



Mobility and Beyond

**Annual Report
2017**

Organisation
development
through
self development



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Vision

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

Mission

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



Strategic goals

Customers

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

Quality

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

Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

Technology

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

Shareholders

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

Employees

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

Corporate Citizen

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

Quality policy

Commitment to provide high quality motorcycles and parts.

Right work in first attempt and on time.

Maintain and continuously improve quality.

Training of manpower and acquisition of latest technology.

Safe, clean and healthy environment.

Market leadership and prosperity for all.



About the Company

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

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

To expand the reach to new markets, Atlas Epak Limited was formed in 1968 with manufacturing facilities based in East Pakistan. However, calamity struck in 1971 as the war in East Pakistan resulted in loss of the sister concern. Despite this massive financial impediment, Atlas Autos remained steadfast

and recovered. Later in 1979, another new motorcycle manufacturing plant at Sheikhpura, namely “Panjdarya Limited” was established.

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

During the past few years, the Company has successfully strengthened its long term potential through expansion of investments financed from self-generated cashflows. For over five decades, the

Company has delivered engineering vehicles equipped not just for mobility but for a perpetual pleasure of riding and convenience, spread across multiple segments for a diverse spectrum of customers. With products of highest quality, state of the art manufacturing facilities, largest dealership network and impeccable after sale service, the Company today is considered the flag bearer of the motorcycle industry in Pakistan and is steadily leaping ahead to a more prosperous and shining future.



The Silver Mile

1963-2016

Atlas Honda stands as Pakistan's largest motorcycle company, and continues on a journey paved with emphatic milestones. It is built on the achievements of providing mobility solutions and benefits of convenience and the pleasure of riding. A growing network of dealerships, state-of-the-art manufacturing plants with capacity expansion, and the financial strength to give profitable returns year after year has driven Atlas Honda to unprecedented success in the two-wheeler industry.



1961-1970

Atlas Autos Limited is incorporated as public limited company.

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

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

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

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

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

1971-1980

A new model, S110 Deluxe is introduced.

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

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

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

Relay out, modernization and balancing of manufacturing facility is carried out.

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

A motorcycle Technical Training Centre is established in Lahore.

1981-1990

Panjadarya Limited commences commercial production.

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

New CD 70 with econo-power engine is launched.

The Company achieved localization level of 50%.

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

The Company organizes the first ever vendor conference.

Engine parts manufacturing plant is installed.

The Company celebrates its 25th year of incorporation.

Honda Motor Company acquires 10% equity in Atlas Autos.

Merger of Panjdarya Limited with Atlas Autos takes place.

1991-2000

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

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

New CD 70 model is introduced with latest ignition technology.

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

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

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

The Company is ranked among the top ten employers.

2001-2010

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

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

The Company achieves localization level of 85%.

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

The new model CD 100 is launched.

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

The new model CG 125 Deluxe is launched.

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

SAP, the leading ERP system, is implemented.

2011-2016

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

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

The Company launches a series of modern & stylish models namely Honda CD70 Dream, CG125 Dream, Pridor and CBR series which became immediate hit among the customers.

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

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

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

The Company's corporate reporting practices are recognized through various awards by ICAP & ICMAP, SAFA, KSE, ACCA & WWF.

The Company signs MOU's with leading banks for availability of Atlas Honda motorcycles on credit.

First ever Company to announce the engine warranty period of three years.

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

Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hirofumi Yada
Director

Jawaid Iqbal Ahmed
Director

Sanallah Qureshi
Director

Susumu Mitsuiishi
Director

Yasutaka Uda
Director

Saqib H. Shirazi
Chief Executive Officer

Umair Mukhtar
Company Secretary

Audit Committee

Sanallah Qureshi
Chairman

Abid Naqvi
Member

Jawaid Iqbal Ahmed
Member

Naeem Mohsin
Head of Internal Audit

Umair Mukhtar
Secretary

Human Resource & Remuneration Committee

Sanallah Qureshi
Chairman

Jawaid Iqbal Ahmed
Member

Saqib H. Shirazi
Member

Faisal Iqbal
Secretary

Management

Saqib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Yasutaka Uda
Vice President Technical

Hirofumi Yada
General Manager Technical

Kashif Yasin
Chief Financial Officer

Afaq Ahmed
General Manager Plants

Akmal Dar
General Manager Production,
Planning & Control.

Faisal Iqbal
General Manager Human
Resources & Administration

Khawaja Shujaiddin
General Manager Commercial &
Planning

Muhammad Noman Khan
General Manager Engineering &
Projects

Muhammad Qadeer Khan
General Manager Quality
Assurance

Mujahid-ul-Mulk Butt
General Manager Sales

Mushtaq Alam
General Manager Information
Technology

Tanvir Hyder
General Manager Supply Chain

Tauqeer Rana
General Manager After Sales

Auditors

ShineWing Hameed Chaudhri &
Co. Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Agha Faisal - Barrister at Law

Tax Advisor

Ernst & Young Ford Rhodes Sidat
Hyder, Chartered Accountants

Shares Registrar

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

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Faysal Bank Limited

Habib Bank Limited
Khushali Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank
(Pakistan) Limited
The Bank of Tokyo-Mitsubishi
UFJ Limited
United Bank Limited.

Registered Office

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

Factories

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

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

Branch Offices & Customer Care Centres

Azmat Wasti Road, Multan
Tel: (92-61) 4540054, 4571989,
4540028 Fax: (92-61) 4541690

60-Bank Road, Saddar, Rawalpindi
Tel: (92-51) 5120494-6, 5120502
Fax: (92-51) 5120497

House # 7, Atta Road, near Govt.
Girls College, Rahimyar Khan.
Tel: (92-68) 5888809, 5883419,
5883417

391, Block D, Latifabad Unit #6,
Hyderabad
Tel: (99-22) 3864983-4
Fax: (92-22) 3864983

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

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

Show Room

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

* Customer Care Services are
also available at this location.

Board of Directors



Yusuf H. Shirazi
Chairman ▲

Mr. Yusuf H. 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 socio-politico-economic matters.

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 also 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 also been a visiting Faculty Member at National Defence 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 has also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award.



Sanaullah Qureshi
Director ▲■◆

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



Jawaid Iqbal Ahmed
Director ▲■◆

Mr. Jawaid Iqbal Ahmed is an AMP from Harvard Business School, Boston USA, AIM from Stockholm School of Economics, Sweden and IPBM from IMD Lusanne, Switzerland. He is also MBA from IBA Karachi University. He has been working in Atlas Group in various capacities. He has over 50 years of experience in the field of industrial and financial markets of Pakistan. He spearheaded joint venture partnerships of Atlas Group with Honda Japan, JSB Japan, Bank of Tokyo, Asian Development Bank and ING.



Abid Naqvi
Director ■■

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



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 Vice President – Technical and a member of the Board of Atlas Honda Limited Since April 2015.



Hirofumi Yada
Director ●

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



Susumu Mitsuishi
Director ▲

Mr. Susumu Mitsuishi joined Honda Motor Company Limited in 1987. He has been engaged for Honda motorcycle business for 30 years and has spent most time for Europe and U.S.A. businesses. He was shifted to France from Headquarters in 1998, and later, he worked for American Honda Motor Co., Inc. for 5 years as Vice President – Head of Motorcycle. After returning to Japan, he became General Manager of Motorcycle Sales of Honda Motor and currently, he is General Manager of Motorcycle for Asia & Oceania Region at Asian Honda Motor Company Limited in Thailand. He was appointed as a member of the Board of Atlas Honda Limited in April 2017.

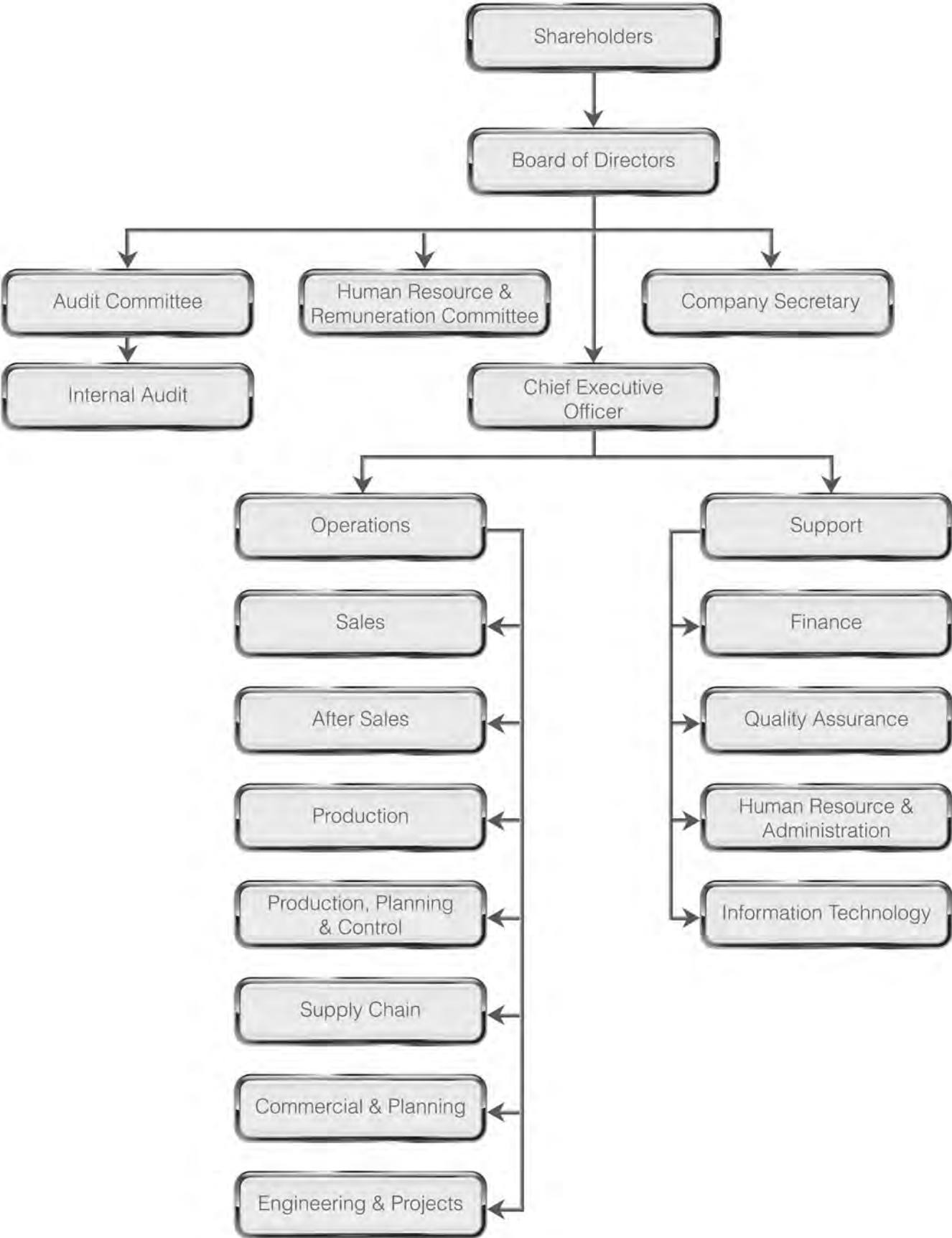


Saquib H. Shirazi
Chief Executive Officer ●●

Mr. Saquib H. Shirazi has been the Chief Executive Officer of Atlas Honda Limited for the last sixteen years. He graduated from the Wharton School of Finance, before completing his Masters from the Harvard Business School. He has previously worked with the Bank of Tokyo and is also the former CEO of Atlas BOT Investment Bank Limited. At present, he is serving as a member on the Boards of Pakistan Cables Limited and Cherat Cement Limited. Previously, he has served on the Boards of Pakistan Petroleum Limited, National Refinery Limited, Sui Southern Gas Company Limited, Cherat Paper and the Privatization Commission of Pakistan. He has also served on Harvard Business School's Global Alumni Board and was its President for the years 2006-2008. He is currently a member of Harvard Business School's Advisory Board.

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

Organization Chart



Shareholders Information

REGISTERED OFFICE

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

EXCHANGE LISTING

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

STOCK SYMBOL

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

LISTING FEES

The annual listing fees for the financial year 2016 - 17 were paid to the PSX and Central Depository Company of Pakistan Limited within the prescribed time limit.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all relevant particulars / information as required under the Companies Ordinance, 1984 and allied rules, the listing requirements and any other relevant laws, rules and regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP).

ANNUAL GENERAL MEETING

Date: June 19, 2017
 Time: 11:00 A.M.
 Venue: Faletti's Hotel, 24 - Egerton Road, Lahore.

FINANCIAL CALENDAR

April 2017	Audited annual results for the year ended March 31, 2017
May 2017	Mailing of annual reports
June 2017	Annual General Meeting
July 2017	Unaudited first quarterly financial results
November 2017	Unaudited half yearly financial results
January 2018	Unaudited third quarterly financial results

DIVIDEND ANNOUNCEMENT

The Board of Directors of the Company has proposed a final cash dividend of Rs. 18.5 per share (185 %) for the year ended March 31, 2017 subject to approval by shareholders of the Company at the forthcoming Annual General Meeting.

Last year, the Company has paid cash dividend of Rs. 14.5 per share (145%).

DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the Company will remain closed from June 06, 2017 to June 19, 2017 (both days inclusive).

DATE OF DIVIDEND PAYMENT

The payment of dividend, upon declaration by shareholders at the forthcoming Annual General Meeting, will be made on or after June 19, 2017.

Last year, the Company has dispatched the cash dividend on June 23, 2016 after approval from shareholders at the 52nd Annual General Meeting.

PAYMENT OF DIVIDEND

Cash dividends are paid through dividend warrants addressed to shareholders whose names are appearing in the register of members at the date of book closure. Shareholders are requested to deposit those warrants into their respective bank accounts.

E-DIVIDEND MANDATE (OPTIONAL)

As per the directives issued by the SECP, the shareholders are provided with the opportunity, to authorize the Company, to directly credit the cash dividend in their respective bank accounts. For the aforesaid purpose, the shareholders are requested to provide duly filled dividend mandate forms, which are available on the Company's website. Please note that this electronic dividend mandate is optional and not compulsory. In case, the shareholders do not wish that their dividend is directly credited into their respective bank accounts, then the same shall be paid to them directly.

WITHHOLDING OF TAX & ZAKAT ON DIVIDEND

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, the withholding tax is deductible at source on the amount of dividend paid by the Company at the rate of 12.5% for filers and at the rate of 20% for non-filers.

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

SHARE TRANSFER SYSTEM

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

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

PROXIES

According to section 161 of the Companies Ordinance, 1984 and Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a General

Meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who ought to be a member of the Company.

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

ANNUAL GENERAL MEETING

In pursuance of section 158 of the Companies Ordinance, 1984, the Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and also advertised in at least one English and Urdu newspaper.

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

WEBSITE OF THE COMPANY

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

CHANGE OF ADDRESS / E-MAIL ADDRESS

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

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

MARKET PRICE DATA

The nine months comparative analysis of share price of the Company from April to December 2016 and April to December 2015 at PSX, KSE and LSE is presented as follows:

Months	PSX		KSE		LSE	
	High	Low	High	Low	High	Low
	2016-17		2015-16			
April	399.79	370.00	409.00	335.00	399.00	335.00
May	397.00	375.00	374.99	343.05	366.00	347.58
June	400.50	362.00	365.00	325.00	355.00	329.55
July	400.00	368.05	354.89	330.00	354.89	334.98
August	460.00	395.00	364.90	325.00	355.00	325.00
September	507.00	458.50	355.00	323.00	355.00	326.01
October	611.75	485.00	361.98	320.05	358.33	326.01
November	620.00	539.00	414.80	362.00	407.11	358.33
December	604.00	560.00	397.50	375.00	397.50	380.50

The three months comparative analysis of share price of the Company from January to March 2017 and January to March 2016 at PSX is presented as follows:

Months	PSX			
	High	Low	High	Low
	2016-17		2015-16	
January	648.00	567.49	399.00	349.60
February	600.10	556.00	398.99	353.40
March	595.00	552.00	384.99	351.00

Revisiting an eventful year 2016-17

- The Board of Directors (BOD) meeting was held to review and approve audited financial statements for the year ended March 31, 2016



- Agreement has been signed with various banks for providing consumer financing facilities to the Company's customers
- Annual General Meeting of shareholders of the Company was held on June 23rd, 2016 where distribution of the cash dividend of Rs. 14.5 per share was approved



- Brand awareness activities for customers held across the country
- 26th ALA Mayar (Quality) Convention 2016 was organized by the Company

- BOD meeting for the 1st quarter was held for the approval of unaudited first quarter financial results
- The Company launched new MMC of CD 70
- The Company launched new MMC of CG 125



- Middle management employees were sent for HIDA Japan training
- The Company received Best Employer Award from Rozee.pk



- The Company was awarded "The PSX Top 25 Companies Awards" for the year 2014 and 2015



- The Company secured 1st position in the "Best Corporate Report" in the "Engineering Sector" and 4th position in "Best Sustainability Report" awarded by the Joint Committee of ICAP and ICMAP



- Member of top management attended Advanced Management Program at INSEAD



- BOD meeting for the 2nd quarter was held for the approval of half yearly financial results reviewed by the auditors

- The Company celebrated production capacity enhancement at Sheikhpura plant. Mr. Takahiro Hachigo, President & CEO Honda Motor Co. along with other top management personnel graced the occasion

- The Company organised Road Safety Rally at Karachi for raising road safety awareness



- The Company received Awards from National Forum for Environment & Health in the categories of Corporate Social Responsibility Report, Research & Publication and Environment & Waste Management

- BOD meetings for approval of quarterly financial results and annual budget 2017-18 of the Company



- The Company participated in The Annual Pakistan Auto Show conducted in March 2017 at Expo Center Karachi



- The Company organized a Mega Free Service Camp on March 23, 2017 across the country

- Extraordinary General Meeting of shareholders of the Company was held on March 14, 2017 for election of directors



**Atlas Honda SKP Plant
Capacity Expansion**

 Inauguration
By

Mr. Takahiro Hachigo
 President & CEO Honda Motor Co.

 October 20, 2016



A Realized Dream

Transforming Ideas into Accomplishments

Throughout the journey of over 5 decades, Atlas Honda Limited has seen many milestones which were dreamed as a journey of long term success by great minds of Mr. Yusuf H. Shirazi, the Chairman and Mr. Soichiro Honda (late), founder of Honda Motor Company. The ideal partnership once again resulted in the achievement of a giant leap forward by building a second synchronised assembly plant at Sheikhpura which realized the dream to double the production capacity to over 1 million units.

To materialize this dream, investment plans were developed. In October 2015, a 3 year investment plan was announced. Out of total investment of \$100 million, around \$50 million was to be directly invested by Atlas Honda Limited followed by \$30 million from its associated companies and a further \$20 million by its suppliers to expand their respective facilities.

Productivity is the result of a commitment to excellence, intelligent planning and focused efforts. Following it, the dream became a reality when the Company marked October 20, 2016 as a day of milestone in the history of the Company. The vision of inaugurating a second assembly line at Sheikhpura plant was realised which doubled the production capacity.

With a pool of talented minds and a set of skilful people, Atlas Honda Limited raised capacity to 1.35 million units, with 150 thousand units from the Karachi plant and 1.2 million units from the Sheikhpura plant. This accomplishment took technology, dedication and determination of the Company and its supply chain members. The expansion is expected to generate about 1,800 direct jobs and a further 5,000 jobs at associate companies and part manufacturing partners.

Mr. Takahiro Hachigo, President & CEO of Honda Motor Company Limited, Mr. Shinji Aoyama, Operating Officer and Director of Honda Motor Company Limited, Mr. Noriaki Abe, President & CEO of Asian Honda Motor Company Limited, Mr. Aamir H. Shirazi, President of Atlas Group; and Mr. Saquib H. Shirazi, President and CEO of Atlas Honda Limited, were on hand to inaugurate the new facility. Approximately 750 members from its business partners and suppliers, Honda motorcycle dealers, and its associates also joined the ceremony.

On this auspicious occasion, Mr. Takahiro Hachigo, said, "Honda would like to see more customers' smiles by providing products of the highest quality at a reasonable price."

Mr. Saquib Shirazi, CEO said, "With the enhancement of the production capacity, Atlas Honda Limited is now well poised to meet the needs of the customers in a timely manner. The successful partnership of Honda Motor and Atlas Group which is in its 53rd year is a symbol of the Pakistani market's resilience and future potential."

The Company believes in creating its own future. With such a vision, it is eyeing towards endless exciting prospects in the two wheeler industry as now Pakistan has 6th largest motorcycle market in the world.

During a journey of 53 years, Atlas Honda Limited has made place in hearts of its users. It cruises through streets, valleys, hills and mountains. Distances have been bridged and people's trust has been retained. This is not a story of "One Day" it is the "Day One".

Chairman's Review

This has been the Company's best year with highest ever sales and production volumes. The Company successfully inaugurated its second assembly line at Sheikhpura plant to meet the challenge of ever-increasing demand. The Company aims to achieve sustainable growth by undertaking strategic and forward-looking investments that build on our robust earnings base and meet the rising demand of Honda motorcycles.

I am pleased to present the 53rd Annual Report of the Company for the year ended March 31, 2017.

ECONOMY

Pakistan's economy continued to show signs of promise with improvements seen in most of the economic indicators. The Gross Domestic Product (GDP) is expected to grow by 5.7% in the financial year 2016-17, compared to 4.7% of last year, the highest during the past eight years. This growth expectation is driven through Government's economic and structural reforms, lower oil prices, better energy supply and improving law and order situation. On the external front, there has been a strong build up in FX reserves which has surpassed the record level of USD 23 billion. The strong reserves position has provided an extended period of stability to the rupee, which remained relatively firm despite weakening of regional currencies. In view of the improved economic outlook, Pakistan has issued various global bonds, including Eurobonds and Sukuks, all met by strong interest from international capital markets. The CPI remained stable under 5% due to low commodity prices and stable exchange rates. Keeping the encouraging indicators in perspective, the SBP has maintained a forty year low policy rate of 5.75% since May 2016. The MSCI decision to reclassify Pakistan as an Emerging Market together with PSX's divestment to a Chinese consortium, kept the momentum going in the capital market. This contributed to an overall bullish trend in stock market with index touching an all-time high of 50,192 points.

On the other hand, the current account deficit for the second half of the year 2017 has widened significantly to USD 5.5 billion compared to USD 1.9 billion during the same period of last year. This is mainly due to deterioration in trade deficit to a level of USD 20.2 billion, up by 34.6% year on year basis. Exports, which have been on a declining trend, reduced by 3.9% over last year, while imports rose by 16%, mainly due to CPEC related activity. After years of strong performance, remittances are projected to close with a decline of around 2% for the year. Tax collections for the half year have also reportedly fallen by 8% against target, making the full year tax collection target of Rs. 3.6 trillion challenging. Accordingly, the fiscal deficit target of 3.8% for the year 2017 remains ambitious, as it will require significant reduction in government expenditure.

AGRICULTURE

The agriculture sector continues to improve. The production of major Kharif crops, including cotton, sugarcane, and maize has provided the much needed impetus to the crop sector during the Kharif season. The output of wheat, being the major Rabi crop, is also expected to remain close to the last year's bumper crop of 25.4 million tons. Moreover, improved water situation from January 2017 onwards, an increase in fertilizer off take by 33%, and higher credit disbursement during Rabi season also indicate better performance. Other components of agriculture like livestock, fishing and forestry are also showing progressive growth. Resultantly, the demand for consumer durables has started picking up pace in the rural areas.

LARGE SCALE MANUFACTURING (LSM)

LSM exhibited signs of continued progress and posted growth of 3.9% during first half of financial year 2017. Major contributions came from food, steel, cement, pharmaceutical and electronics industries. The improvement was primarily driven through accommodating monetary and fiscal policies, improved energy supplies, better availability of raw materials and rising domestic demand owing to ongoing CPEC related power and infrastructure projects. In addition, recently announced export package is expected to provide much needed support to export industries.

THE TWO WHEELER INDUSTRY

The two wheeler industry posted double digit growth and touched an ever-highest level of production. The enhanced economic fundamentals, better security situation and increasing real incomes reflected in rising demand for consumer durables, including two wheelers. A strong consumer appetite for motorcycles in both urban and rural areas was the major growth driver. Further, lower fuel prices, higher trend of urbanization and demographic shift to youth also supported the demand for two wheelers.

THE COMPANY

The year 2017 was a year of development and outperformance for the Company as it successfully completed the expansion of its production facility and achieved highest ever results - a move towards the million club. Continuous efforts to improve processes, maintain quality and reduction in cost has created the best preconditions for qualitative growth.

MARKETING FOCUS

The Company continues to maintain its leadership at the apex in an intensely competitive industry landscape. Positive macro-economic conditions, better law & order situation, continued effect of price rationalization (of entry level products) together with enhanced capacity resulted in easing customers' access to mobility and triggered the highest ever demand for Honda bikes. Thus, the Company moved past the landmark of 920,000 units for the very first time.

In the entry segment of 70 cc motorcycles, despite facing strong competition, the Company has witnessed an overwhelming demand and continues to reap benefits from this segment through its brands 'CD 70' and 'CD 70 Dream'. The Company achieved growth of 16% over last year for sales in this category. The continued momentum from price rationalization was further consolidated by introducing minor model changes (MMC) in CD 70 and CD 70 Dream. These MMCs provided a successful blend of modern and traditional features, with an uncompromising everyday usability.

Sales of the Company's product in 100 cc segment, 'Pridor', remained encouraging and recorded an increase of 12% over last year. Through this model, the Company continues to provide its customers a product powered by 'commuting with comfort and maximum fuel efficiency'. Econo run competitions, free checkup camps and other exciting campaigns were carried out to further deepen market penetration in this category.

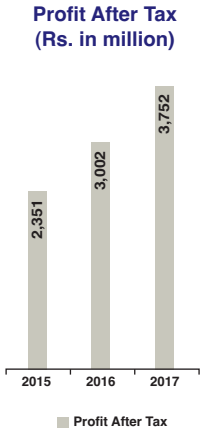
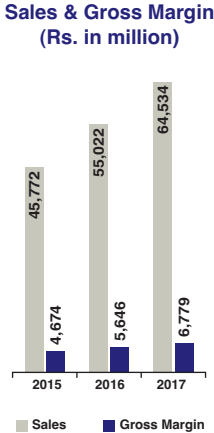
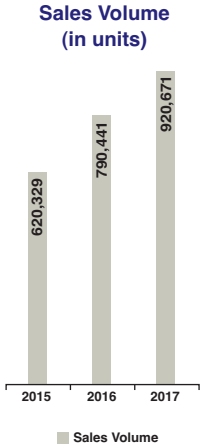
The 125 cc category persistently gained share in the overall motorcycle industry. This was because of the shift of customer liking for higher engine displacements and strong urban demand. The Company maintained its market leadership by offering products that meet customers' expectation in terms of design, power and functionality. During the year, the Company launched MMC of CG125 which earned positive feedback from customers.

Increased customer appetite for two wheelers also helped boost spare parts revenue. Both Atlas Honda 'Genuine Parts' and 'Engine Oil' continue to register growth in sales. Progress in this segment was achieved through innovative marketing ideas, promoting sales through service workshops and a larger and improved product portfolio. During the year, several advertising and customer care campaigns addressed the importance of using genuine parts and engine oil for maintaining overall health of motorcycles. These efforts along with a wider distribution network and improved customer accessibility helped to increase revenue to over Rs. 6.2 billion. However, the unabated influx of illegally sourced spare parts, continue to pose a major threat to businesses in the organized sector.

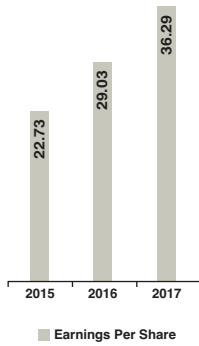
PERFORMANCE SCORECARD

The Company remains committed to deliver on its long term objectives of sustainable growth and maximizing value creation. These objectives are being achieved by engaging business resources to develop operational flexibility, optimize cost structure, implement growth projects and strengthen business foundation.

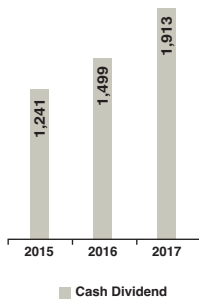
As a result of these efforts, the Company registered net sales of Rs. 64.5 billion, which is 17.3% higher over the previous year. Improvement in sales translated in increased gross profits for the year ended March 31, 2017 from Rs. 5.6 billion to 6.8 billion, up by 21.4%. Also, strong contributions came from cost efficiencies, better sales mix and other operational measures. Sales and marketing expenses rose to Rs. 1.6 billion, a year on year increase of 12.4% which is attributable to higher volumes and spending on promotional campaigns to support the core business. Other income, net of financial charges, also contributed significantly to the bottom line. It crossed Rs. 0.9 billion which is an encouraging 43% higher than the comparative year. This was achieved through effective treasury management, improved liquidity



**Earnings Per Share
(Rs. Per Share)**



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



and better equity market performance. As a result, the Company registered ever highest net profit before tax of Rs. 5.1 billion. Net profit after tax rose to Rs. 3.75 billion from 3.0 billion, an increase of 25% over last year. This translates into Earnings per Share (EPS) of Rs. 36.29 as against Rs. 29.03 of last year.

