
Due from related parties - unsecured and considered good	20.3	4,853	14,749
Recoverable from government authorities:			
- Income tax		89,584	1,003,676
- Sales tax		229,763	130,344
- Custom duty		39,152	39,152
		358,499	1,173,172
Prepayments		16,153	14,971
Profit receivable on bank deposits		28,978	23,372
Other receivables - considered good	20.4	32,299	18,550
		1,006,233	1,489,154

20.1 Included in advances to employees is an amount of nil (2015: Rs 0.79 million) due from executives.

20.2 Includes advances against supplies to Atlas Honda Limited, a related party (associated company), amounting to Rs 5.49 million (2015: Nil)

Rupees in thousand	2016	2015
20.3 Due from related parties - unsecured and considered good		
Honda Motor Co., Limited., Japan - holding company	221	1,801
Honda Automobile (Thailand) Company Limited - associated company	4,415	12,336
Asian Honda Motor Company, Thailand - associated company	-	6
Honda Malaysia SDN. BHD. Malaysia - associated company	80	242
P.T Honda Prospect Motor Indonesia - associated company	71	63
Honda Parts Manufacturing Corporation Philippines - associated company	5	26
Honda Trading Asia Co., Limited - associated company	61	275
	4,853	14,749

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

20.4 Other receivables include an amount of Rs 0.79 million (2015: Rs 0.52 million) due from Atlas Insurance Limited, a related party (associated company). It is in the normal course of business and is interest free.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	Note	2016	2015
21. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
- Units of mutual funds	21.1	404,400	-
- Treasury bills	21.2	745,377	-
		1,149,777	-
21.1 Units of mutual funds			
- Atlas Money Market Fund	21.1.1	253,165	-
480,699 units (2015: Nil)			
- ABL Cash Fund		50,886	-
4,870,067 units (2015: Nil)			
- NAFA Money Market Fund		100,349	-
9,749,820 units (2015: Nil)			
		404,400	-

21.1.1 Atlas Money Market Fund is managed by Atlas Asset Management Limited, a related party (associated company).

21.2 This represents investment in 3 months Government Treasury Bills which bear markup ranging from 6.17% to 6.26% per annum.

21.3 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Unrealized gain of Rs 10.33 million (2015: Nil) and realized gain of Rs 14.98 million (2015: Nil) was recorded in the current year in other income.

Rupees in thousand	Note	2016	2015
22. CASH AND BANK BALANCES			
At banks on :			
- Current accounts		56,592	16,160
- Deposit accounts	22.1	4,903,092	2,940,307
- Term deposits	22.2	1,000,000	400,000
		5,959,684	3,356,467
Cash in hand		3,433	1,916
		5,963,117	3,358,383

22.1 Balances in deposit accounts bear mark up which ranges from 4.00% to 7.55% (2015: 5.50% to 8.10%) per annum.

22.2 These bear mark up which ranges from 5.90% to 7.80% (2015: 7.60% to 9.63%) per annum.

Rupees in thousand	Note	2016	2015
23. SALES			
Sales - Own manufactured goods		46,090,268	43,438,641
Sales tax		(6,696,525)	(6,312,817)
Commission to dealers		(939,055)	(745,484)
		38,454,688	36,380,340
Sales - Trading goods		1,820,952	1,548,600
Sales tax		(187,819)	(162,856)
Commission to dealers		(2,300)	(1,925)
		1,630,833	1,383,819
		40,085,521	37,764,159
24. COST OF SALES			
Raw material consumed		30,544,709	29,886,562
Stores and spares consumed		74,065	105,082
Salaries, wages and benefits	24.1	680,307	604,094
Fuel and power		129,771	138,747
Insurance		45,920	46,004
Travelling and vehicle running		98,826	87,167
Freight and handling		71,197	78,216
Repairs and maintenance		49,741	59,960
Technical assistance		29,717	26,457
Depreciation on property, plant and equipment	12.2	369,613	578,390
Amortization on intangible assets	13.1	48,837	73,907
Royalty		889,086	738,097
Canteen subsidy		33,989	27,711
Other expenses		4,537	2,016
		33,070,315	32,452,410
Opening stock of work-in-process		514,259	345,226
Closing stock of work-in-process		(330,953)	(514,259)
		183,306	(169,033)
Cost of goods manufactured		33,253,621	32,283,377
Own work capitalized		(42,411)	(84,929)
Cost of damaged car		(1,086)	-
		33,210,124	32,198,448
Opening stock of finished goods		1,058,478	901,424
Closing stock of finished goods		(1,323,386)	(1,058,478)
		(264,908)	(157,054)
Cost of sales - Own manufactured		32,945,216	32,041,394
Cost of sales - Trading goods		1,093,525	949,947
		34,038,741	32,991,341

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	2016	2015
24.1 Salaries, wages and benefits include following amounts in respect of gratuity:		
Current service cost	11,600	9,580
Past service cost	19,465	-
Net interest on defined benefit liability	3,372	3,380
	34,437	12,960

In addition to above, salaries, wages and benefits include Rs 19.72 million (2015: Rs 16.22 million) on account of provident fund contributions.

24.2 Cost of sales include Rs 6.7 million (2015: Rs 5.17 million) on account of operating lease rentals and certain stock in trade items written off aggregating Rs 36.48 million (2015: Nil).

Rupees in thousand	Note	2016	2015
25. DISTRIBUTION AND MARKETING COSTS			
Salaries, wages and benefits	25.1	118,844	113,165
Fuel and power		3,980	3,915
Insurance		6,880	7,281
Travelling and vehicle running		22,699	21,849
Freight and handling		14,885	13,528
Repairs and maintenance		6,688	7,068
Printing and stationery		6,973	6,800
Warranty costs		18,359	25,244
Advertising and sales promotion		86,300	197,757
Depreciation on property, plant and equipment	12.2	17,234	16,663
Training expenses		2,358	3,086
Canteen subsidy		4,298	2,299
Free service claims		6,317	6,148
Rent, rates and taxes	25.2	6,542	5,935
Other expenses		10,689	3,519
		333,046	434,257

25.1 Salaries, wages and benefits include following amounts in respect of gratuity:		
Current service cost	2,834	2,525
Past service cost	4,757	-
Net interest on defined benefit liability	825	890
	8,416	3,415

In addition to above, salaries, wages and benefits include Rs 4.26 million (2015: Rs 3.59 million) on account of provident fund contributions.

25.2 This represents operating lease rentals.

Rupees in thousand	Note	2016	2015
26. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	26.1	201,406	194,277
Fuel and power		5,452	6,237
Insurance		6,029	6,024
Travelling and vehicle running		29,033	29,588
Repairs and maintenance		17,622	15,212
Printing and stationery		6,365	5,572
Communications		5,560	3,711
Postage		3,163	4,255
Advertising		652	350
Auditors' remuneration	26.2	5,119	7,441
Legal and professional charges		5,467	5,004
Depreciation on property, plant and equipment	12.2	34,302	29,150
Amortization on intangible assets	13.1	9,338	682
Fees and subscription		1,817	1,529
Canteen subsidy		6,638	4,985
Security expenses		3,158	3,002
Other expenses		10,742	2,921
		351,863	319,940

26.1 Salaries, wages and benefits include following amounts in respect of gratuity:		
Current service cost	3,632	3,633
Past service cost	6,100	-
Net interest on defined benefit liability	1,058	1,282
	10,790	4,915

In addition to above, salaries, wages and benefits include Rs 5.94 million (2015: Rs 4.91 million) on account of provident fund.

Rupees in thousand	2016	2015
26.2 Auditors' remuneration		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	1,490	1,355
Half yearly review	440	400
Taxation services	1,853	4,550
Royalty audit, certificates for remittance of foreign currency and sundry services	996	623
Out of pocket expenses	340	513
	5,119	7,441

26.3 Administrative expenses includes operating lease rentals of Rs 2.95 million (2015: Rs 2.15 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	Note	2016	2015
27. OTHER INCOME			
Income from financial assets:			
Profit on bank deposits		219,232	166,705
Profit on loans to employees		4,357	4,744
Gain on financial assets at fair value through profit or loss			
- Realized		14,975	-
- Unrealized		10,328	-
		25,303	-
		248,892	171,449
Income from non-financial assets:			
Profit on disposal of property, plant and equipment		-	1,127
Profit on advances to suppliers		17,843	2,977
Liabilities no longer payable written back		1,470	12,152
Freight income		39,599	26,731
Others		1,973	4,543
		60,885	47,530
		309,777	218,979
28. OTHER EXPENSES			
Workers' welfare fund		108,099	75,341
Workers' profit participation fund	10.7	278,262	202,230
Exchange loss		98,707	172,326
Donations	28.1	-	2,000
Loss on sale of property, plant and equipment		707	-
		485,775	451,897

28.1 None of the directors or their spouse have interest in the donations made.

Rupees in thousand	Note	2016	2015
29. FINANCE COST			
Interest and mark up on:			
- Short term borrowings		394	12,297
- Advances from customers		661	1,552
- Workers' profit participation fund	10.7	145	412
Bank charges		5,791	4,405
		6,991	18,666
30. TAXATION			
Current			
- For the year		1,044,536	586,959
- Prior years		56,462	88
		1,100,998	587,047
Deferred	16	522,102	17,613
		1,623,100	604,660

