



Corporate Report

2018

2018

# Salient features

On a retail basis, over  
**1,088,000 units**  
were sold in 2017-18



Profit after tax at  
**Rs.4.7 billion**  
up by 24%



Since last 7 years  
**Debt Free**  
status



Increased production  
capacity to  
**1.25 million units**



Cash Dividend (proposed) at  
**270%**  
of paid-up capital



wealth distributed  
**Rs.26.3 billion**



Launch of new models  
**CB150F**  
& **CB250F**



EPS  
**Rs.45.1**



## About the Cover

To reap the benefit of today's efforts, one must be driven with the passion of perfecting their tomorrow. Atlas Honda shifts another gear towards a better and prosperous future by delivering exceptional results today - marking spectacular sales, launching products of unprecedented quality, and expanding current capacity to newer horizons. Fastening our belts for another exemplary journey ahead, we are increasingly investing in our tomorrow to go miles ahead of competition, ace market competitiveness, and above all, to create more value for all our stakeholders.



**Delivering today  
Investing in tomorrow**







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Organisation  
development  
through  
self development





## Vision

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

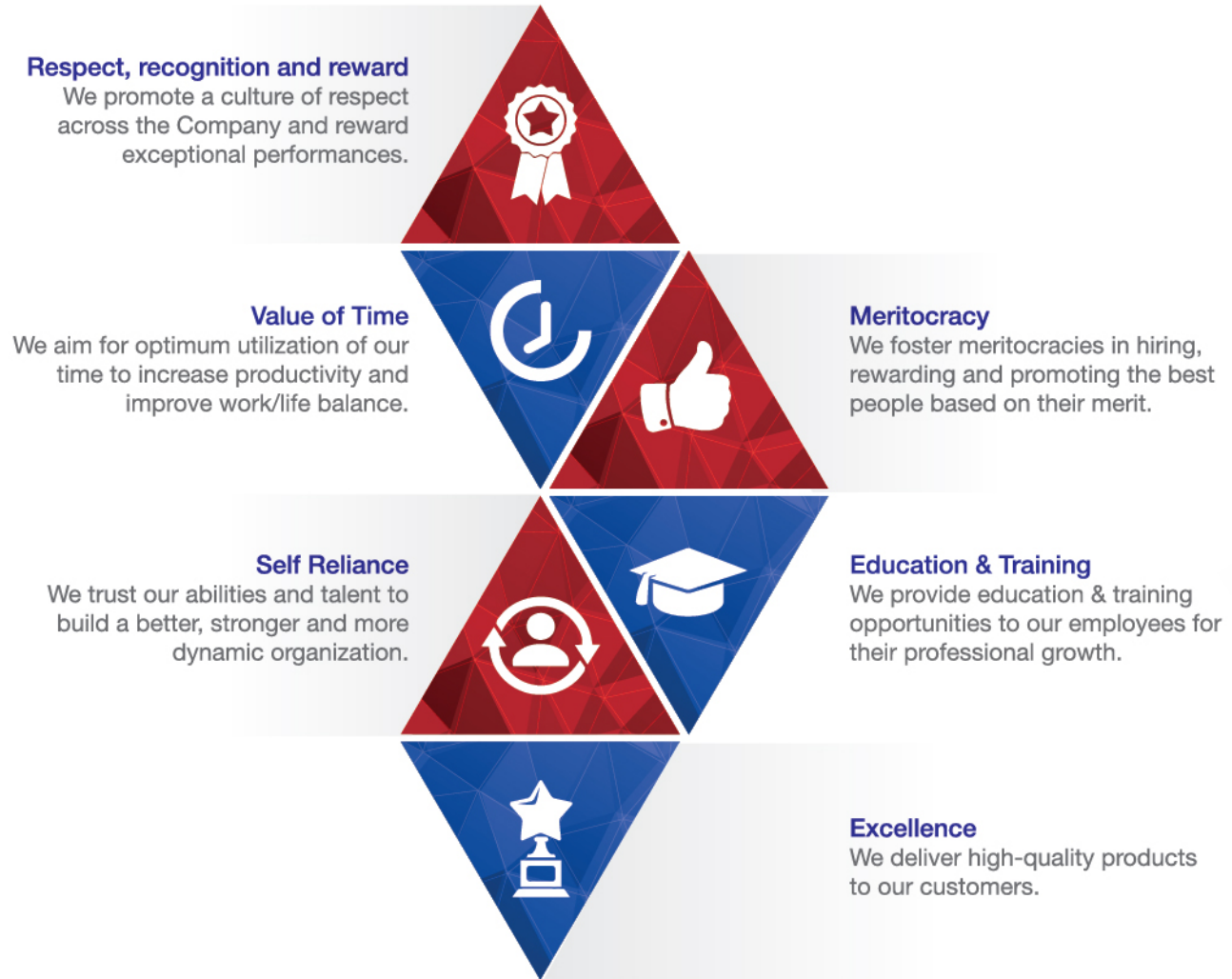
## Mission

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.



## Core Values

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



## Code of conduct

Directors and employees are required to comply with the Atlas Honda's Code of Conduct, which is intended to help them put the Company's ethical principles into practice. The Code of Conduct clarifies the basic principles and standards they are required to follow and the behaviour expected of them. The Code of Conduct can be found at [www.atlashonda.com.pk](http://www.atlashonda.com.pk) and in page no. 06 of Sustainability Report.



## Strategic Goals

### Customers

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

### Quality

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

### Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

### Technology

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

### Shareholders

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

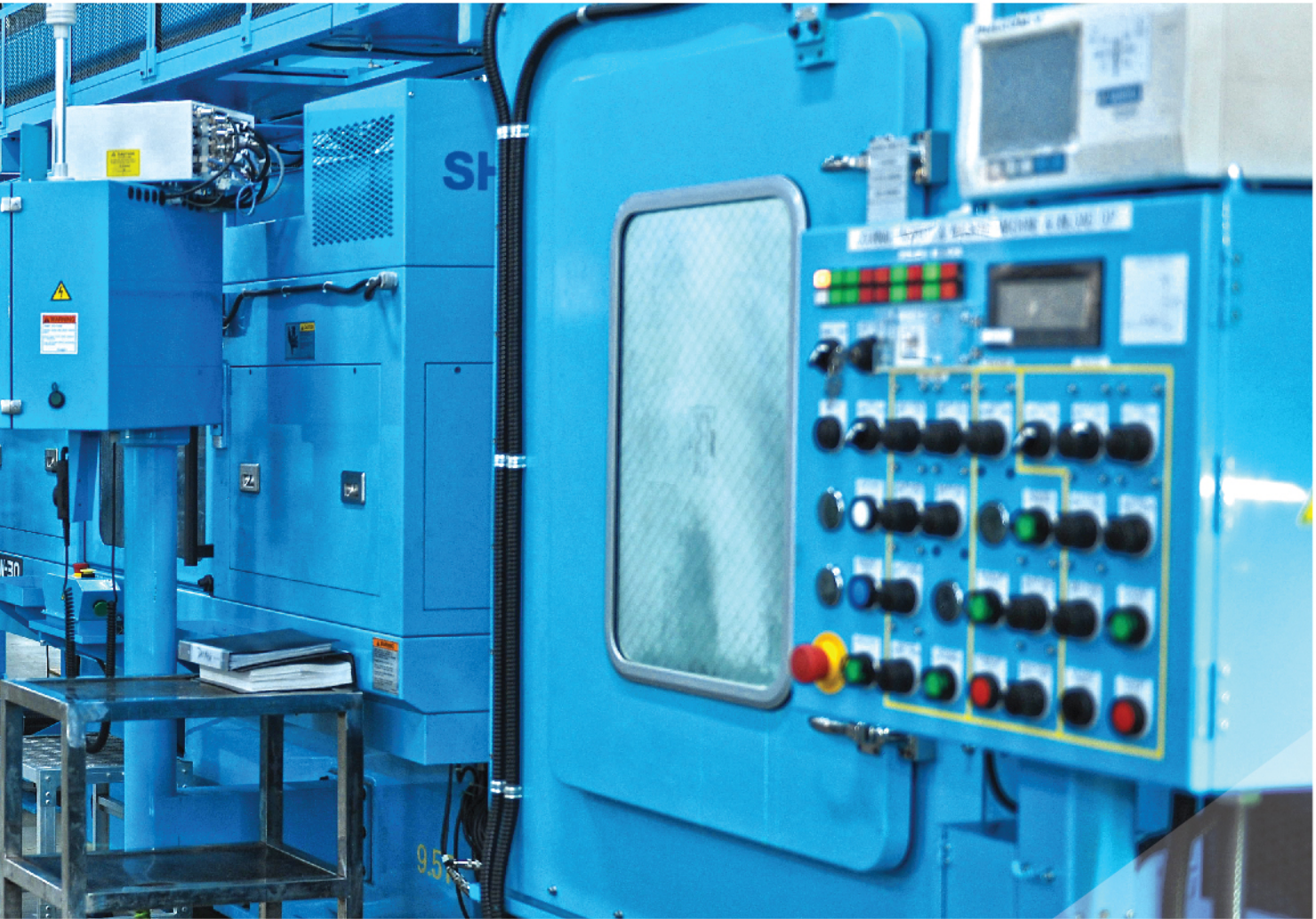
### Employees

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

### Corporate Citizen

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





## Quality Policy

Commitment to provide high quality motorcycles and parts.

Right work in first attempt and on time.

Maintain and continuously improve quality.

Training of manpower and acquisition of latest technology.

Safe, clean and healthy environment.

Market leadership and prosperity for all.





## About the Company & Group Structure

Atlas Honda Limited boasts a long eventful history of success. The foundation of Atlas Group was laid in the year 1962 by Mr. Yusuf H. Shirazi when “Shirazi Investments (Private) Limited” was formed with an initial capital of Rs. 500,000 and 2 associates by his side. This marked the start of journey 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 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.

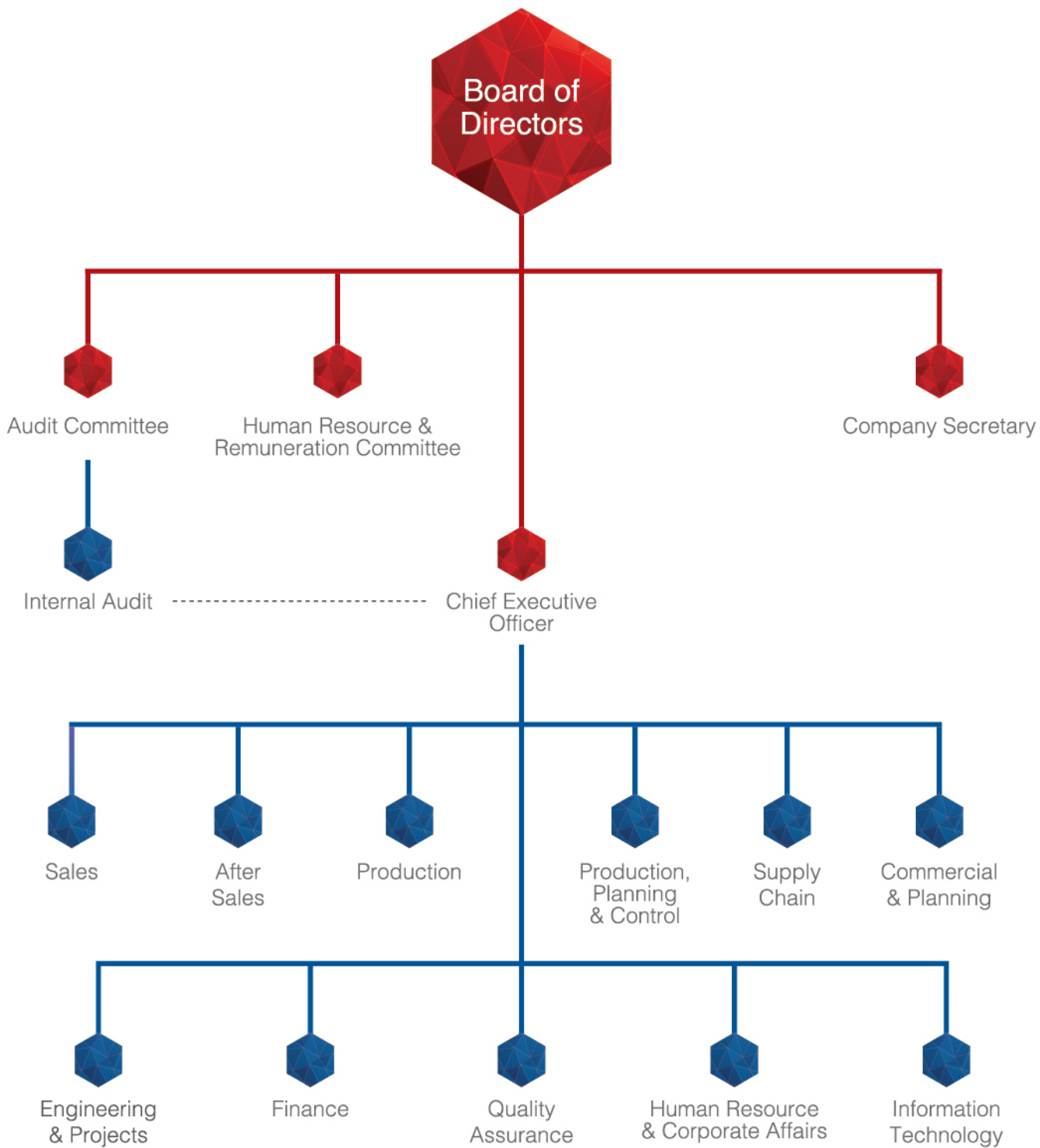
Atlas Honda continues its efforts to enrich the experience of its consumers by embarking on yet another year of manufacturing excellence. The Company marked a spectacular sale of one million units this year and is continuing steadily on the path of sustainable growth boasting a 1.25 million capacity which aims to bring in further capacity expansion in future. With products of impeccable quality, state of the art manufacturing facilities, unmatched skills, and an ever growing dealership network, the Company is delivering unprecedented results today, while investing in its tomorrow for a more prosperous and brighter future. The Company promises excellence in addition to

engineering class-leading vehicles that fuse an unforgettable experience of mobility coupled with convenience and joy.