Atlas Honda Limited has been a debt free Company for the past six years and incurs no borrowing cost. Finance cost represents bank charges on transactional cost paid to banks for collection from customers on behalf of the Company throughout Pakistan. Free cash flow from operations during the year stood at Rs. 7.8 billion. This has been deployed in capital assets, short term investments and payment of dividend. Additions to capital assets mainly represent expansion of production facilities and balancing, modernization and replacement of existing manufacturing facilities.

During the year, the Company contributed an amount of Rs. 14.3 billion to the Government and its agencies on account of various taxes and levies. The Atlas Group, of which the Company is a constituent member, contributed Rs. 43 billion in all towards the national exchequer. This makes Atlas Group one of the highest tax payers in the country with over 1% of Government's total revenue.

DIVIDEND POLICY

Over the years, the Company has followed a consistent policy of paying high dividends. Keeping in view, the cash generating capacities, expected capital needs of business and strategic considerations, the Board of Directors is pleased to propose cash dividend of Rs. 18.5 per share for the year 2016-17. This amounts to Rs. 1.9 billion, which is the highest in the Company's history.

MANUFACTURING EXCELLENCE

A consistent theme across both the manufacturing plants of the Company has been the continuous improvements in performance through lean manufacturing, seamless supply chain, introduction of new processes, high quality, cost reduction and greater throughput. These initiatives produced results and allowed the Company to produce and deliver over 920,000 units in the year.

As part of sustainable development initiatives, the Company has implemented various breakthrough ideas on energy and fuel consumption which has resulted in savings 4% of energy cost. Also, the results of Waste Heat Recovery for utilizing heat emissions from generators and installation of 360KW solar panels are helping in reducing the energy bill.

To achieve broader base for its business model and gain flexibility to respond to rising market demand, the Company decided to put a new assembly line, adjacent to existing line at Sheikhpura Plant. The project was timely completed without losing a single unit and the first motorcycle rolled off the new line in September 2016 - one month ahead of the plan. This has helped the Company meet, to an extent, the challenge of the fast increasing demand.

BUSINESS PROCESS RE-ENGINEERING

The Optimization of processes is vital for success of the Company in the long run. A number of Kaizen activities were performed during the year. Some of which are listed below:

Renewable energy source enhancement through installation of Solar Power	Extension of Waste Heat Recovery to Paint Shop pretreatment and complete shutdown of Boiler
Localization of LPDC dies & resourcing of Tools and Consumables	Increase in number of Fuel Tanks per hanger in paint shop
Environment Improvement in Die Casting by installing Mist Collectors and Spot Cooling	Productivity Improvement through: - Double cavity, auto spray and auto take out unit in Die Casting - Introduction of Tow Cart System

AWARDS

It gives me great pleasure that following awards were received by the Company during the year:

- 1st Position for Best Corporate Report Award in «Engineering Sector» by the Joint Committee of ICAP and ICMAP.
- Top 25 Companies Award by Pakistan Stock Exchange for the financial years 2014 and 2015.
- 4th Position for Best Sustainability Report Award by the Joint Committee of ICAP and ICMAP.
- Awards by National Forum for Environment & Health, for the year 2016, in the categories of Corporate Social Responsibility Report, Research & Publication and Environment & Waste Management.

FUTURE OUTLOOK

The overall economic environment continues to remain conducive for growth. Availability of energy supplies and improvement in law and order situation has promoted business climate. There is optimism on the domestic demand owing to higher expected public sector spending, pre-election year, and greater pace of development projects. The recent trend of external ratings will play a key role in bringing opportunities for Pakistan. The CPEC is now a reality and is expected to bring significant investments for infrastructure projects, especially road networks and energy projects. This will have a ripple effect for overall economic growth. However, there are few indications that the economy may be wavering from its budding stability. There is urgency in the area of tax reforms, where determined initiatives are needed to contain fiscal deficit and improve tax to GDP ratio significantly. The recent rise in oil prices is a concern given that the non-oil imports are expected to remain high, while exports are yet to show any recognizable recovery. The exchange rate will be tested as the repayment phase approaches. On the other hand, bright agricultural prospects and timely supportive measures by the Government are expected to bring positive results to the economy. The combined effect is expected to sustain the demand of the two wheeler segment.

The Company has laid the foundation for long term sustainable leadership and is committed to achieve profitable growth, financial flexibility and operational excellence. It is passing through a dynamic phase where skills, technologies and scales are being developed and getting built for this decade and the next. With the increased capacity and improved competitiveness the Company is well positioned to maintain its market leadership position. The Company will continue to leverage on its experience and expertise to strengthen its position by following the principles of "The Atlas Way".

سے خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے
خدا بندے سے خود پوچھے بتا تیری رضا کیا ہے

ACKNOWLEDGMENT

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



Yusuf H. Shirazi

Date: April 28, 2017

Directors' Report to Shareholders

The Directors of the Company are pleased to present their report together with the fifty third Annual Report of the Company along with Audited Financial Statements for the year ended March 31, 2017.

Operating Results

The operating results of the Company are summarized as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
	----- (Rupees in ₹000) -----	
Profit before taxation	5,092,742	4,044,429
Taxation		
Current	1,159,131	1,065,822
Prior Years	77,910	(10,461)
Deferred	103,222	(12,731)
	1,340,263	1,042,630
Profit after taxation	<u>3,752,479</u>	<u>3,001,799</u>

Dividends and Appropriations

The Directors have recommended a final cash dividend of Rs. 18.5 (2016: Rs. 14.5) per share. Accordingly, the appropriation of profit will be as under:

	Year ended March 31, 2017	Year ended March 31, 2016
	----- (Rupees in ₹000) -----	
Profit available for appropriation	5,191,349	3,765,939
Appropriation:		
Transfer to General Reserves	1,000,000	830,000
Cash Dividend 185% (2016: 145%)	1,913,022	1,499,396
	2,913,022	2,329,396
Un-appropriated profit carried forward	<u>2,278,327</u>	<u>1,436,543</u>

Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 36.29 (2016: Rs.29.03).

Holding company

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

Chairman's Review

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

Board of Directors

The Board comprises of one independent Director, three executive and four non-executive Directors. The Directors of the Company were re-elected in Extraordinary General meeting of the Company held on March 14, 2017. Subsequent to year end, in April 2017, Mr. Hiromitsu Takasaki and Mr. Toichi Ishiyama resigned as Directors and Mr. Hirofumi Yada and Mr. Susumu Mitsuishi were appointed in their places respectively. The Board places on record its appreciation for the valuable contributions made by the outgoing Directors and welcome the new Directors.

Meetings of the Board and its Committees in 2016-17

During the year, five meetings of Board of Director, four meetings of Board Audit Committee and one meeting of Human Resource & Remuneration committee were held. The attendance of the Directors and the number of their directorships in listed companies, including Atlas Honda Limited are as follows:

Sr. #	Director	Directorship	Status	Committee Members		Attendance		
				Board Audit Committee	HR & Remuneration Committee	Board Meetings	Board Audit Committee	HR & Remuneration Committee
1.	Mr. Yusuf H. Shirazi	4	Re-elected on March 14, 2017	-	-	5/5	-	-
2.	Mr. Saquib H. Shirazi	4	-do-	-	✓	5/5	-	1/1
3.	Mr. Sanaullah Qureshi	1	-do-	✓	✓	4/5	3/4	1/1
4.	Mr. Hiromitsu Takasaki	1	-do-	-	-	1/5	-	-
5.	Mr. Abid Naqvi	2	-do-	✓	-	5/5	4/4	-
6.	Mr. Jawaid Iqbal Ahmed	2	-do-	✓	✓	5/5	3/4	1/1
7.	Mr. Yasutaka Uda	1	-do-	-	-	5/5	-	-
8.	Mr. Toichi Ishiyama	2	-do-	-	-	1/5	-	-

Auditors

The retiring auditors M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2017-18.

Material changes

There have been no material changes since March 31, 2017 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Pattern of Shareholding

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

Communication

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The activities of the Company are updated on its web site at www.atlashonda.com.pk, on timely basis.

Safeguarding of Records

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

Business Continuity Plan

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

Human Resource Management

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

Corporate Social Responsibility

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

Statement of Value Addition and its Distribution and Risk Management

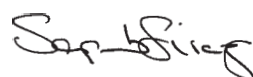
The ■Statement of Value Addition and its Distribution■ and ■Risk and Opportunity Report■ are annexed to this report.

Corporate and Financial Reporting Framework

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

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of the financial statements.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange.
- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There is no doubt about the Company's ability to continue as a going concern.
- A summary of key operating and financial data of the Company is annexed.
- Information about taxes and levies is given in notes to the accounts.
- The Company operates a contributory provident fund scheme for all employees and Defined benefit gratuity fund scheme for its management/non-management employees. The value of investments based as at March 31, 2017 are as follows:
 - Provident Fund Rs. 885.07 million
 - Gratuity Fund
 - Management Staff Rs. 262.15 million
 - Non-Management Staff Rs. 86.13 million

On behalf of the Board of Directors



Saquib H. Shirazi
Chief Executive Officer

Karachi: April 28, 2017

ہیومن ریسورس مینجمنٹ

ہیومن ریسورس پلاننگ اور مینجمنٹ کمیٹی کی مینٹننٹ کے اہم تحفظات میں سے ایک ہے۔ کمپنی نے ہیومن ریسورس اور ریویو نیشن کمیٹی تشکیل دی ہے جو کہ اہم انتظامی اشخاص کے انتخاب، جانچ، مشاہرے اور کامیابی کی منصوبہ بندی کے امور میں شامل ہے۔ یہ ہیومن ریسورس پالیسیوں اور طریقہ کار میں بہتری کی سفارشات اور متواتر جائزے کے عمل میں شامل ہے۔ ہیومن ریسورس پالیسیوں کی تفصیلات سسٹین ایبلٹی رپورٹ میں پیش کی گئی ہیں جو کہ سالانہ رپورٹ کا ایک اہم حصہ ہے۔

کارپوریٹ سوشل رسپانسیبلٹی

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

اسٹیمنٹ برائے ویلیو ایڈیشن اور اس کی ڈسٹری بیوشن اور رسک مینجمنٹ

اسٹیمنٹ برائے ویلیو ایڈیشن اور اس کی ڈسٹری بیوشن اور Risk and Opportunity Report اس رپورٹ میں آگے درج ہیں۔

کارپوریٹ اور فنانشیل رپورٹنگ فریم ورک

مندرجہ ذیل معاملات کے لیے ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اینڈ فنانشیل رپورٹنگ فریم ورک کے ساتھ تعمیل کی تصدیق کی ہے۔

- کمپنی کی انتظامیہ کی جانب سے تیاری جانے والی مالیاتی اسٹیمنٹ شفافیت کے ساتھ کمپنی کے اسٹیٹ آف افیئرز، آپریشنز کے نتائج، کیش کا بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتی ہے۔
- کمپنی اکاؤنٹ کی کتب کو باقاعدہ برقرار رکھتی ہے۔
- مالیاتی اسٹیمنٹ کی تیاری کے لیے مناسب اکاؤنٹنگ پالیسیاں مسلسل لاگو کی جاتی ہیں اور اکاؤنٹنگ اسٹیٹمنٹس معقول اور دانشمندانہ فیصلوں پر مبنی ہوتے ہیں۔
- پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشیل رپورٹنگ اسٹینڈرڈز پر مالیاتی اسٹیٹمنٹس کی تیاری میں عمل درآمد کیا جاتا ہے۔
- لسٹنگ ریگولیشنز میں دی گئی تفصیل کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں کوئی material departure نہیں کیا جاتا۔
- اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا، موثر انداز میں لاگو کیا گیا ہے اور ساتھ ساتھ اس کی باقاعدہ نگرانی بھی کی جاتی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل اس مقصد کے ساتھ جاری رہے گا کہ ان کنٹرولز کو مزید مضبوط اور بہتر بنایا جائے۔
- جاری و ساری منصوبوں اور امور کی انجام دہی کے لیے کمپنی کی بہترین صلاحیتوں پر کوئی شک نہیں کیا جاسکتا۔
- کمپنی کے اہم آپرینٹنگ اور مالیاتی ڈیٹا کا خلاصہ رپورٹ میں دیا گیا ہے۔
- ٹیکس جات اور levies کے بارے میں معلومات notes to the accounts میں درج کردہ ہیں۔
- کمپنی تمام ملازمین کے لیے سرمایہ کفالت پرووڈنٹ فنڈ اسکیم اور مینجمنٹ / نان مینجمنٹ ملازمین کے لیے گریجویٹ فنڈ اسکیم چلا رہی ہے۔ اس انویسٹمنٹ کی مالیت 31 مارچ 2017 کے مطابق درج ذیل ہے۔

• پرووڈنٹ فنڈ	885.07 ملین روپے
• گریجویٹ فنڈ	
• مینجمنٹ اسٹاف	262.15 ملین
• نان مینجمنٹ اسٹاف	86.13 ملین

بورڈ آف ڈائریکٹرز کی جانب سے



ثاقب ایچ شیرازی
چیف ایگزیکٹو آفیسر

کراچی: 28 اپریل 2017

سال 2016-17 میں بورڈ اور اس کی کمیٹیوں کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ اجلاس، بورڈ آڈٹ کمیٹی کے چار اجلاس، انسانی وسائل اور مشاہرے کا ایک اجلاس منعقد کیا گیا۔ ڈائریکٹرز کی حاضری اور لےڈ کمیٹیوں، بشمول اٹلس ہنڈ المینڈ میں ان کی ڈائریکٹرز کی تعداد ذیل میں دی گئی ہے۔

نمبر شمار	ڈائریکٹر	ڈائریکٹر شپ	اسٹینٹس	کمیٹی اراکین		حاضری	
				بورڈ آڈٹ کمیٹی	ایچ آر اینڈ ریسیوریشن کمیٹی	بورڈ آڈٹ کمیٹی	ایچ آر اینڈ ریسیوریشن کمیٹی
1	جناب یوسف ایچ شیرازی	4	دوبارہ منتخب 14 مارچ 2017	-	-	5/5	-
2	جناب ثاقب ایچ شیرازی	4	دوبارہ منتخب 14 مارچ 2017	-	✓	5/5	1/1
3	جناب ثناء اللہ قریشی	1	دوبارہ منتخب 14 مارچ 2017	✓	✓	4/5	3/4
4	جناب ہیر و متسوتا کاساکی	1	دوبارہ منتخب 14 مارچ 2017	-	-	1/5	-
5	جناب عابد نقوی	2	دوبارہ منتخب 14 مارچ 2017	✓	-	5/5	4/4
6	جناب جاوید اقبال احمد	2	دوبارہ منتخب 14 مارچ 2017	✓	✓	5/5	3/4
7	جناب یاسوناکا اودا	1	دوبارہ منتخب 14 مارچ 2017	-	-	5/5	-
8	جناب توچی اسہیاما	2	دوبارہ منتخب 14 مارچ 2017	-	-	1/5	-

آڈیٹرز

سکدوش ہونے والے آڈیٹرز میسرز شان ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے آڈیٹرز کی سال 2017-18 کے لیے دوبارہ تقرری کے لیے سفارش کی ہے۔

مادی تبدیلیاں

31 مارچ 2017 سے رپورٹ کی تیاری تک کسی قسم کی کوئی بھی مادی تبدیلیاں نہیں کی گئی ہیں اور کمپنی نے اس مدت کے دوران ایسا کوئی وعدہ نہیں کیا ہے جس سے کمپنی کی مالیاتی پوزیشن پر کسی قسم کے منفی اثرات مرتب ہوں گے۔

شینئر ہولڈنگ کا طریقہ

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

مراسلات

کمپنی شینئر ہولڈرز کے ساتھ مراسلات قائم رکھنے کی اہمیت پر توجہ مرکوز رکھتی ہے۔ شینئر ہولڈرز کو سالانہ، ششماہی اور سہ ماہی رپورٹس کمپنی آڈیٹس 1984 کے مطابق واضح کردہ وقت کے مطابق ارسال کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت ویب سائٹ www.atlashonda.com.pk پر اپ ڈیٹ کی جاتی ہیں۔

ریکارڈز کا تحفظ

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

کاروبار کے تسلسل کا منصوبہ

کاروبار کے تسلسل کے منصوبے کے طور پر، بیک اپ server اور ڈیٹا کو برقرار رکھنے کے لیے ریسیور ڈیزاسٹر ریکوری سائٹس کا قیام عمل میں لایا گیا ہے تاکہ بنیادی server میں کسی بھی قسم کی خرابی کی صورت میں اس سے نمٹا جاسکے۔

شیر ہولڈرز کے لیے ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ اپنی رپورٹ جمعہ 31 مارچ 2017 کو ختم ہونے والے سال کے لیے کمپنی کی 53 ویں سالانہ رپورٹ اور پڑتال شدہ مالیاتی بیانات پیش کر رہے ہیں۔

آپریٹنگ نتائج

کمپنی کے آپریٹنگ نتائج مختصراً مندرجہ ذیل ہیں:

سال کا اختتام	سال کا اختتام	
2016 مارچ 31	2017 مارچ 31	
----- (000 روپے میں) -----		
4,044,429	5,092,742	قبل از ٹیکس منافع ٹیکس
1,065,822	1,159,131	موجودہ سال
(10,461)	77,910	گزشتہ سال
(12,731)	103,222	ملتی / منوتر
1,042,630	1,340,263	
3,001,799	3,752,479	بعد از ٹیکس منافع

منقسمہ اور تصرفات

ڈائریکٹرز نے فائنل کیش ڈیویڈنڈ 18.5 روپے (14.5 روپے: 2016) فی شیئر کے اجراء کی سفارش کی ہے۔ اس کے مطابق منافع کا تصرف ذیل کے تحت کیا جائے گا۔

سال کا اختتام	سال کا اختتام	
2016 مارچ 31	2017 مارچ 31	
----- (000 روپے میں) -----		
3,765,939	5,191,349	تصرفات کے لیے دستیاب منافع
		تصرفات
830,000	1,000,000	عام ذخائر کی منتقلی
1,499,396	1,913,022	کیش ڈیویڈنڈ 185% (2016: 145%)
2,329,396	2,913,022	
1,436,543	2,278,327	غیر تصرف شدہ منافع آگے لایا گیا

آمدنی فی شیئر

بعد از ٹیکس بنیادی اور diluted آمدنی فی شیئر 36.29 روپے (29.03 روپے: 2016) ہے۔

ہولڈنگ کمپنی

پاکستان میں قائم کی گئی شیرازی انویسٹمنٹ (پرائیوٹ) لمیٹڈ 52.43 فیصد حصص کے ساتھ اٹلس ہنڈا موٹر لمیٹڈ کی ہولڈنگ کمپنی ہے۔

چیئرمین کا تجزیہ

چیئرمین کا تجزیہ سالانہ رپورٹ میں کاروبار کی نوعیت، کمپنی کی کارکردگی، گزشتہ سال کی نسبت سے اہم انحراف کی وضاحت، مستقبل کے امکانات اور غیر یقینی صورتحال پر مشتمل ہے۔

بورڈ آف ڈائریکٹرز

بورڈ ایک عدد خود مختار ڈائریکٹر، تین عدد ایگزیکٹو اور چار عدد نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے ڈائریکٹرز کا انتخاب 14 مارچ 2017 کو منعقدہ غیر معمولی اجلاس عام میں کیا گیا۔ رواں سال کے اختتام پر جناب ہیرومتسوتا کاسا کی اور جناب توچی اسپہیا مالپور ڈائریکٹر مستعفی ہوئے اور جناب ہیروفومی یاد اور جناب سوموموتسوتسکی کی بالترتیب ان کی جگہ تقرری کی گئی۔ بورڈ کی جانب سے سبکدوش ہونے والے ڈائریکٹرز کی گراں قدر خدمات کو سراہا گیا اور نئے آنے والے ڈائریکٹرز کا خیر مقدم کیا گیا۔

ایوارڈز

یہ اطلاع دیتے ہوئے مجھے خوشی محسوس ہوتی ہے کہ کمپنی نے سال کے دوران درج ذیل ایوارڈ اپنے نام کئے:

- جوائنٹ کمیٹی آف ICAP اور ICMAP کی جانب سے انجینئرنگ سیکٹر میں بیسٹ کارپوریٹ رپورٹ ایوارڈ میں پہلی پوزیشن
- مالی سال 2014 اور 2015 کے لیے پاکستان اسٹاک ایکسچینج کی جانب سے 25 سرفہرست کمپنیوں میں شمولیت اور انعامات کا حصول
- ICAP اور ICMAP کی جوائنٹ کمیٹی کی جانب سے سسٹین ایبلٹی رپورٹ پر چوتھا انعام
- سال 2016 میں کارپوریٹ سوشل ریسپانسیبلٹی، رپورٹ، ریسرچ اینڈ پبلیکیشن اور ماحول دوست مینجمنٹ کی کیٹیگری میں نیشنل فورم فار انوائمنٹ اینڈ ہیلتھ کی جانب سے ایوارڈ

مستقبل پر نظر

مجموعی طور پر اقتصادی صورتحال ترقی کے لیے سازگار رہی۔ توانائی کی سپلائی اور امن و آمان کی صورتحال میں بہتری نے کاروباری ماحول کو فروغ دیا۔ پبلک سیکٹر میں کیے جانے والے زیادہ خرچ، منصوبوں کی تیز رفتار تکمیل اور الیکشن سے قبل سال کی وجہ سے مقامی طلب میں مثبت رجحان رہا۔ ایکسٹرنل ریٹنگ کا حالیہ رجحان پاکستان میں زیادہ سے زیادہ مواقع لانے میں کلیدی کردار ادا کرے گا۔ ICPEC اب حقیقت کا روپ دھار چکا ہے اور متوقع ہے کہ اس کی وجہ سے انفراسٹرکچر کے متعدد پروجیکٹس جیسے سڑکوں کا جال اور توانائی کے پروجیکٹس میں بڑے پیمانے پر سرمایہ کاری ہوگی۔ اس سے مجموعی طور پر اقتصادی ترقی کی ایک لہر آئے گی۔ تاہم، چند اشارے ایسے بھی ہیں جس سے ابھرتی ہوئی معیشت میں اونچ نیچ ہو سکتی ہے۔ ٹیکس اصلاحات میں فوری طور پر بہتری کی ضرورت ہے، ایسے اقدامات کرنے ضروری ہیں جو مالیاتی خسارے پر مشتمل ہوں اور نمایاں طور پر شرح نمو کے تناسب سے ٹیکس کو بہتر بنانے میں مدد ملے۔ تیل کی قیمتوں میں حالیہ اضافہ فٹنٹیشن کا باعث ہے، جس سے نان-آئل امپورٹ کے زیادہ رہنے کی توقع ہے جبکہ ایکسپورٹ کو تاحال قابل شناخت بحالی دکھانے کی ضرورت ہے۔ ایکسچینج ریٹ کی جانچ دوبارہ ادائیگیوں کا وقت آنے پر کی جائے گی۔ دوسری جانب، زراعت کے شعبے میں روشن امکانات اور حکومت کی جانب سے بروقت مدد کے سبب ملکی معیشت میں مثبت نتائج لانے کی توقع ہے۔ دو وہیلر سیکٹور میں طلب کو برقرار رکھنے کے لیے مشترکہ کوششوں کی ضرورت ہے۔

کمپنی ایک ایسے نہایت متحرک دور سے گزر رہی ہے، جس میں صلاحیتوں اور ٹیکنالوجی میں اگلے مراحل کے لیے جدت لائی جا رہی ہے۔ پیداوار اور مسابقت میں اضافے کے ساتھ کمپنی مارکیٹ میں اپنی قائدانہ پوزیشن مستحکم بنائے گی۔ کمپنی "The Atlas Way" کے اصولوں پر عمل پیرا رہتے ہوئے اپنی پوزیشن کو مزید مستحکم بنانے کے لیے اپنے تجربات اور مہارت سے فائدہ اٹھائے گی۔

سے خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے
خدا بندے سے خود پوچھے بتا تیری رضا کیا ہے

توثیقی بیان

دی اٹلس گروپ ہنڈاموٹر کمپنی سے اپنی شراکت داری پر فخر محسوس کرتا ہے اور اپنے ممتاز حیثیت کے اعلیٰ اقدار کی پیروی میں ان کے مسلسل تعاون کا معترف ہے۔ میں اپنے کسٹمرز کے ہم پر اعتماد، ہماری انتظامی ٹیم کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ثاقب ایچ شیرازی (سی ای او) کو ان کی پرائز لیڈرشپ اور اپنے اسٹیک ہولڈرز، مینجمنٹ، ڈیلرز، وینڈرز، ایسوسی ایٹس اور شیئر ہولڈرز کو بے حد ممنون و مشکور ہوں کہ جن کی مدد سے اٹلس ہنڈاموٹر کو ایک ممتاز کمپنی کی حیثیت حاصل ہے۔

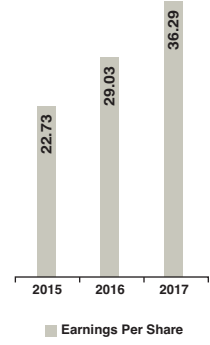


یوسف ایچ شیرازی
چیئرمین

بتاریخ: 28 اپریل 2017

گزشتہ سال کے 3.0 بلین کے مقابلے میں 25 فیصد ترقی کے ساتھ، اس سال بعد از ٹیکس خالص منافع 3.75 بلین روپے رہا۔ جس کی بدولت ہمارا منافع فی شیئر (EPS) گزشتہ سال کے 29.03 روپے کے مقابلے میں 36.29 روپے رہا۔

Earnings Per Share
(Rs. Per Share)



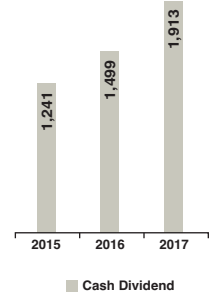
اٹلس ہنڈا لمیٹڈ گزشتہ چھ سالوں سے قرضہ جات سے آزاد کمپنی ہے جس پر کسی طرح کی بھی ادائیگیاں باقی نہیں ہیں۔ یہاں مالیاتی اخراجات سے مراد ٹیکوں کو ادا کی جانے والے ٹرانزیکشن چارجز ہیں جو پاکستان بھر سے ہماری صارفین کی ادائیگیوں پر لاگو اخراجات ہیں۔ اس سال آپریشنز سے فری کیش فلو 7.8 بلین روپے رہا۔ اس کیش کو پینٹل ایسٹس، کم مدتی سرمایہ کاری اور منافع منقسمہ (ڈیویڈنڈ) پر خرچ کیا گیا۔ کیپٹل ایسٹس میں اضافہ پروڈکشن سہولیات میں توسیع کرنا اور موجودہ مینوفیکچرنگ سہولیات میں توازن برقرار رکھتے ہوئے جدت اور تبدیلیاں لانے کو ظاہر کرتا ہے۔

اس سال کے دوران، کمپنی نے مختلف ٹیکسز اور ادائیگیوں کی مدد میں حکومت اور اس کی ایجنسیز کو 14.3 بلین روپے ادا کئے ہیں۔ اٹلس گروپ (کمپنی جس کی قانونی ممبر ہے) نے قومی خزانے میں 43 بلین روپے جمع کرائے۔ جس سے اٹلس گروپ حکومت کے ٹوٹل ریونیو کا 1 فیصد ادا کرتے ہوئے سب سے زیادہ ٹیکس ادا کرنے والوں میں شامل ہو جاتا ہے۔

ڈیویڈنڈ پالیسی

گزشتہ کئی سالوں سے کمپنی نے زیادہ ڈیویڈنڈ ادا کرنے کی اپنی روایت برقرار رکھی ہوئی ہے۔ آمدنی بڑھانے کی صلاحیتوں، کاروبار کی متوقع سرمایہ کاری ضروریات اور منصوبہ جات کے پیش نظر ہمارے بورڈ آف ڈائریکٹرز سال 2016-17 کے لئے پرمسرت 18.5 روپے کا کیش ڈیویڈنڈ فی شیئر تجویز کرتے ہیں۔ یہ مجموعی طور پر 1.9 بلین روپے بنتے ہیں جو کہ کمپنی کی تاریخ میں ادا کیا جانے والا سب سے زیادہ کیش ڈیویڈنڈ ہے۔

Cash Dividend
(Rs. in million)