Percentage	2016	2015
30.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate.		
Applicable tax rate as per Income Tax Ordinance, 2001	32.00	33.00
Tax effect of:		
- change in prior years' tax	1.09	(0.01)
- change in tax rate	(0.54)	0.92
- tax credit allowed	-	(16.50)
- lower tax rates / final tax regime and others	(1.21)	(1.35)
Other rounding off differences	-	(0.01)
	(0.66)	(16.95)
Average effective tax rate charged to profit and loss account	31.34	16.05

Rupees in thousand	Note	2016	2015
31. CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,178,882	3,767,037
Adjustments for:			
Depreciation on property, plant and equipment		421,363	628,481
Loss / (profit) on disposal of property, plant and equipment		707	(1,127)
Profit on bank deposits		(219,232)	(166,705)
Profit on advances to suppliers		(17,843)	(2,977)
Profit on loans to employees		(4,357)	(4,744)
Unrealized gain on short term investments		(4,400)	-
Liabilities no longer payable written back		(1,470)	(12,152)
Finance cost		1,200	14,261
Provision for employees' retirement benefits and other obligations		73,302	55,281
Amortization on intangible assets		58,175	74,589
Amortization of deferred revenue		(4,652)	(900)
Royalty		889,086	738,097
Working capital changes	31.1	272,255	(2,411,823)
		6,643,016	2,677,318

31.1 Working capital changes

Decrease / (Increase) in current assets		
- Stores and spares	9,770	(16,519)
- Stock-in-trade	1,513,971	(1,671,256)
- Trade debts	(42,018)	(44,224)
- Loans, advances, prepayments and other receivables	(419,173)	452,366
	1,062,550	(1,279,633)
Decrease in current liabilities		
- Trade and other payables	(790,295)	(1,132,190)
	272,255	(2,411,823)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Rupees in thousand	Note	2016	2015
32. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:			
Short term investments - Treasury bills	21	745,377	-
Cash and bank balances	22	5,963,117	3,358,383
		6,708,494	3,358,383

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Rupees in thousand	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Managerial remuneration	784	575	10,028	9,090	126,183	103,056
House rent and utilities	3,136	2,210	8,248	7,581	73,706	58,930
Bonus	-	-	4,489	6,545	61,752	86,358
Reimbursement of medical expenses	3	165	107	3	3,692	1,118
Employees' retirement benefits	-	-	2,811	2,290	33,921	19,211
Other allowances and expenses	1,874	16,000	15,044	4,590	33,403	27,477
	5,797	18,950	40,727	30,099	332,657	296,150
Number of persons	1	1	3	2	120	103

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

34. EARNINGS PER SHARE

		2016	2015
34.1 Basic earnings per share			
Net profit for the year	Rupees in thousand	3,555,782	3,162,377
Weighted average number of ordinary shares	Number in thousand	142,800	142,800
Basic earnings per share	Rupees	24.90	22.15

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2016 and March 31, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

35. OPERATING SEGMENTS

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

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

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

(a) Manufacturing

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

(b) Trading

This segment relates to the trading of Completely Built Units (CBUs) and parts.

35.2 Segment information

Rupees in thousand	Manufacturing		Trading		Total	
	2016	2015	2016	2015	2016	2015
Segment revenue	38,454,688	36,380,340	1,630,833	1,383,819	40,085,521	37,764,159
Segment expenses						
- Cost of sales	(32,945,216)	(32,041,394)	(1,093,525)	(949,947)	(34,038,741)	(32,991,341)
Gross profit	5,509,472	4,338,946	537,308	433,872	6,046,780	4,772,818
Distribution and marketing costs					(333,046)	(434,257)
Administrative expenses					(351,863)	(319,940)
Other income					309,777	218,979
Other expenses					(485,775)	(451,897)
Finance cost					(6,991)	(18,666)
Profit before taxation					5,178,882	3,767,037
Taxation					(1,623,100)	(604,660)
Profit after taxation					3,555,782	3,162,377

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

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(a) Market risk

(i) Currency risk

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

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

In thousand	2016	2015
Cash and bank balances - USD	664	484
Other receivables - USD	16	100
Trade and other payables - USD	(20,355)	(33,848)
Net exposure - USD	(19,675)	(33,264)
Other receivables - JPY	180	2,061
Trade and other payables - JPY	(313,071)	(488,447)
Net exposure - JPY	(312,891)	(486,386)
Other receivables - THB	1,044	1,039
Trade and other payables - THB	(31,112)	(17,923)
Net exposure - THB	(30,068)	(16,884)

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD, JPY and THB with all other variables held constant, the impact on post tax profit for the year would have been Rs 16.59 million (2015: Rs 25.70 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange 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 investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

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

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

Rupees in thousand	Note	2016	2015
Fixed rate instruments			
Financial assets			
Long term loans and advances		112,184	86,683
Short term investments - treasury bills	21.2	745,377	-
Cash at bank		5,903,092	3,340,307
		6,760,653	3,426,990
Financial liabilities			
		-	-
Net exposure		6,760,653	3,426,990
Floating rate instruments			
Financial assets			
		-	-
Financial liabilities			
		-	-
Net exposure		-	-

Fair value sensitivity analysis for fixed rate instruments

As at March 31, 2016, if market interest rates had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been higher / lower by Rs 34.68 million (2015: Rs 19.43 million).

Cash flow sensitivity analysis for variable rate instruments

As at March 31, 2016, the Company does not hold any variable rate financial instruments.

(b) Credit risk

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

(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	2016	2015
Long term deposits	4,042	4,042
Trade debts	86,242	44,224
Loans, advances and other receivables	66,130	56,671
Short term investments	1,149,777	-
Balances with banks	5,959,684	3,356,467
	7,265,875	3,461,404
As of March 31, age analysis of trade debts was as follows:		
Neither past due nor impaired	-	-
Past due but not impaired - 1 to 180 days	86,242	44,224
	86,242	44,224

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

(ii) Credit quality of financial assets

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

Banks	Rating		Rating Agency	2016	2015
	Short term	Long term			
Citibank N.A.	P-1	A2	Moody's	295,237	166,432
Deutsche Bank A.G.	P-2	A3	Moody's	22,280	6,048
Faysal Bank Limited	A1+	AA	PACRA	21,507	5,095
Habib Bank Limited	A-1+	AAA	JCR-VIS	4,293	2,115
MCB Bank Limited	A1+	AAA	PACRA	168,426	152,061
National Bank of Pakistan	A-1+	AAA	JCR-VIS	716	1,408
Soneri Bank Limited	A1+	AA-	PACRA	4,550,624	2,382,011
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	351,375	232,041
The Bank of Tokyo - Mitsubishi UFJ, Limited	P-1*	A1	Moody's	522,075	405,378
United Bank Limited	A-1+	AA+	JCR-VIS	23,151	3,878
				5,959,684	3,356,467

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. Accordingly, the credit risk is minimal.

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Furthermore, the holding company, Honda Motor Co., Ltd., Japan, through its associated company has provided liquidity support to the Company in form of credit payments on some of the CKD material supplies. At March 31, 2016, the Company had Rs 4,460 million available borrowing limits from financial institutions and Rs 5,963 million cash and bank balances.

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

Rupees in thousand	Carrying amount	Less than one year	One to five years	More than five years
At March 31, 2016				
Accrued mark up	669	669	-	-
Trade and other payables	5,417,343	5,417,343	-	-
	5,418,012	5,418,012	-	-
At March 31, 2015				
Accrued mark up	1,762	1,762	-	-
Trade and other payables	6,953,763	6,953,763	-	-
	6,955,525	6,955,525	-	-

36.2 Fair value estimation

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, 2016:

Rupees in thousand	Level 1	Level 2	Level 3	Total
Assets				
At fair value through profit or loss				
Short term investments	404,400	745,377	-	1,149,777
	404,400	745,377	-	1,149,777
Liabilities				
	-	-	-	-

The Company did not hold any instruments which could be included in Level 1, Level 2 and Level 3 as on March 31, 2015.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet 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.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Company has no such type of financial instruments as on March 31, 2016.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

36.3 Financial instruments by categories

Rupees in thousand	At fair value through profit or loss	Loans and receivables	Total
As at March 31, 2016			
Assets as per balance sheet			
Long term loans and advances	-	81,547	81,547
Long term deposits	-	4,042	4,042
Trade debts	-	86,242	86,242
Loans, advances and other receivables	-	96,767	96,767
Short term investments	1,149,777	-	1,149,777
Cash and bank balances	-	5,963,117	5,963,117
	1,149,777	6,231,715	7,381,492
As at March 31, 2015			
Assets as per balance sheet			
Long term loans and advances	-	62,438	62,438
Long term deposits	-	4,042	4,042
Trade debts	-	44,224	44,224
Loans, advances and other receivables	-	80,916	80,916
Cash and bank balances	-	3,358,383	3,358,383
	-	3,550,003	3,550,003
Rupees in thousand			
	Financial liabilities at amortized cost		
	2016	2015	
Liabilities as per balance sheet			
Accrued mark up	669	1,762	
Trade and other payables	5,417,343	6,953,763	
	5,418,012	6,955,525	