Today Atlas is a diversified group dealing in engineering, power generation, financial services and trading. It consists of 18 companies out of which 4 are quoted on the Pakistan Stock Exchange. Atlas shareholders equity and assets stand over 2 billion US dollars; annual sales nearing 3 billion US dollars . The Group has harmonized professional management and institutionalized the Group shareholding to build businesses that last generation after generation. Atlas has also been playing a leading role as a corporate citizen promoting centers of professional education, contributing to health facilities, helping law enforcement agencies and improving the standard of life.



# Organization Chart



# Geographical Presence



	Head Office:	Karachi
	Registered Office:	Lahore
	Factories:	Karachi, Sheikhupura
	Branch Offices & Customer Care Centres:	Lahore, Multan, Islamabad, Hyderabad, Faisalabad, Rahim Yar Khan
	Showroom:	Karachi

## Dealerships & Distribution Network

Atlas Honda's Dealerships are spread all over Pakistan.  
Complete details are available at [www.atlashonda.com.pk](http://www.atlashonda.com.pk)

# 1963-2017 A Momentous Journey

Atlas Honda continues on a journey of remarkable achievements, reaching new levels of excellence as it goes ahead. Punctuated with various milestones that we have achieved so far, this momentous journey has been centered on the unified aim of providing unparalleled solutions and benefits to our customers through our horizon of dealers and cutting edge manufacturing plants. Our unmatched passion has driven us towards tremendous accomplishments over the years whilst igniting a renewed spark of ambition to pursue greater achievements ahead.

## 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 the Company's dream of developing a completely localized product takes its first place.

## 1971-1980

A new model, S 110 Deluxe is launched.

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

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

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

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

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

A motorcycle Technical Training Centre is established in Lahore.

## 1981-1990

Panjadarya Limited commences commercial production.

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

New 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 Panjadarya 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 plant and new model of CG 125 is launched.

New CD 70 model is introduced with latest ignition technology.

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

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

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

The Company is ranked among the top ten employers.

## 2001-2010

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

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

The Company achieves localization level of 85%.

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

The new 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.

## 2011-2017

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 new models namely Honda CD70 Dream, CG125 Dream, Pridor and CBR series.

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.

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

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

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





## Company Information

### Board of Directors

Yusuf H. Shirazi  
Chairman

Abid Naqvi  
Director

Hirofumi Yada  
Director

Hironobu Yoshimura  
Director

Jawaid Iqbal Ahmed  
Director

Sanaullah Qureshi  
Director

Yukitoshi Fujisaka  
Director

Saqib H. Shirazi  
Chief Executive Officer

Marrium Ahmed  
Company Secretary

### Audit Committee

Sanaullah Qureshi  
Chairman

Abid Naqvi  
Member

Jawaid Iqbal Ahmed  
Member

Naeem Mohsin  
Head of Internal Audit

Marrium Ahmed  
Secretary

### Human Resource & Remuneration Committee

Sanaullah 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

Yukitoshi Fujisaka  
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

Shahzada Jamal  
Head of Information Technology

Tanvir Hyder  
General Manager Supply Chain





Zafar Iqbal  
General Manager After Sales

#### Auditors

Shinewing Hameed Chaudhri & Co.  
Chartered Accountants

#### Legal Advisors

Mohsin Tayebaly & Co.

#### 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: ahl@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) 4570413-14  
Fax: (92-61) 4541690

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

Makhdoom Altaf Road, West Sadiq Canal

Bank, Near City School, Rahimyar Khan  
Tel: (068) 5883415-19  
Fax: (068) 5883414

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

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

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

#### Show Room

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



## 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.



**Hironobu Yoshimura**  
Director ▲

Mr. Hironobu Yoshimura has been associated with Honda Motor Company Limited, Japan for more than 30 years. Mr. Yoshimura is graduate from Sophia University, Japan. He joined Honda in 1988 and began his career in Service Technology Division in Japan. Mr. Hironobu Yoshimura has experience in the Automobile industry, having worked in several planning divisions. In his previous assignment, he has worked as Department Manager at Automobile Marketing Planning Office in Honda Motor Company Limited, Japan. From November 1, 2017 he joined Honda Atlas Cars (Pakistan) Limited as President and Chief Executive Officer. He was appointed as a member of the Board of Atlas Honda Limited in April 2018.



**Yukitoshi Fujisaka**  
Director ●

Mr. Yukitoshi Fujisaka joined Honda Motor Company in 1989. He has a vast experience in automobile sector especially in Motorcycle Sales and product development, having worked with Honda ventures in different capacities across the globe. In 2007, he assumed senior management role in the Honda Motor Europe as Product Planning Division General Manager. Later on, he joined Montesa Honda S.A. Spain as President. Thereafter, he joined Honda Motor China Investment (Shanghai Branch) as Director. Before taking over his current responsibilities, he was stationed as the President in the Wuyang Honda Motors, China. He has diversified knowledge of Honda Products and has experience of working in different cultures. He was appointed as a member of the Board of Atlas Honda Limited in April 2018.



**Hirofumi Yada**  
Director ●

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



**Saquib H. Shirazi**  
Chief Executive Officer ●●

Mr. Saquib H. Shirazi has been the Chief Executive Officer of Atlas Honda Limited for the last seventeen 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.



# Business Model

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

## Inputs

Our highly-skilled people create value through a combination of product development capability, quality engineering expertise, financial strength, substantial & experienced network and supply chain along with relationship and collaboration with our global partner going back over 55 years.

## Outputs

The outputs from the operation of this business model are: long-term value creation for our customers; a sustainable and competitive market position; and the generation of returns for our shareholders.

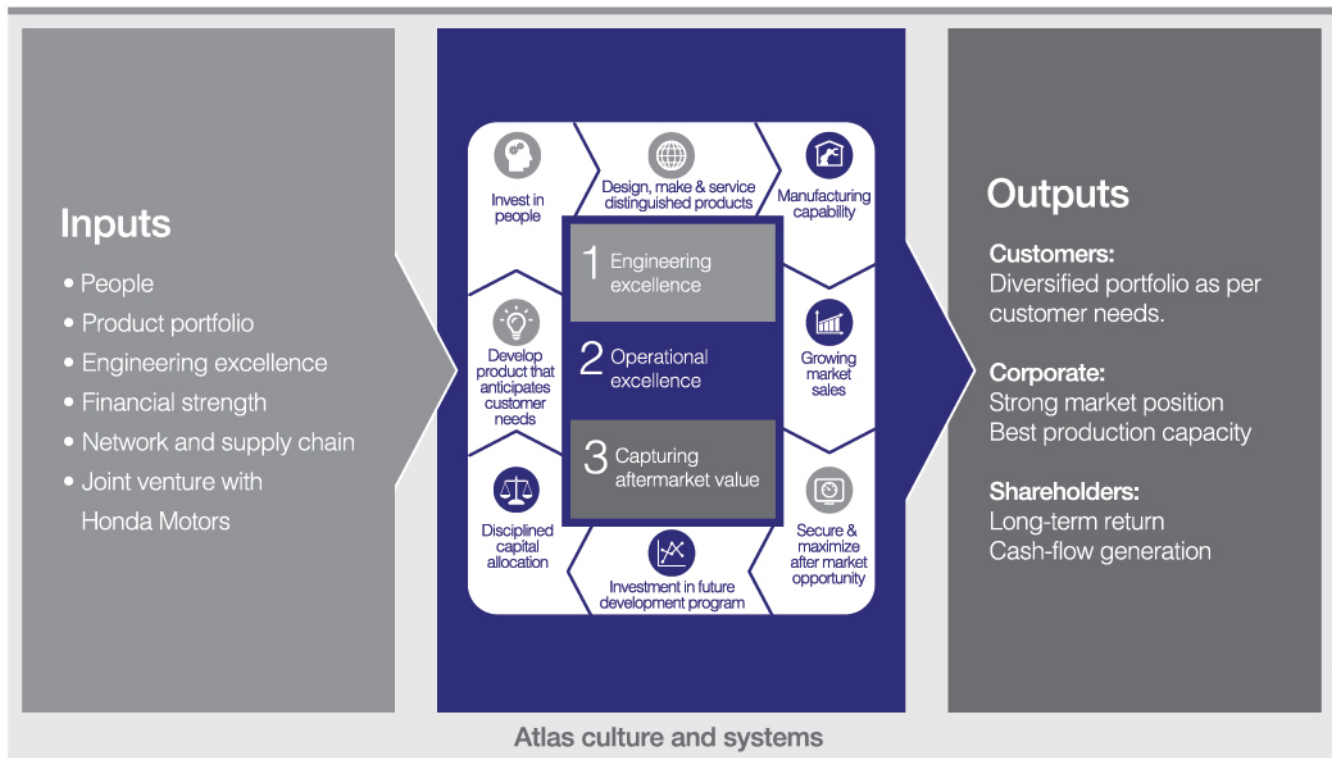
Our long-life products typically operate in challenging environments where they are expected to deliver sustained levels of performance, such as fuel efficiency and reliability.

For our customers, they deliver value through enhancing the competitiveness of the products and service.

By growing our production capacity and leveraging our aftermarket service activities, we enhance our revenue and cash flow.

Cash flow is then invested to support future product development and technology programs, driving growth while providing shareholder returns.

## How we create value



# Shareholders' Information

## REGISTERED OFFICE

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

## EXCHANGE LISTING

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

## STOCK SYMBOL

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

## LISTING FEES

The annual listing fees for the financial year 2017 - 18 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 Act 2017, Companies Ordinance 1984 (now repealed) 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 28, 2018  
 Time: 11:00 A.M.  
 Venue: Avari Hotel, 87, Mall Road,  
 Lahore.

## FINANCIAL CALENDAR

April 2018	Audited annual results for the year ended March 31, 2018
June 2018	Mailing of annual reports
June 2018	Annual General Meeting
July 2018	Unaudited first quarter financial results
November 2018	Unaudited half year financial results
January 2019	Unaudited third quarter financial results

## DIVIDEND ANNOUNCEMENT

The Board of Directors of the Company has proposed a final cash dividend of Rs. 27 per share (270 %) for the year ended March 31, 2018 subject to approval by shareholders of the Company at the forthcoming Annual General Meeting.

Last year, the Company has paid the cash dividend of Rs. 18.5 per share (185%).

## DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the Company will remain closed from June 14, 2018 to June 28, 2018 (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 28, 2018.

Last year, the Company has dispatched the cash dividend on June 19, 2017 after approval from shareholders at the 53rd Annual General Meeting.

## CIRCULATION OF ANNUAL REPORTS THROUGH CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on June 19, 2017, the Company shall circulate Annual Report 2018 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2018 may send a request using a Standard Request Form placed on Company website.

## E-DIVIDEND MANDATE (MANDATORY)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website i.e. <http://www.atlashonda.com.pk> and send it duly signed along with a copy of CNIC to the Registrar of the Company



M/S Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan in case of physical shares. In case shares are held in CDC then Dividend Mandate Form must be submitted directly to shareholder's broker/ participant/CDC account services.

## WITHHOLDING OF TAX & ZAKAT ON DIVIDEND

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, the withholding tax is deductible at source on the amount of dividend paid by the Company at the rate of 15% for filers and at the rate of 20% for non-filers.

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

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

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

## ANNUAL GENERAL MEETING

In pursuance of section 132 of the Companies Act, 2017, the Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and 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 the website [www.atlashonda.com.pk](http://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

## CAPITAL STRUCTURE

The paid up capital of the Company is Rs. 1,034 million represented by 103.4 million shares of Rs. 10/- each. The balance sheet footing stands at Rs. 31.8 billion and net worth of Rs. 16 billion.