مینوفیکچرنگ ایکسی لینس

کمپنی کے دونوں مینوفیکچرنگ پلانٹس میں محتاط مینوفیکچرنگ، ہموار سپلائی چین، نئے پروسسز کا تعارف، اعلیٰ ترین معیار، لاگت میں کمی اور اور زیادہ سے زیادہ حاصل کے ذریعے کارکردگی میں مسلسل بہتری کے رجحان کو برقرار رکھا گیا۔ ان اقدامات نے بہترین نتائج دکھائے اور کمپنی کو 920,000 پونٹس سالانہ تیار کرنے کے قابل بنایا۔

مستحکم ترقی کے لیے کیے جانے والے اقدامات کے طور پر، کمپنی نے توانائی اور ایندھن کے استعمال کے سلسلے میں متعدد امور پر عمل درآمد کیا، جس کے نتیجے میں توانائی کی لاگت میں 4 فیصد بچت کی گئی۔ اس کے علاوہ، جزیرہ سے اخراج ہونے والی گرمی کے استعمال کے لیے "ویسٹ ہیٹ ریکوری" اور 360 KW سولر پینل کی تنصیب نے توانائی کے بل میں کٹوتی کرنے میں معاونت کی۔

کاروباری ماڈل میں توسیع اور بڑھتی ہوئی مارکیٹ طلب سے فائدہ اٹھانے کے لیے، کمپنی نے شیخوپورہ پلانٹ میں واقع موجودہ اسمبلی لائن کے ساتھ ایک نئی اسمبلی لائن کی تنصیب کا فیصلہ کیا۔ یہ پروجیکٹ اپنی تمام تر تفصیلات کے ساتھ بروقت پایہ تکمیل تک پہنچا اور ہنا کسی پونٹ میں کمی کے نئی اسمبلی لائن پر ستمبر 2016 میں پہلی موٹر سائیکل تیار کی گئی۔ اس اقدام نے کمپنی کو بڑھتی ہوئی طلب کی مشکلات کو حل کرنے میں مدد دی ہے۔

برنس پروسیس ری انجینئرنگ

کاروبار کو طویل المدت میں کامیابی سے ہمکنار کرنے کے لیے عمل کی اصلاح نہایت ضروری ہے۔ اس سال کے دوران متعدد Kaizen سرگرمیاں انجام دی گئیں ہیں۔ جن میں سے کچھ مندرجہ ذیل ہیں۔

نئے سولر پاور کی تنصیب کے ذریعے ریونیو ایبل انرجی سورس میں بہتری	Waste Heat Recovery کی پینٹ شاپ پری ٹریٹمنٹ تک توسیع اور بوائلر کو مکمل طور پر بند کر دیا گیا
LPDC ڈائری کی مقامی طور پر تیاری اور اوزار اور استعمال کی اشیاء کی ریورسنگ	پینٹ شاپ میں فی ہینڈلر فیول ٹینک کی تعداد میں اضافہ
مسٹ کلکٹرز اور اسپاٹ کولنگ کی تنصیب کے ذریعے ڈائری کاسٹنگ کے ماحول میں بہتری	پیداوار میں اضافہ بذریعہ: - ڈائری کاسٹنگ میں ڈبل کیوٹی، آٹو اسپرے اور آٹو ٹوٹیک آؤٹ پونٹ - Tow کارٹ سسٹم متعارف کروایا گیا

کمپنی

سال 2017 میں کمپنی کی کارکردگی اور پیداوار بہترین رہی کیونکہ کمپنی نے پیداواری صلاحیت میں اضافے کے لیے توسیعی منصوبے کو کامیابی کے ساتھ مکمل کیا اور سب سے زیادہ نتائج حاصل کیے جو کہ ملین کلب کے بالکل قریب ہیں۔ عمل کو مسلسل بہتر کرنے کی کوششوں، معیار کو برقرار رکھنے اور لاگت کو کم کرنا ایسے پیشگی کاوشیں ہیں جن پر عمل پیرا ہو کر مستحکم ترقی کو ممکن بنایا گیا ہے۔

مارکیٹنگ پر توجہ

کمپنی نے شدید مسابقتی رجحان میں اپنی لیڈر شپ کو قائم رکھنے کی کوششوں کو جاری رکھا۔ مثبت مائیکرو اکنامک صورتحال، امن و آمان کی بہتر صورتحال، قیمتوں پر توجہ دینے کی بھرپور کوششیں (اینٹری لیول کی مصنوعات) اور ان سب کے ساتھ ساتھ گنجائش کو بہتر بنانے کے نتیجے میں صارفین کی رسائی اور طلب میں بے پناہ اضافہ ہوا۔ جس کے سبب ہنڈا موٹر سائیکل کی طلب اپنی بلند ترین سطح پر پہنچ گئی۔ کمپنی نے پہلی بار 920,000 یونٹس کی ریکارڈ سطح کو چھو لیا ہے۔

70 cc موٹر سائیکل کے سیکمنٹ میں شدید ترین مسابقتی رجحان کے باوجود کمپنی کو صارفین کی جانب سے بہترین ردعمل اور زیادہ طلب کا سامنا رہا اور کمپنی نے اپنے براڈنڈ CD 70 Dream اور CD 70D Dream کے ذریعے سیکمنٹ میں سبقت برقرار رکھی۔ کمپنی نے اس کیٹیگری میں گزشتہ سال کی نسبت 16 فیصد بڑھو اور حاصل کی۔ قیمتوں پر توجہ مرکوز رکھتے ہوئے معمولی تبدیلیوں کے ساتھ CD 70 اور CD 70 DREAM متعارف کروائے گئے۔ ماڈل میں معمولی تبدیلی، روزمرہ استعمال میں کسی بھی قسم کے سمجھوتے کے بغیر جدید اور روایتی خصوصیات کا کامیاب ملاپ تھا۔

کمپنی کی 100 cc سیکمنٹ میں پروڈکٹ Pridor نے حوصلہ افزاء نتائج دیئے اور گزشتہ سال کی نسبت 12 فیصد بڑھو اور ریکارڈ کی گئی۔ اس ماڈل کے ذریعے، کمپنی اپنے صارفین کو "بہترین آرام اور زیادہ سے زیادہ ایندھن کی بچت" مہیا کر رہی ہے۔ اس کیٹیگری میں مارکیٹ کے اندر مزید گہری رسائی حاصل کرنے کے لیے ایک نوو رن کمپیشن، مفت چیک اپ سیمپس اور دیگر دلچسپ سرگرمیاں منعقد کی گئی ہیں۔

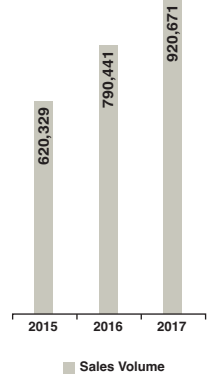
صارفین میں دو وہیلر کی طلب بڑھنے سے اضافی پرزہ جات کی فروخت کو بڑھانے میں معاونت ملی۔ اٹلس ہنڈا "جینوئن پارٹس" اور "انجن آئل" دونوں میں بڑھو اور ہوئی۔ اس سیکمنٹ میں جدید مارکیٹنگ آئیڈیاز، سروس ورکشاپ کے ذریعے سیلز کے فروغ اور بڑے و بہتر پروڈکٹ پورٹ فولیو کے ذریعے ترقی کی گئی۔ اس سال کے دوران، متعدد اشتہاری اور کسٹمر کیئر کمپین کا اہتمام کیا گیا جس میں موٹر سائیکل کے معیار کو برقرار رکھنے کے لیے جینوئن پارٹس اور انجن آئل کے استعمال پر زور دیا گیا۔ ان تمام کوششوں کے ساتھ ساتھ وسیع ڈسٹری بیوشن نیٹ ورک اور صارفین کی مصنوعات تک باآسانی رسائی نے ریونیو کو 6.2 ملین روپے تک پہنچا دیا۔ تاہم، غیر قانونی ذرائع سے آنے والے اضافی پرزہ جات کا رو بار کے لیے مسلسل خطرہ بنے رہے۔

کارکردگی کا اسکور کارڈ

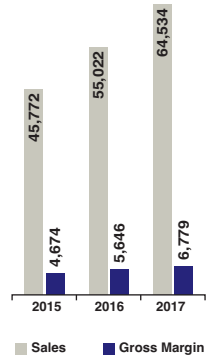
کمپنی مستحکم ترقی اور معیاری مصنوعات میں اضافے کے مقصد کے ساتھ دیرپا منصوبہ بندی پر یقین رکھتی ہے۔ ان مقصد کے حصول میں کمپنی اپنے کاروبار میں انتظامی، بہتری، اخراجات پر نگاہ، آگے بڑھنے کے لیے ضروری پروڈیکٹس اور اپنے بزنس فاؤنڈیشن کی ترقی کے لیے کوشاں ہے۔

کمپنی نے مذکورہ کوششوں کی بدولت اپنی نیٹ سیلز کو 64.5 ملین روپے تک پہنچا دیا ہے جو کہ گزشتہ سال کے مقابلے میں 17.3 فیصد زائد ہے۔ سیلز میں اضافہ کا مثبت اثر ہمارے منافع پر بھی پڑا ہے جس کے نتیجے میں 31 مارچ 2016 کو ختم شدہ سال کے لئے ہمارا گراس مارجن 5.6 ملین روپے سے بڑھ کر 6.8 ملین روپے رہا جو 21.4 فیصد زائد ہے۔ قیمتوں پر کنٹرول، بہتر سیلز کارکردگی، مثبت ایکسیچینج ریٹ اور دیگر آپریشنل اقدامات نے بھی اس میں خاطر خواہ مدد دی۔ سیلز اور مارکیٹنگ کے اخراجات 1.6 ملین روپے بڑھ گئے جس میں اضافہ کا تناسب 12.4 فیصد ہے۔ جس کی اہم وجہ بلند وایوم اور بنیادی کاروباری کو استحکام دینے کے لیے اشتہاری مہم پر ہونے والے اخراجات ہیں۔ مالیاتی ادائیگیوں کے بعد دیگر آمدنی نے بھی ایک بڑی حد تک مدد دی جس نے 0.9 ملین روپے کی حد عبور کرتے ہوئے گزشتہ سال کے مقابلے میں 43 فیصد ترقی کی۔ جس کی اہم وجہ ٹریڈری میٹمنٹ کی بہتر کارکردگی، بہتر لیویڈیٹی اور ایکویٹی مارکیٹ کی بہترین کارکردگی ہے۔ جس کے نتیجے میں، کمپنی نے اب تک سب سے زیادہ نیٹ پرافٹ قبل از ٹیکس 5.1 ملین روپے حاصل کیا۔

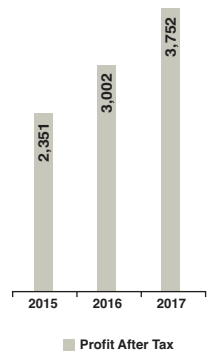
Sales Volume (in units)



Sales & Gross Margin (Rs. in million)



Profit After Tax (Rs. in million)



چیرمین کا تجزیہ

یہ سال فروخت اور پیداواری حجم کے لحاظ سے ہمارا ایک کاسب سے بہترین سال رہا ہے۔ کمپنی نے نہایت کامیابی کے ساتھ شیخوپورہ پلانٹ میں دوسری اسپلی لائن کا افتتاح کیا تاکہ ہمیشہ بڑھتی رہنے والی طلب کو پورا کیا جاسکے۔ کمپنی کا عزم انڈر ٹیکنگ اسٹریٹیجی اور مستقبل میں کی جانے والی سرمایہ کاریوں کے ذریعے مستحکم کامیابی کا کامیاب حصول ہے تاکہ ذرائع آمدنی کو بڑھاتے ہوئے ہمیشہ بڑھنے والی ہنڈاموٹر سائیکل کی طلب کو پورا کیا جاسکے۔

میں نہایت مسرت کے ساتھ 31 مارچ 2017 کو ختم ہونے والے سال کے لیے کمپنی کی 53 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

معیشت

پاکستانی معیشت نے معاشی اشاروں میں ہونے والی بہتری کے سبب مثبت علامات دکھانے کا سلسلہ جاری رکھا ہے۔ مالی سال 2016-17 میں شرح نمو بڑھ کر 5.7 فیصد رہی جو کہ گزشتہ سال 4.7 فیصد تھی، یہ گزشتہ آٹھ سالوں میں سب سے زیادہ ہے۔ توقعات کے مطابق شرح نمو میں اضافے کا سبب حکومت کی جانب سے معاشی اور خدو خال کی اصلاحات، تیل کی کم قیمتیں، توانائی کی بہتر سپلائی اور امن و آمان کی صورتحال میں بہتری ہے۔ بیرونی محاذ پر زرمبادلہ کے ذخائر مضبوط تر ہوتے ہوئے 23 بلین ڈالر کی ریکارڈ سطح پر جانچے۔ ذخائر کی مستحکم پوزیشن سے لمبے وقت تک روپے کی قدر کے استحکام کو ممکن بنایا اور روپیہ دیگر علاقائی کرنسیوں کے کمزور ہونے کے باوجود بھی اپنی جگہ مستحکم رہا۔ بہتر معاشی صورتحال کو دیکھتے ہوئے، پاکستان نے متعدد گلوبل بانڈز بشمول یورو بانڈز اور سکو کس کا اجراء کیا، جس میں بین الاقوامی کیٹیل مارکیٹ نے بھرپور دلچسپی لی۔ CPI کموڈٹی کی کم قیمتوں اور مستحکم ایچ پی آر کے سبب مستحکم رہتے ہوئے 5 فیصد کے اندر رہا۔ حوصلہ افزاء اشاروں کو مد نظر رکھتے ہوئے، اسٹیٹ بینک آف پاکستان نے مئی 2016 سے پالیسی ریٹ 5.75 فیصد رکھا جو کہ گزشتہ چالیس سالوں میں سب سے کم ہے۔ MSCI کا پاکستان کو ایمر جگ مارکیٹ میں ری کلاسیفائی کرنے کا فیصلہ اور پاکستان اسٹاک ایکسچینج میں چائنیز کنشورشم کی شراکت داری کے سبب کیٹیل مارکیٹ میں تیزی کا سلسلہ برقرار رہا۔ اس سبب عوامل کے سبب اسٹاک مارکیٹ میں تیزی کا سلسلہ جاری رہا اور انڈیکس نے 50,192 پوائنٹس کی بلند ترین سطح کو چھو لیا۔

دوسری جانب کرنٹ اکاؤنٹ خسارہ سال 2017 کی دوسری ششماہی میں واضح طور پر بڑھ کر 5.5 بلین ڈالر ہو گیا جو کہ گزشتہ سال اسی مدت کے دوران 1.9 بلین ڈالر تھا۔ جس کی بنیادی وجہ تجارتی خسارے میں 20.2 بلین ڈالر کی سطح پر ہونے والا لگاڑ ہے جو کہ سال کی بنیاد پر 34.6 فیصد اضافہ ہے۔ برآمدات میں کمی کارخان جاری رہا اور گزشتہ سال کے مقابلے میں 3.9 فیصد کمی واقع ہوئی جبکہ CPEC سے منسلک سرگرمیوں کی وجہ سے درآمدات میں 16 فیصد اضافہ ہوا۔ سالوں تک بہترین کارکردگی دکھانے کے بعد بیرون ملک سے بھیجی جانے والی ترسیلات زر میں تقریباً 2 فیصد کمی واقع ہوئی۔ ششماہی کے دوران ٹیکس وصولیوں میں 8 فیصد کمی آئی جس سے 3.6 بلین روپے ٹیکس وصولیوں کا ہدف مشکل بن گیا۔ اسی طرح سال 2017 کے لیے مالی خسارے کا 3.8 فیصد ہدف حاصل نہ ہو سکا، اس سلسلے میں حکومتی اخراجات میں کمی نہایت ضروری ہے۔

زراعت

زرعی شعبے میں بہتری واقع ہوئی ہے۔ زیادہ تر خریف کی فصلوں کی پیداوار بشمول کپاس، گنا اور کئی نخریف کے سیزن میں فصل کے شعبوں کو اہم ضروری محرکات فراہم کیے ہیں۔ گندم رینج کی فصلوں میں سب سے اہم ہے اور توقع کی جاتی ہے کہ اس کی پیداوار گزشتہ سال ہونے والی 25.4 بلین ٹن پیداوار کے برابر ہی ہوگی۔ مزید یہ کہ جنوری 2017 کے بعد سے ہونے والی پانی کی بہتر صورتحال، فزٹلائزرز کی قیمتوں میں 33 فیصد کمی اور بڑے پیمانے پر قرضوں کی فراہمی بھی بہتر کارکردگی کی نشاندہی کرتی ہے۔ زراعت کے دیگر شعبے جیسے لائیو اسٹاک، فشنگ اور جنگلات بھی بہتر کارکردگی کی نشاندہی کرتے ہیں۔ ان سب عوامل کے نتیجے میں دیہی علاقوں کے اندر زور و مرہ استعمال کی اشیاء کی طلب میں اضافہ ہوا ہے۔

بڑے پیمانے پر مینوفیکچرنگ (LSM)

بڑے پیمانے پر مینوفیکچرنگ میں ترقی کی نشانیاں ظاہر کیں اور مالی سال 2017 کی پہلی ششماہی میں 3.9 فیصد ترقی کی۔ اہم شراکت داری خوراک، اسٹیل، فارماسوٹیکل اور الیکٹرونکس کی صنعتوں کی جانب سے رہی۔ بہتری کی بنیادی وجہ مائٹری اور مالیاتی پالیسیاں، توانائی کی سپلائی میں بہتری، خام مال کی بہتر دستیابی اور CPEC سے منسلک توانائی اور انفراسٹرکچر کے پروجیکٹس میں بڑھتی ہوئی مقامی طلب ہے۔ اس کے ساتھ ساتھ، حالیہ اعلان کردہ برآمدی ٹیکس، برآمدات کے شعبے کو ضروری درکار مدد مہیا کرے گا۔

دو وہیلر انڈسٹری

دو وہیلر انڈسٹری نے دو ہندسوں میں ترقی کی اور پیداوار کی بلند ترین سطح کو چھو لیا۔ معیشت کی بنیادی اصولوں، امن و آمان کی بہتر صورتحال اور آمدنی میں اضافے کے سبب صارفین کے استعمال کی اشیاء بشمول دو وہیلر کی طلب میں اضافہ ہوا۔ شہری اور دیہی دونوں علاقوں میں لوگوں کی دو وہیلر کے لیے بڑھتی ہوئی ضرورت نے بھی اس ترقی میں اہم کردار ادا کیا۔ مزید یہ کہ، تیل کی کم قیمتیں، نوجوانوں میں شہری طرز زندگی کی جانب بڑھتے ہوئے رجحان اور آبادیاتی تبدیلی نے بھی دو وہیلر کی طلب کو سپورٹ مہیا کی۔

Risk and Opportunity Report

«Operating in many different business environments and territories inevitably entails the risks and uncertainties that are not necessarily within our control. Although we cannot eliminate such risks and uncertainties completely, we have established risk management and internal control systems and procedures to manage their impact. The board believes that our risk management and internal control systems will help us to identify such risks and respond in timely manner.»

Risk Analysis and Internal Control Framework

This report will cover Company’s strategy formulation methods, opportunity analysis, risk assessment processes and counter measures thereon. The Company has designed a risk management approach and internal control framework based on its business philosophy and corporate objectives, which is explained step by step below:

A) Strategy formulation

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

B) Risk assessment

Businesses face numerous uncertainties that can pose potential threats to the objectives of the Company and if not addressed, may culminate in loss. Such uncertainties can arise both from external events as well as internal factors within the organization. The Company analyses four types of risks, based on the information collected from various internal and external sources, which are as follows:



Strategic Risks	These risks are related to the business environment including the industry and are beyond Company’s control.
Commercial Risks	These risks emanate from commercial substance of the organization and involve decisions which may affect Company’s position in the market.
Operational Risks	These risks are related to Company’s internal operations, administrative procedures and daily affairs.
Financial Risks	These risks are related to financial matters including profitability, financing, liquidity and credit.

Materiality Approach

Materiality is defined by the management as a degree of measure significant to the interests of the Company and its stakeholders. Determination of when such degree is achieved is a matter of management’s best judgement. A risk is considered material if, in management’s view, its occurrence is reasonably be expected to prevent the Company from achieving its key objectives and expectations. All identified risks are measured for their materiality impact and are marked for their relative sensitivity as shown in Risk and Counter Strategy Matrix (RCSM). The more material the risk, the greater focus is concentrated on development and monitoring of its counter strategies.

C) Developing counter measures

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

The relationship between Company’s objectives, risks and counter strategies is given in the annexed RCSM.

D) Governance

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




E) Opportunity analysis

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







- Healthy agriculture cash flows will increase liquidity in rural areas
- Rising foreign remittances
- Increasing population and emerging youth segment
- Weak transportation infrastructure

Risk and Counter Strategy Matrix



The principal risks that could adversely impact our profitability and ability to achieve our strategic objectives are set out below :





INDUSTRY COMPETITION			Corporate objective	To maintain Company's market leadership in two wheeler automotive industry.		
	RISK	Type	Description	Profile		
		Strategic	There is increasing competition among market participants in the entry level motorcycle segment. Further, new players are entering in the premium segment.			
		Commercial	Continued inflation and low prices of agricultural products may affect the purchasing power of customers.			
	Counter Strategies to Mitigate Risk			Actual Results		
	<p>The Company is committed to make quality products and meeting the demand of its customers while enhancing product innovation and ensuring customer satisfaction to maintain competitive edge in motorcycle segment. The Company places due emphasis on monitoring markets and competitors to be able to understand and pre-empt external dynamics and remain competitive.</p> <p>The Company has six models covering 70CC, 100CC and 125CC segment. It is committed to exacting quality standards by ensuring improved models as per customer preference. Also, it has most lucrative 2nd hand market ensuring optimum resale value for customers.</p> <p>The Company operates the largest dealer network in Pakistan and most efficient after sales services network.</p> <p>These along with financial solutions help boosting customer purchasing power.</p>			<p>Total sales for the year: 920,671 units which represent 16% increase from last year.</p> <p>Atlas Honda Limited is the only Company in Pakistan which provides 3 years' warranty for all engine parts.</p> <p>The Company has made arrangement with various Banks to promote consumer and dealer financing services at highly competitive prices.</p>		

Message for Stakeholders




LEGISLATIVE AND LEGAL ENVIRONMENT			Corporate objective	To operate in a stable market being compliant with all relevant laws of the Country.	
	RISK	Type	Description	Profile	
		Strategic	Adverse Law and Order situations.		
		Commercial	Changes and reforms in existing laws & regulations and legal uncertainties.		
			Restrictions in the import and export of vehicles and /or parts.		
			Low entry barriers for new entrants.		
Infringement of intellectual property rights.					
Counter Strategies to Mitigate Risk			Actual Results		
<p>In order to avoid the risk of disruption and fulfill the market demands, the Company operates two production facilities (one at Sheikhpura and other at Karachi).</p> <p>A team of qualified and experienced professionals in the management team ensures compliance with all applicable laws, rules and regulations. The impact of legislation that has either been enacted or is likely to be enacted is taken into account in the outlook.</p> <p>The Company has registered intellectual property marks, copy rights and designs to distinguish its products with those of competitors, and have taken measures to protect such property and to prevent infringement of intellectual property rights.</p> <p>In order to support the growth of two wheeler industry and protection of local manufacturers, the Company actively participates at various Government level forums for recommending appropriate measures.</p>			<p>There were no non-compliances reported by any Government body or institution during the year.</p> <p>The Company maintains effective monitoring of its intellectual property rights through third party consultants. Raids are conducted where instances of infringement are observed and legal proceedings are initiated against the counterfeiters.</p> <p>Company's corporate reporting practices were recognized through following awards:</p> <ul style="list-style-type: none"> - Best Corporate and Sustainability Report Award by the Joint Committee of ICAP and ICMAP. - Best CSR Report Award by National Forum for Environment & Health. - The PSX Top 25 Companies award. 		




Low		Medium		High	
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TECHNOLOGY			Corporate objective		To produce the best and highest quality product that meets international standards of fuel efficiency, comfort and reliability.
	R I S K	Type	Description		Profile
		Strategic	Technological shift may render production process obsolete and cost inefficient.		
	Counter Strategies to Mitigate Risk			Actual Results	
	<p>The Company has in-house facility which regularly monitors any changes in technology and International standards.</p> <p>The Company incurs adequate capital expenditure on expansion of production facilities and balancing, modernization and upgradation of existing manufacturing facilities.</p>			<p>The Company has incurred Capital expenditure of Rs. 2 billion during the year for the improvement and maintenance of the production facilities. Please see Note 5 to the Financial Statements.</p>	



OPERATIONS			Corporate objective		To operate in a stable market being compliant with all relevant laws of the Country.
	R I S K	Type	Description		Profile
		Commercial	The Company relies on third parties for sourcing of utilities.		
			Vendors' operational and financial constraints may affect supply of raw materials and parts used in the manufacturing.		
			Disruption due to data loss from operational failures or natural disasters.		
Counter Strategies to Mitigate Risk			Actual Results		
<p>Company's operations are based on usage of alternative energy sources. Further, Company has initiated plans for evaluating low cost and environment friendly options for its energy needs.</p> <p>The Company has legal contracts in place with all vendors and continuous assessment of all vendors are made for quality, cost and timely deliveries.</p> <p>In order to ensure uninterrupted and smooth supplies of raw material and components, more than one supplier are inducted which shares its production and delivery plan on B2B network.</p> <p>A business continuity plan is in place for ensuring uninterrupted operations. Production stoppages and downtimes in particular due to fire, but also to manufacturing and control equipment breakdowns or transportation and logistical disruptions - pose risks against which the Company has put suitable measures in place. The broad array of measures taken includes technical fire protection solutions, land development measures including contingencies against flooding, preventative maintenance, stocking of parts and spares on a multi-site basis, and usage of more than one transporter.</p>			<p>The Company has achieved uninterrupted production during the year with undisrupted supplies from vendors.</p> <p>The Company operates a separate Disaster Recovery Site to ensure continuity of operations.</p> <p>Regular management audits are conducted to ensure that backup plans are effectively in place to mitigate any operational interruptions.</p>		







HUMAN CAPITAL			Corporate objective		To recruit and retain the best people and provide adequate training to ensure high quality skilled force.
	R I S K	Type	Description		Profile
		Operational	Availability of sufficient, qualified and competent staff at all levels.		
			Operations may be subject to fraudulent activities.		
	Counter Strategies to Mitigate Risk			Actual Results	
<p>The Company has developed comprehensive and well-structured procedures for recruitment, training, compensation, periodic appraisals and succession planning in order to ensure staff development and retention. This environment creates a successful performance culture and offers people the ideal situation in which to develop their expertise and skills.</p> <p>Various local and foreign trainings are organized for staff at all hierarchical levels in order to enhance their professional skills and competence for the outstanding career path.</p> <p>Appropriate internal controls and best governance practices are in place to prevent and detect fraudulent activities.</p> <p>An effective internal audit function is also in place.</p>			<p>During the year following number of staff trainings were held:</p> <p>External Training Programs: 50 Internal Training Programs: 33 No. of Persons trained in external trainings: 129 No. of Persons trained in internal trainings: 360 No. of days spent for trainings: 1,375 No. of hours spent for trainings: 11,000 hours Average hours of training per year per employee: 8 hours Average training days per employee: 1.5 days</p> <p>For Details, please refer people section of sustainability report.</p>		

HEALTH AND SAFETY			Corporate objective		To ensure health and safety of employees at workplaces.
	R I S K	Type	Description		Profile
		Operational	Accidents can take place which can cause serious injuries to employees.		
			Elements in workplace that are dangerous to human health.		
	Counter Strategies to Mitigate Risk			Actual Results	
<p>The Company recognizes the importance of a healthy working environment and therefore safety of employees is its top priority. The Company has developed a documented Health and Safety Policy according to which it is mandatory for every employee to go through the Company's safety awareness program.</p> <p>The employees are informed about best HSE practices through regular internal communication channels such as health and safety forums and internal safety workshops. Each employee is also trained to follow safety rules and to exercise caution in all work activities. We conduct risk assessments that address all the hazards that might cause harm at workplace.</p> <p>Regular monitoring of the work place is carried out in order to ensure that safety equipments are working properly and procedures are being followed.</p> <p>Medical and health insurance policies are in place for all the employees</p> <p>Extraction and evacuation drills are conducted regularly and staff is frequently trained for crisis management.</p>			<p>No major accidents occurred during the year at any of the Company's facilities, a testament to the Company's effective safety policies.</p> <p>Numerous safety and extraction drills were conducted during the year.</p>		



ENVIRONMENT	Corporate objective		To ensure environment friendly products and processes.	
	R I S K	Type	Description	Profile
		Operational	Hazardous emissions and gases discharges into air and water beyond the prescribed limits.	
			Waste from operations may be disposed off in an inappropriate manner.	
	Counter Strategies to Mitigate Risk		Actual Results	
	<p>As per the Company's defined policy for the protection of environment from emissions and hazardous discharges, ongoing monitoring and maintenance activities coupled with investment in new technology, efficiency enhancing measures, continuous measurements, follow ups and reporting are carried out to ensure The Company achieves its desired goals.</p> <p>Solid hazardous waste is disposed-off through Environmental Protection Agency's legitimate contractors.</p> <p>Recycling is also done, to the maximum extent, where possible.</p>		<p>For achievements in environmental protection, see the section of "Environment" in the Company's sustainability report.</p>	

FINANCIAL	Corporate objective		To maintain strong financial position and sustainable financial performance which is reflective of the Company's scale of business and Shareholders' expectations.	
	R I S K	Type	Description	Profile
		Financial	Increase in commodity prices will increase input costs.	
			Payment defaults of counter parties may leave the Company with inadequate resources for discharging its own liabilities.	
			Devaluation of Pak Rupee against foreign currencies may adversely affect the Company's financial performance.	
		Risk of impairment and decline in profitability of investments		
Counter Strategies to Mitigate Risk		Actual Results		
<p>Agreements are in place with suppliers to counter short term fluctuations in material prices.</p> <p>The Company restricts its credit provisioning to only Government departments and defence institutions which maintain a good history of timely payments.</p> <p>Sufficient credit lines and financial arrangements are available from various banks to the Company in case sufficient funds are not generated from operations.</p> <p>Counterparty risk management procedures are carried out continuously in order to monitor the credit worthiness of business partners.</p> <p>Foreign currency exposures are monitored by the Treasury Committee. Derivatives such as forward covers and currency options are used for hedging against currency devaluation when considered necessary.</p> <p>To detect possible impairment at an early stage, the Company regularly performs valuations of their investments as well as analyzing key figures of the business development of each company.</p>		<p>For complete disclosure, kindly refer the disclosure on "Financial Risk Management" in notes to the financial statements.</p> <p>The Company has earned Rs. 61 million during the period from its investment. Please see Note 7 to the Financial Statements.</p>		



Notice of 53rd Annual General Meeting

Notice is hereby given that the Fifty Third Annual General Meeting of the members of the Company will be held on Monday June 19, 2017, at 11:00 A.M., at Faletti's Hotel, 24 - Egerton Road, Lahore, to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the Extraordinary General Meeting held on March 14, 2017.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended March 31, 2017, together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the year ending March 31, 2018. The present auditors M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible have offered themselves for reappointment.
4. To consider and approve the final cash dividend of Rs. 18.5 per share i.e. 185% for the year ended March 31, 2017 as recommended by the Board of Directors.
5. To transact any other business as may be placed before the meeting with permission of the Chair.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED that the Company may circulate the annual balance sheet and profit and loss account, auditor's report, Directors report etc. to its members through CD/DVD/USB instead of hardcopy at their registered addresses.