36.4 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements:

Rupees in thousand	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities off set in balances sheet	Net amount of financial assets presented in balance sheet	Related amount not off set in balance sheet	Net amount	Financial assets not in scope of off setting disclosure
As at 31 March 2016	A	B	C=A+B	D	E=C+D	
Long term loans and advances	-	-	-	-	-	81,547
Long term deposits	-	-	-	-	-	4,042
Trade debts	-	-	-	-	-	86,242
Loans, advances, prepayments and other receivables	368,446	(271,679)	96,767	-	96,767	-
Short term investments	-	-	-	-	-	1,149,777
Cash and bank balances	-	-	-	-	-	5,963,117
	368,446	(271,679)	96,767	-	96,767	7,284,725

Rupees in thousand	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities off set in balances sheet	Net amount of financial assets presented in balance sheet	Related amount not off set in balance sheet	Net amount	Financial assets not in scope of off setting disclosure
As at 31 March 2015	A	B	C=A+B	D	E=C+D	
Long term loans and advances	-	-	-	-	-	62,438
Long term deposits	-	-	-	-	-	4,042
Trade debts	-	-	-	-	-	44,224
Loans, advances, prepayments and other receivables	117,591	(36,675)	80,916	-	80,916	-
Cash and bank balances	-	-	-	-	-	3,358,383
	117,591	(36,675)	80,916	-	80,916	3,469,087

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

Rupees in thousand	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets off set in balances sheet	Net amount of financial liabilities presented in balance sheet	Related amount not off set in balance sheet	Net amount	Financial liabilities not in scope of off setting disclosure
As at 31 March 2016	A	B	C=A+B	D	E=C+D	
Accrued mark up	-	-	-	-	-	669
Trade and other payables	286,089	(271,679)	14,410	5,402,933	5,417,343	-
	286,089	(271,679)	14,410	5,402,933	5,417,343	669

Rupees in thousand	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets off set in balances sheet	Net amount of financial liabilities presented in balance sheet	Related amount not off set in balance sheet	Net amount	Financial liabilities not in scope of off setting disclosure
As at 31 March 2015	A	B	C=A+B	D	E=C+D	
Accrued mark up	-	-	-	-	-	1,762
Trade and other payables	154,393	(36,675)	117,718	6,836,045	6,953,763	-
	154,393	(36,675)	117,718	6,836,045	6,953,763	1,762

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

36.5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to members, issue new shares and other measures commensurate to the circumstances. The Company monitors the capital structure on the basis of gearing ratio. However as at March, 31 2016, and March 31, 2015, there are no borrowings and the entire capital is represented by equity as shown in the balance sheet.

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

37. TRANSACTIONS WITH RELATED PARTIES

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

Rupees in thousand	Holding Company	Other related parties	Total
For the year ended March 31, 2016			
Purchase of goods	3,046,738	13,506,769	16,553,507
Purchase of property, plant and equipment	30,200	854,243	884,443
Purchase of intangible assets	-	48,219	48,219
Sale of goods	-	151,033	151,033
Insurance premium	-	252,281	252,281
Insurance claims	-	12,998	12,998
License fee	-	6,470	6,470
Royalty	769,838	2,499	772,337
Gain on short term investment	-	3,165	3,165
Technical assistance and training charges	8,437	19,993	28,430
Key management personnel remuneration	-	131,750	131,750
Dividend paid	345,933	194,038	539,971
For the year ended March 31, 2015			
Purchase of goods	3,968,243	15,481,271	19,449,514
Purchase of property, plant and equipment	-	240,255	240,255
Purchase of intangible assets	4,331	-	4,331
Sale of goods	-	135,208	135,208
Insurance premium	-	253,980	253,980
Insurance claim	-	12,408	12,408
Royalty	729,004	865	729,869
Technical assistance and training charges	5,261	22,533	27,794
Key management personnel remuneration	-	130,005	130,005
Dividend paid	207,560	116,423	323,983

Number	Capacity		Production	
	2016	2015	2016	2015
38. PLANT CAPACITY AND ACTUAL PRODUCTION				
Motor vehicles	50,000	50,000	25,939	23,320

The Company has a capacity of producing 50,000 motor vehicles per annum on double shift basis. Under utilization of capacity was due to lower demand of certain products.

Number	2016	2015
39. NUMBER OF EMPLOYEES		
Total number of employees as at March 31	984	866
Average number of employees during the year	951	849

Rupees in thousand	2016	2015
40. DISCLOSURES RELATING TO PROVIDENT FUND		
(i) Size of the Fund	334,359	285,073
(ii) Cost of investments made	269,947	233,437
(iii) Percentage of investments made	89.20%	91.53%
(iv) Fair value of investments	298,244	260,921

Break up of investments		
Special account in a scheduled bank	47,998	20,322
Term Finance Certificates	5,504	24,243
Government securities	176,511	149,432
Listed securities	68,231	66,924

% age of size of the Fund	2016	2015
Break up of investments		
Special account in a scheduled bank	14.36	7.13
Term Finance Certificates	1.65	8.50
Government securities	52.79	52.42
Listed securities	20.41	23.48

The figures for 2016 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on May 16, 2016 by the Board of Directors of the Company.

42. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Director have proposed a final cash dividend for the year ended March 31, 2016 of Rs 7 (2015: Rs 5) per share, amounting to Rs 999.6 million (2015: 714.0 million) and a transfer of Rs 2,550 million (2015: 2,430 million) to General Reserve at their meeting held on May 16, 2016 for approval of the members at the Annual General Meeting to be held on July 19, 2016. These financial statements do not include the effect of the above appropriations which will be accounted for in the period in which they are approved.


Yusuf H. Shirazi
Chairman


Toichi Ishiyama
Chief Executive

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 24th Annual General Meeting of shareholders of Honda Atlas Cars (Pakistan) Limited will be held on Tuesday, July 19, 2016 at 10:30 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 Friday, June 26, 2015;
2. To approve and adopt the annual audited financial statements for the year ended March 31, 2016 together with the Directors' and Auditors' reports thereon;
3. To approve cash dividend @70% (Rs. 7/- per share) for the year ended March 31, 2016 as recommended by the Board of Directors;
4. To appoint Auditors for the next financial year and fix their remuneration.

Special business:

5. To approve remuneration of Chairman & Executive directors for the year 2016-17 and adopt the following resolution:
"Resolved that the remuneration of Chairman (Non-executive Director) amounting to Rs. 27.5 million (2015-16: Rs. 26.5 million), which includes allowances and other benefits as per terms of employment for the year ending March 31, 2017 be and is hereby approved."
"Resolved that the President/CEO will be paid an amount of Rs. 11.5 million (2015-16: Rs. 9.0 million) and one full-time director will be paid an amount of Rs. 6.5 million (2015-16: Rs. 17.0 million) which includes allowances and other benefits as per terms of their employment for the year ending March 31, 2017 be and is hereby approved."
6. To transact any other business with permission of the Chairman.

By order of the Board



Lahore: June 28, 2016

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

NOTES:

1. The share transfer books of the company will remain closed from July 09, 2016 to July 19, 2016 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as a proxy to attend and vote on his/her behalf. The proxy forms must be received at Registered Office of the Company duly stamped, signed and witnessed; not later than 48 hours before the time of the meeting.

NOTICE OF ANNUAL GENERAL 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 CDC account number to prove his/her identity and in case of proxy must enclose attested copy of his/her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to immediately inform company's share registrar "M/s Hameed Majeed Associates, HM-House, 7-Bank Square, Lahore." of any change in their address.
5. Members are requested to provide copy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the company to comply with the relevant laws.

Statement under section 160(1)(b) of the Companies Ordinance 1984;

As per requirements of the new Code of Corporate Governance 2012 and Articles of Association of the Company, approval of Chairman's remuneration is required as 'non-executive director' from shareholders. Further remuneration of two executive directors is also required to be approved by Shareholders. The remuneration of Chairman and executive directors has already been approved by the board of directors in its meeting held on May 16, 2016.

None of the Directors of the Company have any, direct or indirect, interest in the above said special business, except that mentioned therein.