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

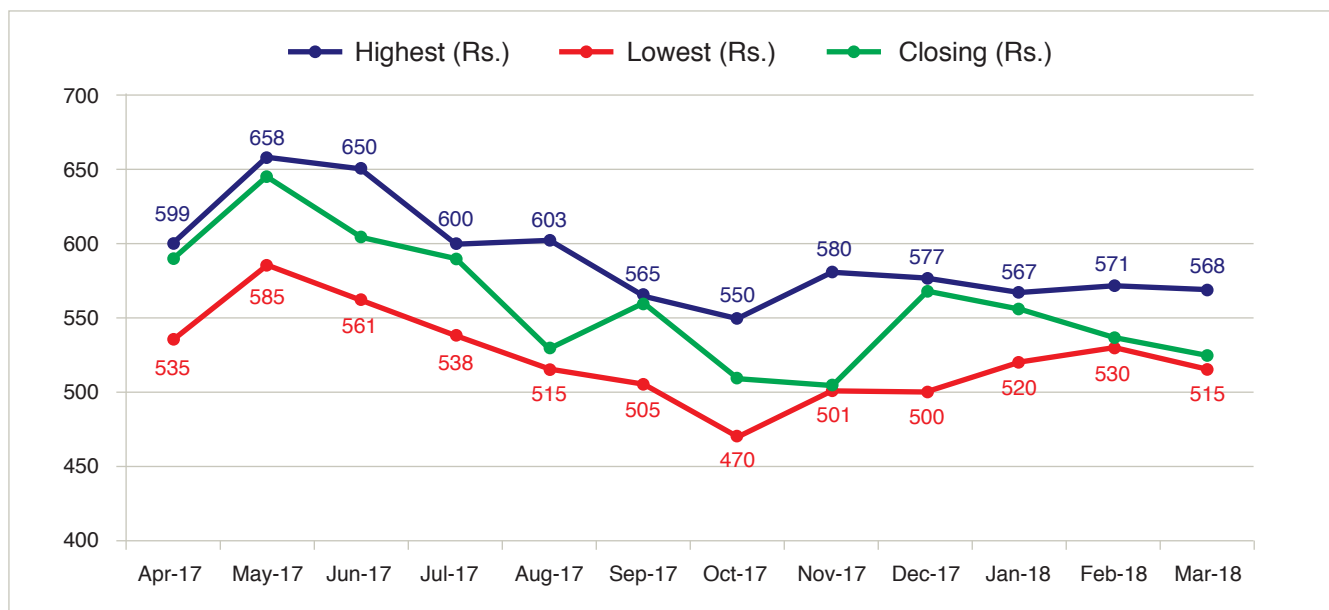
Details of shares held by Directors / Sponsors / Executives are given in the Pattern of Shareholding.

## MARKET CAPITALIZATION, SHARE PRICE AND VOLUME DATA

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Pakistan Stock Exchange Limited during the financial year ended March 31, 2018:

Months	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	No. of shares traded	Market Capitalization in Value* (Rs. in billion)
Apr 17	598.98	535.00	590.25	66,550	61.94
May 17	657.72	585.01	644.87	200,750	68.01
Jun 17	650.01	561.42	604.03	34,750	67.22
Jul 17	600.00	538.01	590.00	18,650	62.04
Aug 17	603.00	515.00	530.00	15,250	62.35
Sep 17	564.99	505.01	560.00	13,950	58.42
Oct 17	549.98	470.00	508.91	80,150	56.87
Nov 17	580.00	501.00	505.00	35,350	59.98
Dec 17	576.71	500.00	566.17	36,150	59.64
Jan 18	567.00	520.00	555.00	51,900	58.63
Feb 18	571.00	530.00	537.00	21,200	59.05
Mar 18	568.00	515.01	525.00	46,500	58.73

\* Based on highest price





# Significant Events

## during the year 2017-18

- ▶ The Board of Directors' (BOD) Meeting was held on 28th April 2017 for review and approval of annual financial statements for the year ended March 31st 2017



- ▶ Launch of New Model CB 150 F

- ▶ Annual General Meeting of shareholders of the Company was held on 19th June 2017 where cash dividend of Rs 18.5/share was approved

- ▶ Mega activities for free check up and oil change were conducted throughout the Country



- ▶ Company launched MMC of CD 70

- ▶ BOD meeting for the 1st quarter was held for the approval of unaudited first quarter financial results



- ▶ Independence day rallies and flag hosting ceremonies were celebrated



- ▶ Company launched MMC of CD Dream

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

# 3

QUARTER



- ▶ The Company received CSR awards from NFEH

QUARTER

# 4

- ▶ The Company organised Mega Free Service Camp on March 23rd, 2018

# 1

## QUARTER



▶ 27th Ala Mayar (Quality) Convention was held

# 2

## QUARTER



▶ Management employees were sent for foreign training programs.



▶ Company launched MMC of CG 125

▶ Company was awarded "The PSX Top 25 Companies Award" for year 2016



▶ Company secured 2nd position in BCR and 4th position in BSR awarded by joint committee of ICAP & ICMAP



▶ The Company organised road safety rally at Karachi

▶ BOD meeting for the 3rd quarter was held for the approval of unaudited third quarter financial results & annual budget 2018-19



▶ Launch of New Model CB 250 F



▶ One million unit sales celebrations



▶ The Company participated in the annual Pak Auto show



# Chairman's Review

***The fiscal year 2017-18 remained a year of outperformance with achievement of significant targets ahead of plan. This was primarily driven by the Company's attractive product range, continuous productivity and efficient cost management. The enhanced capacity together with planned capital investments strengthen the Company's ability to grow further. All in all, the Company strongly believes that it has embarked on the path of sustainable growth.***

I am pleased to present the 54<sup>th</sup> Annual Report of the Company for the year ended March 31, 2018.

## MACROECONOMIC OVERVIEW

Pakistan's economy has continued to grow at an encouraging pace but macroeconomic balances are widening. GDP is expected to reach a decade high level of 5.8%. The continued implementation of CPEC projects, new power generation capacity, sustained recovery of agriculture and strong growth in consumption were instrumental in achieving the recent performance. CPI inflation has remained stable averaging at 3.8% during first nine months of financial year 2017-18 mainly due to muted food inflation and lower than anticipated rise in fuel prices. Foreign Direct Investment improved to 4.4% which was primarily dominated by Chinese CPEC related inflows. On the fiscal front, FBR collected taxes worth Rs. 2,621 billion during first three quarters of financial year 2017-18, recording growth of 16% as compared to corresponding period of last year. Accordingly, to maintain growth momentum and keep inflation under control, the State Bank of Pakistan (SBP) has decided to marginally raise policy rate by 25 bps to 6.0% after keeping it unchanged since May 2016.

Pakistan's external position continued to remain under stress. The main driver has been the surge in imports by 17.0% year on year basis, reflecting strong domestic demand, implementation of import-intensive CPEC projects and rising oil prices. In contrast, exports have bounced back by 12.0% after three years of continuous decline due to supportive government measures. Growth in home remittances remained muted, up slightly by 3.6%. Accordingly, elevated current account deficit of USD 12.0 billion in nine months of financial year 2017-18 and increased external obligations have raised external financing needs, taking a further toll on foreign exchange reserves which stood at USD 17.8 billion. In line with evolving fundamentals, the SBP allowed the rupee to lose by 9.4% against USD since December 2017. The performance of the stock market also remained lackluster as PSX 100 index dropped by 14.4% since its high in May 2017 of 53,217 to 45,560 points.

## AGRICULTURE

The agriculture sector continues to be corner stone with a contribution of 20% in the GDP and employment of 42% of the labor force. Better water availability, higher yields, attractive output prices and supportive government policies have provided impetus to the growth. Major Kharif crops such as sugarcane and rice surpassed their targets, while cotton managed to exceed last year's production level. Other components of agriculture like livestock, fishing and forestry are also showing progressive growth. Barring chances of wheat target being missed by a slight margin, this sector is projected to register positive growth for the second consecutive year.

## LARGE SCALE MANUFACTURING (LSM)

The overall LSM growth, of 6.1% during financial year 2017-18, is appreciably higher than that observed during the corresponding period last year. The increased consumer spending led to a strong showing by durables such as automobile and electronics, while the ongoing infrastructure and construction activities stimulated the allied sectors of cement and steel. Encouragingly, various industrial players across different sectors are investing in capacity expansions and product diversification. Due to transition of fixed investment into additional productive capacity and with favorable trend in demand, LSM growth is expected to maintain its current momentum in the coming months.

## THE TWO WHEELER INDUSTRY

The two-wheeler industry caters to Pakistan's need for low-cost and fuel-efficient transport. A large proportion of the Country's population therefore continues to prefer two-wheelers for their daily commuting purpose. The industry displayed robust performance during the outgoing year as well, with volumetric increase of about 15.0% compared to the previous year. Improved incomes in both rural and urban areas along with better economic fundamentals, stable fuel prices, rapid urbanization and security conditions have boosted the demand for two-wheelers.

## THE COMPANY

For over five decades, the Company has been providing best-in-class mobility solutions to its customers. The Company is consistently adopting best technologies and keeping up with emerging trends to be able to stay ahead of competition through its products and services. The result is a brand that is trusted for reliability, durability and enduring stakeholder value. During the year under review, the Company joined the one million unit unique club. Focus on operational excellence, maintaining quality, continued investment in capacity and cost reduction has helped the Company in achieving record results.

**Sales Volume  
(in units)**



## SEGMENTAL REVIEW

The Company further strengthened its market leadership in an environment marked by volatilities and competition. Growing economic well-being, better law & order situation and stable prices together with enhanced capacity resulted in easing customers' access to mobility and generated the highest ever demand for Honda bikes. As a result, the Company crossed a landmark by selling over 1,088,000 units.

In the entry segment of 70 cc motorcycles, despite strong competition, the Company has witnessed an overwhelming demand and continues to reap benefits through its brands "CD 70" and "CD 70 Dream". The Company has achieved growth of 17% over sales of last year in this category. Strong domestic demand was further consolidated by introducing minor model changes (MMC) in CD 70 and CD 70 Dream. These MMCs provided a successful blend of modern and traditional features, with an uncompromising everyday usability.

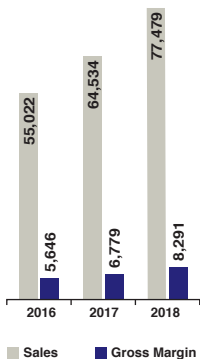
Sales of the Company's product in 100 cc segment, "Pridor", remained encouraging and recorded an increase of 10% over last year. Through this model, the Company continues to provide its customers a product powered by "commuting with comfort and maximum fuel efficiency". Econo run competitions, free checkup 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 and recorded growth of 18% over last year. This was because of evolving customer preferences for higher engine displacements and strong urban demand. The Company continued to reinforce its leadership by offering products that meet customers' expectation in terms of design, power and functionality. During the year, the Company introduced a MMC of CG125 which earned positive feedback from customers.

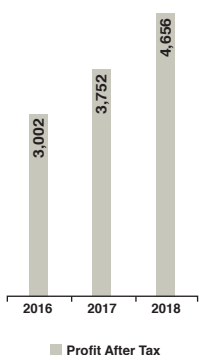
On May 3, 2017, the Company launched, "CB 150 F", its first model in the 150 cc category. The new bike has been designed to fulfill customers' needs and aspirations for mobility, setting benchmarks in technology, style and quality. This newly launched model has received an overwhelming response from up-scale customers and the demand is expected to maintain a healthy pace.

The Spare Parts business registered an impressive growth of 15%. The Company was able to enhance sales of Atlas Honda "Genuine Parts" through creative marketing ideas, promoting sales through service workshops and a larger & improved product portfolio. During the year under review, 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. 7.1 billion. However, the unabated influx of spurious parts continues to pose a threat to businesses in the organized sector.

**Sales & Gross Margin  
(Rs. in million)**



**Profit After Tax  
(Rs. in million)**



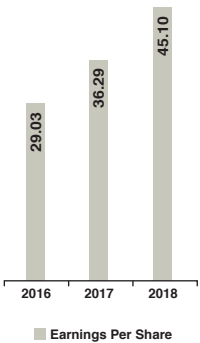
## PERFORMANCE SCORECARD

The Company remains committed to deliver on its long term objectives of sustainable growth and maximizing value creation. These objectives are being achieved by concentrating business resources to achieve operational excellence, optimize cost structure, execution of growth projects and investment in new technologies.

As a result of these efforts, the Company registered net sales of Rs. 77.5 billion, which represents an increase of 20% over previous year. The improvement in sales translated in higher gross profits for the year ended March 31, 2018 of Rs. 8.3 billion, up by 22%. Strong contributions came from cost efficiencies, better sales mix and other operational measures. Sales and marketing expenses rose to Rs. 1.9 billion, a year on year increase of 13.6% which is attributable to higher volume, spending on launch of new model



### Earnings Per Share (Rs. Per Share)

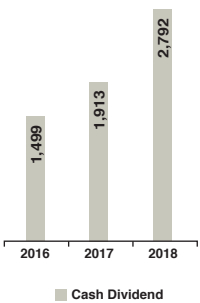


and other promotional campaigns to support the core business. Administrative expenses registered an increase of 5.4% over the corresponding year primarily due to an increase in personnel cost and general inflation. Other income, net of financial charges, contributed Rs. 0.9 million to the bottom-line, slightly lower than the comparative year on account of negative return on stock funds. The impressive topline allowed the Company to outperform its previous best efforts and achieve ever highest profit before tax of Rs. 6.3 billion, an increase of 23%. Net profit after tax rose to Rs. 4.7 billion from 3.75 billion, an increase of 24% over last year. This translated into Earnings per Share (EPS) of Rs. 45.1 as against Rs. 36.29 of last year.

Atlas Honda Limited has been a debt free Company for the past seven years and therefore 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. 9.2 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. 16.1 billion to the Government and its agencies on account of various taxes and levies. The Atlas Group, of which the Company is a constituent member, contributed Rs. 55 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.

### Cash Dividend (Rs. in million)



#### DIVIDEND POLICY

Bearing in mind the strategic concerns, business needs and Company's ability to generate cash, the Board of Directors is pleased to propose cash dividend of Rs. 27.0 per share for the year 2017-18 which is in continuation of Company's policy of paying high dividends. This amounts to Rs. 2.79 billion, which is the highest in the Company's history.