A statement of material facts as required under section 160(1)(b) of the Companies Ordinance, 1984 in relation to this special business is annexed to this notice of meeting being sent to the members.

By Order of the Board



Umair Mukhtar
Company Secretary

Karachi: May 29, 2017

NOTES:

1. The share transfer books of the Company will remain closed from June 6, 2017 to June 19, 2017 (both days inclusive). The transfers received at Company's Share Registrar namely M/S Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan by the close of business on June 5, 2017 will be considered in time for the purpose of payment of final dividend to the transferees.

2. A member entitled to attend, speak and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his / her behalf. The proxies in order to be effective must be received at the Registered Office or Share Registrar of the Company not less than 48 hours before the time of the meeting. For the convenience of the members a Proxy Application Form is attached at the end of the Annual Report 2017.
3. Any individual Beneficial Owner of CDC entitled to attend and vote at this Annual General Meeting must bring the CNIC or Passport along with his / her CDC account number to prove his / her identity and in case of Proxy, must enclose an attested copy of the CNIC or Passport. The representatives of Corporate members should bring the Board of Directors/ Trustees resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) at the time of the meeting. The CDC Account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).
4. In compliance with the SECP directives vide SRO 787(1)/ 2014 dated September 8, 2014, soft copies of the Annual Report 2016 are being emailed to the members having opted to receive such communication in electronic format. Other members, who wish to receive the Annual Report in electronic form, may file an application as per the format provided on the Company's website. The members who have provided the consent to receive Annual Report through email can subsequently request a hard copy which shall be provided free of cost within seven days. However, the Company shall continue to send hard copy to all other members as per current practice. The members are also requested to intimate any change in their email addresses on a timely manner, to ensure effective communication.
5. As per the directives by SECP vide its notice number 8(4) SM/CDC 2008 dated April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for electronic payment of cash dividend. For this purpose, the members are requested to provide duly filled Dividend Mandate forms including Name, Bank Account Number, Bank and respective branch address at the registered address of the Company. The dividend mandate form is available at the Company's website.
6. The SRO 831(2)/2012 dated July 5, 2012 read with SRO 19(1)/2014 dated January 10, 2014 issued by SECP, requires printing of CNIC on the dividend warrant, without which no dividend warrant shall be issued. Therefore the individual members who have not yet submitted photocopy of their valid CNICs, are once again reminded to send the same at the earliest directly to the Company's share registrar. The Corporate entities are requested to provide their NTN. Please give folio number with the copy of CNIC / NTN.
7. Pursuant to the provisions of Finance Act, 2016, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies, as under:

■Filer■ of Income Tax Return	12.5%
■Non - filer■ of Income Tax Return	20.0%

The ■Filer■ is defined as a taxpayer whose name appears in the Active Tax-payers List (ATL) issued by Federal Board of Revenue (FBR) from time to time. To enable the Company to withhold tax at 12.5% for filers, all the shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 20% for non-filers.

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

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

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

The required information must reach the shares registrar of the Company by the close of business on June 05, 2017 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

STATEMENT UNDER SECTION 160 (1)(b) OF THE COMPANIES ORDINANCE, 1984

ITEM NO. 6 OF THE AGENDA

To give effect to the notification vide SRO 470(I)/2016 of the SECP, shareholder's approval is sought to allow the Company to circulate its Annual Report through CD/DVD/USB to all members. The Company however, shall place on its website a standard request form to enable those members requiring a hardcopy of the Annual Report instead of through CD/DVD/USB, to intimate the Company of their requirement.

Critical Performance Measures

Sales

Rs. 64.5 BN

The Company has achieved highest ever sales during the year, an increase of 17% from last year.

Earning Per Share

Rs. 36.29

Improved profitability generate higher EPS for shareholders, an increase of 25% from last year.

Proposed Cash Dividend Per Share

Rs. 18.5

The Company has followed a consistent policy of paying high dividends, an increase of 28% from last year.

Breakup Value Per Share

Rs. 128.2

Higher Breakup value providing a stronger financial base for Company's future growth.

Profit Before Tax

Rs. 5.1 BN

Volume growth, effective cost management and improved treasury income increased profit by 26% from last year.

Return on Equity

30.9%

Improving profitability and optimum equity increase return on equity by 13% from last year.

Wealth Distributed

Rs. 21.6 BN

among employees, Government, providers of capital and retention for future growth, up by 21% from last year.

Cash Generated from Operating Cycle

Rs. 6.4 BN

Effective working capital management resulting in higher operating cashflows.

Profit After Tax

Rs. 3.8 BN

Improved results & tax efficiency has resulted in encouraging growth in profit after tax, increased by 25% from last year.

Capital Expenditure

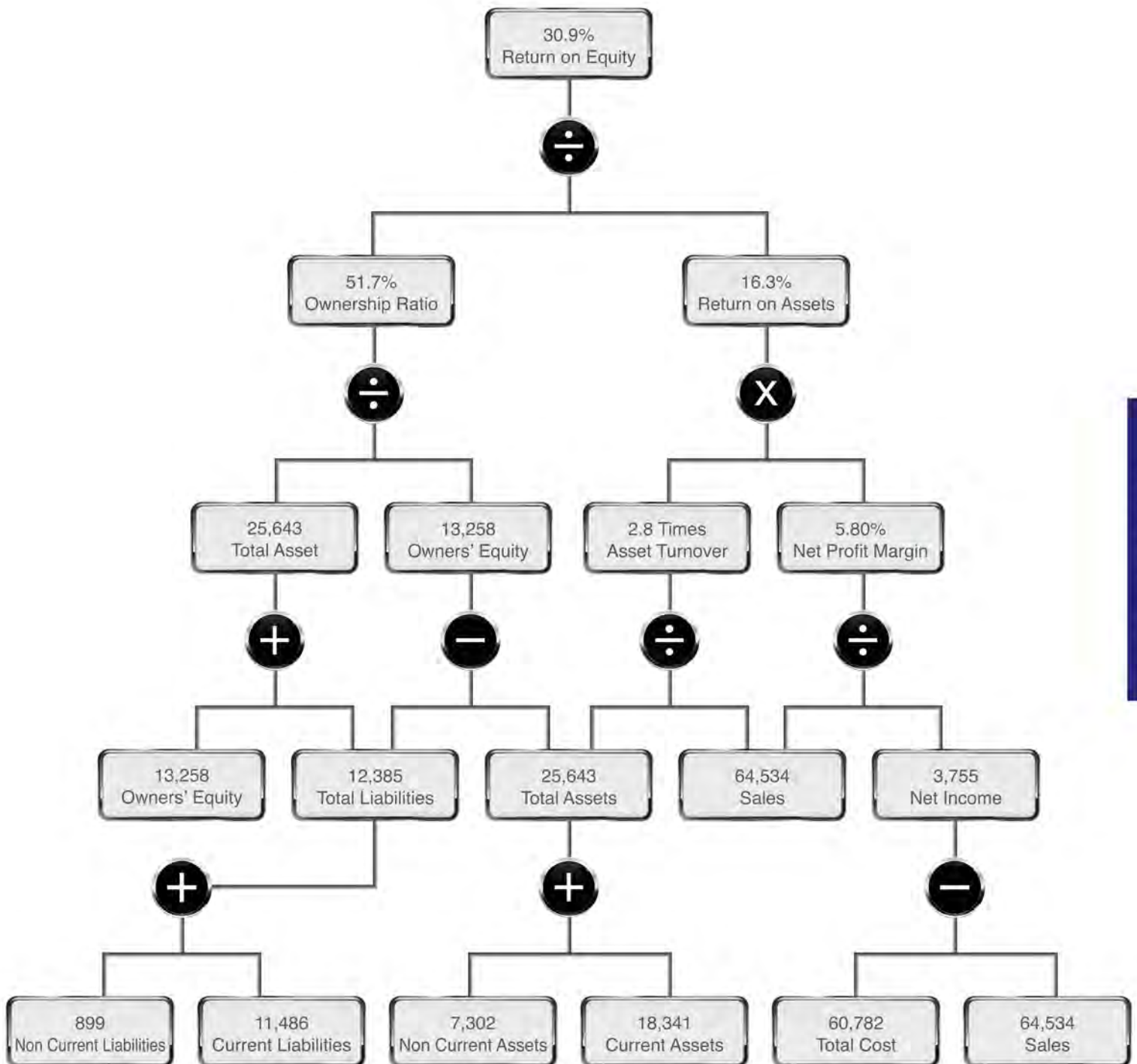
Rs. 2.0 BN

incurred for capacity expansion & BMR of existing facilities, an increase of 18% from last year.

6 Years at a Glance

Particulars		2017	2016	2015	2014	2013	2012
Profitability Ratios							
Gross profit margin	%	10.5	10.3	10.2	9.5	8.7	7.3
Profit before tax margin	%	7.9	7.4	7.1	6.0	5.2	4.3
Net profit margin	%	5.8	5.5	5.1	4.5	3.8	3.2
Return on capital employed	%	39.7	37.1	37.9	37.2	36.9	32.3
Return on equity - before tax	%	42	36.8	35.1	34.0	33.7	29.9
Return on equity - after tax	%	30.9	27.3	25.4	25.3	24.5	22.2
Return on assets	%	16.3	14.7	14.9	13.9	13.4	11.0
Earnings before interest, tax, depreciation and amortization (EBITDA)	Rs. In million	5,905.9	4,753.4	3,898.4	3,329.2	2,831.9	2,122.6
EBITDA margin	%	9.2	8.6	8.5	7.5	6.7	5.6
Equity Ratios							
Cash dividend per share (declared)	Rs.	18.50	14.50	12.0	10.0	7.5	6.5
Stock dividend per share (bonus shares declared for the year)	Rs.	-	-	-	-	2.5	1.5
Bonus shares declared for the year	No. in '000	-	-	-	-	20,681	10,790
Earning per share	Rs.	36.29	29.03	22.73	19.36	19.44	16.74
Price earning ratio	Times	15.42	13.26	14.60	15.1	9.9	8.5
Market price per share for the year	Rs.	559.7	385.0	335.0	292.6	191.5	142.2
- maximum value	Rs.	620.0	414.8	405.3	299.0	192.0	160.0
- minimum value	Rs.	362.0	320.1	209.0	171.0	114.0	108.0
Break up value per share	Rs.	128.2	106.4	89.3	76.5	79.3	75.3
Dividend yield	%	3.3	3.8	3.6	3.4	5.2	5.6
Dividend cover	Times	2.0	2.0	1.9	1.9	1.9	2.1
Dividend pay out	%	51.0	49.9	52.8	51.7	51.5	47.8
Plough back ratio	%	49.0	50.5	47.2	48.3	48.5	52.2
Weighted average cost of debt	%	-	-	-	-	-	-
Cost of equity	%	0.0	7.5	6.8	6.6	10.1	11.8
Efficiency Ratios							
Assets turnover	Times	2.8	2.7	2.9	3.1	3.5	3.5
Fixed assets turnover	Times	9.3	9.5	9.2	9.8	9.6	9.6
Inventory turnover	Times	23.0	22.3	19.7	16.5	15.1	14.0
Debtors turnover	Times	104.8	83.8	65.0	85.5	82.2	63.5
Creditors turnover	Times	5.6	6.9	7.1	7.2	8.5	7.3
Capital employed turnover	Times	4.9	5.0	5.0	6.2	6.5	7.0
Operating Cycle							
Period of inventory holding	Days	17	17	18	22	24	26
Period of collection from debtors	Days	4	4	6	4	4	6
Period of payments to creditors	Days	(69)	(53)	(51)	(51)	(44)	(50)
Operating cycle	Days	(48)	(32)	(27)	(25)	(16)	(18)
Liquidity / Leverage Ratios							
Current ratio	Times	1.6	1.7	1.8	1.7	1.6	1.5
Quick ratio	Times	1.4	1.4	1.5	1.3	1.1	0.9
Debt to equity / financial leverage ratio	Times	-	-	-	-	-	-
Total liabilities to equity	Times	0.93	0.85	0.71	0.82	0.83	1.00
Interest cover	Times	4,266.28	3,400.3	3,862.5	5,651.0	2,577.3	427.9
Operating leverage ratio	%	149.9	122.2	709.0	427.9	317.2	52.8
Cash to current liabilities	Times	0.6	0.6	0.6	0.5	0.6	0.4
Cash flow from operations to sales	%	10.0	10.0	6.1	7.9	5.2	4.5

DuPont Analysis



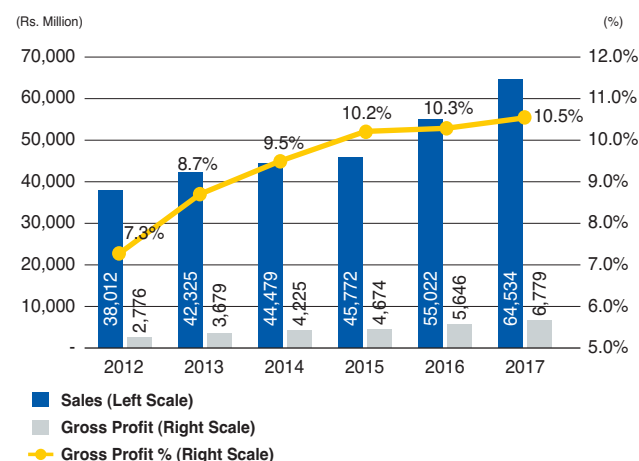
Graphical Presentation

Our Performance over the Year

The Company's distinguished performance in its operations is attributable to the effective management of controllable factors, measured against Key Financial Indicators. This has resulted in accumulation of greater financial strength and continue to growth sustainably over the course of time.

Sales & Gross Profit

Sales: Rs. 65 Billion
Gross Profit: Rs. 6.8 Billion



Highest ever Sales Revenue | +17% ↑

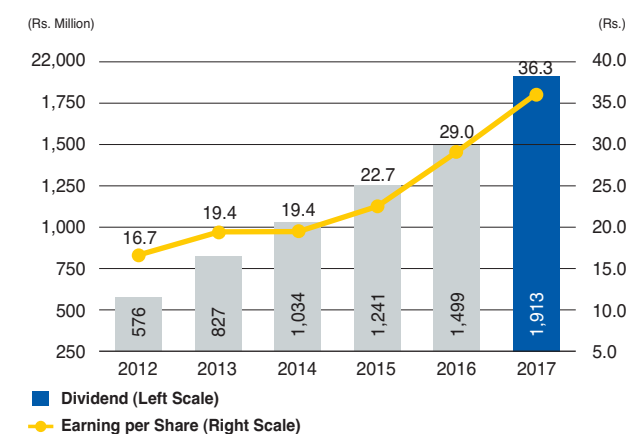
The Company remained focused towards delivering upon its objective of sustainable growth through value creation. The momentum of increasing sales continued during the year in review as well on account of positive market performance. It resulted in achievement of CAGR of 11% over the six years period.

Highest ever Gross Profit | +20% ↑

Looking at trends over past six years, the impact of increased sales volume coupled with cost efficiencies, better sales mix and operational improvements resulted in the Company reaching the highest ever gross profit of Rs. 6.8 billion (20% increase from last year). Consequently, CAGR reached at 20% over past six years.

Dividend

Dividend: Rs. 1.9 Billion
Earning per Share: Rs. 36.3



High Dividends for shareholders | +28% ↑

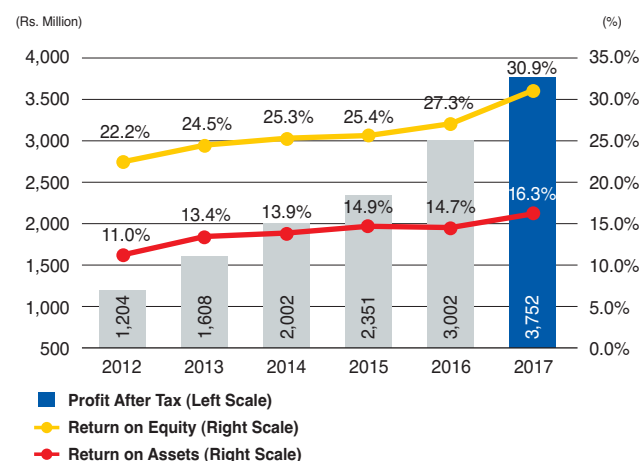
The Company believes in having stronger bonds with its shareholders through provision of adequate returns against their investment in the Company. Keeping in view the Company's cash position, expected capital needs and other future strategic decisions, the Board of Directors proposed a cash dividend of Rs.18.5 per share amounting to Rs.1.9 billion, and yielding a dividend payout ratio of 51%. This remains as the ever highest dividend announced in the Company's history.

Increasing EPS | +25% ↑

Increasing profitability of the company has resulted in increasing Earnings Per Share (EPS) over the years. The Company achieved highest ever EPS of Rs. 36.3 per share.

Return on Investment & Profit After Tax

Profit After Tax: Rs. 3.8 Billion



Profit after Tax | +25% ↑

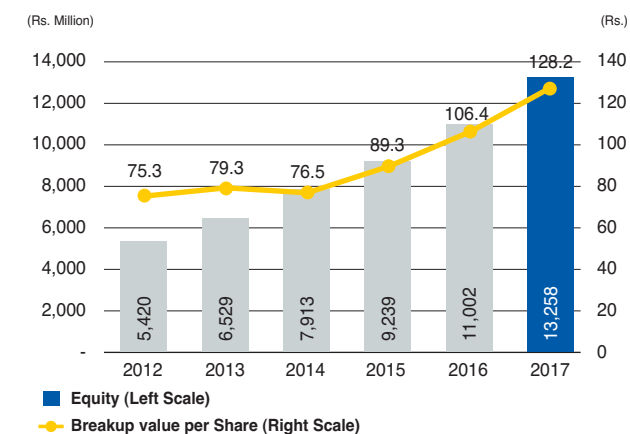
A strong topline along with diligent cost management and effective treasury operations has allowed the Company to reach ever highest profit after tax of Rs. 3.8 billion (25% increase from last year). This yields a CAGR of 26% over the six year period.

Higher return on investment

Stronger growth and optimum capital structure has enabled the Company to generate higher returns on assets and equity for 2016-17, the return on equity and assets recorded at 30.9% and 16.3%, respectively.

Shareholders Equity

Equity: Rs. 13 Billion
Breakup value per Share: Rs. 128.2



Highest ever Shareholders Equity | +21% ↑

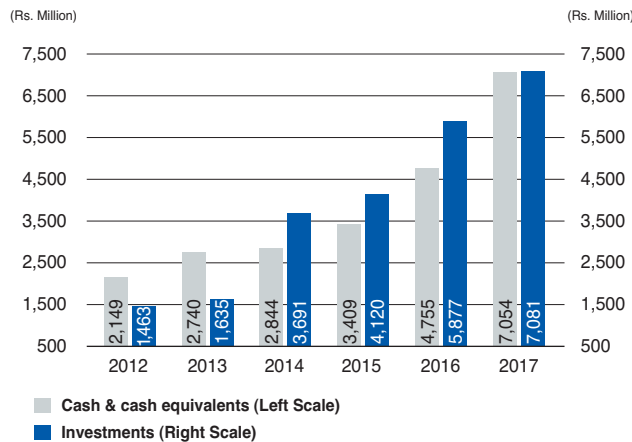
The Company has set the goal of improving financial soundness by consolidating its shareholders' equity. The goal eclipsed by achieving the record shareholders' equity which stood at Rs. 13 billion. The stronger equity would play its positive role in the Company's future course of expansion. The equity position generated a CAGR of 20% over the six years period.

Breakup value per share | +20% ↑

The breakup value per share stood at Rs. 128.2. It provides a strong financial base supporting the implementation of the Company's growth strategy.

Liquidity Ratios

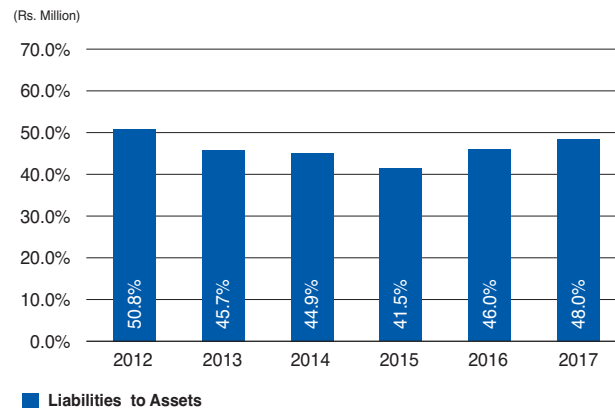
Cash & cash equivalents: Rs. 7.1 Billion
Investments: Rs. 7.1 Billion



Strong Liquidity +33% ↑

The Company continued to grow stronger in Liquidity with cash and bank balances standing at an impressive Rs. 7.1 billion. Higher liquidity allows the Company to finance its capital needs and remain stronger in its treasury operations. Furthermore, the Company's investments in mutual funds grew by 20% reaching upto Rs.7.1 billion. This investment resulted in the Company earning Rs. 0.92 billion as treasury income.

Leverage Ratio

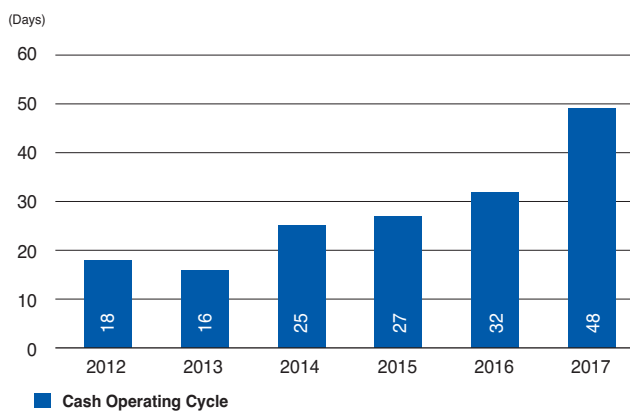


Debt free status

In formulation of a sound capital structure, the Company devised a strategy moved to avoid gearing in its balance sheet. Over the course of six years, the Company has managed a Debt Free status despite growing financial needs for capital investments. During the year, the Company financed all its projects through equity.

Cash Operating Cycle

Cash Operating Cycle: 48 Days

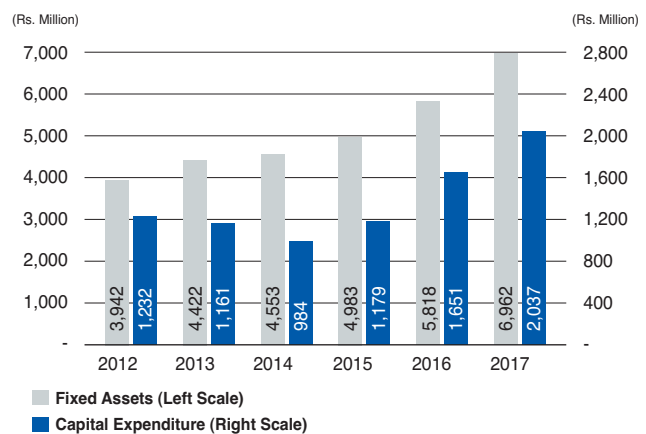


Working Capital Performance +53% ↑

To drive strong cash flow generation, the Company is optimizing its balance sheet, specifically by reducing the level of working capital and steady cash flow management. Accordingly the Company has always sought to efficiently use the various components of working capital cycle. Cash flow operating cycle has followed the same trend of previous years and the Company continued to work on favourable operating cycle. Resultantly, the Company has managed to control the receivables and reduce the inventory turnover. Thereby, the operating cycle has improved by 8% over the previous year.

Fixed Assets & Capital Expenditures

Fixed Assets: Rs. 7.0 Billion
Capital Expenditure: Rs. 2.0 Billion



Increased Investments +23% ↑

From 2012 to 2017, the Company has made gross investment of Rs 8.2 billion. Additions to capital assets mainly represents expansion of production facilities and balancing, modernization and replacement of existing manufacturing facilities.