AUTHORIZED SALES, SERVICE & SPARE PARTS (3S) DEALERS

KARACHI

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

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

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

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

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

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

HYDERABAD

Honda Palace
Shahbaz Town,
Jamshoro Road.
Tel: (0223) 667178-9, 667032
Fax: (0223) 667519

LAHORE

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

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

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

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

ISLAMABAD

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

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

RAWALPINDI

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

MULTAN

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

FAISALABAD

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

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

SARGODHA

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

GUJRANWALA

Honda Gujranwala
G.T. Road.
Tel: (055) 3893481-3
Fax: (055) 3893484

SIALKOT

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

MIRPUR

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

PESHAWAR

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

DERA GHAZI KHAN

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

AUTHORIZED SERVICE & SPARE PARTS (2S) DEALERS

KARACHI

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

SUKKAR

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

RAHIM YAR KHAN

Pak Saudi Motors
Adda Khanpur,
Near Shamim Petroleum Service.
Tel: 068-5887300
Fax: 068-5887363

BAHAWALPUR

Horizon Honda
Multan Road.
Tel: 062-2886900, 062-2886900

MULTAN

Prime Honda
1 - Mushtaq Colony,
Industrial Estate Highway.
Tel: 0092-61-6538112, 6538113.
0300-8631111
Fax: 061-6536311

LAHORE

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

Aabpara Honda

Aabpara Market, 16 Wahdat Road.
Tel: 042-35866932
Fax: [042] 35912678

Samanabad Honda

Plot No.29/30 - 21 Acre Scheme
Samnabad.
Tel: 042-37530563 , 37530579
0300-8880096
Fax: 042-37522099

GUJRAT

River Edge Honda
Near Edhi Center, G.T. Road.
Tel: [0533] 523511,536511
03006202195,03144545450
Fax: 053-3514511

FAISALABAD

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

Civil Lines Honda

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

RAWALPINDI

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

Royal Honda

445-Meherabad,
Peshawar Road,
Tel: 051-5462464
Fax: 051-5480990

AUTHORIZED SPARE PARTS (1S) DEALERS

KARACHI

Sugoi Sunset Parts Center
Plot No. 12-C, 12th Commercial Street,
Phase II Extension D.H.A
Tel: [021] 35312766
Fax: [021] 35312768

MULTAN

Sugoi Multan Parts Center
103/9 Iqbal Plaza Opp. RTO Office,
Near Feasta Garden LMQ Road
Tel: [061] 4586160-61
Fax: [061] 4571962

LAHORE

Sugoi Parts Center
Shop No. 4-6, Shamy Center,
4-Montgomery Road.
Tel: [042] 36370121
Fax: [042] 36375900

Sugoi Defence Parts Center

Shop No. 1 Corner 26/26
Main Walton Road.
Tel: [042] 36626987
Fax: [042] 36626989

RAWALPINDI

Sugoi Potohar Parts Center
State Life Building,
Kashmir Road, Saddar
Tel: [051] 5580263-64
Fax: [051] 5580266

منعقد کیے گئے تاکہ مالیاتی اسٹیٹمنٹس، انٹرنل آڈٹ رپورٹس، کارپوریٹ گورننس کے بہترین طریقہ کار کی تعمیل کی ضروریات اور دیگر متعلقہ امور کا جائزہ لیا جاسکے۔ ان اجلاس میں 31 مارچ 2016 کو ختم شدہ سال کے لیے آڈٹ کی تکمیل سے پہلے اور بعد میں ایکسٹرنل آڈیٹرز کے ساتھ اجلاس بھی شامل ہیں اور اس کے علاوہ کوڈ آف کارپوریٹ گورننس کے لیے درکار قانونی اجلاس کا انعقاد بھی کیا گیا۔

انسانی وسائل اور معاوضے کی کمیٹی

یورڈ نے انسانی وسائل اور معاوضے کی کمیٹی (HR&R) Human Resource & Remuneration Committee (HR&R) بھی تشکیل دی ہے جو 5 اراکین پر مشتمل ہے جیسا کہ ضروری ہے، HR & R کمیٹی کا چیئرمین نان ایگزیکٹو ڈائریکٹر ہے۔ گزشتہ سال کمیٹی نے 3 اجلاس منعقد کیے جس میں کمیٹی کے حوالے سے شرائط کے تحت معاملات پر تبادلہ خیال کیا گیا اور منظوری دی گئی۔

ہنڈا کوڈ آف کارپوریٹ گورننس

کمپنی اپنے بنیادی اصولوں کے مطابق کارپوریٹ گورننس کو بہتر بنانے کے لیے بے حد کوششیں کر رہی ہیں۔ یہ انتظامیہ کی اہم ذمہ داریوں میں سے ایک ہے۔ جس کے ذریعے ہمارے شیئرز ہولڈرز، سرمایہ کاروں، صارفین اور سوسائٹی کے ساتھ تعلقات کو مضبوط بنایا جاتا ہے اور "ایسا ادا رہنا جس کا وجود معاشرہ چاہے"۔

ہنڈا کے بنیادی کارپوریٹ فلسفے کے بنیاد پر کمپنی تمام تر لاگو قواعد و ضوابط کی ضروریات کے ساتھ ہنڈا کے کارپوریٹ گورننس کے ضابطے اخلاق کی تعمیل جاری رکھے گی۔

چیئرمین کا جائزہ

31 مارچ 2016 کو ختم شدہ سال کے لیے چیئرمین کا جائزہ کمپنی کی کارکردگی اور مستقبل کے خدوخال بتاتا ہے۔ کمپنی کے ڈائریکٹرز نے اس کے مندرجات کی تائید کی ہے۔

ہولڈنگ کمپنی

میسرز ہنڈا موٹر کمپنی لمیٹڈ 51 فیصد شیئرز کے ساتھ ہولڈنگ کمپنی ہے اور یہ جاپان میں قائم ہے۔

کوڈ آف کارپوریٹ گورننس کے ضابطے اخلاق کی تعمیل کا بیان

اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز کے مطابق کمپنی کو کوڈ آف کارپوریٹ گورننس پر پوری طرح عمل درآمد کیا ہے۔ اس سلسلے میں ایک اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

شیئرز ہولڈنگ کا پیٹرن

31 مارچ 2016 کو ختم شدہ سال کے لیے شیئرز ہولڈنگ کا پیٹرن اور اس کی تفصیل جو کہ کوڈ آف کارپوریٹ گورننس کی جانب سے درکار ہے۔ اس رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

کمپنی کے سبکدوش ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنیاد پر خود کو 31 مارچ 2017 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے پیش کیا ہے اور آڈٹ کمیٹی نے بھی اس کی سفارش کی ہے۔

بحکم بورڈ آف ڈائریکٹرز



جناب توپچی ایسٹن یا ما

صدر اور سی ای او

کراچی، 16 مئی 2016

- 31 مارچ 2016 تک ملازمت کے پروڈنٹ فنڈ اور ملازمت کے گریجویٹ فنڈ کی سرمایہ کاری کتابی قیمت بالترتیب 334 ملین روپے اور 244 ملین روپے ہے۔
- گزشتہ 10 سالوں کا اہم آپریٹنگ اور مالیاتی ڈیٹا اس رپورٹ میں شامل کیا گیا ہے۔

بورڈ آف ڈائریکٹرز 9 اراکین پر مشتمل ہے جس میں کوڈ آف کارپوریٹ گورننس 2014 کی ضروریات کے مطابق ایک آزاد ڈائریکٹر بھی شامل ہے۔ آزاد ڈائریکٹر کا اضافہ گزشتہ سال اپریل میں شیئر ہولڈرز کے عام اجلاس میں منظوری کے بعد کیا گیا۔ بورڈ اہم انتظامی معاملات کی فیصلہ سازی کے لیے ذمہ دار ہے۔ اس میں اہم کاروباری امور پر عمل درآمد اور قانون کی جانب سے مقرر کردہ معاملات بھی شامل ہیں۔ یہ فیصلہ سازی، طے کردہ معیار، خطرات کا اندازہ اور ان معاملات کے لیے درکار غور و خوض کے بعد کی جاتی ہے۔ بورڈ ضابطہ اخلاق کی دیکھ بھال اور نگرانی کے لیے بھی ذمہ دار ہے۔

کمپنی کے مالی سال 01 اپریل 2015 سے لے کر 31 مارچ 2016 تک بورڈ آف ڈائریکٹرز کی چار میٹنگ منعقد کی گئیں۔ ان میٹنگ میں بورڈ اراکین کی حاضری درج ذیل رہی۔

بورڈ کے اجلاس

نمبر شمار	ڈائریکٹر نام	شرکت کردہ اجلاس کی تعداد
1	جناب یوسف ایچ شیرازی	4
2	جناب توپچی ایٹھی یا ما	4
3	جناب ہساتا داتاچی	4
4	جناب عامر ایچ شیرازی	4
5	جناب ایم نعیم خان	3
6	جناب کازو ہساہیروتا	-
7	جناب تاکا پوٹی کو یا ما	-
8	جناب ہیر ونو بو یوشی	-
9	جناب ندیم ارشد الہی	3
	جناب مقصود الرحمن (کمپنی سیکریٹری)	4
	جناب احمد عمیر واجد (سی ایف او)	4

بورڈ میٹنگز میں شرکت نہ کرنے والے اراکین کو باقاعدہ چھٹی کی اجازت دی گئی ہے۔

اس سال کے دوران ہنڈا موٹرز کمپنی لمیٹڈ، جاپان کے دو ڈائریکٹرز کو تبدیل کیا گیا۔ یکم اپریل 2015 کو بورڈ میں جناب تاکی ہارو آوکی اور جناب تاتسو سائو کو جناب توپچی ایٹھی یا ما اور جناب ہیر ونو بو یوشی میرا سے تبدیل کیا گیا۔ ڈائریکٹر بننے کے لیے درکار ضروریات کو پورا کرنے کے لیے 525 شیئرز اس سال کے دوران نئے ڈائریکٹر کے نام پر منتقل کیے گئے۔ زیر جائزہ مدت کے دوران کمپنی کے ڈائریکٹرز، کمپنی سیکریٹری، چیف فنانشل آفیسر اور ان کی بیوی یا چھوٹے بچوں کی جانب سے کمپنی کے شیئرز کی خرید و فروخت کی کوئی کارروائی نہیں کی گئی۔