#### MANUFACTURING EXCELLENCE

The Company continues to invest in the resources and capabilities which underpin its success. Operational efficiencies in terms of enhancement in productivity, output and capacities has been the essential core behind all activities throughout the year. During the year under review, the capacity of Engine Machining Area was upgraded to 1.25 million units. Further, the objective of "stabilized Production" was accomplished through a successful production ramp up in Assembly plant. This has helped the Company in fulfilling, to an extent, the ever-increasing market demand. The Company also recognizes that development of resources across its supply chain is critical in maintaining its long term competitiveness. Accordingly, the Company is in constant collaboration with its suppliers for utilizing their expertise and benefitting from increased economies of scale.

As part of sustainable development initiatives, the Company continued to implement various breakthrough ideas on energy and fuel consumption. During the year, the Company completed its second project of 360KW solar panels installation. This initiative, along with the results of "Waste Heat Recovery" for utilizing heat emissions from Generators, helped to reduce electricity bills despite continuous rise in energy prices. Further, maintenance of 5-S and safety is emphasized by re-establishing systems and methods through regular audit and evaluation of compliance.

#### BUSINESS PROCESS RE-ENGINEERING

As optimization of processes is vital for success of the Company in the long run, a number of Kaizen activities were performed, some of which are listed below:

Renewable Energy Source enhancement through installation of Solar Power	Localization of LPDC dies & Resourcing of Tools and consumables
Improved productivity by automation of part transfer through autoloader and conveyor	Increase in number of fuel tanks per hanger in paint shop
Introduction of Multi Spindle and 3-Way machines to achieve production efficiency	Environment improvement in Die Casting by installing mist collectors

## AWARDS

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

- Top 25 Companies Award by Pakistan Stock Exchange for the financial year 2016
- Best Corporate Report Award in “Engineering Sector” by the Joint Committee of ICAP and ICMAP
- Best Sustainability Report Award by the Joint Committee of ICAP and ICMAP
- Awards by National Forum for Environment & Health in the categories of Corporate Social Responsibility Report, Research & Publication and Environment & Waste Management.

## FUTURE OUTLOOK

The current progress shows that Pakistan’s economy is well poised to maintain growth. However, in order to achieve virtuous equilibrium of high growth and controlled inflation, there is an urgent need to address long standing structural reforms in the fiscal and external sectors. Given the huge current account deficit along with the size of maturing loans, it is imperative for the government to ensure that estimated official inflows are realized. Going forward, well-targeted diplomatic exchange with the global community, monetary tightening, stronger fiscal discipline and decisive efforts to contain losses in public enterprises would help to address these concerns. Besides, continuous progress on CPEC will continue to provide impetus to the economy. On the other hand, an upbeat industrial and agricultural outlook is going to have a positive spillover effect on the overall economy. If the economy regains its balance post general elections, fundamentals are strong enough to push it towards a high growth path. This would encourage the demand for two wheelers due to its role as main source of motorized transportation. However, continuous depreciation of Pak Rupee and rising material prices may keep a check on this growth momentum.

With sights set on sustained and qualitative long term growth, the Company strives for the best use of resources and operational excellence leading to significant value creation for the stakeholders. Atlas Honda is going through a dynamic phase where skills, technologies and scales are being developed for this decade and the next. With the enhanced capacity and improved competitiveness the Company is well positioned to grow the two wheeler market together with its own share therein. In this regard, principles of “Atlas Way” and “Atlas Systems” continue to remain the corner stone of our business philosophy.

خُدا رحمت کند ایں عاشقانِ پاک طینت را

## ACKNOWLEDGEMENT

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, Mr. Saquib H. Shirazi for his inspiring leadership and all stakeholders - Bankers, Dealers, Vendors, Associates and Shareholders for helping build Atlas Honda Limited into a unique company.



Yusuf H. Shirazi

Date: April 30, 2018



# Directors' Report to Shareholders

The Directors of the Company are pleased to present their report together with the 54<sup>th</sup> Annual Report of the Company along with Audited Financial Statements for the year ended March 31, 2018.

## Operating Results

The operating results of the Company are summarized as follows:

	Year ended March 31, 2018 ----- (Rupees in '000) -----	Year ended March 31, 2017
Profit before taxation		
Taxation	6,264,846	5,092,742
Current	1,567,943	1,159,131
Prior Years	3,012	77,910
Deferred	30,256	103,222
	1,601,211	1,340,263
Profit after taxation	4,663,635	3,752,479

## Dividends and Appropriations

The Directors have recommended a final cash dividend of Rs. 27.0 (2017: Rs. 18.5) per share. Accordingly, the appropriation of profit will be as under:

	Year ended March 31, 2018 ----- (Rupees in '000) -----	Year ended March 31, 2017
Profit available for appropriation	6,934,537	5,191,349
Appropriation:		
Transfer to General Reserves	1,500,000	1,000,000
Cash Dividend 270% (2017: 185%)	2,791,979	1,913,022
	4,291,979	2,913,022
Un-appropriate profit carried forward	2,642,558	2,278,327

## Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 45.10 (2017: Rs. 36.29).

## 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 and its Committees

### The Board:

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. On March 30, 2018, Mr. Yasutaka Uda and Mr. Susumu Mitsuishi resigned as Directors and Mr. Yukitoshi Fujisaka and Mr. Hironobu Yoshimura were appointed in their places respectively on April 5, 2018. The Board places on record its appreciation for the valuable contributions made by the outgoing Directors and welcome the new Directors.

### Human Resource and Remuneration (HR&R) Committee

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The CEO of the Company and the Head of HR of Atlas Honda attended the Human Resource and Remuneration Committee meeting. The Committee met once during 2017 - 18.

### Board Audit Committee (BAC)

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met 4 times during 2017-18.

### Meetings of the Board and its Committees in 2017-18

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

Sr. #	Director	Directorship	Status	Committee		Attendance		
				Board Audit Committee	HR & Remuneration Committee	Board of Directors	Board Audit Committee	HR & Remuneration Committee
1.	Mr. Yusuf H. Shirazi	4	Re-elected on March 14, 2017	-	-	3/4	-	-
2.	Mr. Saquib H. Shirazi	4	-do-	-	✓	4/4	-	1/1
3.	Mr. Sanaullah Qureshi	1	-do-	✓	✓	3/4	4/4	1/1
4.	Mr. Yasutaka Uda	1	Resigned on March 30, 2018	-	-	4/4	-	-
5.	Mr. Abid Naqvi	2	Re-elected on March 14, 2017	✓	-	4/4	3/4	-
6.	Mr. Jawaid Iqbal Ahmed	2	-do-	✓	✓	4/4	4/4	1/1
7.	Mr. Hirofumi Yada	1	Co-opted on April 20, 2017	-	-	3/4	-	-
8.	Mr. Susumu Mitsuishi	2	Co-opted on April 20, 2017 resigned on March 30, 2018	-	-	4/4	-	-
9.	Mr. Yukitoshi Fujisaka	1	Co-opted on April 5, 2018	-	-	0/4	-	-
10.	Mr. Hironobu Yoshimura	2	Co-opted on April 5, 2018	-	-	0/4	-	-

### Performance Evaluation of Board of Directors and Committees of the Board

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

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

### Review of CEO's Performance

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

### Directors' Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2017-18, please refer notes to the Financial Statements.



## External Auditors

The retiring auditors M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2018-19.

## Internal Control Framework

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

## Internal Audit

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

## Material changes

There have been no material changes since March 31, 2018 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 Act, 2017. The activities of the Company are updated on its web site at [www.atlashonda.com.pk](http://www.atlashonda.com.pk), on timely basis.

## Safeguarding of Records

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

## Business Continuity Plan

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

## Human Resource Management

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

## Health, Safety and Environment

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

## 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:

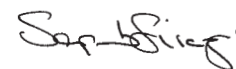
- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation 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, 2018 are as follows:
  - Provident Fund Rs. 875.76 million
  - Gratuity Fund
    - ▶ Management Staff Rs. 260.28 million
    - ▶ Non-Management Staff Rs. 86.12 million

On behalf of the Board of Directors



Yusuf H. Shirazi  
Chairman

On behalf of the Board of Directors



Saquib H. Shirazi  
Chief Executive Officer

Karachi: April 30, 2018



## ہیومن ریسورس مینجمنٹ

ہیومن ریسورس پلاننگ اور مینجمنٹ کمیٹی کی سینئر مینجمنٹ کے اہم توجیحات میں سے ایک ہے۔ کمیٹی نے ہیومن ریسورس اور ریویو نیشن کمیٹی تشکیل دی ہے جو کہ اہم انتظامی اشخاص کے انتخاب، جانچ، مشاہرے اور succession planning 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۔

## صحت، تحفظ اور ماحول

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

## کارپوریٹ سوشل رسپانسیبلٹی

کمیٹی مجموعی طور پر کاروباری حالات کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کے بارے میں غور و خوض کرتی ہے۔ کمیٹی اپنے تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لیے پرعزم ہے، خاص طور پر اس کمیٹی میں جس میں ہم رہتے ہیں، ہمارے لیے کسٹرز بنانے کا باعث ہے۔ کارپوریٹ سوشل رسپانسیبلٹی پر رپورٹ جس میں کمیٹی 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۔

## اسٹینڈنٹ برائے ویلیو ایڈیشن اور اس کی ڈسٹری بیوشن اور رسک مینجمنٹ

اسٹینڈنٹ 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 گورنس اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اینڈ فنانشیل رپورٹنگ فریم ورک کے ساتھ تعمیل کی تصدیق کی ہے۔

- کمیٹی کی انتظامیہ کی جانب سے تیاری جانے والی مالیاتی اسٹینڈنٹ شفافیت کے ساتھ کمیٹی کے اسٹیٹ آف انیورز، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو پیش کرتی ہے۔
- کمیٹی اکاؤنٹ کی کتب کو درستی کے ساتھ قائم رکھتی ہے۔
- مالیاتی اسٹینڈنٹ کی تیاری کے لیے درست اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ لاگو کی جاتی ہیں اور اکاؤنٹنگ اسٹیٹمنٹس معقول اور دانشمند 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 گورنس کے بہترین طریقوں میں کوئی material departure نہیں کیا گیا، جو کہ پاکستان اسٹاک ایکسچینج کی ریگولیشن بک میں درج ہیں۔
- اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا، موثر انداز میں لاگو کیا گیا ہے اور ساتھ ساتھ اس کی باقاعدہ نگرانی بھی کی جاتی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل اس مقصد کے ساتھ جاری رہے گا کہ ان کنٹرولز کو مزید مضبوط اور بہتر بنایا جائے۔
- جاری و ساری منصوبوں اور امور کی انجام دہی کے لیے کمیٹی کی بہترین صلاحیتوں پر کوئی شک نہیں کیا جاسکتا۔
- کمیٹی کے اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ رپورٹ میں دیا گیا ہے۔
- ٹیکس اور لگان کے بارے میں معلومات notes to the accounts میں درج کردہ ہیں۔
- کمیٹی تمام ملازمین کے لیے سرمایہ کفالت پرووڈنٹ فنڈ اسکیم اور مینجمنٹ انان مینجمنٹ ملازمین کے لیے گریجویٹ فنڈ اسکیم چلا رہی ہے۔ اس انوسٹمنٹ کی مالیت 31 مارچ 2018 کے مطابق درج ذیل ہے۔

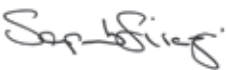
• پرووڈنٹ فنڈ 875.76 ملین روپے

• گریجویٹ فنڈ

• مینجمنٹ اسٹاف 260.28 ملین

• نان مینجمنٹ اسٹاف 86.12 ملین

بورڈ آف ڈائریکٹرز کی جانب سے



ثاقب ایچ شیرازی  
چیف ایگزیکٹو آفیسر

بورڈ آف ڈائریکٹرز کی جانب سے



یوسف ایچ شیرازی  
چیرمین

کراچی: 30 اپریل 2018

## چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

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

### ڈائریکٹرز کا مشاہرہ

بورڈ اراکین کے مشاہرے کی منظوری خود بخود دے دی ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے تحت، اس بات کو یقینی بنایا گیا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کا یقین خود نہیں کرے گا۔ کمپنی نان ایگزیکٹو ڈائریکٹرز کو مشاہرے کی ادائیگی نہیں کرتی بلکہ انہیں اجلاس میں شرکت کی فیس ادا کی جاتی ہے۔ بہترین قابلیت اور صلاحیت یافتہ لوگوں کو کمپنی کے ساتھ منسلک رکھنے کے لیے کمپنی نے انڈسٹری میں جاری رجحانات کے مطابق اپنے مشاہرے مقرر کر رکھے ہیں۔ سال 2017-18 میں ڈائریکٹرز اور چیف ایگزیکٹو آفیسرز کے مشاہروں کی معلومات کے لیے مالیاتی بیانات کا جائزہ لیں۔

### ایکسٹرنل آڈیٹرز

سبکدوش ہونے والے آڈیٹرز میسرز شائن ونگ جمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنا پر خود کو دوبارہ تقرری کے لیے پیش کر دیا ہے۔ آڈٹ کمیٹی نے کمپنی کے لیے سال 2018-19 کے لیے ان کی دوبارہ تقرری کی سفارش کی ہے۔