Fixed Asset Base +20% ↑

Keeping in view the further prospects, the Company is investing in its production facilities, step by step. Currently, fixed assets stood at Rs. 7 billion with equity to fixed asset ratio of 1.90 times

Analysis of the Financial Statements

Balance Sheet

Particulars	2017	2016	2015	2014	2013	2012
-----Rupees in ₹000 -----						
Assets						
Non Current Assets						
Property, plant & equipment	6,961,919	5,817,700	4,982,552	4,552,816	4,421,744	3,941,610
Intangible asset	37	5,379	12,774	4,781	5,555	6,419
Long term investments	292,342	245,508	216,283	-	-	-
Long term loans and advances	30,108	28,027	27,198	26,396	25,583	20,420
Long term deposits	17,339	14,937	12,986	9,632	8,399	15,728
Total non current assets	7,301,745	6,111,551	5,251,793	4,593,625	4,461,281	3,984,177
Current Assets						
Stores,spares and loose tools	539,104	489,415	421,339	400,424	390,250	348,639
Stock in trade	2,123,831	1,863,482	1,660,529	2,042,602	2,171,536	2,161,328
Trade debts	623,331	608,420	704,597	520,321	514,742	598,265
Loans and advances	38,921	35,877	41,235	35,305	33,253	33,152
Trade deposits and prepayments	120,562	64,770	59,568	50,679	47,722	44,832
Short term investments	7,080,669	5,876,554	4,119,696	3,691,241	1,635,183	1,460,580
Accrued mark-up/interest	21,470	16,842	10,857	11,130	11,603	4,348
Other receivables	6,627	4,910	3,674	4,666	6,302	15,338
Taxation-net	732,706	542,121	99,185	-	2,578	160,604
Bank balances	7,053,784	4,755,020	3,409,200	2,843,738	2,739,988	2,149,154
Total current assets	18,341,005	14,257,411	10,529,880	9,600,106	7,553,157	6,976,240
Non Current Assets Classified as Held for Sales						
	-	-	-	171,459	-	-
Total assets	25,642,750	20,368,962	15,781,673	14,365,190	12,014,438	10,960,417
Equity & Liabilities						
Equity						
Share capital	1,034,066	1,034,066	1,034,066	1,034,066	827,253	719,350
Reserves	12,223,467	9,968,057	8,204,479	6,879,247	5,732,907	4,700,584
Total equity	13,257,533	11,002,123	9,238,545	7,913,313	6,560,160	5,419,934
Non Current Liabilities						
Compensated absences	228,443	214,620	-	-	-	-
Deferred taxation	670,968	566,749	-	-	-	-
Long term borrowings	-	-	-	-	-	-
Deferred liabilities	-	-	773,394	829,600	866,975	730,315
Total non current liabilities	899,411	781,369	773,394	829,600	866,975	730,315
Current Liabilities						
Trade and other payables	11,485,806	8,585,470	5,769,734	5,577,694	4,587,303	4,810,168
Accrued mark-up / interest	-	-	-	-	-	-
Current portion of long term borrowings	-	-	-	-	-	-
Taxation - net	-	-	-	44,583	-	-
Total current liabilities	11,485,806	8,585,470	5,769,734	5,622,277	4,587,303	4,810,168
Total equity and liabilities	25,642,750	20,368,962	15,781,673	14,365,190	12,014,438	10,960,417

Analysis of the Financial Statements

Balance Sheet

Particulars	Vertical Analysis						Horizontal Analysis					
	2017	2016	2015	2014	2013	2012	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011
	%	%	%	%	%	%	%	%	%	%	%	%
Assets												
Non Current Assets												
Property, plant & equipment	27.1	28.6	31.6	31.7	36.8	36.0	19.7	16.8	9.4	3.0	12.2	20.9
Intangible asset	0.0	0.0	0.1	0.0	0.0	0.1	-99.3	-57.9	167.2	-13.9	-13.5	-10.1
Long term investments	1.2	1.2	1.4	-	-	-	19.1	13.5	100.0	0.0	0.0	0.0
Long term loans and advances	0.1	0.1	0.2	0.2	0.2	0.2	7.4	3.0	3.0	3.2	25.3	-8.9
Long term deposits	0.1	0.1	0.1	0.1	0.1	0.1	16.1	15.0	34.8	14.7	-46.6	46.1
Total non current assets	28.5	30.0	33.3	32.0	37.1	36.4	19.5	16.4	14.3	3.0	12.0	20.8
Current Assets												
Stores,spares and loose tools	2.1	2.4	2.7	2.8	3.2	3.2	10.2	16.2	5.2	2.6	11.9	7.0
Stock in trade	8.3	9.1	10.5	14.2	18.1	19.7	14.0	12.2	-18.7	-5.9	0.5	7.9
Trade debts	2.4	3.0	4.5	3.6	4.3	5.5	2.5	-13.6	35.4	1.1	-14.0	49.0
Loans and advances	0.2	0.2	0.3	0.2	0.3	0.3	8.5	-13.0	16.8	6.2	0.3	-1.1
Trade deposits and prepayments	0.5	0.3	0.4	0.4	0.4	0.4	86.1	8.7	17.5	6.2	6.4	21.4
Short term investments	27.6	28.9	26.1	25.7	13.6	13.3	20.5	42.6	11.6	125.7	12.0	9.1
Accrued mark-up/interest	0.1	0.1	0.1	0.1	0.1	0.0	27.5	55.1	-2.5	-4.1	166.9	-48.9
Other receivables	0.0	0.0	0.0	0.0	0.1	0.1	35.0	33.6	-21.3	-26.0	-58.9	1.7
Taxation-net	2.8	2.7	0.6	-	0.0	1.5	35.2	446.6	100.0	-100.0	-98.4	136.0
Bank balances	27.5	23.3	21.6	19.8	22.8	19.6	48.3	39.5	19.9	3.8	27.5	2.8
Total current assets	71.5	70.0	66.7	66.8	62.9	63.6	28.6	35.4	9.7	27.1	8.3	10.4
Non Current Assets Classified as Held for Sales	-	-	-	1.2	-	-	-100.0	-100.0	-100.0	100.0	0.0	0.0
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	25.9	29.1	9.9	19.6	9.6	13.9
Equity & Liabilities												
Equity												
Share capital	4.0	5.1	6.6	7.2	6.9	6.6	0.0	0.0	0.0	25.0	15.0	15.0
Reserves	47.7	48.9	52.0	47.9	47.7	42.9	22.6	21.5	19.3	20.0	22.0	17.6
Total equity	51.7	54.0	58.5	55.1	54.6	49.5	20.5	19.1	16.7	20.6	21.0	17.3
Non Current Liabilities												
Compensated absences	0.9	1.1	-	-	-	-	6.4	100.0	-	-	-	-
Deferred taxation	2.6	2.8	-	-	-	-	18.4	100.0	-	-	-	-
Long term borrowings	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Deferred liabilities	-	-	4.9	5.8	7.2	6.6	0.0	-100.0	-6.8	-4.3	18.7	12.5
Total non current liabilities	3.5	3.8	4.9	5.8	7.2	6.6	15.11	1.03	-6.8	-4.3	18.7	12.5
Current Liabilities												
Trade and other payables	44.8	42.1	36.6	38.8	38.2	43.9	33.8	48.8	3.4	21.6	-4.6	13.0
Accrued mark-up / interest	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	-100.0
Current portion of long term borrowings	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	-100.0
Taxation - net	-	-	-	0.3	-	-	0.0	0.0	-100.0	100.0	0.0	0.0
Total current liabilities	44.8	42.1	36.6	39.1	38.2	43.9	33.8	48.8	2.6	22.6	-4.6	10.6
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0	25.9	29.1	9.9	19.6	9.6	13.9

Analysis of the Financial Statements

Profit and Loss Account and Cash Flow Statement

Particulars	2017	2016	2015	2014	2013	2012
----- (Rupees in ,000) -----						
Profit and Loss Account						
Sales	64,534,021	55,022,415	45,772,177	44,478,713	42,325,242	38,011,857
Cost of sales	(57,754,987)	(49,376,506)	(41,098,571)	(40,253,929)	(38,646,049)	(35,235,893)
Gross Profit	6,779,034	5,645,909	4,673,606	4,224,784	3,679,193	2,775,964
Sales and marketing expenses	(1,630,773)	(1,456,152)	(1,314,231)	(1,293,938)	(1,206,648)	(965,883)
Administrative expenses	(602,343)	(499,915)	(432,622)	(430,054)	(387,477)	(335,654)
Other income	916,333	637,074	543,924	420,651	322,668	274,453
Other operating expenses	(404,740)	(310,682)	(245,132)	(223,989)	(190,453)	(117,162)
Share of profit of an Associated Company - net of tax	61,084	43,475	26,283	-	-	-
Profit from operations	5,118,595	4,059,709	3,251,828	2,697,454	2,217,283	1,631,718
Finance cost	(25,853)	(15,280)	(8,190)	(8,036)	(9,726)	(11,717)
Profit before taxation	5,092,742	4,044,429	3,243,638	2,689,418	2,207,557	1,620,001
Taxation	(1,340,263)	(1,042,630)	(892,747)	(687,858)	(599,753)	(415,892)
Profit after taxation	3,752,479	3,001,799	2,350,891	2,001,560	1,607,804	1,204,109
Cash Flow Statement						
Cash flows from operating activities	6,435,417	5,523,178	2,808,104	3,531,566	2,208,740	1,720,597
Cash flows from investing activities	(2,643,558)	(2,947,543)	(1,216,243)	(2,813,658)	(1,154,675)	(1,171,217)
Cash flows from financing activities	(1,493,095)	(1,229,815)	(1,026,399)	(614,158)	(463,231)	(491,026)
Net increase / (decrease) in cash & cash equivalent	2,298,764	1,345,820	565,462	103,750	590,834	58,354

Analysis of the Financial Statements

Profit and Loss Account and Cash Flow Statement

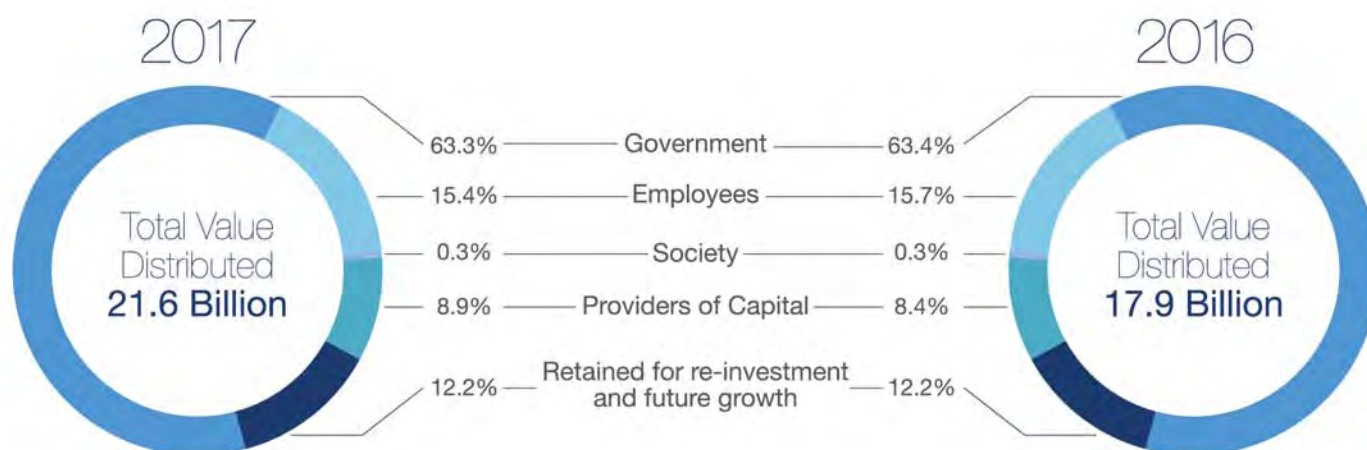
Particulars	Vertical Analysis						Horizontal Analysis					
	2017	2016	2015	2014	2013	2012	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011
	%	%	%	%	%	%	%	%	%	%	%	%
Profit and Loss Account												
Sales	100.0	100.0	100.0	100.0	100.0	100.0	17.3	20.2	2.9	5.1	11.3	16.9
Cost of sales	(89.5)	(89.7)	(89.8)	(90.5)	(91.3)	(92.7)	17.0	20.1	2.1	4.2	9.7	17.1
Gross Profit	10.5	10.3	10.2	9.5	8.7	7.3	20.1	20.8	10.6	14.8	32.5	13.7
Sales and marketing expenses	(2.5)	(2.6)	(2.9)	(2.9)	(2.9)	(2.5)	12.0	10.8	1.6	7.3	24.9	18.4
Administrative expenses	(0.9)	(0.9)	(0.9)	(1.0)	(0.9)	(0.9)	20.5	15.6	0.6	11.0	15.4	8.0
Other income	1.4	1.2	1.1	0.9	0.8	0.7	43.8	17.1	29.3	30.4	17.6	8.3
Other operating expenses	(0.6)	(0.6)	(0.5)	(0.5)	(0.4)	(0.3)	30.3	26.7	9.4	17.6	62.6	6.9
Share of profit of an Associated Company - net of tax	0.1	0.1	0.1	-	-	-	40.5	65.4	100.0	-	-	-
Profit from operations	7.9	7.4	7.1	6.0	5.2	4.3	26.1	24.8	20.6	21.7	35.9	8.5
Finance cost	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	69.2	86.6	1.9	(17.4)	(17.0)	87.5
Profit before taxation	7.9	7.4	7.1	6.0	5.2	4.3	25.9	24.7	20.6	21.8	36.3	14.9
Taxation	(2.1)	(1.9)	(2.0)	(1.5)	(1.4)	(1.1)	28.5	16.8	29.8	14.7	44.2	2.0
Profit after taxation	5.8	5.5	5.1	4.5	3.8	3.2	25.0	27.7	17.5	24.5	33.5	20.1

Cash Flow Statement

Cash flows from operating activities	280.0	410.4	496.6	3,403.9	373.8	2,948.6	16.5	96.7	(20.5)	59.9	28.4	(19.9)
Cash flows from investing activities	(115.0)	(219.0)	(215.1)	2,711.9	(195.4)	(2,007.1)	(10.3)	142.3	(56.8)	143.7	(1.4)	182.3
Cash flows from financing activities	(65.0)	(91.4)	(181.5)	(592.0)	(78.4)	(841.5)	21.4	19.8	67.1	32.6	(5.7)	53.5
Net increase / (decrease) in cash & cash equivalent	100.0	100.0	100.0	100.0	100.0	100.0	70.8	138.0	445.0	(82.4)	912.5	(87.0)

Statement of Value Addition and its Distribution

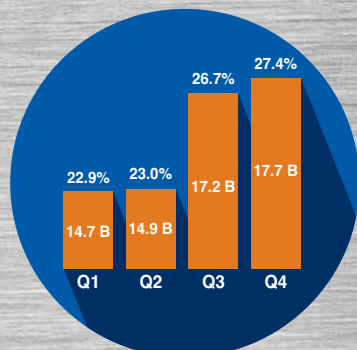
	Year ended March 31			
	%	2017	%	2016
(Rupees in ₹000)				
Value Addition				
Net sales including sales tax	98.79%	74,582,982	99.01%	63,579,041
Other operating income	1.21%	916,333	0.99%	637,074
	100.00%	75,499,315	100.00%	64,216,115
Bought in materials and services	-71.37%	(53,882,890)	-72.09%	(46,295,023)
Value Added	28.63%	21,616,425	27.91%	17,921,092
Value Distribution				
To Government				
Income tax, sales tax, custom & excise duties, workers funds, EOBI & social security contribution and local taxes	63.26%	13,673,738	63.41%	11,364,210
To Employees				
Remuneration & benefits	15.38%	3,325,580	15.74%	2,821,511
To Society				
Donations	0.31%	67,349	0.26%	47,436
To Providers of capital				
Financial charges to providers of finance	0.00%	-	0.00%	341
Dividends for shareholders	8.85%	1,913,022	8.37%	1,499,396
Retained for re-investment and future growth	12.20%	2,636,736	12.21%	2,188,198
Total Value Distributed	100.00%	21,616,425	100.00%	17,921,092



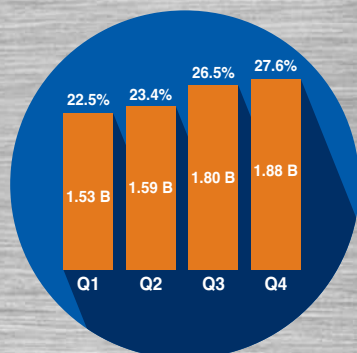
Quarterly Performance Analysis

Every Quarter Counts

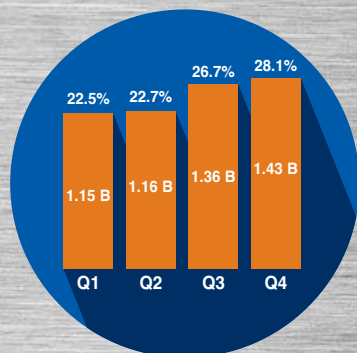
Sales Rs. 64.5 Billion



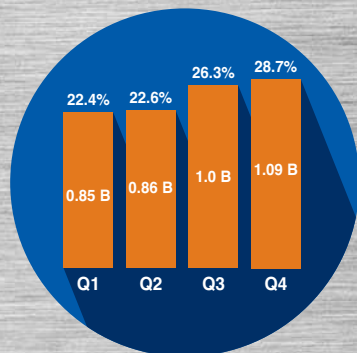
Gross Profit Rs. 6.8 Billion



Profit Before Tax Rs. 5.1 Billion



Profit After Tax Rs. 3.8 Billion



Sales

The Company witnessed an increasing sales trend in every quarter of the fiscal year. The reduction of prices in 70cc category provided an impetus to the increase in demand. Positive macro-economic conditions, better law & order situation, continued effect of price rationalization (of entry level products) together with enhanced capacity resulted in easing customers' access to mobility and triggered the highest ever demand for Honda bikes. Thus, the Company has achieved ever highest sales of over 920,000 units for the very first time.

Gross Profit

The Company achieved increasing gross profits during the year in line with the increasing sales trend. Inclining sales resulted in increased gross profit quarter by quarter. Furthermore, strong contributions came from cost efficiencies, better sales mix and other operational measures. Overall, gross profit is recorded at 10.5% and reflecting an increase of 20% from last year.

Profit Before Taxation

PBT followed similar trend as that of Gross Profit. An impressive topline has driven the bottom line figure which has shown a healthy increase as profit before tax stood at Rs 5.1 billion, an increase of 26% as compared to last year. Furthermore, effective controls over operating expenses and higher treasury income enabled the Company to arrive at Profit Margin of 7.9%.

Profit After Taxation

Net Profit after tax increased to Rs. 3.8 billion, an increase of 25% from last year. The improving profitability generated an EPS of Rs. 36.29 per share which is the highest ever in the Company's history.

Share Price Sensitivity Analysis

During the financial year ended March 31, 2017, the Company's share price increased from Rs. 377.9 to Rs. 559.71, delivering a price return of 48%. Further, the Company reported profit after tax (PAT) for the year amounting to Rs. 3.75 billion and earnings per share (EPS) of Rs. 36.29, which is 25% higher than that of the same period last year. Factors that contribute to the performance of the Company which in turn reinforce the investors' confidence & interest in the Company include:

Agriculture



Agriculture accounts for about 24% of the country's Gross Domestic Product (GDP) and employs almost half of the labor force. Therefore, the performance of the Company is thoroughly dependent on the performance of this sector. Agricultural growth is contingent on crop acreage, weather conditions, availability of irrigation water & farm inputs, and support prices. These factors, when favorable, boost farmers' earnings which results in rise in motorcycle sales.

Energy Crisis



Availability of gas and electricity is crucial for survival and performance of the manufacturing segment in the country. Disrupted supply of gas and electricity forces businesses to resort to expensive alternatives, like diesel generators, which directly affects the Company's financial performance.

Law and Order



Poor law and order situation results in disruption of business activities. Transportation strikes, sit-in protests, hindrance in supply chain and limitations on public's use of motorcycles negatively affect Company's sales. However, operations against criminals and strict measures by law enforcement agencies help in subsiding security concerns which uplifts the Company's performance.

Exchange Fluctuations



Volatile exchange rates can put operations of the Company at a risk as it heavily relies on imports of plant and machinery, raw materials, motorcycle parts and other related items. If Pak Rupee weakens against US Dollar and Japanese Yen, it directly affects the Company's profit.

Plant Operations



Smooth and un-interrupted operation of plants leads to higher production with minimum wastage of resources. Accordingly, interruptions at production facilities negatively affect the financial performance of the Company and therefore, the share price.

Material Price Volatility



The Company uses various materials, such as steel, aluminium, paints, in production of motorcycles. Being a manufacturing concern, purchases of raw material forms a major chunk of the total costs incurred by the Company every year. Therefore, any adverse movement in material prices can trim the gross profit of the Company which in turn may affect the share price.

Capital and Money Markets



The Company's short term investments stood at Rs. 7,081 million as at March 31, 2017 which mainly comprise of those in open-ended mutual funds. These funds largely invest in capital, money market and equity instruments. Trends in these markets determine the Net Asset Value (NAV) of these funds and as a result, also affect the Company's financial performance.

Interest Rates

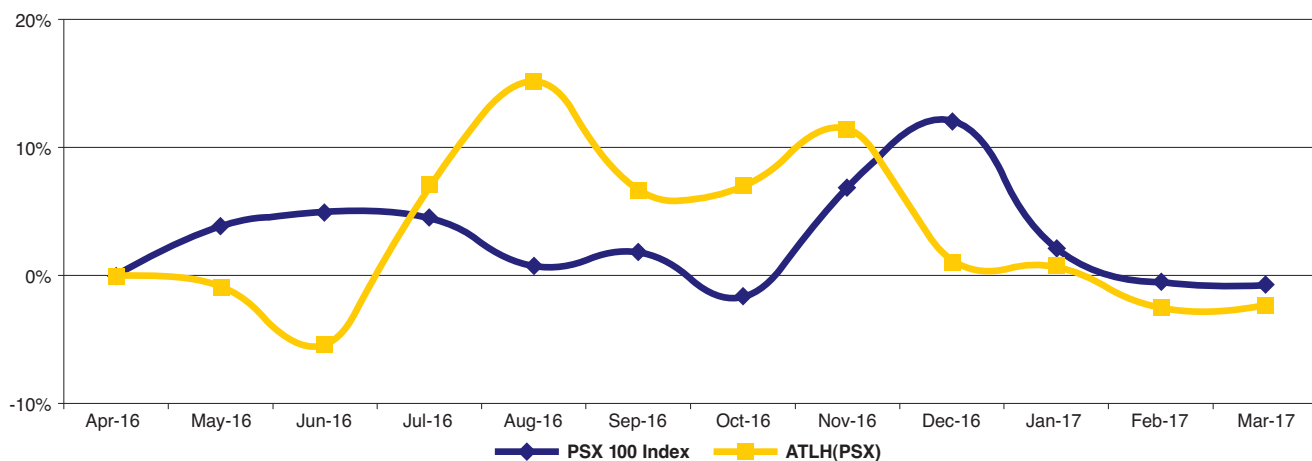


Based on Company's strong liquidity position, the Company has maintained bank balances in saving accounts and term deposit receipts which stood at Rs. 6,655 million as on March 31, 2017. With a debt-free balance sheet, rise or decline in interest rates improves or deteriorates Company's treasury income, respectively. Such changes in interest rates affect the Company's financial performance and may also result in fluctuation of the share price.

Sensitivity Index



Atlas Honda Limited Market Performance Summary



Winning Accolades

For Corporate Credibility

Atlas Honda Limited takes responsibility for establishing and maintaining quality in all aspects of the business. This is evident from the Company being awarded first place in Engineering Sector for its 2015 Annual Report at the “Best Corporate and Sustainability Report Awards 2015”, jointly organized by ICAP and ICMAP. It is a matter of great pride that Atlas Honda Limited has won the first position for 3 consecutive years in the past.

The award represents company’s commitment to identifying, measuring and reporting key financial data with utmost transparency and credibility.

Atlas Honda Limited has also been awarded the PSX Top 25 Companies award for the year 2014 and 2015 at the “PSX Top 25 Companies Awards” held at Pakistan Stock Exchange.





Frame Assembly Lines at Sheikhpura Plant

Financial Statements

- Statement of Compliance with Code of Corporate Governance
- Review Report to the Members on Code of Corporate Governance
- Auditors' Report to the Members
- Balance Sheet
- Profit and Loss Account
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Financial Statements

Statement of Compliance with the Code of Corporate Governance

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

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. At present, the Board includes one independent Director, three executive and four non-executive Directors.

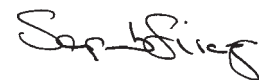
Category	Names
Independent Director	Abid Naqvi
Executive Directors	Saqib H. Shirazi Yasutaka Uda Hirofumi Yada
Non Executive Directors	Yusuf H. Shirazi Susumu Mitsuishi Sanaullah Qureshi Jawaid Iqbal Ahmed

The independent Director meets the criteria of independence under clause 5.19.1.(b) of the Code.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including Atlas Honda Limited.
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, DFI or NBF. or, being a member of stock exchange has been declared as a defaulter by that stock exchange.
4. Two casual vacancies, occurring subsequent to the year end in April 2017, were duly filled within the stipulated time by the Directors.
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 vision and mission statements, 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 CEO and other executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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 to all the Directors. The minutes of the meetings were appropriately recorded and circulated.
9. Out of the eight, six Directors have either obtained certificate of Directors Training Program or are exempted from the requirement of Directors Training Program as per the clause 5.19.7 of the Code. While the remaining two Directors will undertake the Directors Training Program within the stipulated time.

10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for the year ended March 31, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CFO and CEO before approval of the Board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has already formed an Audit Committee. It comprises of three members of whom two are non-executive Directors and one is an independent Director.
16. 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 terms of reference of the Committee have been prepared and advised to the Committee for compliance.
17. The Board has already formed Human Resource and Remuneration Committee. It comprises of three members of whom two are non-executive and one is executive Director.
18. 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.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. 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.
21. 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 exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. All related party transactions during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit Committee and Board of Directors along with pricing method.
24. The Company has complied with requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the Code have also been complied with.

On behalf of the Board



Saquib H. Shirazi
Chief Executive Officer

Karachi: April 28, 2017



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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Email: khi@hccpk.com

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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 **Atlas Honda Limited** (the Company) for the year ended March 31, 2017 to comply with the requirements of Listing Regulation no. 5.19 of the Pakistan 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 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 of 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, 2017.

Karachi: April 28, 2017
Engagement Partner: Raheel Ahmed

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

a member firm of *ShineWing* International



Auditors' Report to the Members

We have audited the annexed balance sheet of Atlas Honda Limited as at March 31, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity 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 accounts 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, cash flow statement and statement of changes in equity 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, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Shin Hameed Chaudhri No.

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: April 28, 2017
Engagement Partner: Raheel Ahmed

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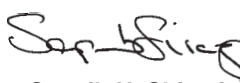
Balance Sheet

As at March 31, 2017

	Note	2017 ----- (Rupees in ,000) -----	2016
Assets			
Non current assets			
Property, plant and equipment	5	6,961,919	5,817,700
Intangible assets	6	37	5,379
Long term investments	7	292,342	245,508
Long term loans and advances	8	30,108	28,027
Long term deposits		17,339	14,937
		<u>7,301,745</u>	<u>6,111,551</u>
Current assets			
Stores, spares and loose tools	9	539,104	489,415
Stock-in-trade	10	2,123,831	1,863,482
Trade debts	11	623,331	608,420
Loans and advances	12	38,921	35,877
Trade deposits and prepayments	13	120,562	64,770
Accrued mark-up / interest		21,470	16,842
Other receivables	14	6,627	4,910
Taxation - net		732,706	542,121
Short term investments	15	7,080,669	5,876,554
Bank balances	16	7,053,784	4,755,020
		<u>18,341,005</u>	<u>14,257,411</u>
		<u>25,642,750</u>	<u>20,368,962</u>
Equity and Liabilities			
Equity			
Share capital	17	1,034,066	1,034,066
Reserves	18	12,223,467	9,968,057
		<u>13,257,533</u>	<u>11,002,123</u>
Liabilities			
Non current liabilities			
Compensated absences	19	228,443	214,620
Deferred taxation	20	670,968	566,749
		<u>899,411</u>	<u>781,369</u>
Current liabilities			
Trade and other payables	21	11,485,806	8,585,470
		<u>12,385,217</u>	<u>9,366,839</u>
Contingencies and commitments	23		
		<u>25,642,750</u>	<u>20,368,962</u>

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
 Chairman

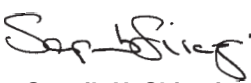

Saquib H. Shirazi
 Chief Executive Officer

Profit and Loss Account For the Year Ended March 31, 2017

	Note	2017 ----- (Rupees in '000) -----	2016
Sales	24	64,534,021	55,022,415
Cost of sales	25	(57,754,987)	(49,376,506)
Gross profit		6,779,034	5,645,909
Sales and marketing expenses	26	(1,630,773)	(1,456,152)
Administrative expenses	27	(602,343)	(499,915)
Other income	28	916,333	637,074
Other operating expenses	29	(404,740)	(310,682)
Share of net profit of an Associate		61,084	43,475
Operating profit		5,118,595	4,059,709
Finance costs	30	(25,853)	(15,280)
Profit before taxation		5,092,742	4,044,429
Income tax expense	31	(1,340,263)	(1,042,630)
Profit for the year		3,752,479	3,001,799
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of staff retirement benefit obligation		3,324	3,889
Income tax relating to this remeasurement		(997)	(1,231)
Other comprehensive income for the year - net of tax		2,327	2,658
Total comprehensive income for the year		3,754,806	3,004,457
----- (Rupees) -----			
Earnings per share - basic and diluted	32	36.29	29.03

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman

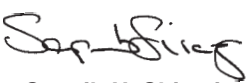

Saquib H. Shirazi
Chief Executive Officer

Cash Flow Statement For the Year Ended March 31, 2017

	Note	2017 ----- (Rupees in ,000) -----	2016
Cash Flows from Operating Activities			
Cash generated from operations	33	7,837,362	7,027,897
Mark-up / interest paid		-	(341)
Income taxes paid		(1,427,626)	(1,498,297)
Contribution made to gratuity funds		(25,355)	(26,765)
Compensated absences paid		(17,071)	(12,566)
Mark-up / interest received		361,088	274,534
Workers' profit participation fund paid		(215,727)	(172,514)
Workers' welfare fund paid		(72,771)	(65,990)
Long term loans and advances - net		(2,081)	(829)
Long term deposits - net		(2,402)	(1,951)
Net cash generated from operating activities		6,435,417	5,523,178
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(2,036,972)	(1,650,424)
Proceeds from sale of property, plant and equipment		57,669	113,720
Payments for intangible assets		-	(459)
Payments for investments		(8,171,694)	(10,937,058)
Proceeds from sale of investments		7,282,296	9,470,806
Dividend received		225,143	55,872
Net cash used in investing activities		(2,643,558)	(2,947,543)
Cash Used in Financing Activities			
Dividend paid		(1,493,095)	(1,229,815)
Net increase in cash and cash equivalents		2,298,764	1,345,820
Cash and cash equivalents at beginning of the year		4,755,020	3,409,200
Cash and cash equivalents at end of the year	16	7,053,784	4,755,020

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman

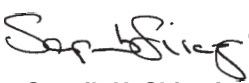

Saquib H. Shirazi
Chief Executive Officer

Statement of Changes in Equity For the Year Ended March 31, 2017

	Capital Reserves			Revenue Reserves		Total
	Share Capital	Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit	
	(Rupees in ,000)					
Balance as at April 1, 2015	1,034,066	39,953	165	5,332,000	2,832,361	9,238,545
Transfer to general reserve	-	-	-	830,000	(830,000)	-
Total comprehensive income for the year ended March 31, 2016						
Profit for the year	-	-	-	-	3,001,799	3,001,799
Other comprehensive income	-	-	-	-	2,658	2,658
	-	-	-	-	3,004,457	3,004,457
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2015 at the rate of Rs.12.00 per share	-	-	-	-	(1,240,879)	(1,240,879)
Balance as at March 31, 2016	1,034,066	39,953	165	6,162,000	3,765,939	11,002,123
Transfer to general reserve	-	-	-	830,000	(830,000)	-
Total comprehensive income for the year ended March 31, 2017						
Profit for the year	-	-	-	-	3,752,479	3,752,479
Other comprehensive income	-	-	-	-	2,327	2,327
	-	-	-	-	3,754,806	3,754,806
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2016 at the rate of Rs.14.50 per share	-	-	-	-	(1,499,396)	(1,499,396)
Balance as at March 31, 2017	1,034,066	39,953	165	6,992,000	5,191,349	13,257,533

The annexed notes 1 to 43 form an integral part of these financial statements.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer

Notes to the Financial Statements For the Year Ended March 31, 2017

1. LEGAL STATUS AND OPERATIONS

Atlas Honda Limited (the Company) was incorporated as a public limited company on October 16, 1962 under the Companies Act, 1913 (now Companies Ordinance, 1984) and its shares are quoted on Pakistan Stock Exchange Limited. The registered office is located at 1 - McLeod Road, Lahore. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The manufacturing and assembling facilities of the Company are located at Karachi and Sheikhpura, with branches, customer care centres, warranty & training centres and other offices located in Karachi, Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Rawalpindi.