بورڈ نے چیئرمین (نان ایگزیکٹو) کے مشاہرہ 31.5 ملین روپے کی منظوری بھی دی (16-2015: 26.5 ملین روپے)۔ جس میں 31 مارچ 2017 کو ختم شدہ سال کے لیے ان کی ملازمت کی شرائط کے مطابق الاؤنس اور دیگر فوائد شامل ہیں۔ صدر/سی ای او کو 9.4 ملین روپے (16-2015: 9.0 ملین روپے) مشاہرے کی ادائیگی کی جائے گی جبکہ ایک گل وقتی ڈائریکٹر کو 18.1 ملین روپے (16-2015: 17.0 ملین روپے) کی ادائیگی کی جائے گی۔ جس میں 31 مارچ 2017 کو ختم شدہ سال کے لیے ان کی ملازمت کی شرائط کے مطابق الاؤنس اور دیگر فوائد شامل ہیں۔

آڈٹ کمیٹی

آڈٹ کمیٹی پانچ نان ایگزیکٹو ڈائریکٹرز بشمول ایک آزاد ڈائریکٹر پر مشتمل ہے۔ اس سال کے دوران آڈٹ کمیٹی نے 18 اجلاس منعقد کیے۔ یہ اجلاس بورڈ آف ڈائریکٹرز کے اجلاس سے پہلے

مفت طبی کیمپ

پچھلے کچھ سالوں سے کمپنی اپنی فیکوری کے اطراف میں مفت طبی کیمپ کا انعقاد کر رہی ہے۔ کمپنی کے اطراف کی آبادی غریب۔ جس میں دیہاڑی دار، وقتی روزگار، کسان اور ایسے لوگ جو چھوٹے موٹے کام کرتے ہیں پر مشتمل ہے۔ ان علاقوں میں مناسب طبی سہولیات میسر نہیں ہیں۔ اور زیادہ تر لوگ بیماری کی صورت میں خود علاج کرتے ہیں یا کوئی علاج نہیں کرتے۔

سال کے دوران کمپنی نے مانگا منڈی، کوٹ اسد اللہ، اور شاکلی بھٹیاں کے دیہات میں ایک روزہ مفت طبی کیمپ کا اہتمام کیا۔ میوہ ہسپتال کے تعاون سے کوٹ اسد اللہ میں آنکھوں کی سرجری کا انعقاد کیا گیا۔ جہاں مریضوں کی آنکھوں کی سرجری مفت کی گئی سال کے دوران کمپنی نے ان کمپینز میں اب تک دو ہزار مریضوں کو مفت طبی سہولیات اور ادویات فراہم کی۔

مقامی سکول کی عمارت میں توسیعی

کمپنی مقامی اسکولوں کو انکے بنیادی دھانچے کو بہتر بنانے کے لیے درکار مدد فراہم کرتی رہی ہے۔ سال کے دوران کمپنی نے لڑکیوں کے سکول مانگا منڈی میں ایک نیا کلاس روم بنایا۔ اسی گاؤں میں لڑکوں کے سکول میں آمدورفت کے راستے کو پکا کیا اور ٹولٹیٹ روم کا اضافہ کیا گیا۔

حفاظتی ہم

کمپنی نے اپنے ملازموں اور ڈرائیوروں (جو کمپنی ملازمت کی آمدورفت کے لیے کوئٹہ چلاتے ہیں) کے لئے ٹریفک کی حفاظتی تدبیر کی تعلیم اور تربیت کے سیشن کا اہتمام کیا۔ ان ڈرائیوروں کو انکی اپنی اور سڑک پر دوسروں کی حفاظت کے لیے خاص تربیت کورسز کروائے گئے جو سردیوں کے موسم کے آغاز سے پہلے دھند کے دنوں میں کارآمد رہے۔

خون عطیہ کیمپ

گزشتہ تین سالوں سے کمپنی فاطمید فاؤنڈیشن لاہور کے تعاون خون کی عطیات کی مہم کا اہتمام کر رہی ہے کمپنی نے اپنے ملازمت کی ضروری تربیت کے لیے ایک کورس کا اہتمام کیا جس کا مقصد ملازمت میں خون عطیہ کرنے کی ضرورت سے آگاہی اور اس سے انسانی زندگی کے بچاؤ کی اہمیت سے آگاہ کیا گیا۔ ملازمت میں نے رضا کارانہ طور پر اس پورے دن کی سرگرمی میں حصہ لیا اور خون کی بوتلیں عطیہ کیں۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز کی دفعات کی تعمیل میں، بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ مندرجہ ذیل بیانات تصدیق کرتے ہیں:

- 31 مارچ 2016 کو ختم ہونے والے سال کے لیے فنانشل اسٹیٹمنٹ، کمپنی کے اسٹیٹ آف افیئرز، آپریشنز کے نتائج، مالی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ پیش کرتی ہے۔
- اکاؤنٹس کی کتب کو مناسب طریقہ سے برقرار رکھا گیا ہے۔
- 31 مارچ 2016 کو ختم شدہ سال کے لیے فنانشل اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ اندازے معقول اور دانشمندانہ فیصلے کی بنیاد پر مبنی ہیں۔
- فنانشل اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو فنانشل رپورٹنگ اسٹینڈرڈز کا استعمال کیا گیا ہے۔
- اندرونی کنٹرول کا نظام نہایت بہترین ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے منصوبوں اور امور کی انجام دہی کے لیے اس کی بہترین صلاحیت پر کوئی شک نہیں ہے۔
- 31 مارچ 2016 تک کی لسٹنگ ریگولیشنز کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں کوئی بے ضابطگی عمل میں نہیں آئی ہے۔

ڈائریکٹرز رپورٹ

31 مارچ 2016

ڈائریکٹرز 31 مارچ 2016 کو ختم ہونے والے سال کے لیے سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹ بمعہ آڈیٹرز رپورٹ بخوشی پیش کرتے ہیں۔

اس سال کے مالیاتی نتائج درج ذیل ہیں

(روپے ملین میں)	
سال کا اختتام	سال کا اختتام
31 مارچ 2015	31 مارچ 2016
3,767.04	5,178.88
604.66	1,623.10
3,162.38	3,555.78
(5.44)	(20.58)
8.82	21.75
3,165.75	3556.95
تصرفات:	
عام ذرائع میں منتقلی	
(2,430.00)	(2,550.00)
(714.00)	(999.60)
(3,144.00)	(3549.60)
21.75	7.35
22.15	24.90
آمدنی فی شیئر - بنیادی اور dilute d (روپے)	

* یہ تصرفات بورڈ آف ڈائریکٹرز کی جانب سے تجویز کی گئی ہیں۔ ان کی عکاسی کمپنیز آرڈیننس 1984 کے چوتھے شیڈیول کی تعمیل میں مالیاتی اسٹیٹمنٹ میں نہیں ہوتی ہیں۔

کمپنی کا خالص منافع 3,555.78 ملین روپے رہا جو کہ 31 مارچ 2015 کو ختم ہونے والے سال کے منافع 3,162.38 ملین روپے کے مقابلے میں 12.4 فیصد زیادہ ہے۔ آمدنی فی شیئر جو کہ گزشتہ سال 22.15 روپے تھی وہ اس سال کے لیے 24.90 روپے رہی۔

ڈیوڈنڈ

کمپنی کے لیے اپنے قابل قدر شیئر ہولڈرز کو منافع کی ادائیگی سب سے اہم ذمہ داریوں میں سے ایک ہے۔ ہم اپنے طویل المدت مالی نتائج پر مکمل غور و خوض کرتے ہوئے ڈیوڈنڈ کا تعین کرتے ہیں۔ کمپنی نے ہمیشہ شیئر ہولڈرز کے درمیان منافع کی تقسیم اور آمدنی کا ایک حصہ سے بیلنس شیٹ کو مضبوط رکھنے ہوئے توازن برقرار رکھنے کی مکمل کوشش کی ہے۔ اسی لیے بورڈ آف ڈائریکٹرز نے 31 مارچ 2016 کو ختم ہونے والے سال کے لیے کیش ڈیوڈنڈ 71 روپے فی شیئر کی منظوری دی ہے جبکہ گزشتہ سال فی شیئر کیش ڈیوڈنڈ 51 روپے کی ادائیگی کی گئی تھی۔

CSR سرگرمیاں

کمپنی نے ہمیشہ معیاری مصنوعات اور ٹیکنالوجی کے ذریعے صارفین اور معاشرے میں نمایاں کردار ادا کیا ہے جس میں مقامی کمیونٹی کا تعاون حاصل رہا ہے۔ سال کے دوران کمپنی نے تعلیم، صحت، روڈ سیفٹی اور ماحول کے شعبوں میں کردار ادا کیا ہے اس طرح کمپنی اپنے خواب "ایسی کمپنی بنا جائے جس کا وجود معاشرہ چاہے" کی تکمیل میں کوشاں ہے۔