### انٹرنل کنٹرول فریم ورک

انٹرنل کنٹرول فریم ورک پر رپورٹ "سسٹیم انٹیلی" میں پیش کی گئی ہے جو کہ سالانہ رپورٹ کا حصہ ہے۔

### انٹرنل آڈٹ

اٹلس ہنڈا ایک خود مختار انٹرنل آڈٹ فنکشن رکھتا ہے۔ بورڈ آڈٹ کمیٹی سرمایہ کی بنیاد پر اپنے وسائل کی مناسبت اور تصرفات کا جائزہ لیتی ہے۔ انٹرنل آڈٹ کمیٹی کا سربراہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی اس آڈٹ پلان کی منظوری دیتی ہے، جو کہ آپریٹنگ ایریاز کی سالانہ اور سرمایہ کارکردگی پر مبنی ہوتا ہے۔ انٹرنل آڈٹ کا کام فنانشل، آپریٹنگ اور کمپلائنس کنٹرولز کا جائزہ لینا اور ان کے نتائج کی رپورٹ بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو اور ڈویژنل مینجمنٹ کو مہیا کرنا ہے۔

### مادی تبدیلیاں

31 مارچ 2018 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۔

### شیر ہولڈنگ کا طریقہ

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

### مراصلات

کمپنی شیر ہولڈرز کے ساتھ مواصلات قائم رکھنے کی اہمیت پر توجہ مرکوز رکھتی ہے۔ شیر ہولڈرز کو سالانہ، ششماہی اور سہ ماہی رپورٹس کمپنیز ایکٹ 2017 مطابق واضح کردہ وقت کے مطابق ارسال کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت ویب سائٹ [www.atlashonda.com.pk](http://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۔ ایکٹروٹک 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 ریڈونڈڈ ایسٹریکچور سائٹس کا قیام عمل میں لایا گیا ہے تاکہ بنیادی server میں کسی بھی قسم کی خرابی کی صورت میں اس سے نمٹا جاسکے۔

## انسانی وسائل اور مشاہرے کی کمیٹی

کمیٹی نے تنخواہوں، آرگنائزیشن اور ملازمین کی ترقی کے لیے پالیسیوں اور سٹریٹجیوں کے مشاہروں سے متعلق معاملات کا جائزہ لینے کے لیے ملاقات کی اور ایگزیکٹو ڈائریکٹرز اور انتظامی کمیٹی کے مشاہروں سے متعلق تمام اہم معاملات کی منظوری دی۔ کمیٹی کے چیف ایگزیکٹو آفیسر اور ایس ہڈا کے ہیومن ریسورس ہیڈ نے بھی انسانی وسائل اور مشاہرے کی کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی کا اجلاس سال 2017-18 کے دوران ایک بار منعقد کیا گیا۔

## بورڈ کی آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی کمیٹی کے بورڈ کو اس کی ذمہ داریاں پوری کرنے، بنیادی طور پر شیئر ہولڈرز کو مہیا کی جانے والی تفصیل اور نان تفصیل معلومات کا جائزہ لینے، اندرونی کنٹرول اور رسک منجمنٹ کے نظام اور آڈٹ کے طریقہ کار جیسے امور انجام دینے میں معاونت فراہم کرتی ہے۔ اس کے پاس اختیار حاصل ہوتا ہے کہ انتظامیہ سے معلومات حاصل کر کے براہ راست بیرونی آڈیٹرز یا مشیروں یا جسے وہ مناسب سمجھیں، اس کے ساتھ رابطہ قائم کریں۔ چیف فنانشل آفیسر مدعو کیے جانے پر باقاعدگی کے ساتھ آڈٹ کمیٹی کے اجلاس میں شرکت کر کے اکاؤنٹس پیش کرتے ہیں۔ ہر اجلاس کے بعد، کمیٹی کے چیئر مین بورڈ کو رپورٹ کرتے ہیں۔ سال 2017-18 کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔

## سال 2017-18 کے دوران بورڈ اور اس کی کمیٹیوں کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس، بورڈ آڈٹ کمیٹی کے چار اجلاس، انسانی وسائل اور مشاہرے کا ایک اجلاس منعقد کیا گیا۔ ڈائریکٹرز کی حاضری اور لہذا کمپنیوں، بشمول ایس ہڈا لمیٹڈ میں ان کی ڈائریکٹرشپس کی تعداد ذیل میں دی گئی ہے۔

نمبر شمار	ڈائریکٹر	ڈائریکٹر شپ	ایٹشس	کمیٹی اراکین		حاضری	
				بورڈ آڈٹ کمیٹی	ایچ آر اینڈ ریویویشن کمیٹی	بورڈ آڈٹ کمیٹی	ایچ آر اینڈ ریویویشن کمیٹی
1	جناب یوسف ایچ شیرازی	4	دو بار منتخب 14 مارچ 2017	-	-	3/4	-
2	جناب ثاقب ایچ شیرازی	4	دو بار منتخب 14 مارچ 2017	-	✓	4/4	1/1
3	جناب ثناء اللہ قریشی	1	دو بار منتخب 14 مارچ 2017	✓	✓	3/4	4/4
4	جناب یاسوٹا کا اودا	1	30 مارچ 2018 کو مستعفی	-	-	4/4	-
5	جناب عابد نقوی	2	دو بار منتخب 14 مارچ 2017	✓	-	4/4	3/4
6	جناب جاوید اقبال احمد	2	دو بار منتخب 14 مارچ 2017	✓	✓	4/4	4/4
7	جناب فیروزی یادا	1	20 اپریل 2017 کو تقرری	-	-	3/4	-
8	جناب سومو موہوشی	2	شریک انتخاب 20 اپریل 2017 30 مارچ 2018 کو مستعفی	-	-	4/4	-
9	جناب یوکی توشی فوجی ساکا	1	شریک انتخاب 5 اپریل 2018	-	-	0/4	-
10	جناب ہیرو نو بویشی مورا	2	شریک انتخاب 5 اپریل 2018	-	-	0/4	-

## بورڈ کے بورڈ آف ڈائریکٹرز اور کمیٹیوں کی کارکردگی کا جائزہ

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

- کارپوریٹ اہداف اور مقاصد کو کمیٹی کے وژن اور مشن کے ساتھ مطابقت میں رکھنا۔
- پائیدار آرگنائزیشن کے لیے حکمت عملی کی تیاری
- بورڈ کی خود مختاری اور
- متعلقہ شرائط اور حوالہ جات کے ساتھ بورڈ کی کمیٹیوں کا ان کی ذمہ داریوں کے حوالے سے تجزیہ



## شیر ہولڈرز کے لیے ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ اپنی رپورٹ بعد 31 مارچ 2018 کو ختم ہونے والے سال کے لیے کمپنی کی 54 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی بیانات پیش کر رہے ہیں۔

### آپریٹنگ نتائج

کمپنی کے آپریٹنگ نتائج مختصراً مندرجہ ذیل ہیں:

سال کا اختتام	سال کا اختتام	
2017 مارچ 31	2018 مارچ 31	
----- (000 روپے میں) -----		
5,092,742	6,264,846	قبل از ٹیکس منافع
1,159,131	1,567,943	ٹیکس
77,910	3,012	موجودہ سال
103,222	30,256	گزشتہ سال
1,340,263	1,601,211	ملتی امونوٹر
3,752,479	4,663,635	بعد از ٹیکس منافع
		منقسمہ اور تصرفات

ڈائریکٹرز نے فائل کیش ڈیویڈنڈ 27 روپے (18.5 روپے: 2017) 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	
2017 مارچ 31	2018 مارچ 31	
----- (000 روپے میں) -----		
5,191,349	6,934,537	تصرفات کے لیے دستیاب منافع
1,000,000	1,500,000	تصرفات
1,913,022	2,791,979	عام ذخائر کی منتقلی
2,913,022	4,291,979	کیش ڈیویڈنڈ 270% (2017: 185%)
2,278,327	2,642,558	غیر تصرف شدہ منافع آگے لایا گیا

### آمدنی فی شیئر

بعد از ٹیکس بنیادی اور diluted آمدنی فی شیئر 45.10 روپے (36.29 روپے: 2017) ہے۔

### ہولڈنگ کمپنی

پاکستان میں قائم کی گئی شیرازی انویسٹمنٹ (پرائیوٹ) لمیٹڈ 52.43 فیصد حصص کے ساتھ ٹلس ہنڈل 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 خود مختار ڈائریکٹر، تین ایگزیکٹو اور چار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے ڈائریکٹرز کا دوبارہ انتخاب 14 مارچ 2017 کو منعقدہ غیر معمولی اجلاس عام میں کیا گیا۔ 30 مارچ 2018 کو جناب یاسوٹا کا اور جناب سومو سوموٹو شی ایٹور ڈائریکٹر اپنے عہدے سے مستعفی ہوئے اور اُن کی جگہ 5 اپریل 2018 کو جناب یوکی توشی فوجی ساکا اور جناب ہیرونو یوشی موراکا کی بالترتیب 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۔

## بزنس 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 ری نیو ایبل انرجی سورش میں بہتری	- آلٹو لوڈرز اور کنویر کے ذریعے پڑھ جات منتقلی کی آٹومیشن پیداوار میں اضافہ
- LPDC ڈائیکٹی کی مقامی طور پر تیاری اور آلات اور استعمال کی اشیاء کی ریورسنگ	- موثر پیداوار کے حصول کی غرض سے ملٹی اسپنڈل اور 3-way مشین متعارف کروائی گئیں
- مسٹ کلکٹرز کی تنصیب کے ذریعے ڈائیکٹی کا سٹیک کے ماحول میں بہتری	- پینٹ شاپ میں ٹی ٹی بیگر فیول ٹینک کی تعداد میں اضافہ

## ایوارڈز

یہ اطلاع دیتے ہوئے مجھے خوشی محسوس ہو رہی ہے کہ کمپنی نے درج ذیل ایوارڈ اپنے نام کئے:

- مالی سال 2016 کے لیے پاکستان اسٹاک ایکسچینج کی جانب سے 25 سرفہرست کمپنیوں میں شمولیت
- جوائنٹ کمپنی آف ICAP اور ICMAP کی جانب سے "انجینئرنگ سیکٹر" میں بیسٹ کارپوریٹ رپورٹ ایوارڈ
- ICAP اور ICMAP کی جوائنٹ کمپنی کی جانب سے بہترین سسٹم انجینئر رپورٹ ایوارڈ
- کارپوریٹ سوشل ریسپانسیبلٹی رپورٹ، ریسرچ اینڈ پبلی کیشن اور ماحول دوست مینجمنٹ کی کمیٹیگری میں پیش قدمی فار انو ایزمنٹ اینڈ ہیلتھ کی جانب سے ایوارڈ

## مستقبل پر نظر

ترقی کی جانب موجودہ سفر اس بات کی عکاسی کرتا ہے پاکستان کی معیشت ترقی کے اس سفر کو جاری رکھنے کے لیے مضبوط بنیادوں پر استوار ہے۔ تاہم، شاندار ترقی اور زر پر قابو اور فراڈز کے بہترین توازن کے حصول کے لیے مالیاتی اور خارجی شعبوں میں طویل المیعاد ساختی اصلاحات کی فوری اور اشد ضرورت ہے۔ کرنٹ اکاؤنٹ کے بڑے پیمانے کے خسارے اور اس کے ساتھ اپنی مدت پوری کرتے قرضوں کا حجم دیکھتے ہوئے، حکومت کے لیے نہایت ضروری ہے کہ تخمینہ بند سرکاری آمدہ رقم کا حصول یقینی بنایا جائے۔ اپنے سفر کو جاری رکھتے ہوئے، بین الاقوامی برادری کے ساتھ معینہ سفارتی تبادلے، مالیاتی کنٹرول، مضبوط مالیاتی استحکام اور عوامی اداروں میں نقصانات کو کم کرنے کے لیے فیصلہ کن کوششوں کی بدولت ان مسائل سے نمٹنے میں مدد مل سکتی ہے۔ اس کے علاوہ، CPEC پر مسلسل پیش رفت سے معیشت کو کامیابی اور استحکام ملتا رہے گا۔ جبکہ دوسری جانب، فروغ پانچ ترقی پانچ صنعتی اور زرعی مظہر نامہ، مجموعی معیشت پر مثبت اثرات مرتب کرے گا۔ اگر عام انتخابات کے بعد معیشت اپنا توازن دوبارہ حاصل کر لیتی ہے تو بنیادی محرکات اس قدر مضبوط ہیں کہ اسے مزید ترقی کے سفر پر گامزن کر سکیں، اور معیشت کا یہ فروغ دو وہیلر انڈسٹری کی موجودہ ترقی کی رفتار کو برقرار رکھے گا۔ تاہم، پاکستانی روپے کی قدر میں مسلسل کمی اور خام مال کی قیمتوں میں اضافہ ترقی کے اس سفر میں رکاوٹیں پیدا کر سکتا ہے۔

کمپنی، مضبوط اور معیاری طویل المیعاد ترقی پر نظر میں مرکوز کرتے ہوئے، وسائل سے بہترین استفادے اور عملی سرگرمیوں کے نقطہ عروج کے حصول کے لیے کوشاں ہے جو اسٹیک ہولڈرز کے لیے نمایاں طور پر اضافہ قدر کا باعث ہوگی۔ 2018 میں ریکارڈ ساز سٹیک میل عبور کرنے کے بعد، اگلے سال کمپنی کے سامنے اس سے بھی بہتر کارکردگی کا ہدف ہے۔ بہترین معیار اور منفرد وجد بناوٹ ہماری طاقت ہے اور ہم اپنی سرگرم عمل افرواد قوت اور اپنی مصنوعات پر صارفین کے اعتماد کی بدولت ترقی کے اس سفر کو جاری و ساری رکھیں گے۔