During the year, the Honourable High Court of Sindh has sanctioned the merger of Shirazi Capital (Private) Limited and Shirazi (Private) Limited with and into Shirazi Investments (Private) Limited. As a result, the Company became subsidiary company of Shirazi Investments (Private) Limited, which holds 52.43% of issued, subscribed and paid-up capital of the Company as at March 31, 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

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

- (i) Estimated useful life of property, plant and equipment and intangible assets [notes 4.1 and 4.2];
- (ii) Provision for slow moving inventories [notes 4.9 and 4.10];
- (iii) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 4.15 and 21.7];
- (iv) Estimate of provision for warranty [note 4.20]; and
- (v) Estimation of current and deferred tax [note 4.21].

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

New and amended standards and interpretations mandatory for the first time for the financial year beginning April 1, 2016:

(a) **IAS 16 and IAS 38 Property, Plant and Equipment and Intangible assets**

The amendments introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-base methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are ■highly correlated■, or when the intangible asset is expressed as a measure of revenue. The Company■s policy is already in line with these amendments.

(b) **IAS 19 Employee Benefits**

- This amendment as a part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company■s policy is already in line with this amendment.

(c) **IAS 34 Interim Financial Reporting**

Amendments to IAS 34 ■Interim Financial Reporting■ clarifies what is meant by the reference in the standard to ■information disclosed elsewhere in the interim financial report■; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The amendments only effects disclosures in the Company■s financial statements.

(d) **IAS 1 Presentation of Financial Statements**

Amendments to IAS 1, ■Presentation of financial statements■ are made in the context of the IASB■s Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality ■ an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Notes ■ confirmation that the notes do not need to be presented in a particular order.
- Other comprehensive income (OCI) arising from investments accounted for under the equity method ■ the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on April 1, 2016 are considered not to be relevant or to have any significant effect on the Company■s financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on April 1, 2016 and have not been early adopted by the Company:

(a) **IFRS 9 Financial Instruments** **Effective date: January 1, 2018**

IASB has published the complete version of IFRS 9, ■Financial instruments■, which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The standard not likely to have material impact on the Company■s financial statements.

- | | | | |
|------------|-----------------|---|--|
| (b) | IFRS 15 | Revenue from contracts with customers | Effective date: January 1, 2018 |
| | | <p>The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer ■ so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. April 1, 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Company has yet to assess the full impact of this standard on its financial statements.</p> | |
| (c) | IFRS 16 | Leases | Effective date: January 1, 2019 |
| | | <p>IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The standard is not likely to have material impact on the Company's financial statements.</p> | |
| (d) | IAS 12 | Income tax | Effective date: January 1, 2017 |
| | | <p>This amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax. The amendments are not likely to have material impact on the Company's financial statements.</p> | |
| (e) | IAS 7 | Statement of cash flows | Effective date: January 1, 2017 |
| | | <p>The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only effects disclosures in the Company's financial statements.</p> | |
| (f) | IFRIC 22 | Foreign currency transactions | Effective date: January 1, 2018 |
| | | <p>The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments are not expected to have a material impact on the Company's financial statements.</p> | |

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Owned assets

The Company has adopted cost model for its property, plant and equipment. Property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset, including any borrowing cost (note 4.24). The cost of a self constructed asset includes cost of materials, labour and other overheads that are directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling / removing the asset and restoring the site on which it is located. Items of property, plant and equipment individually costing Rs.25,000 or less are charged to the profit and loss account as and when purchased.

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

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

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

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

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

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

Leased assets

Lease that substantially transfers all the risks and rewards incidental to the ownership of an asset to the Company is classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable for owned assets.

4.2 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any and represent cost of software licenses, SAP implementation & support cost and license fee of certain components that are being manufactured by the Company under technology transfer arrangements.

Costs associated with maintaining these assets are charged to the profit and loss account as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset. Direct costs include purchase cost of the asset, salaries and other service benefits of staff deployed towards development of the asset and other related overheads. Expenditure incurred in respect of design, construction and testing of an intangible asset are also added to the carrying amount of that asset.

Expenditure which enhances or extends the performance of the asset beyond its original specifications is recognised as a capital improvement and added to the original cost of the asset.

All intangible assets are estimated to have definite useful lives and are amortised from the month the software / license is acquired, made available for use or extended support cost is incurred, using the straight line method over a period of 2 to 5 years.

4.3 Impairment of non-financial assets

Non-financial assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.4 Investments in equity instruments of an Associate

Investment in an Associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the Investee after the date of acquisition.

The Company's share of post acquisition profit or loss is recognised in the profit and loss account, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an Associate equals or exceeds its interest in the Associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value and recognises the amount adjacent to share of profit / loss of an Associate in the profit and loss account.

4.5 Financial assets

4.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at 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. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

(c) Held to maturity financial assets

Held to maturity financial assets are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose-off it within 12 months of the end of the reporting date.

4.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date ■ the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. 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 subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in fair value of the ■financial assets at fair value through profit or loss■ category are presented in the profit and loss account within ■Other income / other operating expenses■ in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the 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 monetary and non-monetary securities classified as available-for-sale are recognised in ■Other comprehensive income■.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as ■Gains / losses from investment securities■.

Interest on available-for-sale securities and held to maturity investments is calculated using the effective interest method is recognised in the profit and loss account as part of «Other income». Dividend income from available-for-sale equity instruments is recognised in the profit and loss account as part of «Other income» when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss account. Impairment losses recognised in profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of other receivables is described in note 4.11.

4.6 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method.

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

4.7 Off setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.8 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, if so, the nature of the item being hedged. The Company designates certain derivatives as either fair value hedge or cash flow hedge.

(a) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognised asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

(b) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods when the hedged item affects profit and loss account.

4.9 Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realisable value. The cost of inventory is based on weighted average cost. Items-in-transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment is also made for slow moving items.

4.10 Stock-in-trade

Stock-in-trade are stated at the lower of cost and net realisable value. Cost of raw materials and components represent invoice values plus other charges incurred thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represent direct cost of raw materials, wages and appropriate manufacturing overheads. Goods in transit are valued at cost accumulated upto the balance sheet date.

The Company reviews the carrying amount of stock-in-trade on an on-going basis and as appropriate, inventory is written down to its net realisable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

Net realisable value is the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.11 Trade debts and other receivables

Trade and other receivables are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss. Trade and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of the receivables.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks.

4.13 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

4.14 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4.15 Retirement and other service benefit obligations

4.15.1 Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognised as an employee service benefit expense in the profit and loss account when it is due.

The Company operates defined contribution plans for its permanent employees excluding ex-patriates, through either one of the following ways:

- a recognised provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

All the newly appointed employees are offered voluntary pension scheme only. However, those employees who are provident fund trust members, have the option to opt for either of two above-mentioned defined contribution plans.

Equal monthly contributions at the rate of 11% of the basic salary are made to the fund / scheme both by the Company and the employees. The fund is a separate legal entity and its assets are being held separately under the control of its Trustees.

4.15.2 Defined benefit plans

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Defined benefit plans define an amount of gratuity that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The Company has established separate funded gratuity schemes for its management and non-management staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 21.7 to the financial statements.

The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost are recognised immediately in profit and loss account.

4.15.3 Compensated absences

Employee's entitlement to annual leave is recognized when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

4.16 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.17 Obligation under finance lease

Total outstanding obligation under the lease arrangements less finance cost attributable to future periods is presented as liability. Finance cost under the lease arrangements is distributed over the lease term so as to produce a constant periodic rate of finance cost on the balance of principal liability outstanding at the end of each period.

4.18 Operating leases / Ijarah

Operating leases / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Mujir (lessor) are classified as operating leases / Ijarah. Payments made during the year are charged to the profit and loss account on a straight-line basis over the period of the lease / Ijarah.

4.19 Provisions

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

4.20 Warranty

The Company recognises the estimated liability to repair or replace damaged parts of products still under warranty at the balance sheet date on the basis of historical claim information. The Company offers 3 years warranty on all engine spare parts and six months warranty on all other spare parts of its motorcycles. The ratio of warranty claims filed during the year to previous year's sales is taken into account for determining the estimated liability.

4.21 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4.22 Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account.

4.23 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts. Revenue from different sources is recognised on the following basis:

- Revenue from sales of motorcycles and spare parts is recognised when goods are dispatched and invoiced to customers.
- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.

4.24 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4.25 Research and development costs

Research and development costs are recognised in profit and loss account as and when incurred.

4.26 Earnings per share

The Company presents Earnings Per Share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.27 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

4.28 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

	Note	2017 ----- (Rupees in ₹000) -----	2016
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	6,898,586	5,305,997
Capital work-in-progress	5.4	63,333	511,703
		<u>6,961,919</u>	<u>5,817,700</u>

5.1 Operating fixed assets

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Dies and jigs	Factory equipment	Office equipment	Computers and accessories	Furniture and fixtures	Electric and gas fittings	Vehicles	Total
(Rupees in ₹000)													
As at April 1, 2015													
Cost	5,112	34,132	641,543	257,227	6,192,606	1,352,044	266,152	30,165	144,260	64,187	403,594	273,782	9,664,804
Accumulated depreciation	-	(10,527)	(252,527)	(89,756)	(2,951,638)	(985,758)	(134,473)	(22,341)	(123,743)	(31,250)	(194,981)	(115,615)	(4,912,609)
Net book amount	5,112	23,605	389,016	167,471	3,240,968	366,286	131,679	7,824	20,517	32,937	208,613	158,167	4,752,195
Year ended March 31, 2016													
Opening net book amount	5,112	23,605	389,016	167,471	3,240,968	366,286	131,679	7,824	20,517	32,937	208,613	158,167	4,752,195
Additions	219,970	-	64,214	1,627	729,310	195,248	25,578	3,722	29,565	4,870	19,002	75,972	1,369,078
Disposals													
Cost	-	-	(5,250)	(1,054)	(181,372)	(217,608)	(5,872)	(1,281)	-	(440)	(12,466)	(56,765)	(482,108)
Accumulated depreciation	-	-	3,823	350	108,259	199,951	3,574	1,281	-	416	11,491	24,414	353,559
Written-off													
Cost	-	-	-	(1,011)	(1,450)	(2,850)	(278)	-	-	-	(58)	-	(5,647)
Accumulated depreciation	-	-	-	755	1,101	2,567	257	-	-	-	35	-	4,715
Depreciation charge	-	(513)	(44,272)	(16,876)	(347,218)	(177,061)	(14,025)	(3,115)	(15,120)	(10,749)	(21,375)	(35,471)	(685,795)
Closing net book amount	225,082	23,092	407,531	151,262	3,549,598	366,533	140,913	8,431	34,962	27,034	205,242	166,317	5,305,997
As at March 31, 2016													
Cost	225,082	34,132	700,507	256,789	6,739,094	1,326,834	285,580	32,606	173,825	68,617	410,072	292,989	10,546,127
Accumulated depreciation	-	(11,040)	(292,976)	(105,527)	(3,189,496)	(960,301)	(144,667)	(24,175)	(138,863)	(41,583)	(204,830)	(126,672)	(5,240,130)
Net book amount	225,082	23,092	407,531	151,262	3,549,598	366,533	140,913	8,431	34,962	27,034	205,242	166,317	5,305,997
Year ended March 31, 2017													
Opening net book amount	225,082	23,092	407,531	151,262	3,549,598	366,533	140,913	8,431	34,962	27,034	205,242	166,317	5,305,997
Additions	-	-	622,934	-	1,306,258	208,662	112,642	8,466	15,501	30,641	47,641	132,597	2,485,342
Disposals (note 5.3)													
Cost	-	-	(132)	(1,256)	(48,430)	(320,798)	(3,200)	(370)	(476)	(425)	(3,051)	(81,227)	(459,365)
Accumulated depreciation	-	-	123	1,199	34,355	294,247	2,386	351	476	331	2,200	28,223	363,891
Depreciation charge (note 5.2)	-	(513)	(69,835)	(15,125)	(422,113)	(173,594)	(19,063)	(3,855)	(15,902)	(13,546)	(21,742)	(41,991)	(797,279)
Closing net book amount	225,082	22,579	960,621	136,080	4,419,668	375,050	233,678	13,023	34,561	44,035	230,290	203,919	6,898,586
As at March 31, 2017													
Cost	225,082	34,132	1,323,309	255,533	7,996,922	1,214,698	395,022	40,702	188,850	98,833	454,662	344,359	12,572,104
Accumulated depreciation	-	(11,553)	(362,688)	(119,453)	(3,577,254)	(839,648)	(161,344)	(27,679)	(154,289)	(54,798)	(224,372)	(140,440)	(5,673,518)
Net book amount	225,082	22,579	960,621	136,080	4,419,668	375,050	233,678	13,023	34,561	44,035	230,290	203,919	6,898,586
Annual rate of depreciation (%)		1.79	10	10	10	25	10	20	25	20	10	20	

5.2 Depreciation expense of Rs.737,813 thousand (2016: Rs.636,176 thousand) has been charged in ■Cost of sales■ and Rs.59,466 thousand (2016: Rs.49,619 thousand) in ■Administrative expenses■.

5.3 Details of operating fixed assets disposed-off during the year:

Depreciation	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Method of disposal	Sold to
----- (Rupees in ,000) -----						
Items with individual net book amount exceeding Rs.50,000 each						
Plant and machinery						
	11,422	(7,921)	3,501	300	Negotiation	M/s. Naveed Traders, Baaway Di Kuttiya, Lahore Road, Sheikhpura.
	9,594	(6,653)	2,941	250	Negotiation	M/s. Naveed Traders, Baaway Di Kuttiya, Lahore Road, Sheikhpura.
	4,851	(3,282)	1,569	94	Negotiation	M/s. BA Old Machinery, Aziz Park, Ganda Naala, Misri Shah, Lahore.
	4,717	(3,526)	1,191	173	Negotiation	M/s. Roshan Traders, Baaway Di Kuttiya, Near Dawood Hercules, Sheikhpura.
	3,964	(2,682)	1,282	77	Negotiation	M/s. BA Old Machinery, Aziz Park, Ganda Naala Misri Shah, Lahore.
	3,270	(2,206)	1,064	80	Negotiation	M/s. Naveed Traders, Baaway Di Kuttiya, Lahore Road, Sheikhpura.
	2,552	(1,651)	901	50	Negotiation	M/s. BA Old Machinery, Aziz Park, Ganda Naala Misri Shah, Lahore.
	2,477	(2,037)	440	480	Negotiation	Atlas Die Casting (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi
	691	(497)	194	25	Negotiation	M/s. Roshan Traders, Baaway Di Kuttiya, Near Dawood Hercules, Sheikhpura.
	600	(269)	331	12	Negotiation	M/s. BA Old Machinery, Aziz Park, Ganda Naala Misri Shah, Lahore.
	542	(330)	212	20	Negotiation	M/s. Roshan Traders, Baaway Di Kuttiya, Near Dawood Hercules, Sheikhpura.
	498	(287)	211	10	Negotiation	M/s. BA Old Machinery, Aziz Park, Ganda Naala Misri Shah, Lahore.■
	224	(110)	114	71	Negotiation	Dawood Hussain Contractor, Ghosia Masjid Road, Aagrah Taj, Karachi
	45,402	(31,451)	13,951	1,642		
Dies and jigs						
	27,820	(14,490)	13,330	123	Negotiation	M/s. Roshan Traders, Baaway Di Kuttiya, Near Dawood Hercules, Sheikhpura.
	16,717	(10,100)	6,617	37	Negotiation	M/s. Naveed Traders, Baaway Di Kuttiya, Lahore Road, Sheikhpura.
	7,813	(3,907)	3,906	17	Negotiation	M/s. Naveed Traders, Baaway Di Kuttiya, Lahore Road, Sheikhpura.
	3,465	(1,877)	1,588	8	Negotiation	M/s. Naveed Traders, Baaway Di Kuttiya, Lahore Road, Sheikhpura.
	2,420	(1,311)	1,109	5	Negotiation	M/s. Naveed Traders, Baaway Di Kuttiya, Lahore Road, Sheikhpura.
	58,235	(31,685)	26,550	190		
Factory equipment						
	1,100	(830)	270	28	Negotiation	Dawood Hussain Contractor, Ghosia Masjid Road, Aagrah Taj, Karachi.
	2,100	(1,556)	544	21	Negotiation	Dawood Hussain Contractor, Ghosia Masjid Road, Aagrah Taj, Karachi.
	3,200	(2,386)	814	49		
Electric and gas fittings						
	1,600	(1,196)	404	83	Negotiation	Dawood Hussain Contractor, Ghosia Masjid Road, Aagrah Taj, Karachi.
	242	(185)	57	9	Negotiation	M/s. Roshan Traders, Baaway Di Kuttiya, Near Dawood Hercules, Sheikhpura.
	1,842	(1,381)	461	92		
Furniture and fixtures						
	173	(81)	92	19	Negotiation	M/s. Roshan Traders, Baaway Di Kuttiya, Near Dawood Hercules, Sheikhpura.

Depreciation	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Method of disposal	Sold to
----- (Rupees in ,000) -----						
Vehicles						Employees of the Company
	2,414	(1,413)	1,001	1,001	Company Policy	Mr. Saquib H. Shirazi (Key Management Person)
	1,997	(754)	1,243	1,243	Company Policy	Mr. Akmal Dar (Key Management Person)
	1,601	(961)	640	640	Company Policy	Mr. Farhan Saleem
	1,601	(937)	664	664	Company Policy	Mr. Saadullah Ejaz
	1,601	(961)	640	640	Company Policy	Mr. Naveed Ahmed
	1,601	(998)	603	603	Company Policy	Mr. Muhammad Ammar
	1,052	(383)	669	669	Company Policy	Mr. Hassan Murad
	1,049	(433)	616	616	Company Policy	Mr. Umair Mukhtar
	1,034	(458)	576	576	Company Policy	Mr. Khalid Kamal
	1,019	(471)	548	548	Company Policy	Mr. Ghazanfar Allah Buksh
	1,019	(461)	558	558	Company Policy	Mr. Zia Ahmed Khan
	1,019	(471)	548	548	Company Policy	Mr. Saaduddin Khan
	1,019	(461)	558	558	Company Policy	Mr. Mirza Saleem Baig
	1,014	(449)	565	565	Company Policy	Mr. Faheem Haider
	1,014	(459)	555	555	Company Policy	Mr. Muhammad Yawar Farooq
	875	(352)	523	523	Company Policy	Ms. Amna Tahir
	778	(475)	303	303	Company Policy	Mr. Muhammad Sarfraz Majid
	753	(166)	587	587	Company Policy	Mr. Najam Ul Hassan Shah
	753	(166)	587	587	Company Policy	Mr. Azhar Muneer
	753	(210)	543	543	Company Policy	Mr. Muhammad Faisal Naveed
	703	-	703	703	Company Policy	Ms. Marium Ahmed
	688	(298)	390	390	Company Policy	Mr. Anser Mehmood
	683	(240)	443	443	Company Policy	Mr. Fawad Ahmed Tanwri
	683	(23)	660	660	Company Policy	Mr. Muhammad Tayyab Hassan
	683	(170)	513	513	Company Policy	Mr. Muhammad Ayyaz
	678	(139)	539	539	Company Policy	Mr. Niaz Muhammad
	678	(139)	539	539	Company Policy	Mr. Asif Hussain
	678	(119)	559	559	Company Policy	Mr. Hasan Matloob
	678	(169)	509	509	Company Policy	Mr. Saleem Shaukat
	663	(332)	331	331	Company Policy	Mr. Syed Azfar Hussain
	657	(354)	303	303	Company Policy	Mr. Masood Shiraz
	263	-	263	263	Company Policy	Mr. Waseem Usmani
	263	(4)	259	259	Company Policy	Mr. Akhlaq Ahmed
	263	(9)	254	254	Company Policy	Mr. Munawar Badshah
	263	(9)	254	254	Company Policy	Mr. Moazzam Ali Gondal
	245	(4)	241	240	Company Policy	Mr. Shoaib Ahmed
	245	(4)	241	240	Company Policy	Mrs. Omaira Farooqi
	245	(8)	237	235	Company Policy	Mr. Jamil Ahmad
	245	(8)	237	237	Company Policy	Mr. Sajjad Ali
	245	(12)	233	233	Company Policy	Mr. Khurshid Ahmad Khan
	243	(4)	239	239	Company Policy	Mr. Fahad Mahmood
	243	(8)	235	235	Company Policy	Mr. Kanwar M. Abid
	118	(47)	71	71	Company Policy	Mr. Ali Shah
	118	(39)	79	79	Company Policy	Mr. Kashif Waheed
	118	(46)	72	72	Company Policy	Mr. Muhammad Hassan Waseem
	118	(46)	72	72	Company Policy	Mr. Muhammad Hasnain Sheikh
	118	(49)	69	69	Company Policy	Mr. Muhammad Kaleem Abbas
	100	(33)	67	67	Company Policy	Mr. Mubeen Anwar
	100	(38)	62	62	Company Policy	Mr. Sumair Ahmad
	100	(38)	62	62	Company Policy	Mr. Tariq Javed Shaheen
	98	(37)	61	61	Company Policy	Mr. Imran Talpur
	98	(37)	61	61	Company Policy	Mr. Bilal Ahmed
	98	(40)	58	58	Company Policy	Mr. Nawab Khan
	98	(26)	72	72	Company Policy	Mr. Adeel Ahmed
	98	(36)	62	62	Company Policy	Mr. Manjor Sharma
	98	(36)	62	62	Company Policy	Mr. Zain Ul Abeden
	98	(19)	79	79	Company Policy	Mr. Muhammad Jabbar
	98	(23)	75	75	Company Policy	Mr. Muhammad Rizwan
Balance carried forward	35,875	(14,082)	21,793	21,789		

Depreciation	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Method of disposal	Sold to
----- (Rupees in ,000) -----						
Vehicles						Employees of the Company
Balance brought forward	35,875	(14,082)	21,793	21,789		
	98	(28)	70	70	Company Policy	Mr. Ghulam Murtaza
	98	(36)	62	62	Company Policy	Mr. Rafi Raza
	98	(37)	61	61	Company Policy	Mr. Faisal Yasin
	98	(38)	60	60	Company Policy	Mr. Shabee Ul Haq
	98	(38)	60	60	Company Policy	Mr. Muhammad Umair
	98	(38)	60	60	Company Policy	Mr. M. Kashif Jabbar
	98	(38)	60	60	Company Policy	Mr. Muhammad Munam
	98	(39)	59	59	Company Policy	Mr. Salman Ilyas Hamid
	97	(42)	55	55	Company Policy	Mr. Naeem Uddin Ahmed
	97	(40)	57	57	Company Policy	Mr. Muhammad Ather Naseer
	96	(44)	52	52	Company Policy	Mr. Ahsan Abbas
	82	(31)	51	51	Company Policy	Mr. Sajjad Ali
	82	(21)	61	61	Company Policy	Mr. Nazar Hussain
	82	(20)	62	62	Company Policy	Mr. Asif Ikram Ghauri
	82	(28)	54	54	Company Policy	Mr. Imran Shehzad
	70	(2)	68	68	Company Policy	Mr. Ubaid Rasool
						Ex-Employees of the Company
	2,112	(556)	1,556	1,556	Company Policy	Mr. Khalid Aziz
	1,997	(586)	1,411	1,411	Company Policy	Mr. Zafar Iqbal
	1,997	(612)	1,385	1,385	Company Policy	Mr. Sohail Qaiser
	1,991	(451)	1,540	1,540	Company Policy	Mr. Khawar Saeed
	1,880	(1,110)	770	770	Company Policy	Mr. Javaid Afghani
	1,652	(55)	1,597	1,597	Company Policy	Mr. Ghulam Mujtaba Khan
	1,646	(137)	1,509	1,509	Company Policy	Mr. Muhammad Naeem
	1,601	(877)	724	724	Company Policy	Mr. Irfan Munir
	1,601	(949)	652	652	Company Policy	Mr. Muhammad Naeem
	1,544	(918)	626	626	Company Policy	Mr. Abdul Waheed Malik
	1,174	(117)	1,057	1,057	Company Policy	Mr. Mustafa Baluch
	1,174	(117)	1,057	1,057	Company Policy	Mr. Shaukat Ali
	1,109	(177)	932	932	Company Policy	Mr. Riaz Ahmed
	1,019	(410)	609	609	Company Policy	Mr. Muhammad Nauman Akram
	880	(103)	777	777	Company Policy	Mr. Faisal Mehmood
	852	(14)	838	838	Company Policy	Mr. Muhammad Ashraf Malik
	758	(38)	720	720	Company Policy	Mr. Muhammad Ali Shah
	748	(97)	651	651	Company Policy	Mr. Muhammad Zaman
	695	(232)	463	463	Company Policy	Mr. Kashif Ishfaq
	683	(120)	563	563	Company Policy	Mr. Shaukat Ali
	683	(160)	523	523	Company Policy	Mr. Muhammad Jamil Amanat
	658	(307)	351	351	Company Policy	Mr. Abu Nasir Javed
	656	(33)	623	623	Company Policy	Mr. Muhammad Younus
	297	(5)	292	285	Company Policy	Mr. Muhammad Akhlaq
	100	(36)	64	64	Company Policy	Mr. Rana Zeb Sarfraz
	98	(11)	87	87	Company Policy	Mr. Mueed Iftikhar
	98	(16)	82	82	Company Policy	Mr. Najam Ul Hassan
	98	(34)	64	64	Company Policy	Mr. Muhammad Fiaz Butt
	82	(21)	61	61	Company Policy	Mr. Shahroze Umar
	82	(29)	53	53	Company Policy	Mr. Osama Anis
						Others
	2,122	(453)	1,669	1,669	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
	1,174	(59)	1,115	1,115	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
	1,174	(59)	1,115	1,115	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
Balance carried forward	71,782	(23,501)	48,281	48,270		

Depreciation	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Method of disposal	Sold to
----- (Rupees in ₦000) -----						
Vehicles						Others
Balance brought forward	71,782	(23,501)	48,281	48,270		
	1,039	(319)	720	720	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
	99	(16)	83	83	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
	98	(29)	69	69	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
	98	(42)	56	56	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
	98	(29)	69	69	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
	82	(8)	74	74	Company Policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Clifton, Karachi.
	745	(62)	683	683	Negotiation	Mr. Muhammad Saleem, Karachi
	683	(80)	603	604	Negotiation	Mr. Muhammad Aamir, Block-B, Ghulshan Jamal, Shakra-e-Faisal, Karachi
	487	(416)	71	371	Negotiation	Mr. Ahmed Jan, Darwaish Arcade, Jamshed Quarter, Police Line, Karachi
	1,011	(913)	98	677	Negotiation	Ms. Khadeeja Ahmad, Wahdat Colony, Lahore.
	758	(170)	588	588	Insurance Claim	Atlas Insurance Limited, a related party, Federation House, Clifton, Karachi.
	99	(10)	89	89	Insurance Claim	Atlas Insurance Limited, a related party, Federation House, Clifton, Karachi.
	98	(26)	72	72	Insurance Claim	Atlas Insurance Limited, a related party, Federation House, Clifton, Karachi.
	77,177	(25,621)	51,556	52,425		
	186,029	(92,605)	93,424	54,417		
Various assets having net book value upto Rs. 50,000 each						
	273,336	(271,286)	2,050	3,252		
Year Ended: March 31, 2017	459,365	(363,891)	95,474	57,669		
Year ended March 31, 2016	482,108	(353,559)	128,549	113,720		

	Note	2017	2016
----- (Rupees in ₦000) -----			
5.4 Capital work-in-progress			
Civil works	5.4.1	47,459	296,299
Plant and machinery	5.4.1	1,602	189,766
Dies and jigs		-	993
Factory equipment		3,465	2,280
Office equipment		960	-
Furniture and fixtures		4,169	10,236
Electric and gas fittings		317	-
Vehicles	5.4.2	5,361	12,129
		63,333	511,703

5.4.1 Includes advances of Rs.Nil (2016: Rs.20,163 thousands) made to Pakistan Cables Limited - a related party.

5.4.2 Includes advance of Rs.4,636 thousand (2016: Rs. Nil) made to Honda Atlas Cars (Pakistan) Limited - a related party.