بیڈ ایکسپوزٹس کے لئے ایک چیلنج کی حیثیت اختیار کر رہی ہے۔ نتیجے میں اقتصادی استحکام کے لئے جاری اقدامات اور انڈسٹریل واسٹر کچرل اصلاحات کے جاری رہنے سے بہتر پوزیشن برقرار رکھی جاسکتی ہے۔ چائنا پاکستان اکنامک کوریڈور (CPEC) پروڈیکٹس پر تیزی سے عمل درآمد اور ملک کی سیکورٹی صورتحال میں بہتری سے سرمایہ کاری بڑھے گی اور اس کا صنعتی ترقی پر بھی بہت اچھا اثر پڑے گا۔ بد قسمتی سے زراعت کے شعبے میں جاری پستی کے رجحان سے ملک کی مجموعی جی ڈی پی گرتے متاثر ہو سکتی ہے۔ اس ضمن میں حکومت کی طرف سے اعلیٰ ریلیف پیکج سے کاشتکاروں اور دیہاتی خریداروں کو آمدنی اور کم خرچ کو مدد ملے گی۔

ہر سال گزشتہ سال کے مقابلے میں بہتر منافع کا ریکارڈ قائم کرتے ہوئے کمپنی مسلسل بہترین کارکردگی دکھا رہی ہے۔ اس سال کمپنی نے دوسری بلند ترین گاڑیوں کی فروخت کی اور اب تک کا سب سے زیادہ سٹریٹریو نیو حاصل کیا اور ساتھ ہی کمپنی آئندہ آنے والے سالوں میں شاندار کارکردگی دکھانے کے لیے پرعزم ہے۔ گزشتہ تین سالوں کے جاری رجحان کے مطابق کمپنی نہایت پراعتماد ہے کہ مستقبل قریب میں نئی سرمایہ کاری اور منصوبہ بندی کے ساتھ کمپنی اپنی پوزیشن کو مزید مستحکم کرنے کا سلسلہ جاری رکھے گی۔

کمپنی اپنے قابل قدر کسٹمرز کے لیے اپنی بہتر اور جدید پروڈکٹ، اعلیٰ ڈیزائن، معیار اور بعد از بیگز کی خدمات اور بڑھتی ہوئی مارکیٹ کے ساتھ اپنی پوزیشن مزید مستحکم کرنے پر توجہ مرکوز رکھے ہوئے ہے


بورڈ میں تبدیلیاں

اس سال کے دوران بورڈ آف ڈائریکٹرز کے تین اراکین نے اپنی مدت ملازمت مکمل کی اور ان کی جگہ دوسرے ڈائریکٹرز نے فرانسس سنبھالے۔ جناب بیساتا داتا چچی نے دو سال سے زائد عرصہ بطور وائس پریزیڈنٹ (پروڈکشن) ڈائریکٹر گزارا، ان کی جگہ جناب کینی جی ماسونے وائس پریزیڈنٹ (پروڈکشن) ڈائریکٹر قرار پائے۔ جناب تاناکا یوشی کو یاما اور جناب ہیرو نو یوشی میورا بھی سبکدوش ہونے والے ڈائریکٹرز میں شامل ہیں، ان کی جگہ بالترتیب جناب یاسوتا کا ادا اور جناب شیکیر ویا مازا کی نے ذمہ داریاں سنبھالیں۔ بورڈ سبکدوش ہونے والے ڈائریکٹرز کی قابل قدر خدمات کو سراہتے ہوئے نئے تعینات ڈائریکٹرز کو بورڈ میں خوش آمدید کہتا ہے۔

اللہ کرے زور بیاں اور زیادہ

اظہار تشکر

میں تہمدل سے اپنے معزز صارفین کا شکریہ ادا کرنا چاہوں گا جنہوں نے کمپنی کی مصنوعات پر اپنا اعتماد اور یقین قائم رکھا۔ اس کے ساتھ ساتھ میں اپنے ڈیلرز، وینڈرز، بینکرز، شیئر ہولڈرز اور ہنڈاموٹر کمپنی کا شکریہ ادا کرنا چاہوں گا جنہوں نے ہمیشہ ہمیں سپورٹ کیا۔ اس سال کے شاندار ریکارڈ نتائج کے لیے جناب تو جی ایسی یا ما اور ان کی ٹیم کی خدمات قابل ستائش ہیں اور میں ٹیم کے لیے آئندہ آنے والے سالوں میں کامیابی کا متمنی ہوں۔


جناب یوسف ایلی شیرازی

چیئر مین
کراچی، 16 مئی 2016

نئی آٹو پالیسی

تین سالہ انتظار کے بعد مارچ 2016 میں نئی آٹو پالیسی کا اعلان کیا گیا، جس میں بند پونٹس اور نئے آنے والوں کے لیے بہت سی مراعات شامل ہیں۔ یہ امید کی جارہی تھی کہ اس پالیسی میں موجودہ مینوفیکچررز کو نئے آنے والوں کے ساتھ مقابلے کے لیے ایک ہی سطح پر مواقع فراہم کیے جائیں گے۔ بہر حال اس پالیسی کی مدد سے ملک میں نئی سرمایہ کاری آئے گی جس سے آٹو انڈسٹری کے فروغ اور مسابقتی رجحان بڑھانے میں مدد ملے گی۔

صرف پاکستان ہی گاڑیاں تیار کرنے والا ایسا ملک ہے جس میں بطور تھک، سامان، رہائش گاہ کی تبدیلی کی اسکیم کے تحت گاڑیوں کی درآمد کی اجازت ہے۔ اس کا ناجائز استعمال انڈسٹری کے لیے بھاری نقصان کا باعث بن گیا ہے۔ یوں OEMs گزشتہ کئی برسوں سے اپنی پیداواری استعداد کو مکمل طور پر استعمال نہیں کر سکی ہے۔ گاڑیوں کی درآمد پر مکمل پابندی سے گاڑیوں کی انڈسٹری 20 فیصد تک بڑھ سکتی ہے۔ اس کے علاوہ قیمتی غیر ملکی کرنسی کے ذخائر کی بھی بچت ہوگی، نئی ملازمتوں کے مواقع پیدا ہوں گے۔ مکمل پیداواری استعداد کے استعمال سے اینڈنگ اور اس کی ذیلی صنعتوں کو فروغ ملنے کے ساتھ ساتھ اور ہیڈ یونٹ کے اخراجات میں بھی خاطر خواہ کمی واقع ہوگی۔ ترقی کے موجودہ رجحانات پیداواری سطح کو فروغ دینے کے مواقع کی نشاندہی کرتے ہیں۔ آٹو سیکٹر میں موجودہ اور نئے آنے والوں کے لیے درست مشترکہ پالیسی نہ صرف ملک میں نئے سرمایہ کاروں کو لانے کا سبب بنے گی بلکہ موجودہ OEMs کی پروڈکشن صلاحیتوں میں اضافے اور مقامی انفراسٹرکچر میں بہتری کے لیے بھی حوصلہ افزائی کرے گی۔ جس سے آٹو سیکٹر میں مثبت مقابلے کا رجحان بڑھے گا۔

فروخت کے نتائج

کمپنی نے اپنی مستحکم ترقی کا سلسلہ تسلسل سے جاری رکھا اور گزشتہ سال کے مقابلے میں 11.2 فیصد شرح نمو ظاہر کی۔ اس سال 25,939 پونٹس تیار کیے گئے جب کہ سال 2014-15 میں 23,320 پونٹس تیار کیے گئے تھے۔ سال 2015-16 میں 25,800 پونٹس کی فروخت کے ساتھ سیکلز میں 10.7 فیصد اضافہ ہوا جبکہ گزشتہ سال اسی مدت کے دوران 23,311 پونٹس فروخت کیے گئے تھے۔ اس سال ہنڈا اسٹی کار کی فروخت ہمیشہ کے مقابلے میں سب سے زیادہ ریکارڈ کی گئی جبکہ مجموعی طور پر گاڑیوں کی فروخت کمپنی کے آپریشنز کی 22 سالہ تاریخ میں دوسری بلند ترین سطح پر رہی۔ ہنڈا اسٹی کی فروخت میں گزشتہ سال کی نسبت 30.8 فیصد اضافہ ہوا جبکہ ہنڈا سوک کی فروخت میں 25.3 فیصد کمی ہوئی جس کی اہم وجہ ماڈل میں کی جانے والی متوقع تبدیلیاں تھیں۔ ہنڈا کارڈ اور CRV کی CBU گاڑیوں کی فروخت، نئی لانچ کردہ HVR کے ساتھ مل کر گزشتہ سال کی نسبت زیادہ رہی۔

HR-V لانچ

کمپنی نے 11 جنوری 2016 کو CBU کا ایک اور ماڈل HR-V متعارف کروایا۔ یہ سیکنڈ جنریشن SUV ہے لیکن پاکستان میں پہلی بار متعارف کروائی گئی ہے۔ نئی ہنڈا HR-V میں 1.5L i-VTEC انجن ہے جو کہ ہنڈا کے CVT اور paddle shifters کے لیے یکجا کیا گیا ہے۔ کار میں بہت ساری جدید خصوصیات اکٹھی کی گئی ہیں جیسے push اشارت، climate کنٹرول، کروز کنٹرول، الیکٹرونک پارکنگ بریک، 7 انچ ڈسپلے آڈیو، Assist (VSA) Vehicle Stability، ABS بریکس، اور ریئر پارکنگ سینرز۔ ہنڈا کے صارفین کی جانب سے اس نئے ماڈل کی بے پناہ پذیرائی کی گئی۔