مُحَدِّدِ رَحْمَتِ كُنْدِ اِیْسِ عَاشِقَانِ پَاكِ طَیْنَتِ رَا

## توثیقی بیان

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

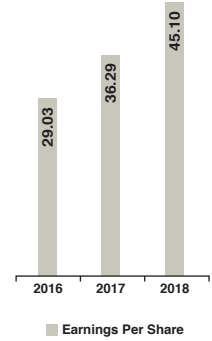


یوسف ایچ شیرازی  
چیئرمین

تاریخ: 30 اپریل 2018

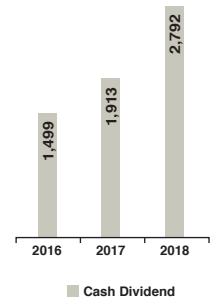
کمپنی نے مذکورہ کوششوں کی بدولت اپنی نیٹ سیلز کو 77.5 بلین روپے تک پہنچا دیا ہے جو کہ گزشتہ سال کے مقابلے میں 20 فیصد زائد ہے۔ سیلز میں اضافہ کا مثبت اثر ہمارے منافع پر بھی پڑا ہے جس کے نتیجے میں 31 مارچ 2018 کو ختم شدہ سال کے لئے ہمارا گراس مارجن 22 فیصد اضافے کے ساتھ 8.3 بلین روپے رہا۔ قیمتوں پر کنٹرول، بہتر سیلز کارکردگی، مثبت ایکسیجن ریٹ اور دیگر آپریشنل اقدامات نے بھی اس میں خاطر خواہ مدد دی۔ سیلز، مارکیٹنگ اور عمومی انتظامی اخراجات 1.9 بلین روپے بڑھ گئے جس میں اضافہ کا تناسب 13.6 فیصد ہے۔ اہم وجہ بڑھتا ہوا حجم، نئے ماڈلز کا لانچ اور کاروبار کو سپورٹ کرنے کے لیے دیگر اشتہاری مہمات پر ہونے والے اخراجات ہیں۔ انتظامی اخراجات میں 5.4 فیصد اضافہ ہوا جس کا سبب ذاتی اخراجات اور فراہم کنندگان میں اضافہ ہے۔ دیگر آمدنی، نیٹ آف فنانسنگ چارجز نے bottom line میں 0.9 بلین روپے کی شراکت کی، یہ گزشتہ سال کے مقابلے میں تھوڑا کم ہے اور اس کی وجہ اسٹاک فنڈز میں ہونے والا منفی ریٹرن ہے۔ متاثر کن ٹاپ لائن نے کمپنی کو اس قابل بنایا کہ گزشتہ سال کے مقابلے میں مزید بہتر کارکردگی دکھائے، یہی وجہ ہے کہ کمپنی نے 23 فیصد اضافے کے ساتھ 6.3 بلین روپے قبل از ٹیکس منافع کمایا۔ بعد از ٹیکس نیٹ منافع 24 فیصد اضافے کے ساتھ 3.75 بلین روپے سے بڑھ کر 4.7 بلین روپے ہو گیا۔ مجموعی طور پر کمپنی نے 4.0 بلین روپے قبل از ٹیکس خالص منافع کمایا جو کہ ایک ریکارڈ ہے۔ گزشتہ سال کے 2.4 بلین کے مقابلے میں 28 فیصد ترقی کی ساتھ اس سال بعد از ٹیکس خالص منافع 4.7 بلین روپے رہا۔ جس کی بدولت ہمارا منافع فی شیئر (EPS) گزشتہ سال کے 36.29 روپے کے مقابلے میں 45.10 روپے رہا۔

Earnings Per Share (Rs. Per Share)



ٹلس ہنڈل ایڈیٹڈ گزشتہ سات سالوں سے قرضہ جات سے آزاد کمپنی ہے جس پر کسی طرح کی بھی ادا نیکیاں باقی نہیں ہیں۔ یہاں مالیاتی اخراجات سے مراد بیٹیکوں کو ادا کی جانے والے ٹرانزیکشن چارجز ہیں جو پاکستان بھر سے ہماری صارفین کی ادا نیکیوں پر لاگو اخراجات ہیں۔ اس سال آپریٹنگ فری کیش فلو 9.2 بلین روپے رہا۔ اس کیش کو کیپٹل ایسیس، کم مدتی سرمایہ کاری اور منافع منقسمہ (ڈیویڈنڈ) پر خرچ کیا گیا۔ کیپٹل ایسیس میں اضافہ پروڈکشن سہولیات میں توسیع کرنا اور موجودہ مینوفیکچرنگ سہولتوں میں توازن برقرار رکھنے ہوئے جدت اور تہذیبیاں لانے کو ظاہر کرتا ہے۔

Cash Dividend (Rs. in million)



اس سال کے دوران کمپنی نے مختلف میسیجز اور ادا نیکیوں کی مدد میں حکومت اور اس کی ایجنسیز کو 16.1 بلین روپے ادا کئے ہیں۔ ٹلس گروپ (کمپنی جس کی قانونی ممبر ہے) نے قومی خزانے میں 55 بلین روپے جمع کرائے۔ جس سے ٹلس گروپ حکومت کے ٹیکس ریویو پیو کا 1 فیصد ادا کرتے ہوئے زیادہ سے زیادہ ٹیکس ادا کرنے والوں میں شامل ہو جاتا ہے۔

## ڈیویڈنڈ پالیسی

آمدنی بڑھانے کی صلاحیتوں، کاروبار کی متوقع سرمایہ کاری ضروریات اور منصوبہ جات کے پیش نظر بورڈ آف ڈائریکٹرز سال 2017-18 کے لئے 27.0 روپے کا کیش ڈیویڈنڈ فی شیئر تجویز کرتے ہیں جو کہ کمپنی کی جانب سے زیادہ ڈیویڈنڈ کی ادا نیگی کے جاری تسلسل کا حصہ ہے۔ یہ مجموعی طور پر 2.79 بلین روپے بنتے ہیں جو کہ کمپنی کی تاریخ میں ادا کیا جانے والا سب سے زیادہ کیش ڈیویڈنڈ ہے۔

## مینوفیکچرنگ ایکسی لینس

کمپنی نے وسائل اور صلاحیتوں میں اضافے کے لیے سرمایہ کاری کا سلسلہ جاری رکھا جس سے کمپنی کی مجموعی ترقی کو سہارا ملا۔ پیداوار، نتائج اور منجائش میں اضافے کے ذریعے پورا سال تمام سرگرمیوں میں اعلیٰ مہارت کے حصول کو ممکن بنایا گیا۔ زبرد جازہ مدت کے دوران، انجن مہینگ ایریا کو اپ-گریڈ کر کے 1.25 ملین یونٹس تک کر دیا گیا۔ اس کے ساتھ، اسمبلی پلانٹ میں "پائیدار پیداوار" کو کامیاب پروڈکشن کے ذریعے ممکن بنایا گیا۔ جس کے سبب کمپنی کے لیے مارکیٹ میں بڑھتی ہوئی طلب کو پورا کرنا ممکن ہوا۔ کمپنی یہ بھی تسلیم کرتی ہے کہ اس کے سپلائی چین میں وسائل کی ترقی طویل عرصے سے مسابقتی صلاحیت کو برقرار رکھنے میں اہم ہے۔ اسی طرح کمپنی اپنے سپلائرز کے ساتھ ان کی ماہرانہ صلاحیتوں کے موثر استعمال کے لیے مسلسل اشتراک کر رہی ہے اور بڑھتی ہوئی معیشت سے فائدہ اٹھا رہی ہے۔

مستحکم ترقی کے لیے کیے جانے والے اقدامات کے طور پر، کمپنی نے توانائی اور ایندھن کے استعمال کے سلسلے میں معتددا امور پر عمل درآمد کیا۔ اس سال کے دوران کمپنی نے اپنا دوسرا 360KW سولر پینل کی تنصیب کا پروجیکٹ مکمل کر لیا ہے۔ اس کے علاوہ، جزیرے سے اخراج ہونے والی گرمی کے استعمال کے لیے "ویسٹ ہیٹ ریکوری" کے ذریعے توانائی کے نرغ میں مسلسل اضافے کے باوجود بھی توانائی کے بل میں کٹوتی کرنے میں معاونت کی۔ کمپلائنس کی جانچ اور آڈٹ کے ذریعے 5-S کی دیکھ بھال اور حفاظتی اقدامات کو قائم رکھنے پر زور دیا گیا ہے۔



## کمپنی

گزشتہ پانچ دہائیوں سے بھی زیادہ عرصے سے، کمپنی اپنے صارفین کو آمدورفت کے لیے بہترین اور اعلیٰ معیاری حل پیش کر رہی ہے۔ کمپنی ہرگز رتے وقت کے ساتھ بہترین ٹیکنالوجی کو بروئے کار لارہی ہے تاکہ اپنی پروڈکٹس اور معیاریں حریف کمپنیوں سے ہمیشہ آگے رہے۔ اور ان سب کاوشوں کے نتیجے میں، کمپنی ایک ایسا براڈ تخلیق کرنے میں بھرپور کامیاب رہی ہے جو اپنے معیار، پائیداری، بھرپور اور اسٹیک ہولڈر کی پائیدار قدر کے لیے جانا جاتا ہے۔ اعلیٰ مہارت، معیار کو برقرار رکھنا، صلاحیتوں اور گنجائش میں اضافے کے لیے مسلسل سرمایہ کاری اور لاگت میں کمی وہ اہم عناصر ہیں جنہوں نے کمپنی کو بہترین نتائج کے حصول میں بھرپور معاونت کی ہے۔

## سیگمنٹ کا جائزہ

کمپنی نے عدم استحکام اور مسابقتی رجحان والے ماحول میں اپنی مارکیٹ لیڈر شپ کو برقرار رکھا۔ معیشت میں بہتری، امن و آمان کی صورتحال میں اطمینان، گنجائش میں اضافے اور مستحکم قیمتوں کے نتیجے میں صارفین کی قوت خرید میں اضافہ ہوا ہینڈ موٹر سائیکل کی طلب میں بلند ترین اضافہ دیکھنے میں آیا۔ ان سب عوامل کے نتیجے میں کمپنی نے 1,088,000 یونٹس کی فروخت کا سنگ میل پورا کر لیا۔

70 cc موٹر سائیکل کے سیگمنٹ میں بے تحاشہ مسابقتی رجحان کے باوجود کمپنی نے اپنے برانڈز "CD 70" اور "CD 70 Dream" کی طلب میں بے پناہ اضافے کا مشاہدہ کیا۔ کمپنی نے فروخت میں گزشتہ سال کے مقابلے میں 17 فیصد اضافہ ریکارڈ کیا۔ CD 70 اور CD 70 Dream کی مقامی طلب میں اس وقت اور بھی اضافہ ہوا جب ان ماڈل میں معمولی تبدیلیوں کے بعد، انیس دو بارہ سے پیش کیا گیا۔ یہ تبدیلیاں نہایت کامیابی کے ساتھ موٹر سائیکل کی روایتی خصوصیات اور جدت کو زور دہرہ استعمال میں مکمل اطمینان کے ساتھ آپس میں ملاتی ہیں۔

100cc سیگمنٹ میں کمپنی کی پروڈکٹ "پرائڈر" کی فروخت حوصلہ افزا رہی اور گزشتہ سال کے مقابلے میں 10 فیصد اضافہ ریکارڈ کیا گیا۔ اس ماڈل کے ذریعے، کمپنی اپنے صارفین کو نہایت کامیابی کے ساتھ ایک ایسا ماڈل پیش کر رہی ہے جو "آرام دہ سواری اور فیول کی بچت" دیتی ہے۔ ایکولوجی کمیشن، مفت چیک اپ کیسپس اور دیگر زبردست سرگرمیوں کے ذریعے اس سیگمنٹ میں مزید سرائیت کرنے کی کوشش کی گئی۔

مجموعی طور پر موٹر سائیکل انڈسٹری میں 125cc کیٹیگری نے اپنا مارکیٹ شیئر بڑھایا ہے اور گزشتہ سال کی نسبت 18 فیصد اضافہ دیکھنے میں آیا ہے۔ اس کی وجہ صارفین کی جانب سے زیادہ انجن ڈسپلینمنٹ کو ترجیح دینا اور شہری علاقوں میں زیادہ ڈیماڈ ہے۔ کمپنی موٹر سائیکل مارکیٹ میں اپنی قیادت کو برقرار رکھنے کے لیے ایسی پروڈکٹس پیش کرتی رہتی ہے جو ڈیزائن، پاور اور فعالیت کی مناسبت سے کسٹمرز کی توقعات پر پورا اترتی ہیں۔ اس سال کے دوران، کمپنی نے CG 125 کا MMC متعارف کروایا جسے صارفین کی جانب سے مثبت رائے حاصل ہوئی۔