6. INTANGIBLE ASSETS

	Software licences	SAP implementation and support cost	Licence fee	Total
----- (Rupees in ₹000) -----				
As at April 1, 2015				
Cost	57,522	38,041	5,216	100,779
Accumulated amortisation	(45,705)	(38,041)	(4,259)	(88,005)
Net book amount	<u>11,817</u>	<u>-</u>	<u>957</u>	<u>12,774</u>
Year ended March 31, 2016				
Opening net book amount	11,817	-	957	12,774
Additions	459	-	-	459
Amortisation charge	(6,898)	-	(956)	(7,854)
Closing net book amount	<u>5,378</u>	<u>-</u>	<u>1</u>	<u>5,379</u>
As at March 31, 2016				
Cost	57,981	38,041	5,216	101,238
Accumulated amortisation	(52,603)	(38,041)	(5,215)	(95,859)
Net book amount	<u>5,378</u>	<u>-</u>	<u>1</u>	<u>5,379</u>
Year ended March 31, 2017				
Opening net book amount	5,378	-	1	5,379
Amortisation charge (note 25.1)	(5,341)	-	(1)	(5,342)
Closing net book amount	<u>37</u>	<u>-</u>	<u>-</u>	<u>37</u>
As at March 31, 2017				
Cost	57,981	38,041	5,216	101,238
Accumulated amortisation	(57,944)	(38,041)	(5,216)	(101,201)
Net book amount	<u>37</u>	<u>-</u>	<u>-</u>	<u>37</u>
Annual rate of amortisation (%)	<u>50</u>	<u>20</u>	<u>20</u>	

	Note	2017	2016
----- (Rupees in ₹000) -----			
7. LONG TERM INVESTMENTS			
Unquoted			
Associate - equity accounted investment	7.1	292,342	245,508
Others - available for sale	7.2	-	-
		<u>292,342</u>	<u>245,508</u>
7.1 Equity accounted investment - Atlas Hitec (Private) Limited			
Balance as at April 1		245,508	216,283
Share of profit for the year - net of tax		61,084	43,475
Dividend received during the year		(14,250)	(14,250)
Balance as at March 31		<u>292,342</u>	<u>245,508</u>

7.1.1 Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (2016: 29.23%) of its issued, subscribed and paid-up capital as at March 31, 2017. AHPL was incorporated in Pakistan as a private limited company on September 13, 2012 and its principal activity is to manufacture and sale any kind of automobile parts and allied products.

7.1.2 The summary of financial information / reconciliation of AHPL as of March 31, 2017 is as follows:

	2017 ----- (Rupees in ₨000) -----	2016
Summarised Balance Sheet		
Non current assets	551,500	325,300
Current assets	574,300	571,300
	1,125,800	896,600
Current liabilities	140,978	72,000
Net assets	984,822	824,600
Reconciliation to carrying amount		
Opening net assets	824,600	724,600
Profit for the year	185,500	128,600
Other adjustments	23,472	20,150
Dividend paid during the year	(48,750)	(48,750)
Closing net assets	984,822	824,600
Company's share	29.23%	29.23%
Company's share	287,871	241,037
Goodwill	4,471	4,471
Carrying amount of investment	292,342	245,508
Summarised Profit and Loss Account		
Revenue	1,857,200	1,543,200
Profit before tax	186,000	153,900
Profit after tax	185,500	128,600

7.1.3 The financial information of AHPL is based on unaudited financial statements for the year ended March 31, 2017.

	2017 ----- (Rupees in ₨000) -----	2016
7.2 Others - available for sale		
Arabian Sea Country Club Limited		
200,000 ordinary shares of Rs.10 each - cost	2,000	2,000
Less: Impairment in the value of investment	2,000	2,000
	-	-
Automotive Testing & Training Centre (Private) Limited		
50,000 ordinary shares of Rs.10 each - cost	500	500
Less: Impairment in the value of investment	500	500
	-	-

	Note	2017 ----- (Rupees in ₹000) -----	2016
8. LONG TERM LOANS AND ADVANCES			
Considered good			
Loans and advances to:			
Executives	8.2	10,734	10,210
Other employees		53,655	50,437
	8.1	64,389	60,647
Less: amounts due within twelve months and shown under current assets:			
Executives	12	9,120	9,001
Other employees		25,161	23,619
		34,281	32,620
		30,108	28,027

8.1 These represent interest free loans and advances provided to executives and other employees as per the terms of employment. Loans aggregating Rs.45,928 thousand (2016: Rs.43,559 thousand) are provided for purchase of motorcycles and are repayable in forty eight equal monthly instalments for management staff and forty equal monthly instalments for non-management staff. These loans are secured against respective motorcycles and employees' vested retirement benefits. Advances are unsecured and are repayable in eighteen equal monthly instalments.

8.2 Reconciliation of the carrying amount of loans and advances to executives:

	Note	2017 ----- (Rupees in ₹000) -----	2016
Balance as at April 1		10,210	9,062
Disbursements		15,730	15,287
		25,940	24,349
Repayments		(15,206)	(14,139)
Balance as at March 31		10,734	10,210

8.3 The maximum amount of loans and advances to the executives outstanding at the end of any month during the year ended March 31, 2017 was Rs.11,375 thousand (2016: Rs.11,841 thousand).

8.4 The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

	Note	2017 ----- (Rupees in ₹000) -----	2016
9. STORES, SPARES AND LOOSE TOOLS			
Consumable stores		97,717	83,079
Maintenance spares		319,653	273,315
Loose tools		213,024	200,090
		630,394	556,484
Provision for slow moving items	10.2	(91,290)	(67,069)
		539,104	489,415

	Note	2017 ----- (Rupees in ₹000) -----	2016
10. STOCK-IN-TRADE			
Raw materials and components			
- in hand		1,216,386	1,279,775
- held with vendors	10.1	63,105	85,684
		1,279,491	1,365,459
Work-in-process		4,636	2,858
Finished goods			
- motorcycles		68,853	78,510
- spare parts		468,900	312,862
		537,753	391,372
Items in transit		360,063	156,126
		2,181,943	1,915,815
Provision for slow moving items	10.2	(58,112)	(52,333)
		2,123,831	1,863,482

10.1 Includes raw materials amounting Rs.6,953 thousand (2016: Rs.6,866 thousand) held with Atlas Autos (Private) Limited (a related party) for further processing into parts to be supplied to the Company.

	Stores, spares & loose tools		Stock-in-trade	
	2017	2016	2017	2016
	----- (Rupees in ₹000) -----			
10.2 Movement of provision for slow moving inventories				
Balance as at April 1	67,069	69,065	52,333	37,233
Provision made during the year	24,221	-	5,779	15,100
Reversal during the year	-	(1,996)	-	-
Balance as at March 31	91,290	67,069	58,112	52,333

10.3 Stock-in-trade and trade debts upto a maximum amount of Rs.4,058,000 thousand (2016: Rs.4,058,000 thousand) are under hypothecation of commercial banks as security for short term finance facilities (note 22).

	Note	2017 ----- (Rupees in ₹000) -----	2016
11. TRADE DEBTS			
Considered good			
Export - secured	11.1	15,717	1,555
Local - unsecured		607,614	606,865
		623,331	608,420

11.1 These trade debts are secured against letters of credit issued by customers in favour of the Company.

11.2 At March 31, 2017, trade debts aggregating to Rs.28,172 thousand (2016: Rs.58,698 thousand) were past due but not impaired. These relate to various customers for which there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2017 ----- (Rupees in ₹000) -----	2016
Past due within 30 days	25,288	55,152
Past due beyond 30 days	2,884	3,546
	28,172	58,698

	Note	2017 ----- (Rupees in ₹000) -----	2016
12. LOANS AND ADVANCES			
Considered good			
Current portion of long term loans and advances to executives and other employees	8	34,281	32,620
Loans to employees other than executives	12.1	456	579
Advances to suppliers, contractors and others		4,184	2,678
		<u>38,921</u>	<u>35,877</u>

12.1 These represent interest free welfare and festival loans provided to employees in accordance with Company's policy and have maturities upto ten months.

12.2 The carrying values of loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

	2017 ----- (Rupees in ₹000) -----	2016
13. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits - unsecured and considered good	36,879	5,400
Prepayments	83,683	59,370
	<u>120,562</u>	<u>64,770</u>

13.1 Includes prepayments of Rs. 34,399 thousand (2016: Rs. 29,597 thousand) to Atlas Insurance Limited - a related party.

	2017 ----- (Rupees in ₹000) -----	2016
14. OTHER RECEIVABLES		
Unsecured and considered good		
Duty drawback receivable	5,023	3,631
Others	1,604	1,279
	<u>6,627</u>	<u>4,910</u>

15. **SHORT TERM INVESTMENTS** - At fair value through profit or loss

2017 ----- Number of units -----	2016	Related parties	2017	2016
5,329,964	4,947,290	Atlas Income Fund	2,835,381	2,672,823
3,525,913	3,093,041	Atlas Money Market Fund	1,848,531	1,628,981
503,770	486,522	Atlas Gold Fund	51,500	50,593
721,453	721,453	Atlas Islamic Stock Fund	444,184	311,545
3,521,882	3,640,771	Atlas Sovereign Liquid Fund	365,536	380,206
220,949	218,972	Atlas Stock Market Fund	148,084	99,994
1,367,167	-	Atlas Islamic Income Fund	715,958	-
			<u>6,409,174</u>	<u>5,144,142</u>
		Others		
2,477,740	2,375,296	Lakson Money Market Fund	260,617	247,882
3,265,559	3,064,733	Lakson Income Fund	344,762	330,276
-	9,831,295	NIT Government Bond Fund	-	103,904
-	5,000,000	NIT Islamic Equity Fund	-	50,350
737,906	-	National Investment (Unit) Trust	66,116	-
			<u>671,495</u>	<u>732,412</u>
			<u>7,080,669</u>	<u>5,876,554</u>

	Note	2017 ----- (Rupees in ₨000) -----	2016
16. BANK BALANCES			
Cash at banks in:			
- current accounts		399,430	158,702
- savings deposit accounts	16.1	1,004,354	896,318
- term deposit receipts	16.2	5,650,000	3,700,000
		<u>7,053,784</u>	<u>4,755,020</u>

16.1 Savings deposit accounts carry mark-up ranging upto 5.85% (2016: 6.50%) per annum.

16.2 Term deposit receipts (TDR) have maturity days ranging from 30 to 90 days (2016: 30 days) from respective date of acquisition. These TDRs carry mark-up at the rates ranging from 5.95% to 6.10% (2016: 6.40% to 6.65%) per annum.

17. SHARE CAPITAL

17.1 Authorized capital

2017 ----- Number of shares -----	2016		2017 ----- (Rupees in ₨000) -----	2016
<u>150,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>

17.2 Issued, subscribed and paid-up capital

2017 ----- Number of shares -----	2016		2017	2016
6,352,748	6,352,748	Ordinary shares of Rs.10 each fully paid in cash	63,528	63,528
96,794,565	96,794,565	Ordinary shares of Rs.10 each issued as fully paid bonus shares	967,945	967,945
259,300	259,300	Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash	2,593	2,593
<u>103,406,613</u>	<u>103,406,613</u>		<u>1,034,066</u>	<u>1,034,066</u>

17.3 Ordinary shares of the Company held by the related parties as at March 31

	2017 ----- Number of shares -----	2016
Shirazi Investments (Private) Limited	54,220,693	25,265,858
Honda Motor Company Limited, Japan	36,192,315	36,192,315
Atlas Insurance Limited	2,931,728	2,931,728
Shirazi Capital (Private) Limited	-	25,359,715
Shirazi (Private) Limited	-	3,595,120
	<u>93,344,736</u>	<u>93,344,736</u>

18. RESERVES

Capital reserves

	2017 ----- (Rupees in ₨000) -----	2016
Share premium	39,953	39,953
Gain on sale of land	165	165
	<u>40,118</u>	<u>40,118</u>

Revenue reserves

	2017	2016
General reserve:		
- at April 1	6,162,000	5,332,000
- transferred from unappropriated profit	830,000	830,000
- at March 31	6,992,000	6,162,000
Unappropriated profit	5,191,349	3,765,939
	<u>12,183,349</u>	<u>9,927,939</u>
	<u>12,223,467</u>	<u>9,968,057</u>

	Note	2017 ----- (Rupees in ₨000) -----	2016
19. COMPENSATED ABSENCES			
Balance as at April 1		214,620	195,145
Provision for the year		30,894	32,041
		<u>245,514</u>	<u>227,186</u>
Encashed during the year		(17,071)	(12,566)
Balance as at March 31		<u>228,443</u>	<u>214,620</u>
20. DEFERRED TAXATION - Net			
The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		792,679	662,717
Unrealized gain on investments		18,924	28,902
Provision for slow moving inventories		(44,279)	(35,433)
Compensated absences		(67,705)	(63,690)
Warranty obligations		(17,256)	(13,399)
Staff retirement benefit - gratuity		(11,395)	(12,348)
		<u>670,968</u>	<u>566,749</u>
20.1 Movement in deferred taxation			
Balance as at April 1		566,749	578,249
Charge for the year to:			
Profit and loss account		103,222	(12,731)
Other comprehensive income		997	1,231
		<u>104,219</u>	<u>(11,500)</u>
Balance as at March 31		<u>670,968</u>	<u>566,749</u>
21. TRADE AND OTHER PAYABLES			
Creditors	21.1	2,717,244	2,411,945
Accrued liabilities	21.2	2,294,184	1,643,251
Royalty payable	21.3	807,107	665,055
Warranty obligations		58,224	40,269
Advances from customers	21.4	4,759,060	3,214,454
Retention money		25,040	3,379
Sales tax payable - net		206,073	117,232
Workers' profit participation fund	21.5	270,713	215,727
Workers' welfare fund	21.6	102,687	81,652
Payable to staff retirement benefit funds - gratuity	21.7	38,447	43,694
Provision for Sindh government infrastructure fee		128,999	78,285
Unclaimed dividend		55,004	48,703
Others	21.8	23,024	21,824
		<u>11,485,806</u>	<u>8,585,470</u>

21.1 Includes Rs.24,380 thousand (2016: Rs.44,136 thousand) and Rs.Nil (2016: Rs.56 thousand) due to Atlas Hitec (Private) Limited and Pakistan Cables Limited [related parties] respectively.

21.2 Includes Rs.2,121 thousand (2016: Rs.940 thousand) due to Honda Motor Company Limited, Japan - a related party.

21.3 Includes Rs.800,745 thousand (2016: Rs.660,195 thousand) due to Honda Motor Company Limited, Japan - a related party.

21.4 These represent advances from customers against sale of motorcycles & parts and carry no mark-up. These advances include Rs. Nil (2016: Rs.4,694 thousand) due to Honda Atlas Cars (Pakistan) Limited - a related party.

	Note	2017 ----- (Rupees in ₹000) -----	2016
21.5 Workers' profit participation fund (the Fund)			
Balance as at April 1		215,727	172,514
Allocation for the year	29	270,229	214,874
Interest on funds utilised in the Company's business	30	484	853
		486,440	388,241
Paid to trustees of the Fund		(215,727)	(172,514)
Balance as at March 31		270,713	215,727
21.6 Workers' welfare fund			
Balance as at April 1		81,652	69,995
Charge for the year		102,687	81,652
Adjustment for prior year		(8,881)	(4,005)
	29	93,806	77,647
		175,458	147,642
Payment made during the year		(72,771)	(65,990)
Balance as at March 31		102,687	81,652

21.7 Staff retirement benefit - gratuity

21.7.1 The Company has established two separate funded gratuity schemes for its management and non-management staff, who completes qualifying period of service.

21.7.2 These benefit plans are trustee-administered funds and are governed by local regulations which mainly includes Trust Act, 1882, Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contributions schedules lies with the board of trustees. The Company appoints the trustees and all trustees are employees of the Company.

21.7.3 The latest actuarial valuations of the Funds as at March 31, 2017 were carried out using the 'Projected Unit Credit Method'. Details of the Funds as per the actuarial valuations are as follows:

	Management		Non-management		Total	
	2017	2016	2017	2016	2017	2016
----- (Rupees in ₹000) -----						
21.7.4 Balance sheet reconciliation						
Present value of defined benefit obligation at March 31 - note 21.7.5	328,371	309,560	38,370	35,699	366,741	345,259
Fair value of plan assets at March 31 - note 21.7.6	(262,154)	(237,680)	(86,134)	(79,199)	(348,288)	(316,879)
Payable to related parties in respect of transferees	19,994	15,314	-	-	19,994	15,314
	86,211	87,194	(47,764)	(43,500)	38,447	43,694
21.7.5 Movement in the present value of defined benefit obligation						
Balance as at April 1	309,560	289,018	35,699	35,865	345,259	324,883
Benefits paid	(17,755)	(10,320)	(1,870)	(2,809)	(19,625)	(13,129)
Current service cost	17,838	17,061	1,188	1,210	19,026	18,271
Interest expense	23,287	26,581	2,692	3,228	25,979	29,809
Remeasurement on obligation	16,439	3,628	661	(1,795)	17,100	1,833
Payable to related parties in respect of transferees	(20,998)	(16,408)	-	-	(20,998)	(16,408)
Balance as at March 31	328,371	309,560	38,370	35,699	366,741	345,259
21.7.6 Movement in the fair value of plan assets						
Balance as at April 1	237,680	214,977	79,199	69,030	316,879	284,007
Contributions	25,355	26,765	-	-	25,355	26,765
Benefits paid	(17,755)	(10,320)	(1,870)	(2,809)	(19,625)	(13,129)
Interest income	15,633	18,287	5,940	6,163	21,573	24,450
Remeasurement	17,559	(1,093)	2,865	6,815	20,424	5,722
Payable to related parties in respect of transferees	(16,318)	(10,936)	-	-	(16,318)	(10,936)
Balance as at March 31	262,154	237,680	86,134	79,199	348,288	316,879

	Management		Non-management		Total	
	2017	2016	2017	2016	2017	2016
----- (Rupees in ₹000) -----						
21.7.7 Expense / income recognised in profit and loss account						
Current service costs	17,838	17,061	1,188	1,210	19,026	18,271
Net interest expense / (income)	7,654	8,294	(3,248)	(2,935)	4,406	5,359
	<u>25,492</u>	<u>25,355</u>	<u>(2,060)</u>	<u>(1,725)</u>	<u>23,432</u>	<u>23,630</u>
21.7.8 Remeasurement recognised in other comprehensive income						
Loss / (gain) from change in financial assumptions	15,392	1,819	1,798	218	17,190	2,037
Experience loss / (gain)	1,047	1,809	(1,137)	(2,013)	(90)	(204)
(Gain) / loss on remeasurement of plan assets	(17,559)	1,093	(2,865)	(6,815)	(20,424)	(5,722)
Net remeasurements	<u>(1,120)</u>	<u>4,721</u>	<u>(2,204)</u>	<u>(8,610)</u>	<u>(3,324)</u>	<u>(3,889)</u>
21.7.9 Net recognised liability						
Net liability / (asset) at beginning of the year	87,194	83,883	(43,500)	(33,165)	43,694	50,718
Charge / (income) for the year	25,492	25,355	(2,060)	(1,725)	23,432	23,630
Contributions made during the year	(25,355)	(26,765)	-	-	(25,355)	(26,765)
Remeasurement recognised in other comprehensive income	(1,120)	4,721	(2,204)	(8,610)	(3,324)	(3,889)
Recognised liability / (asset) as at March 31	<u>86,211</u>	<u>87,194</u>	<u>(47,764)</u>	<u>(43,500)</u>	<u>38,447</u>	<u>43,694</u>
21.7.10 Actual return on planned assets	<u>33,192</u>	<u>17,194</u>	<u>7,421</u>	<u>10,562</u>	<u>40,613</u>	<u>27,756</u>
21.7.11 Plan assets comprise of:						
Fixed income instruments	121,470	108,679	44,209	43,329	165,679	152,008
Mutual fund securities	140,480	126,760	40,826	28,567	181,306	155,327
Others	204	2,241	1,099	7,303	1,303	9,544
	<u>262,154</u>	<u>237,680</u>	<u>86,134</u>	<u>79,199</u>	<u>348,288</u>	<u>316,879</u>

21.7.12 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

	Management		Non management	
	2017	2016	2017	2016
----- % per annum -----				
21.7.13 Significant actuarial assumptions and sensitivity:				
Discount rate at March 31	7.75	7.75	7.75	7.75
Expected rate of increase in future salaries - first year	12.00	10.00	12.00	10.00
- long term	6.75	6.75	6.75	6.75
Expected rate of return on plan assets	7.75	7.75	7.75	7.75
Demographic assumptions				
- Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)
- Rates of employee turnover	Moderate	Moderate	Moderate	Moderate

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

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
		----- (Rupees in ₦000) -----	
Discount rate	1.00%	341,813	395,288
Future salary increase	1.00%	393,457	342,976
Withdrawal rates : light		364,692	
Withdrawal rates : heavy		366,271	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised within the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21.7.14 Expected charge and income to management and non-management gratuity plans for the year ending March 31, 2018 are Rs.24,443 thousand and Rs.2,361 thousand respectively.

21.7.15 The weighted average duration of defined benefit obligation for management and non-management plans is 6.97 years and 5.42 years respectively. The expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	----- Rupees in ₦000 -----				
March 31, 2017					
Management staff	39,519	45,446	92,895	223,861	401,721
Non-management staff	4,000	1,825	14,055	38,707	58,587
Total	35,519	43,621	106,950	262,568	460,308

21.7.16 Historical Information	2017	2016	2015	2014	2013
	----- Rupees in ₦000 -----				
Present value of defined benefit obligation	366,741	345,259	324,883	305,323	281,568
Fair value of plan assets	348,288	316,879	284,007	261,100	212,932
Deficit provided in financial statements	18,453	28,380	40,876	44,223	68,636

21.8 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.12,122 thousand (2016: Rs.12,574 thousand).

22. SHORT TERM BORROWINGS - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.2,740,000 thousand (2016: Rs.2,740,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to extent of Rs.4,058,000 thousand (2016: Rs.4,058,000 thousand). The rates of mark-up of these facilities during the year ranged from 6.14% to 7.12% (2016: 7.01% to 8.99%) per annum. These facilities are expiring on various dates by December 31, 2017.

The facilities for opening letters of credit as at March 31, 2017 aggregated to Rs.3,530,000 thousand (2016: Rs.3,530,000 thousand) of which the amount remained unutilised at year end was Rs.2,092,382 thousand (2016: Rs.2,320,035 thousand).

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Various cases have been filed against the Company by some former employees for reinstatement of service and are pending in different courts of Pakistan. The management is confident that outcome of these cases will be in favour of the Company and hence no provision is made in these financial statements.

23.1.2 Guarantees aggregating to Rs.1,658,491 thousand (2016: Rs.386,196 thousand) have been issued by commercial banks to government and semi government institutions for import of raw materials and supply of goods.

23.2 Commitments

23.2.1 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at March 31, 2017 aggregated to Rs.1,437,618 thousand (2016: Rs.1,209,965 thousand).

23.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at March 31, 2017 aggregated to Rs.131,915 thousand (2016: Rs.239,842 thousand).

23.2.3 The Company has entered into Ijarah arrangements for vehicles with various banks. Aggregate commitments for these Ijarah arrangements as at March 31, are as follows:

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Not later than one year		29,765	26,574
Later than one year and not later than five years		52,361	46,489
		<u>82,126</u>	<u>73,063</u>
24. SALES - Net			
Gross sales			
- Local		74,496,874	63,459,888
- Export		437,212	405,150
		<u>74,934,086</u>	<u>63,865,038</u>
Less:			
- trade discount and commission		351,104	285,997
- sales tax		10,048,961	8,556,626
		<u>10,400,065</u>	<u>8,842,623</u>
		<u>64,534,021</u>	<u>55,022,415</u>
25. COST OF SALES			
Opening stock of finished goods		391,372	311,219
Cost of goods manufactured	25.1	53,512,593	45,730,387
Purchases during the year		4,388,775	3,726,272
		<u>57,901,368</u>	<u>49,456,659</u>
Closing stock of finished goods		(537,753)	(391,372)
		<u>57,754,987</u>	<u>49,376,506</u>
25.1 Cost of goods manufactured			
Opening stock of work-in-process		2,858	25,131
Raw materials and components consumed	25.2	45,018,128	38,581,898
Direct labour	25.3	1,222,728	981,971
Technical Directors' remuneration		1,848	1,908
Staff salaries, wages and other benefits	25.3	1,135,047	994,034
Stores consumed		753,119	590,287
Fuel and power		568,110	545,655
Insurance		93,998	78,032
Rent, rates and taxes		103,245	83,696
Ijarah rentals		30,599	32,078
Repair and maintenance		490,495	376,606
Royalty		2,960,283	2,503,107
Technical assistance fee		53,735	35,122
Travelling, conveyance and entertainment		86,788	53,937
Postage and telephone		7,697	6,785
Printing and stationery		17,736	13,826
Vehicle running expenses		22,451	22,199
Depreciation	5.2	737,813	636,176
Canteen		112,251	97,298
Newspapers, magazines and subscriptions		3,775	2,204
Amortisation	6	5,342	7,854
Provision for slow moving inventories	10.2	30,000	13,104
Marking fee		58,547	50,121
Other manufacturing expenses		636	216
		<u>53,517,229</u>	<u>45,733,245</u>
Closing stock of work-in-process		(4,636)	(2,858)
		<u>53,512,593</u>	<u>45,730,387</u>

	Note	2017 ----- (Rupees in ₹000) -----	2016
25.2 Raw materials and components consumed			
Opening stock		1,365,459	1,174,432
Purchases during the year	25.4	44,932,160	38,772,925
		<u>46,297,619</u>	<u>39,947,357</u>
Closing stock		(1,279,491)	(1,365,459)
		<u>45,018,128</u>	<u>38,581,898</u>

25.3 Direct labour and staff salaries, wages & other benefits include Rs.70,150 thousand (2016: Rs.68,437 thousand) in respect of staff retirement benefits.

25.4 Purchases include government rebates netted-off aggregating Rs.8,601 thousand (2016: Rs.6,409 thousand).

	Note	2017 ----- (Rupees in ₹000) -----	2016
26. SALES AND MARKETING EXPENSES			
Directors' remuneration		37,591	35,311
Staff salaries and other benefits	26.1	311,395	296,995
Travelling, conveyance and entertainment		88,099	81,360
Vehicle running expenses		14,996	15,436
Rent, rates and taxes		40,414	34,948
Advertisement and sales promotion		499,910	406,082
Repairs and maintenance		8,000	5,939
Gas and electricity		11,054	9,020
Freight outward		446,729	434,202
Printing and stationery		4,181	2,919
Postage and telephone		16,438	13,134
First free service charges		137,745	106,859
Insurance		12,900	12,324
Newspapers, magazines and subscriptions		1,204	1,259
Others		117	364
		<u>1,630,773</u>	<u>1,456,152</u>

26.1 Staff salaries and other benefits include Rs.20,300 thousand (2016: Rs.22,944 thousand) in respect of staff retirement benefits.