فنانس

یہ تیسرا مسلسل سال ہے جب آپ کی کمپنی نے گزشتہ سال کی کارکردگی کے مقابلے میں زیادہ بعد از ٹیکس منافع کمایا ہے۔ 31 مارچ 2016 کو ختم شدہ سال میں کمپنی کا سیکلز یونیٹ 6.1 فیصد اضافے کے ساتھ 40,085.52 ملین روپے رہا جبکہ 31 مارچ 2015 کو ختم شدہ سال میں منافع 37,764.16 ملین روپے تھا۔ اس کی بنیادی وجہ ہنڈا اسٹی کی فروخت میں اضافہ ہے۔ گروس منافع 26.7 فیصد اضافے کے ساتھ 6,046.78 ملین روپے رہا جو کہ گزشتہ سال 4,772.82 ملین روپے تھا۔ گروس پروفٹ مارجن بھی 31 مارچ 2016 کو ختم شدہ مالی سال میں گزشتہ سال کے 12.64 فیصد کے مقابلے میں 15.08 فیصد رہا جس کی اہم وجہ اخراجات میں کمی کی کوششیں اور مستحکم شرح تبادلہ ہے۔

انتظامی اخراجات گزشتہ سال کے 319.94 ملین روپے کی نسبت 10 فیصد اضافے کے ساتھ 351.86 ملین روپے ہو گئے۔ تاہم اس سال فروخت کے اخراجات 101.2 ملین روپے سے کم ہو کر 333.05 ملین روپے رہے۔ جو کہ 31 مارچ 2015 کو ختم شدہ سال میں 434.26 ملین روپے تھے۔ اس سال اخراجات میں کمی کا سبب گزشتہ سال کی نسبت تشہیری مہم اور سیکلز پروموشن اخراجات کی رقم میں کٹوتی ہے۔

بہتر یکیش بہاؤ اور فنڈز کے انتظام کے سبب دیگر آمدنی 41.5 فیصد اضافے سے 309.77 ملین روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 218.98 ملین روپے تھی۔ اس سال فنانشیل چارجز 6.99 ملین روپے رہے جو کہ گزشتہ سال کے 18.67 ملین روپے کی نسبت سے 62.6 فیصد کم ہیں۔ یہ گزشتہ 10 سال میں سب سے کم سطح پر رہے۔

منافع میں اضافہ کی وجہ سے متفرق اخراجات %7.5 بڑھ کر گزشتہ سال کے 451.90 ملین روپے کے مقابلے میں اس سال 485.78 ملین روپے رہا جس کی بنیادی وجہ ورکرز کے لیے تصرفات میں اضافے Workers Profit Participation Fund اور Workers Welfare Fund ہیں۔ اس سال کے دوران مستحکم شرح تبادلہ کی وجہ سے زبردی مبادلہ کی شرح میں اتار چڑھاؤ کے سبب ہونے والا نقصان گزشتہ سال کے مقابلے میں 42.7 فیصد سے بھی کم رہا۔

کمپنی نے 31 مارچ 2016 کو ختم شدہ سال میں 5,178.88 ملین روپے قبل از ٹیکس منافع کمایا جو کہ گزشتہ سال کے منافع 3,767.04 ملین روپے کے مقابلے میں 37.5 فیصد زیادہ ہے۔ قانونی ٹیکس ادا کیے جانے کے بعد سال کا بعد از ٹیکس منافع 3,555.78 ملین روپے رہا جو کہ گزشتہ سال کے منافع 3,162.38 ملین روپے کے مقابلے میں 12.4 فیصد زیادہ ہے۔ آمدنی فی شیئر بڑھ کر 24.90 رہی جبکہ گزشتہ سال آمدنی فی شیئر 22.15 روپے تھی۔

حکومتی آمدنی میں شراکت

اس سال کے دوران کمپنی نے سرکاری خزانے میں بطور کسٹم ڈیوٹی، سیکلز ٹیکس، آئٹم ٹیکس اور دیگر ٹیکس جات کی مدد میں 12.488 ملین روپے جمع کروائے جو کہ گزشتہ سال جمع کروائے گئے ٹیکس 11.758 ملین روپے کے مقابلے میں %6 فیصد زیادہ ہے۔ فروری 2016 میں کسٹم اتھارٹیز لائبریری کی جانب سے کمپنی کو پنجاب ریجن کی کمپنیوں میں "سب سے زیادہ ٹیکس ادا کرنے والی کمپنی" کا پہلا انعام دیا گیا۔

وینڈرز کا نفرنس

جون 2015 میں کمپنی نے لاہور میں سالانہ وینڈرز کا نفرنس کا انعقاد کیا۔ اس کا نفرنس کا مقصد مقامی پیداواری کی کوششوں کو فروغ دینا، کمپنی کے مستقبل کے خدو خال کے بارے میں انہیں بتانا اور ہمارے کاروباری شراکت داروں کی خود انحصاری میں اضافے کے عمل کو فروغ دینا تھا۔ اکنامکس اور تیزی سے تبدیل ہوتے کاروباری طریقوں کی روشنی میں کمپنی اور اس کے وینڈرز کے مابین مضبوط تعلقات استوار کرنے کی کوششوں پر بہت زور دیا گیا۔ کمپنی کی جانب سے ماحولیاتی اقدامات جیسے بجلی کی بچت سے کاربن ڈائی آکسائیڈ کے اخراج میں کمی کے حوالے سے بھی وینڈرز سے بات کی گئی۔ اس موقع پر اعلیٰ کارکردگی کے حامل وینڈرز کو ان کی بہترین سپلائی مینجمنٹ سٹریٹجی، کوالٹی، اخراجات اور ڈیلیوری کے لیے یادگاری شیلڈز سے بھی نوازا گیا۔

بہترین کوالٹی ایوارڈ

آپ کی کمپنی بطور ہنڈا موٹرز کے ذیلی ادارہ اس امر پر نہایت توجہ مرکوز رکھتی ہے عالمی معیار کو ہر مرحلے کے دوران یقینی بنایا جائے تاکہ ہمارے معزز کسٹمرز کو بہترین کوالٹی پروڈکٹس مہیا کی جا سکیں۔ کمپنی نے ہر پرز اور عمل پر پیداواری کنٹرول اور معیار بنایا ہے تاکہ ناقص پیداواری معیار سے بچا جاسکے اس سال کے دوران کمپنی نے "ہنڈا گلوبل بیسٹ کوالٹی" ایوارڈ برائے سال 2014 جیتا۔ انجن اسمبلی ڈپارٹمنٹ نے بیسٹ کوالٹی کیٹیگری میں گولڈ ایوارڈ جیتا۔ یہ کمپنی کے لیے نہایت فخر کا لمحہ تھا کیونکہ کمپنی لگا تار چھ سال سے یہ ایوارڈ جیت رہی ہے۔ اس کے علاوہ کمپنی نے سلور اور برونز ایوارڈز بھی بالترتیب فریم اسمبلی ڈپارٹمنٹ اور پینٹ ڈپارٹمنٹ میں جیتے۔

اس تقریب میں مہمان خصوصی جناب نور یا کیا ہارا، چیف کوالٹی آفیسر، چیف آپریٹنگ آفیسر اور ڈائریکٹر ہنڈا موٹرز کمپنی، جاپان تھے۔ اس موقع پر انہوں نے HACPL کی پوری ٹیم کی صلاحیتوں، سخت محنت اور عزم کو سراہا اور امید کا اظہار کیا کہ یہ مثبت جذبہ آئندہ آنے والے وقت میں کمپنی کو ترقی کی بلند یوں پر لے جائے گا۔

مستقبل کے خدو خال

اقتصادی حالات میں بہتری نے مستحکم اور وسیع معیشت پیداوار کی بنیاد رکھ دی ہے۔ پابندیوں میں نرمی، افراط زر کی بہتری اور بیرون ملک سے آنے والی ترسیلات نے ملکی معیشت کو بہتر پوزیشن پر لاکھا رکھا ہے۔ عالمی طور پر تیل کی قیمتوں میں کمی نے فارن ایکسیچج کو مضبوط کرنے کا موقع فراہم کیا ہے۔ جبکہ دیگر ضروریات زندگی کی اشیاء کی قیمتوں میں کمی نے زیر اثر کموڈٹی

چیسرین کا جائزہ

مجھے 31 مارچ 2016 کو ختم شدہ سال کے لیے سالانہ آڈٹ کردہ مالیاتی اسٹیٹمنٹ پیش کرتے ہوئے نہایت مسرت محسوس ہو رہی ہے۔