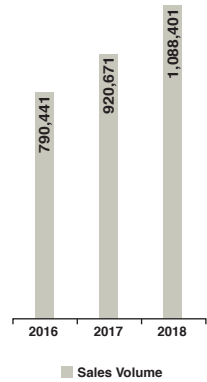
03 مئی 2017 کو کمپنی نے "CB 150 F" متعارف کروائی، یہ 150cc کیٹیگری میں کمپنی کی پہلی موٹر سائیکل ہے۔ یہ نئی بائیک ٹیکنالوجی، اسٹائل اور کوالٹی میں نیا معیار قائم کرتے ہوئے کسٹمرز کی ضروریات کو پورا کرتی ہے۔ نئے لائچے گئے اس ماڈل کو اپ۔ اسکیل صارفین کی جانب سے بے حد پذیرائی ملی ہے اور توقع ہے کہ اس کی طلب ایک مناسب حد پر برقرار رہے گی۔

اضافی پرزہ جات کے شعبے میں بھی 15 فیصد ترقی ریکارڈ کی گئی۔ کمپنی اٹلس ہینڈ "سینین پارٹس" کی فروخت میں تحقیقی مارکیٹنگ آئیڈیاز، سروس ورکشاپس کے ذریعے فروخت کی تشہیر اور بڑے اور بہتر پروڈکٹ پورٹ فولیو کے ذریعے فروخت میں اضافے کو ممکن بنا سکی۔ زیر جائزہ سال کے دوران، متعدد اشتہاری اور کسٹمر کیئریم کا آغاز کیا گیا جس میں صارفین کو موٹر سائیکل کی بہتر دیکھ بھال کے لیے موٹر سائیکل کے سینین پارٹس اور انجن آئل کے استعمال پر زور دیا گیا۔ ان تمام کاوشوں کے ساتھ وسیع ڈسٹری بیوٹن نیٹ ورک اور صارفین تک آسان رسائی میں بہتری کے اقدامات کے سبب ریونیو میں 7.1 بلین روپے کے اضافے میں مدد ملی۔ تاہم، مارکیٹ میں دستیاب جعلی پرزہ جات کی وافر دستیابی منظم کاروباری اداروں کے لیے خطرہ ہے۔

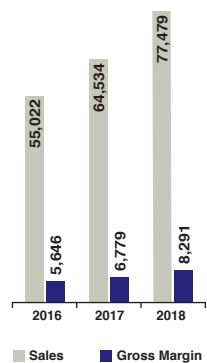
## کارکردگی کا اسکور کارڈ

کمپنی منظم ترقی اور معیاری مصنوعات میں اضافے کے مقاصد کے ساتھ دیرپا منصوبہ بندی پر یقین رکھتی ہے۔ یہ مقاصد اعلیٰ مہارت، لاگت کی ساخت میں بہتری، ترقی کے پروڈیکٹس پر عملدرآمد اور نئی ٹیکنالوجیز پر توجہ مرکوز رکھ کر حاصل کیے جا رہے ہیں۔

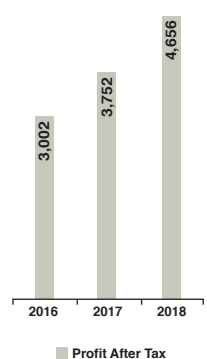
Sales Volume  
(in units)



Sales & Gross Margin  
(Rs. in million)



Profit After Tax  
(Rs. in million)



## چیمبرین کا تجزیہ

مالی سال 2017-18 کمپنی کے لیے نہایت فائدہ مند رہا اور کمپنی نے اپنے مقررہ اہداف سے آگے بڑھتے ہوئے بہترین کارکردگی کا مظاہرہ کیا۔ اس کی بنیادی وجہ کمپنی کی پرکشش پروڈکٹ ریٹج، مسلسل بڑھتی پیداوار اور لاگت کے نظام پر دسترس ہے۔ منصوبہ بندی کے ساتھ کی جانے والی کیپٹل انویسٹمنٹ اور گنجانش میں اضافے نے کمپنی کی ترقی کی قابلیت کو مزید تقویت دی۔ اس کے ساتھ ساتھ، کمپنی کو مکمل یقین ہے کہ وہ پائیدار ترقی کی راہ پر بھرپور طریقے سے گامزن ہے۔

میں نہایت مسرت کے ساتھ 31 مارچ 2018 کو ختم ہونے والے مہینے کے 54 ویں سال کے لیے سالانہ رپورٹ پیش کر رہا ہوں۔

### معیشت

پاکستان کی معیشت خاصی حوصلہ افزا رفتار سے مسلسل ترقی کی جانب گامزن رہی لیکن کئی معاشی میزائے وسعت پارہے ہیں۔ توقع ہے کہ GDP، دہائی کی 5.6 فیصد کی اعلیٰ سطح تک پہنچ جائے گا۔ CPEC منصوبوں کے مسلسل نفاذ، توانائی کی نئی پیداواری گنجانش، زراعت کی مستحکم بحالی نو اور صرف میں زبردست اضافے جیسے عوامل حالیہ شاندار کارکردگی کے حصول میں نمایاں اہمیت کے حامل رہے۔ CPI افراط زر، 9M/FY18 کے دوران خصوصاً غذائی افراط اور ایندھن کی قیمتوں میں توقع سے کم اضافے کے باعث 4.0 فیصد کی اوسط پر مستحکم رہا۔ غیر ملکی براہ راست سرمایہ کاری میں 4.4 فیصد تک اضافہ ہوا جس پر بنیادی طور پر چین کے CPEC سے متعلقہ آمد زر کا غلبہ رہا۔ مالیاتی محاذ پر، FBR نے 9M/FY18 کے دوران 2,621 بلین روپے کی مالیت کے ٹیکس وصول کیے، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 16 فیصد زیادہ رہے۔ اسی طرح، ترقی کی رفتار برقرار رکھنے اور افراط زر کو قابو میں رکھنے کے لیے، اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی کی شرح کو مئی 2016 سے غیر متغیر رکھنے کے بعد، اس میں 25 bps سے 6.0 فیصد کے معمولی اضافے کا فیصلہ کیا ہے۔

حقیقی معیشت میں ترقی کے ساتھ ساتھ، پاکستان کی خارجی صورتحال مسلسل دباؤ کا شکار رہی۔ جس کا بنیادی سبب شدید مقامی طلب، درآمدات پر مبنی CPEC منصوبوں کے نفاذ اور تیل کی قیمتوں میں اضافے کے باعث درآمدات میں سال بہ سال بنیاد پر 15.7 فیصد کا اچانک تیز رفتار اضافہ تھا۔ اس کے برعکس، برآمدات میں مسلسل تین سال تک تنزیلی کارخانوں رہنے کے بعد، حکومت کے معاون اقدامات کے نتیجے میں 13.1 فیصد سے اضافہ ہوا۔ اندرون ملک ترسیل زر کم رہی اور اس میں 3.6 فیصد کا معمولی اضافہ ہوا۔ اسی طرح 8M/FY18 کے دوران 10.8 بلین امریکی ڈالر کی مالیت کے اضافہ شدہ کرنٹ اکاؤنٹ خسارے اور بڑھتی ہوئی خارجی ذمہ داریوں نے بیرونی مالیاتی ضروریات میں اضافہ کیا ہے، جس سے زرمبادلہ کے ذخائر پر عائد محصول میں مزید اضافہ ہوا اور وہ 17.8 بلین امریکی ڈالر ہو گیا۔ اپنے ارتقاء پذیر بنیادی محرکات سے ہم آہنگ رہتے ہوئے، SBP نے دسمبر 2017 کے بعد سے امریکی ڈالر کے مقابلے میں روپے کی قدر میں 10.2 فیصد کمی کی اجازت دی۔ اسٹاک مارکیٹ کی کارکردگی بھی غیر متاثر کن رہی اور پلی ایس ایکس 100 انڈیکس 14.4 فیصد سے گر کر 45,560 پوائنٹس پر آ گیا جو کہ مئی 2017 میں 53,217 پوائنٹس تھا۔

### زراعت

زراعت کا شعبہ، GDP میں 19.5 فیصد کے اضافے اور 42 فیصد افرادی قوت کے لیے ملازمت کی فراہمی کا باعث بننے کے ساتھ مسلسل بنیادی اہمیت کا حامل رہا۔ پانی کی بہتر دستیابی، زیادہ منافعوں، پرکشش پیداواری قیمتوں اور معاون حکومتی پالیسیوں نے اس شعبے کی ترقی کو مدد دیا ہے۔ اہم ترین خریف فصلیں جیسے کہ گنا اور چاول، اپنے مقررہ اہداف کو بھی عبور کر گئیں، جبکہ کپاس میں گزشتہ سال کی پیداواری سطح کے مقابلے میں اضافہ ہوا۔ زراعت کے دیگر عوامل جیسے کہ مویشی، ماہی پروری اور جنگل بانی میں بھی ترقی دیکھنے میں آئی۔ سوائے اس کے کہ گندم کے لیے مقررہ ہدف معمولی شرح کی کمی سے کھلم نہ ہو سکا، یہ شعبہ مسلسل دوسرے سال بھی شاندار ترقی فروغ کا ضامن رہا۔

### بڑے پیمانے پر مینوفیکچرنگ (LSM)

بڑے پیمانے پر مینوفیکچرنگ کے شعبے میں مجموعی طور پر 6.1 فیصد ترقی دیکھی گئی، جو کہ گزشتہ سال اسی مدت کے دوران ہونے والی ترقی کے مقابلے میں کافی حوصلہ افزا ہے۔ صارفین کی مضبوط قوت خرید سے آٹو موہائل اور الیکٹرونکس میں زیادہ پیش رفت دیکھنے میں آئی جبکہ موجودہ جاری انفراسٹرکچر اور تعمیراتی سرگرمیوں سے سینٹ اور اسٹیل کے شعبوں میں مثبت رجحان رہا۔ متعدد شعبوں میں کئی صنعتی ادارے اپنی صلاحیتوں اور گنجانش میں اضافے کے لیے سرمایہ کاریاں بھی کر رہے ہیں۔ طلب میں بڑھوتی اور صلاحیتوں میں اضافے کے لیے کی جانے والی سرمایہ کاریوں کے ذریعے توقع رکھی جا سکتی ہے کہ آئندہ آنے والے مہینوں میں ترقی کا جاری رجحان جاری رہے گا۔

### دو وہیلر انڈسٹری

دو وہیلر انڈسٹری پاکستانیوں کے لیے کم لاگت اور ایندھن کی بچت کی ضرورت پوری کرنے میں اہم کردار ادا کرتی ہے۔ پاکستانیوں کی ایک بہت بڑی تعداد زور مرہ استعمال کے لیے موٹر سائیکل کو ترجیح دیتی ہے۔ اس صنعت نے گزشتہ سال کے مقابلے میں بہترین کارکردگی کا مظاہرہ کیا اور گزشتہ سال کے مقابلے میں 15 فیصد اضافہ دیکھنے میں آیا۔ بہتر معاشی اشارے، تیل کی مستحکم قیمتیں، شہری آبادی میں تیزی سے اضافے، امن و آمان کی صورتحال میں بہتری وہ بنیادی اسباب ہیں جنہوں نے دو وہیلر کی طلب میں اضافے کے لیے کلیدی کردار ادا کیا ہے۔

# Report of the Board Audit Committee

The Board Audit Committee (the Committee) comprises only of Non-Executive Directors. Details of the Directors are set out in the Board of Directors section of this report. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Internal Auditors and the External Auditors attend the Committee meetings by invitation. The Committee meets with the Internal Auditors and the External Auditors with and without the presence of CEO and CFO.

The Committee has concluded its annual review of the conduct and operations of the Company during the year ended March 31, 2018, and reports that:

- The Committee met four times during the year 2017-18. All the meetings were presided by the Chairman Audit Committee. The secretary circulated the minutes of meetings of the Audit Committee to all members, Directors, CEO and CFO prior to the next meeting of the Board.
- The Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- The Board has issued a “Statement of Compliance with the Code of Corporate Governance” which has also been reviewed and certified by the Auditors of the Company.
- Understanding and compliance with the Company Codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. All core & other applicable International Financial Reporting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended March 31, 2018, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company.
- The Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company’s financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management process and adequate for shareholders' needs.
- The Committee has reviewed the related party transactions and recommended for approval of the Board of Directors.
- No cases of complaints regarding accounting, internal controls, audit matters or whistle blowing events were received by the Committee.
- The Company’s system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive Officer and Executives of the Company from dealing in Company’s shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information.



## INTERNAL AUDIT

- The Board has effectively implemented and monitored the internal control framework through an independent in-house Internal Audit function which is independent of the External Audit function.
- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material findings, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairman of the Committee and the Committee has ensured staffing of personnel with sufficient qualification and internal audit acumen. The Internal Audit Function has necessary access to Management and the right to seek information and explanations.
- The Committee has reviewed the annual internal audit program and the consideration of findings of the Internal Audit function and management's response. Further, it approved the internal audit plan for 2018-19.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## EXTERNAL AUDITORS

- The statutory auditors of the Company, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, have completed the audit of financial statements of the Company for the year ended March 31, 2018 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended March 31, 2018.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.
- The Committee has reviewed and discussed audit observations with the External Auditors for the year ended March 31, 2018. Moreover, during the year Management Letter for the year ended March 31, 2018 was received within 45 days of the date of the Auditors' Report on financial statements as required under the PSX rule book; and the Committee reviewed and discussed the Management Letter with the External Auditors and the management.
- The performance, cost and independence of External Auditor is reviewed annually by the Committee. Based on the Committee's review of the performance of external auditor, the Committee has recommended to the Board that a resolution to re-appoint M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, for the year 2018-19 be proposed at the forthcoming Annual General Meeting.