	Note	2017 ----- (Rupees in ₹000) -----	2016
27. ADMINISTRATIVE EXPENSES			
Non executive Directors' fee		20,770	20,798
Staff salaries and other benefits	27.1	325,488	274,767
Travelling, conveyance and entertainment		20,380	17,551
Rent, rates and taxes		8,632	6,119
Insurance		4,876	3,787
Repairs and maintenance		13,253	12,657
Legal and professional charges		24,045	14,292
Gas and electricity		1,795	2,049
Newspapers, magazines, fees and subscriptions		3,513	5,097
Postage and telephone		3,607	2,673
Printing and stationery		12,822	11,935
Vehicle running expenses		7,415	7,869
Staff training		28,734	23,152
Depreciation	5.2	59,466	49,619
Donation	27.2	67,349	47,436
Others		198	114
		<u>602,343</u>	<u>499,915</u>

- 27.1** Staff salaries and other benefits include Rs.18,585 thousand (2016: Rs.18,390 thousand) in respect of staff retirement benefits.
- 27.2** Donation of Rs.66,444 thousand (2016: Rs.47,436 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Yusuf H. Shirazi, Chairman and Mr. Jawaid Iqbal Ahmed, the Directors of the Company and also the Directors of the Foundation.

	Note	2017 ----- (Rupees in ₨000) -----	2016
28. OTHER INCOME			
Income from financial assets			
Mark-up / interest on savings deposit accounts and term deposit receipts	28.1	365,716	280,519
Gain on sale of investments at fair value through profit or loss		24,063	10,243
Fair value gain on investments at fair value through profit or loss		35,838	35,610
Dividend income		9,474	-
Net foreign exchange gains		93	54
Income from investments in related parties			
Gain on sale of investments at fair value through profit or loss		35,215	66,277
Fair value gain on investments at fair value through profit or loss		219,601	178,476
Dividend income		201,419	41,622
Income from assets other than financial assets			
Commission income		1,517	1,822
Scrap sales		22,607	20,070
Others		790	2,381
		916,333	637,074

- 28.1** Mark-up / interest at the rates ranged from 2.20% to 6.70% (2016: 4.13% to 8.25%) per annum has been earned during the year on savings deposit accounts and term deposit receipts.

	Note	2017 ----- (Rupees in ₨000) -----	2016
29. OTHER OPERATING EXPENSES			
Workers' profit participation fund	21.5	270,229	214,874
Workers' welfare fund	21.6	93,806	77,647
Auditors' remuneration	29.1	2,900	2,400
Loss on disposal and write-off of operating fixed assets		37,805	15,761
		404,740	310,682
29.1 Auditors' remuneration			
Fee for:			
- audit of annual financial statements		1,500	1,000
- review of half yearly financial information		212	212
- review of Code of Corporate Governance		91	91
- audits of retirement funds and workers' profit participation fund		250	250
- certifications for payment of royalty, technical fee and dividend		550	550
- out of pocket expenses		297	297
		2,900	2,400
30. FINANCE COSTS			
Mark-up / interest on short term borrowings		-	341
Interest on workers' profit participation fund	21.5	484	853
Bank and other financial charges		25,369	14,086
		25,853	15,280

	2017 ----- (Rupees in ₹000) -----	2016
31. INCOME TAX EXPENSE		
Current tax		
Current tax on profits for the year	1,159,131	1,065,822
Adjustments for current tax of prior years	77,910	(10,461)
	<u>1,237,041</u>	<u>1,055,361</u>
Deferred tax		
Origination and reversal of temporary differences	155,790	40,688
Impact of change in tax rate	(52,568)	(53,419)
	<u>103,222</u>	<u>(12,731)</u>
	<u>1,340,263</u>	<u>1,042,630</u>
31.1 Numerical reconciliation of income tax expense to prima facie tax		
Profit before income tax expense	<u>5,092,742</u>	<u>4,044,429</u>
Tax at the applicable rate of 31% (2016: 32%)	1,578,750	1,294,217
Tax effect of:		
- amounts not deductible for tax purposes	299,211	281,966
- amounts deductible for tax purposes but not taken to profit and loss account	(401,341)	(278,964)
- income not subject to tax / income subject to final tax regime / tax credits	(300,334)	(219,266)
- Associate's result reported net of tax	(17,155)	(12,131)
Adjustments for current tax of prior years	77,910	(10,461)
Deferred tax	103,222	(12,731)
Income tax expense	<u>1,340,263</u>	<u>1,042,630</u>

- 31.2 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid-up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its issued, subscribed and paid-up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on April 28, 2017 has distributed sufficient cash dividend for the year ended March 31, 2017 (refer note 42) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in the financial statements for the year ended March 31, 2017.

32. EARNINGS PER SHARE

	2017 ----- (Rupees in ₹000) -----	2016
32.1 Basic earnings per share		
Net profit for the year	<u>3,752,479</u>	<u>3,001,799</u>
	<u>----- (Number of shares) -----</u>	
Weighted average ordinary shares in issue	<u>103,406,613</u>	<u>103,406,613</u>
	<u>----- (Rupees) -----</u>	
Earnings per share	<u>36.29</u>	<u>29.03</u>
32.2 Diluted earnings per share		

No figures for diluted earnings per share have been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	Note	2017 ----- (Rupees in ₹000) -----	2016
33. CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,092,742	4,044,429
Adjustments for:			
Depreciation		797,279	685,795
Amortisation		5,342	7,854
Provision for compensated absences		30,894	32,041
Provision for gratuity		23,432	23,630
Provision for slow moving inventories		30,000	13,104
Mark-up / interest on savings deposit accounts and term deposit receipts		(365,716)	(280,519)
Gain on sale of investments at fair value through profit or loss		(59,278)	(76,520)
Fair value gain on investments at fair value through profit or loss		(255,439)	(214,086)
Net foreign exchange gains		(93)	(54)
Dividend income		(210,893)	(41,622)
Workers' profit participation fund		270,713	215,727
Workers' welfare fund		93,806	77,647
Loss on disposal and write-off of operating fixed assets		37,805	15,761
Mark-up / interest on short term borrowings		-	341
Share of net profit of an Associate		(61,084)	(43,475)
Changes in working capital	33.1	2,407,852	2,567,844
		<u>7,837,362</u>	<u>7,027,897</u>
33.1 Changes in working capital (Increase) / decrease in current assets			
- Stores, spares and loose tools		(73,910)	(66,080)
- Stock-in-trade		(266,128)	(218,053)
- Trade debts		(14,911)	96,177
- Loans and advances		(3,044)	5,358
- Trade deposits and prepayments		(55,792)	(5,202)
- Other receivables		(1,717)	(1,236)
		<u>(415,502)</u>	<u>(189,036)</u>
Increase in current liabilities:			
- Trade and other payables		2,823,354	2,756,880
		<u>2,407,852</u>	<u>2,567,844</u>
33.2 Cash flows from operating activities - Direct method			
Receipts from customers		66,063,716	57,103,834
Mark-up / interest received		361,088	274,534
Payments to trade suppliers, service providers and employees		(58,230,837)	(50,078,717)
Mark-up / interest paid		-	(341)
Income taxes paid		(1,427,626)	(1,498,297)
Contributions made to gratuity funds		(25,355)	(26,765)
Compensated absences paid		(17,071)	(12,566)
Workers' profit participation fund paid		(215,727)	(172,514)
Workers' welfare fund paid		(72,771)	(65,990)
		<u>6,435,417</u>	<u>5,523,178</u>

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged during year in respect of remuneration and fee, including certain benefits, to the Chief Executive Officer, Directors and executives of the Company are given below:

	Directors		Executives			
	Chief Executive Officer	Others	2017	2016		
	2017	2016	2017	2016		
	(Rupees in ₹000)					
Managerial remuneration and fee	17,739	16,443	22,618	22,706	274,787	266,427
Rent and utilities	8,484	7,864	-	-	131,420	127,330
Bonus	9,462	8,452	-	-	144,522	134,455
Retirement benefits	1,697	1,573	-	-	25,134	25,466
Medical and other reimbursable expenses	209	979	-	-	13,775	13,158
	<u>37,591</u>	<u>35,311</u>	<u>22,618</u>	<u>22,706</u>	<u>589,638</u>	<u>566,836</u>
Number of persons	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>215</u>	<u>217</u>

34.1 The Chief Executive Officer, three Directors and two ex-patriate executives are provided with free use of Company maintained cars and telephones at residences. Two Directors and two ex-patriate executives are also provided with furnished accommodation.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, staff retirement funds, Directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2017	2016
	(Rupees in ₹000)	
The Holding Company		
Sales of goods	160	-
Associated companies		
Sales of:		
- goods and services	857,855	615,651
- operating fixed assets	15,995	99,010
Purchases of:		
- goods and services	16,640,812	11,569,759
- operating fixed assets	92,085	60,013
Sale of units in mutual funds	4,485,622	8,167,623
Purchase of units in mutual funds	5,344,610	9,640,800
Royalty	2,967,098	2,510,161
Export commission	3,637	3,539
Technical assistance fee	9,443	14,172
Commission income	1,517	1,822
Rent	105,399	90,907
Insurance premium paid	264,724	239,991
Insurance claims received	3,239	17,952
Reimbursement of expenses - net	2,962	2,500
Dividend paid	1,353,499	1,120,137
Donation paid	66,444	47,436
Dividend received	215,669	55,872
Other related parties		
Contributions paid to:		
- gratuity funds	25,355	26,765
- provident funds / pension schemes	54,709	54,100
Key management personnel		
- salaries and other employment benefits	136,717	132,688
- sale of vehicles under company policy	2,244	1,389

The related party status of outstanding balances as at March 31, 2017 is included in ■Capital work-in-progress - note 5.4■, ■Trade deposit and prepayments - note 13■ and ■Trade and other payables - note 21■ respectively. These are settled in ordinary course of business.

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- market risk (including foreign exchange risk, interest rate risk and price risk);
- credit risk; and
- liquidity risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Japanese Yen and the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company's exposure to foreign currency risk at the reporting date is as follows:

	Japanese Yen 2017	US Dollar 2017	Japanese Yen 2016	US Dollar 2016
	----- (Amounts in ,000) -----			
Trade debts	-	150	-	15
Trade and other payables	(860,004)	(146)	(711,165)	(155)
	<u>(860,004)</u>	<u>4</u>	<u>(711,165)</u>	<u>(140)</u>

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2017	2016	2017	2016
	----- (Rupees) -----			
Pakistani Rupee to Japanese Yen	0.96	0.86	0.93	0.93
Pakistani Rupee to U.S. Dollar	104.80	104.25	104.85	104.80

At March 31, 2017, if the Pakistani Rupee had strengthened / weakened by 5% against Japanese Yen and U.S. Dollar with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gains / (losses) on translation of foreign denominated financial assets and liabilities.

	2017 ----- (Rupees in ₨000) -----	2016
Effect on profit for the year:		
Pakistani Rupee to Japanese Yen	40,141	33,069
Pakistani Rupee to U.S. Dollar	(21)	734
	<u>40,120</u>	<u>33,803</u>

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

The Company is exposed to interest rate risk on balances with banks in savings deposit accounts and term deposit receipts. Deposits in bank savings accounts held at variable interest rate expose the Company to cash flow interest rate risk and term deposit receipts issued by the banks at fixed interest rates give rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of deposits. At March 31, 2017, the Company's interest bearing financial assets amounted to Rs.6,654,354 thousand (2016: Rs.4,596,318 thousand).

At March 31, 2017, if the interest rate on the Company's deposits had been 1% higher / lower with other variables held constant, profit before tax for the year would have been higher / (lower) by Rs.10,044 thousand (2016: Rs.8,963 thousand) mainly as a result of higher / (lower) interest income.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Company is exposed to price risk because of investments in mutual fund securities aggregating to Rs.7,080,669 thousand (2016: Rs.5,876,554 thousand) as changes in Net Asset Value (NAV) of mutual funds affects the Company. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolios.

At March 31, 2017, if fair value (NAV) had been 5% higher / lower with all other variables held constant profit before tax for the year would have higher / (lower) by Rs.354,033 thousand (2016: Rs.293,828 thousand).

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to perform as contracted or discharge an obligation. The Company's credit risk arises from deposits with banks & financial institutions, loans & advances, deposits, trade debts, investments, accrued mark-up / interest and other receivables.

The carrying amounts of financial assets represent the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.14,899,921 thousand (2016: Rs.11,339,678 thousand) as at March 31, 2017 and are as follows:

	2017 ----- (Rupees in ₨000) -----	2016
Long term loans and advances	30,108	28,027
Long term deposits	17,339	14,937
Trade debts	623,331	608,420
Loans and advances	34,737	33,199
Trade deposits	36,879	5,400
Accrued mark-up / interest	21,470	16,842
Other receivables	1,604	1,279
Short term investments	7,080,669	5,876,554
Bank balances	7,053,784	4,755,020
	<u>14,899,921</u>	<u>11,339,678</u>

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2017 ----- (Rupees in ₨000) -----	2016
Pakistan	607,614	606,865
Bangladesh	15,717	1,555
	623,331	608,420
	623,331	608,420

The maximum exposure to credit risk for trade debts by type of counter party as at balance sheet date is as follows:

	2017 ----- (Rupees in ₨000) -----	2016
Government departments	6,647	1,009
Defence institutions	523,139	557,629
Others (including exports)	93,545	49,782
	623,331	608,420
	623,331	608,420

Out of the total financial assets credit risk is concentrated in trade debts, investments in mutual funds securities and deposits with banks as they constitute 99% (2016: 99%) of the total financial assets. Significant part of sales of the Company occurs against advance payments, therefore, trade debts mainly arise from export sales and local sales that were made to Government and Defence Institutions. The Company believes that it is not exposed to any specific credit risk in respect of those trade debts.

The credit quality of loans and receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. The credit quality of Company's bank balances and investments in mutual funds securities can be assessed with reference to the external credit ratings as follows:

Banks	Rating		
	Short term	Long term	Agency
Allied Bank Limited	A1+	AA+	PACRA
Askari Bank Limited	A1+	AA+	PACRA
Bank Al Habib Limited	A1+	AA	PACRA
Bank Alfalah Limited	A-1+	AA+	JCR-VIS
BankIslami Pakistan Limited	A1	A+	PACRA
Deutsche Bank AG	P-2	A3	MOODY'S
Faysal Bank Limited	A1+	AA	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
Habib Metropolitan Bank Limited	A1+	AA	PACRA
Khushhali Bank Limited	A-1	A+	JCR-VIS
MCB Bank Limited	A1+	AAA	PACRA
Meezan Bank Limited	A-1+	AA	JCR-VIS
National Bank of Pakistan	A1+	AAA	PACRA
NIB Bank Limited	A1+	AA-	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
The Bank of Tokyo - Mitsubishi UFJ, Limited	P-1	A1	MOODY'S
United Bank Limited	A-1+	AAA	JCR-VIS
Mutual Funds		Rating	Agency
Atlas Income Fund		AA-(f)	PACRA
Atlas Islamic Income Fund		AA-(f)	PACRA
Atlas Money Market Fund		AA(f)	PACRA
Atlas Sovereign Liquid Fund		AA(f)	PACRA
Lakson Money Market Fund		AA(f)	PACRA
Lakson Income Fund		A+(f)	PACRA
NIT Government Bond Fund		AA-(f)	PACRA

(c) **Liquidity risk**

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient balances with banks. At March 31, 2017 there is no maturity mismatch between financial assets and liabilities that exposes the Company to liquidity risk.

36.2 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company is equity based with no financing through long term or short term borrowings.

36.3 Financial instruments by category

Financial assets as per balance sheet

	Loans and receivables		At fair value through profit and loss	
	2017	2016	2017	2016
	----- Rupees in ₹000 -----			
Long term loans and advances	30,108	28,027	-	-
Long term deposits	17,339	14,937	-	-
Trade debts	623,331	608,420	-	-
Loans and advances	34,737	33,199	-	-
Trade deposits	36,879	5,400	-	-
Accrued mark-up / interest	21,470	16,842	-	-
Other receivables	1,604	1,279	-	-
Short term investments	-	-	7,080,669	5,876,554
Bank balances	7,053,784	4,755,020	-	-
	<u>7,819,252</u>	<u>5,463,124</u>	<u>7,080,669</u>	<u>5,876,554</u>

Financial liabilities measured at amortised cost

2017	2016
--- Rupees in ₹000 ---	

Financial liabilities as per balance sheet

Trade and other payables	<u>6,018,274</u>	<u>4,878,120</u>
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36.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Company's financial assets that are measured at fair value at March 31, 2017 and March 31, 2016.

	March 31, 2017			
	Level 1	Level 2	Level 3	Total
	----- Rupees in ₨000 -----			
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Short term investments	7,080,669	-	-	7,080,669
	March 31, 2016			
	Level 1	Level 2	Level 3	Total
	----- Rupees in ₨000 -----			
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Short term investments	5,876,554	-	-	5,876,554

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the 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. These instruments are included in Level 1.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no other material Level 1, 2 or 3 assets or liabilities during the current and preceding year.

37. ENTITY-WIDE INFORMATION

37.1 The Company markets and sells motorcycles and spare parts. Breakdown of net revenues for both the products of the Company is as follows:

	2017	2016
	----- (Rupees in ₨000) -----	
Motorcycles	58,333,750	49,932,568
Spare parts	6,200,271	5,089,847
	<u>64,534,021</u>	<u>55,022,415</u>

37.2 Export sales are made to Afghanistan and Bangladesh. Result of the Company's revenue from external customers in Pakistan is Rs.64,100,446 thousand (2016: Rs.54,620,804 thousand) and total revenue from external customers from other countries is Rs.433,575 thousand (2016: Rs.401,610 thousand).

37.3 All the non-current assets of the Company are located in Pakistan.

37.4 The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of the Company's plant cannot be determined as this depends upon relative proportion of various types of motorcycles and motorcycle components produced.

39. NUMBER OF EMPLOYEES

The number of employees as at March 31, 2017 were 1,638 (2016: 1,569). Average number of employees during the year were 1,651 (2016: 1,589).

40. PROVIDENT FUND RELATED DISCLOSURE

The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. Equal monthly contributions at the rate of 11% of the basic salary are made to the Fund both by the Company and the employees. The following information is based on un-audited financial statements of the Fund for the year ended March 31, 2017:

	2017 ----- (Rupees in ₹000) -----	2016
Size of the Fund - Total assets	906,053	866,350
Fair value of investments	885,074	838,730
Percentage of investments made	97.68%	96.81%

40.1 The cost of above investments amounted to Rs.826,727 thousand (2016: Rs.753,643 thousand).

40.2 The break-up of fair value of investments is as follow:

	2017 --- Percentage ---	2016	2017 --- Rupees in ₹000 ---	2016
Debt securities	10.70	12.21	96,948	105,771
Government securities	39.67	47.82	359,404	414,303
Mutual funds securities	45.01	33.02	407,810	286,084
Special accounts in schedule banks	2.31	3.76	20,912	32,572
	97.68	96.81	885,074	838,730

40.3 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

41. SHARIAH SCREENING DISCLOSURE

	Conventional	Shariah Compliant 2017	Total
	----- (Rupees in ₹000) -----		
Short term investments	5,920,527	1,160,142	7,080,669
Bank balances	7,026,411	27,373	7,053,784
Other income			
a) Profit from bank accounts	351,421	14,295	365,716
b) Gain on sale of investments at fair value through profit or loss	41,416	17,862	59,278
c) Fair value gain on investments at fair value through profit or loss	108,163	147,276	255,439
d) Dividend income	208,793	2,100	210,893
e) Others including exchange gain on actual currency	-	25,007	25,007


42. EVENT AFTER REPORTING PERIOD

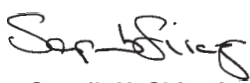
The Board of Directors, in their meeting held on April 28, 2017, (i) approved the transfer of Rs. 1,000,000 thousand (2016: Rs.830,000 thousand) from unappropriated profit to general reserve and (ii) proposed a final cash dividend of Rs. 18.5 (2016: Rs.14.5) per share amounting to Rs. 1,913,022 thousand (2016: Rs.1,499,396 thousand) for approval of the members at the Annual General Meeting to be held on June 19, 2017.

The financial statements for the year ended March 31, 2017 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending March 31, 2018.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 28, 2017 by the Board of Directors of the Company.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer

Pattern of Shareholding Additional Information As at March 31, 2017

Shareholders Category	Number of Shareholders	Number of Shares held	Percentage
Associated Companies, Undertakings and Related Parties			
Atlas Insurance Limited	1	2,931,728	2.84%
Honda Motor Company Limited	1	36,192,315	35.00%
Shirazi Investments (Pvt) Limited	1	54,220,693	52.43%
	3	93,344,736	90.27%
NIT and ICP:			
National Bank Of Pakistan Trustee Department	1	26,421	0.03%
IDBP (ICP Unit)	1	762	0.00%
	2	27,183	0.03%
Directors, CEO and their Spouses and minor children and Associates:			
Mr. Yusuf H. Shirazi & Associates	3	3	0.00%
Mr. Saquib H. Shirazi (CEO)	1	1	0.00%
Mr. Sanallah Qureshi	1	400	0.00%
Mr. Toichi Ishiyama	1	1	0.00%
Mr. Hiromitsu Takasaki	1	1	0.00%
Mr. Yasutaka Uda	1	1	0.00%
Mr. Abid Naqvi	1	501	0.00%
Mr. Jawaid Iqbal Ahmed	1	1	0.00%
	10	909	0.00%
Executives		-	0.00%
Public Sector Companies and Corporations		-	0.00%
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds.	5	536,966	0.52%
Individuals	1,517	9,296,230	8.99%
Others	31	200,589	0.19%
Total	1,568	103,406,613	100.00%
Shareholders holding 10% or more voting interest			
Honda Motor Company Limited		36,192,315	35.00
Shirazi Investments (Pvt) Limited		54,220,693	52.43

There was no trading in the shares of the Company by Directors, their spouses and minor children.

Pattern of Shareholding As at March 31, 2017

Number of Shareholders	Shareholdings		Total Shares Held
556	From 1	To 100	18,355
355	From 101	To 500	101,347
158	From 501	To 1,000	120,875
275	From 1,001	To 5,000	631,599
83	From 5,001	To 10,000	614,151
42	From 10,001	To 15,000	511,924
23	From 15,001	To 20,000	413,092
9	From 20,001	To 25,000	195,137
11	From 25,001	To 30,000	292,777
7	From 30,001	To 35,000	223,861
1	From 35,001	To 40,000	39,245
5	From 40,001	To 45,000	218,254
4	From 45,001	To 50,000	183,289
2	From 55,001	To 60,000	113,726
2	From 65,001	To 70,000	134,423
1	From 70,001	To 75,000	71,562
2	From 75,001	To 80,000	155,503
3	From 80,001	To 85,000	248,042
3	From 85,001	To 90,000	260,874
1	From 90,001	To 95,000	91,071
2	From 95,001	To 100,000	195,751
2	From 110,001	To 115,000	227,696
2	From 120,001	To 125,000	244,698
2	From 125,001	To 130,000	254,154
1	From 140,001	To 145,000	141,100
1	From 150,001	To 155,000	151,715
1	From 160,001	To 165,000	162,011
1	From 175,001	To 180,000	176,841
1	From 195,001	To 200,000	199,459
1	From 215,001	To 220,000	218,625
1	From 225,001	To 230,000	227,627
2	From 245,001	To 250,000	490,956
1	From 275,001	To 280,000	277,566
1	From 415,001	To 420,000	418,230
1	From 490,001	To 495,000	491,833
1	From 515,001	To 520,000	516,600
1	From 1,025,001	To 1,030,000	1,027,908
1	From 2,930,001	To 2,935,000	2,931,728
1	From 36,190,001	To 36,195,000	36,192,315
1	From 54,220,001	To 54,225,000	54,220,693
1,568			103,406,613

Pattern of Shareholding As at March 31, 2017

Shareholders Category	Number of Shareholders	Shares held	Percentage
Directors, CEO their spouse and minor children and Associates	10	909	0.00
* Associated Companies, undertakings and related parties	3	93,344,736	90.26
NIT and ICP	2	27,183	0.03
Banks, Development Finance Institutions, Non-Banking Finance Institutions Insurance Companies			
Modarabas and Mutual Funds	5	536,966	0.53
General Public			
Local	1517	9,296,230	9.00
Foreign			
Others			
Joint Stock Companies	29	199,617	0.18
Cooperative Society	1	971	0.00
Trustee of Iftikhar Shirazi Family Trust	1	1	0.00
	1568	103,406,613	100.00

* Note : Included in Associated Companies
Atlas Insurance Ltd. 2,931,728 shares,
Honda Motor Company Ltd. 36,192,315 shares,
Shirazi Investments (Pvt) Ltd. 54,220,693 shares.



Atlas Group Companies

*Year of Establishment /
Acquisition**

 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Metals	2012
 Atlas Global	2015
 Atlas Aluminium	2016
 Atlas Die Casting	2016

Glossary of Terms

Acronym	Description	Acronym	Description
ACCA	Association of Chartered Certified Accountants	ICAP	Institute of Chartered Accountants of Pakistan
AGM	Annual General Meeting	ICMAP	Institute of Cost and Management Accountants of Pakistan
AHL	Atlas Honda Limited	IFAC	International Federation of Accountants
AHPL	Atlas Hitec (Private) Limited	IFAS	Islamic Financial Accounting Standards
AMP	Advance Management Program	IFRS	International Financial Reporting Standards
ATL	Active Tax-payers List	ISO	International Standardization Organization
B2B	Business to Business	KSE	Karachi Stock Exchange
BOD	Board of Director	LLB	Bachelor of Law
CAGR	Compounded Annual Growth Rate	LNG	Liquefied Natural Gas
CCG	Code of Corporate Governance	LTD	Limited
CDC	Central Depository Company of Pakistan Limited	LSE	Lahore Stock Exchange
CDS	Central Depository System	LSM	Large Scale Manufacturing
CEO	Chief Executive Officer	MOU	Memorandum of Understanding
CFO	Chief Financial Officer	MMC	Minor Model Change
CKD	Completely Knocked Down	MSCI	Morgan Stanley Capital International
CNIC	Computerized National Identity Card	NAV	Net Asset Value
COO	Chief Operating Officer	NBFI	Non-Banking Finance Institutions
CPEC	China - Pakistan Economic Corridor	NHC	New Honda Circle
CSR	Corporate Social Responsibility	PBT	Profit Before Taxation
DFI	Development Finance Institutions	PERAC	Public Employee Retirement Administration Commission
EOBI	Employee Old-Age Benefits Institution	PSX	Pakistan Stock Exchange
EPS	Earnings per Share	RCSM	Risk and Counter Strategy Matrix
ERP	Enterprise Resource Planning - software	RMF	Risk Management Function
FBR	Federal Board of Revenue	SAFA	South Asian Federation of Accountants
GAAP	Generally Accepted Accounting Principles	SAP	Standard Application Protocol - ERP system
GDC	Gravity Die Casting	SECP	Securities and Exchange Commission of Pakistan
GDP	Gross Domestic Product	SRO	Statutory Regulatory Order
HMC	Honda Motor Company	SSGC	Sui Southern Gas Company Limited
HPDC	High Pressure Die Casting	TDR	Term Deposit Receipt
IAS	International Accounting Standards	WWF	World Wildlife Fund

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In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

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- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
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- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
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*Mobile apps are also available for download for android and ios devices

The Company Secretary
Atlas Honda Limited,
1-Mcleod Road,
Lahore-54000

PROXY FORM

I/We _____
of _____
being member(s) of Atlas Honda Limited and holder(s) of _____
Ordinary Shares as per Register Folio No. _____ and / or CDC Participant
I.D. No. _____ and Sub Account No. _____ hereby
appoint _____
of _____
or failing him / her _____
of _____ as my/our Proxy to attend, act and vote for me/us and on my/our
behalf at the 53rd Annual General Meeting of the Company to be held at Faletti's Hotel, 24 - Egerton Road, Lahore, on
Monday, June 19, 2017 at 11:00 a.m. and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2017
signed by the Said _____ in the presence of

(Witness)

(Signature must agree with the
specimen signature registered
with the Company)

Affix Revenue Stamp
Signature

NOTE:

- Proxies in order to be effective, must be received at the Company's Registered Office/Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
- CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or Passport with this proxy form before submission to the Company.



The Company Secretary
Atlas Honda Limited
1 - McLeod Road,
Lahore ■ 54000

AFFIX
POSTAGE

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درست رقم کا ٹکٹ
چسپاں کریں

کمپنی سیکریٹری
اٹلس ہنڈل میٹڈ

1- میکلوڈ روڈ، لاہور- 54000

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