معیشیت

پاکستان کی معیشیت میں ترقی کی امید افزا اعلیٰ علامت نظر آتی ہیں۔ مہنگائی کی شرح کئی عشروں کے بعد %2.64 کی سطح پر آگئی ہے۔ مہنگائی کی شرح میں یہ کمی عالمی سطح پر تیل کی قیمتیں کم ہونے اور ایشیائی خورد و نوش کی وافر مقدار مارکیٹ میں آنے کی وجہ سے رونما ہوئی اور عام صارفین کو بھی اس کا فائدہ حاصل ہوا ہے۔ تیل کی قیمتوں میں کمی کے باعث تجارتی حجم میں خسارے پر بھی قابو پانے میں تعاون حاصل ہوا اور اس درآمدی اخراجات میں %5.8 کمی واقع ہوئی ہے، جبکہ خام مال اور مشینری کی درآمد میں اضافہ ہوا ہے۔ دوسری جانب، عالمی طور پر طلب کمزور ہونے کی وجہ سے برآمدات میں مسلسل کمی (%9.9 سال بہ سال) کے باعث بیرونی سیکٹر کی کارکردگی میں مسلسل خرابیاں پیدا ہوئی ہیں البتہ بیرون ملک کام کرنے والوں کی جانب سے ترسیلات زر میں اضافے سے معیشیت کو استحکام ملا ہے، جس کے باعث کرنٹ اکاؤنٹ خسارہ کم ہو کر 1,859 ملین امریکی ڈالر ہو گیا ہے جو کہ سال بہ سال کی بنیاد پر %4.5 کم ہے۔ اس کے ساتھ ساتھ یورو بانڈ کے اجراء، کولیشن سپورٹ فنڈ اور عالمی مالیاتی اداروں سے موصول ہونے والی رقم نے فارن کرنسی ذخائر کو 20.8 بلین امریکی ڈالر تک پہنچا کر مستحکم بنا دیا ہے۔ ترسیلات زر اور فارن کرنسی ذخائر میں استحکام کے نتیجے میں روپے کی شرح قیمت میں نمایاں کمی پر بھی قابو پایا گیا، روپے کی شرح میں نچے کی کمزور ہوتی کرنسیوں کی نسبت مستحکم رہی۔ بیرونی معاونت اور مہنگائی کی شرح میں سازگار کمی کی بدولت مرکزی بینک نے قرضے پر 350 bps کم کرتے ہوئے %6 کی رعایتی شرح متعارف کر دی ہے۔

مالی اعتبار سے، ترقیاتی منصوبوں پر زیادہ سرمایہ کاری کے باوجود بجٹ خسارہ قابل انتظام رہا ہے۔ یہ سب تو اتنا ہی کے شعبے میں سبسڈی پر قابو پانے اور آمدنی کی پیداوار میں اضافے کی وجہ سے ممکن ہوا ہے۔ سرکاری آمدنی جولائی تا مارچ 2016 تک اضافہ کے ساتھ 2,103 بلین روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں 19.7 فیصد زیادہ ہے۔ یہ بہتری اضافی ٹیکس کے لیے اقدامات کی بدولت آئی جس میں کسٹم ڈیوٹی میں مجموعی طور پر %1 اور مختلف اشیاء پر اضافی ریگولیشن اور ایکسیس ڈیوٹی میں اضافہ شامل ہے۔

زراعت

زرعی شعبہ مسلسل دباؤ کا شکار ہے، کپاس اور چاول کی فصل اپنا مطلوبہ ہدف بالترتیب 9.6 ملین گانٹھیں اور 6.6 ملین ٹن حاصل نہ کر سکیں۔ البتہ، وقت پر بارشوں، سرمائے کی دستیابی اور زیادہ قرضوں کی فراہمی کے باعث بیج کی فصلوں کے لیے حالات سازگار ہو گئے۔ اسی طرح، 26 ملین ٹن کی گندم کی شاندار فصل کی امید ہے تاہم کپاس اور چاول کی پیداوار قدر کم رہی ہے۔ ستمبر 2015 میں حکومت نے زرعی ریلیف پیکیج متعارف کرایا جس میں کسانوں کی مالی معاونت کے علاوہ زرعی مشینری کی درآمد پر ٹیکس میں رعایت اور فریٹلائزرز کے لیے سبسڈی شامل ہے۔ اس سے عالمی طور پر اجناس کی قیمتوں میں کمی کے باوجود کسانوں کی کم ہوتی آمدنی میں اضافہ ہوگا۔

بڑے پیمانے پر مینوفیکچرنگ (LSM)

مالی سال 2016 کے پہلے سات مہینوں میں LSM میں قابل قدر بہتری آئی ہے (مالی سال 2015 کے %2.37 کے مقابلے میں %4.35)۔ اس میں سب سے زیادہ حصہ آٹوموبائلز، فریٹلائزرز اور تعمیرات سے منسلک انڈسٹری کارہا ہے۔ ابتدائی طور پر بہتری کی وجوہات میں توانائی کی بہتر دستیابی، اہم عناصر کی عالمی مارکیٹ میں کم قیمتیں، حکومت کی جانب سے زیادہ سرمایہ کاری اور آسان مالی پالیسیاں شامل ہیں۔ اس کے علاوہ، امن و امان کی صورتحال میں بہتری، حالیہ بجلی کے نرخوں میں کمی اور پاک چین اقتصادی راہداری (CPEC) کے تحت ترقیاتی منصوبوں کا آغاز مجموعی طور پر مینوفیکچرنگ کے شعبے کے لیے زیادہ سود مند ثابت ہوگا۔

آٹوموبائل انڈسٹری

زر جائزہ سال کے دوران آٹوموبائل انڈسٹری میں ترقی کا سلسلہ جاری رہا، سازگار معاشی حالات، آٹونٹنگ میں اضافے، نئے ماڈلز اور حکومت کی اپنا روزگار اسکیم نے ترقی میں اہم کردار ادا کیا۔ مجموعی طور پر پروڈکشن میں %35.3 فیصد اضافہ ہوا اور مارچ 2016 تک بارہ ماہ کے عرصے میں کل 184,324 یونٹس بنائے گئے جبکہ گزشتہ سال اسی مدت کے دوران 161,191 یونٹس بنائے گئے تھے۔ اسی مدت میں پروڈکشن کے ساتھ انڈسٹری سٹریٹجی بھی %33.5 فیصد اضافہ ہوا اور 182,996 یونٹس فروخت کیے گئے۔ رواں سال کی گئی Sedan کاروں کی مینوفیکچرنگ اور فروخت سال 2006 کے بعد اب تک کی سب سے زیادہ ہے۔

جولائی تا ستمبر 2014 سے اب تک گزشتہ سات ماہی کے دوران انڈسٹری مسلسل ترقی کی جانب گامزن ہے اور اوسط ماہی ترقی %31.5 فیصد رہی۔ گزشتہ بارہ ماہ کے دوران 800cc گاڑیوں کا حصہ %50.3 تک بڑھا جسکی وجہ حکومت کی جانب سے اپنا روزگار اسکیم کے تحت 40,000 گاڑیوں کی طلب پیدا کرنا تھا۔ دیگر 1000cc اور 1300cc کیٹیگری میں بالترتیب %25.8 اور %27.7 فیصد اضافہ ہوا۔

FORM OF PROXY

FOR THE YEAR ENDED MARCH 31, 2016

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

I/We _____ of _____
_____ being member(s) of Honda Atlas Cars (Pakistan) Ltd.,
having Folio No. / CDC Participant I.D No. _____ and having _____ number of shares, hereby appoint
Mr./Ms. _____ of _____
who is also a member of the Company having Folio No. / CDC Participant I.D No. _____ and _____
number of shares, as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 24th Annual
General Meeting of the Company to be held on Tuesday, July 19, 2016 at 10:30 a.m. at Faletti's Hotel, 24-Egerton Road,
The Mall, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2016.

Witness 1:

Signed: _____

Name: _____

Address: _____

CNIC / Passport No. _____

Signature of Shareholder

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

Witness 2:

Signed: _____

Name: _____

Address: _____

CNIC / Passport No. _____

Affix Rs. 5/-
Revenue
Stamp here

NOTES:

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

AFFIX
CORRECT
POSTAGE

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

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HONDA ATLAS CARS (PAKISTAN) LIMITED

Dear Shareholder,

DIVIDEND MANDATE FORM

This is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his/her/its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 05, 2012, we request you, being the registered shareholder of **Honda Atlas Cars (Pakistan) Limited**, to hereby authorize the Company to directly credit your cash dividends if any, declared by the Company in future directly in your bank account.

PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT, THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANT.

Do you wish the future cash dividend declared by the Company, if any, is directly credited in your bank account instead of issue of dividend warrants? Please tick "✓" any of the following boxes:

YES

NO

In case of "YES", please provide the following information:

TRANSFEEE DETAIL	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Code, Name & Address	
Cell number of transferee	
Landline number of transferee if any,	
CNIC number (enclose attested copy also)	
Passport No. (in case foreign shareholder)	

It is stated that the above mentioned information is correct and confirmed, I shall immediately inform the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as it occurs.

Signature of Shareholder _____

Name _____ S/O, D/O, W/O _____

Folio - CDC A/c No. _____

NOTE: Shareholders having physical shares are requested to please submit the Dividend Mandate Form duly completed to the Share Registrar/Company. In case of CDC account holder, please submit this Mandate Form to the concerned Participant/Broker.