# Risk and Opportunity Report

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

## Defining Risk

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

## Risk Management

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

### Our approach to risk management



#### Creating and sustaining value through ERM

The ERM framework helps us to identify new and evolving risks and opportunities so we can understand and manage risks that may materially impact our business objectives. This framework supports and enables future value creation and also preserves the value of routine operations.

The ERM framework is also an effective communication tool used by senior management to monitor and gain consensus on how to effectively manage and control enterprise-wide risks.



#### The environment in which we operate is dynamic, as are the risks we face

We plan for certain known changes to the industry and the external environment while remaining sufficiently flexible for rapid and unknown changes that are inherently difficult to anticipate. Managing the changing environment in which we operate and having the ability to be resilient to sudden unforeseen challenges support long-term sustainability of the business and healthy profitable growth.



#### Risk management: identification, assessment, evaluation, response and reporting

By continuing to monitor and assess risks as well as embedding the management of such risks within our culture, we can identify new material risks and opportunities early on to take advantage of value-adding prospects and mitigate value-eroding threats. We also continue to evaluate and report risks and opportunities to enable us to prioritise effectively and formulate effective responses.

## Our enterprise risk management (ERM) framework

### RISK AND RESILIENCE

#### Strategy formulation

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

#### Risk Assessment

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

#### Counter measures

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

#### Governance

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

#### Opportunity analysis

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

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





## Our Principal Risks

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

### Principal risks at a glance

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

### The potential impact and likelihood of our key risks



#### Key

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

### 1. Materiality Approach

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


### 2. Key Source of Uncertainty


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

### 3. Risk Category

- Strategic
- Operational
- Legal
- Financial


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

Strategic 	Consequences	Mitigations	Opportunities	Current year's ranking
<b>1. Market Competition</b> There is increasing competition among market participants in the entry level segment. Further, new models are being introduced in the premium segment. Accordingly, product positioning is becoming increasingly important due to revised dynamics of the two wheeler market.	Inability to successfully maintain the position and strength of our products as well as failing to develop new products that meet customer preferences, could impact demand for our products.	We are committed to make quality products and meeting the demand of our customers while enhancing product innovation and ensuring customer satisfaction to maintain the competitive edge. We placed due emphasis on monitoring markets and competitors to be able to understand and pre-empt external dynamics and remain competitive.	Strengthen our products by creating greater brand association into our expanding product portfolio and services.	(3)
<b>2. Change in Technology</b> The technological development together with scarcity of specialist resources could result in a significant change in the two wheeler industry.	Technology shift may render production process obsolete and cost inefficient. Delay in the launch of technologically intensive products, or if the technology in our products becomes relatively obsolete, could impact our sales.	We continue to invest substantially on expansion projects, modernization and up gradation of our production facilities. Further, we continue to focus on investment in new and existing models to meet the latest standards.	Timely investment in our production facilities brings efficiency in our processes. Substantial changes to the market enable us to focus on launching industry defining products as well as strengthening partnership with our global partner.	(14)
<b>3. Economic and political environment</b> Our expanding presence increases exposure to changes in the economic and political environment as well as other external factors (i.e. adverse law and order situations, natural disasters etc.) may impact our business.	Given our wide spread distribution of sales, changes in the external environment could have a significant impact on the demand for our products and supply chain.	We continue to closely monitor political and macroeconomic developments. Accordingly, We maintain a balanced retail sales profile across key sales regions. Further, in order to avoid the risk of disruption, we operate two production facilities and have a diversified vendor base .	It helps us to ensure continuity of operations without disruption in supply.	(6)

Operational 	Consequences	Mitigations	Opportunities	Current year's ranking
<b>4. Dependence on vendors for success of our business</b> Our expanding trend increases the risk of capacity and financial bottlenecks caused by supplier delivery failures and insufficient utilization, of production capacities at suppliers end.	Failure of, or weaknesses in, vendors' financial condition, production and distribution capabilities, and lack of alignment with vendors' B2B systems impairs our investments and prevents from achieving our production goals.	We maintain close contact with vendors and seek to ensure that respective goals are communicated, understood and aligned, to deliver mutually acceptable performance. Furthermore diverse vendor representation avoids dependence on any single vendor.	Our focus on diversified vendor base and their performance maintains our reputation as a quality leader in the two wheeler industry.	(8)
<b>5. Information and cyber securities</b> New and emerging technologies bring unprecedented threats to internet-connected devices while recent global hacking incidents impacting the geopolitical environment indicate an increase in the motivation to instigate cyber attacks.	Breach of IT security causing controlled or critical data to be lost, made inaccessible, corrupted or accessed by unauthorised users.	We strive to implement consistent security policies and procedures as well as educating staff, vendors and suppliers to embed best practices by implementing internal tools to detect and mitigate the current and emerging cyber security threats.	We aim to maintain a strong IT control environment, and by monitoring and reacting to emerging cyber and security threats. We strive to embed deeper, more intelligent controls over time.	(5)



Operational 	Consequences	Mitigations	Opportunities	Current year's ranking
<p><b>6. Talent and Capability</b></p> <p>The expanding scenario requires us to recruit competent personnel and properly incentivise existing staff to achieve Company's strategy.</p>	<p>Inability to attract and retain the critical capabilities and skills needed in sufficient numbers and to effectively organise, deploy and incentivise our people to deliver our strategy, business plan and projects.</p>	<p>Attracting, rewarding and retaining the right people with the right skills in a planned and targeted way, including regular benchmarking of remuneration and continuing a strong focus on individual development and succession planning.</p>	<p>Targeted personnel development and training is helping to generate ideas and suggestions that make significant contributions to our success. Further it is enabling us to secure sufficient number of qualified young workforce with the potential to become the next generation of highly skilled specialists and executives.</p>	<b>(9)</b>
<p><b>7. Safe working environment</b></p> <p>We are subject to a rapidly evolving safe working environment associated laws, regulations and policies that impact our manufacturing facilities.</p>	<p>Failure to provide safe working environment may lead to illness, injury, loss of working time and civil claims.</p>	<p>We have a Health &amp; Safety "Plan, Do, Check, Act" framework for managing risk in the workplace. We continuously monitor site conditions and drive corrective action through audit followup.</p>	<p>We are committed to protecting and preserving the human rights of our employees, those working in supply chain and those who may be impacted by operations.</p>	<b>(10)</b>
<p><b>8. Product liability and recalls</b></p> <p>Potential defects and quality deficiencies could increase our exposure to risks associated with product liability.</p>	<p>Increases in related costs and warranty claims as well as longer-term impacts on sales due to adverse reputational effects could occur. In addition, we could be the subject of class actions or other large-scale lawsuits as a consequence.</p>	<p>We regularly monitor the service data of products and issue technical updates to minimise warranty claims.</p>	<p>Enhanced product connectivity provide opportunities for us to identify and remedy potential faults more efficiently.</p>	<b>(15)</b>

Legal and compliance 	Consequences	Mitigations	Opportunities	Current year's ranking
<p><b>9. Regulations and compliance</b></p> <p>We are subject to a rapidly evolving regulatory landscape with associated laws, regulations and policies including environmental regulations.</p>	<p>We may incur additional compliance costs, including incremental investments to avoid facing significant civil and regulatory penalties</p>	<p>We have developed a team of qualified and experienced professionals in the management team to ensure compliance with all applicable laws, rules and regulations. Further, we actively participate in various government level forums for recommending appropriate measures.</p>	<p>To operate in a stable market with least volatility and low occurrence of unforeseen variables.</p>	<b>(7)</b>
<p><b>10. Intellectual property rights protection</b></p> <p>Protection of IP rights is necessary in order to prevent its infringement and unauthorised use by third parties.</p>	<p>Failure to protect IP increases the risk that third parties could copy features of our products from which we derive competitive advantage.</p>	<p>We have a dedicated team of in-house specialists that manage matters relating to IP to ensure that robust processes are followed to protect our IP, by means of patents, registered designs, trademarks and copyrights.</p>	<p>The development of IP protection right enables additional revenue by preventing counterfeiters to grab our market share while enhancing our profile as a leader in the two wheeler industry.</p>	<b>(4)</b>
<p><b>11. Unethical and prohibited business practices</b></p> <p>Our continuing expansion exposes us to increased diversity and complexity of legal and other frameworks and, as such, it becomes subject to maintaining legal and ethical standards across all locations in which we operate.</p>	<p>Non-compliance with ethical and/or legal practices may materially impact our reputation and could result in restrictions being placed on operations, causing business disruption.</p>	<p>Our code of conduct sets out the behaviour that is expected of the staff, including conforming to the highest moral and ethical standards and complying with applicable laws, including anti-bribery, corruption and competition laws, sanctions and export controls.</p>	<p>We are committed to conduct business in an ethical manner to instill a reputation of trust and reliance. Such qualities foster greater business relationships with the supplier base, governments and partnerships with other third parties.</p>	<b>(12)</b>



Financial 	Consequences	Mitigations	Opportunities	Current year's ranking
<p><b>12. Exchange rate fluctuations</b></p> <p>Devaluation of Pak Rupee against foreign currencies may adversely affect our financial performance.</p>	<p>Generally, a stronger Yen and Dollar adversely impacts our earnings because the value of overseas raw material is eroded.</p>	<p>Currency transaction risk is managed through financial derivatives (Forward Contracts) in line with the hedging policy approved by the Company's Board.</p>	<p>We continue to investigate further opportunities to develop our global footprint, which may result in greater natural hedging of our currency exposures by aligning the currency profile of cost with sales.</p>	<b>(1)</b>
<p><b>14. Commodity price</b></p> <p>Commodity price risk poses financial risk on our performance and profitability. This may occur due to fluctuations in the prices of commodities that are out of control of the entity.</p>	<p>Sharp fluctuations in commodity prices are creating significant business challenges as they can affect production costs, product pricing and earnings. This price volatility makes it imperative for an entity to manage the impact of commodity price fluctuations across its value chain to effectively manage its financial performance and profitability.</p>	<p>We have agreements in place with suppliers to counter short term fluctuations in material prices.</p>	<p>We continue to investigate further opportunities towards localisation of key raw material inputs.</p>	<b>(2)</b>
<p><b>15. Competitive business efficiency</b></p> <p>We continuously tend to optimise operating efficiency. However, there is a risk that these programmes do not deliver projected efficiencies and anticipated benefits may not accrue as expected.</p>	<p>If we are unable to deliver the desired benefits from these programmes, the business results may be adversely impacted and our ability to compete successfully over the longer term could be affected.</p>	<p>We have launched certain initiatives to reduce product and business complexity, to benefit from economies of scale, and we have robust project management processes in place to ensure set targets are met.</p>	<p>We are focused on developing business tools to realise greater degrees of efficiency. Furthermore, our expansion plans present opportunities to invest in world class facilities and enhanced capabilities.</p>	<b>(13)</b>
<p><b>16. Counterparty Default</b></p> <p>Counterparty defaults poses risk of impairment of assets.</p>	<p>Payment defaults of counter parties may leave us with inadequate resources for discharging our obligations.</p>	<p>Counterparty risk management procedures are carried out continuously in order to monitor credit worthiness of business partners.</p>	<p>We maintain a strong financial position and performance which is reflective of our scale of operations, effort of employees and expectations of all stakeholders.</p>	<b>(11)</b>

# Additional Information

## Management Objectives

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

### To expand sales in two wheeler industry

OBJECTIVE 1	Strategy	Sales expansion through focus on product quality & innovation, expanding dealers' network, efficient after sales services and availability of financial solutions to boost customers' purchasing power.
	Priority	High
	Indicators	Sales and profitability
	Actual Results	Total sales for the year were 1,088,401 units which represent 17% increase from last year. 2 new models namely "CB150F" and "CB 250F" were launched along with 4 MMC's of existing model lineup were introduced in the market. Further, we are the only Company in Pakistan which provides 3 years' warranty for all engine parts.

### To maintain industry leadership in two wheeler industry

OBJECTIVE 2	Strategy	We continuously focus on upgrading production facilities to maximize efficiency and to ensure compliance with international standards and latest technology.
	Priority	High
	Indicators	Capital expenditure, market share and production efficiency ratio
	Actual Results	We have incurred capital expenditure of Rs. 2.4 billion during the year for the improvement, maintenance and expansion of our production facilities

### To ensure continuity of operations without disruptions in supply

OBJECTIVE 3	Strategy	From the outset, production structures and processes are designed with a view to minimize any potential damage and its probability of occurrence. In order to ensure uninterrupted and smooth supplies of raw material and components, more than one supplier are inducted which share its production and delivery plan on B2B network.
	Priority	High
	Indicators	Current ratio and idle days
	Actual Results	We achieved uninterrupted production during the year with undisrupted supplies from vendors. Furthermore, regular audits are conducted to ensure that backup plans are effectively in place to mitigate any operational interruptions.

### To recruit and retain the best people and provide adequate training to ensure high quality skilled force

OBJECTIVE 4	Strategy	We have developed comprehensive and well-structured procedures for recruitment, training, compensation, periodic appraisals and succession planning in order to ensure staff development and retention.
	Priority	High
	Indicators	Workforce related ratios
	Actual Results	The detail of training programs are as follows: External Training Programs: 63 programs Internal Training Programs: 36 programs No. of Persons trained in external trainings: 118 persons No. of Persons trained in internal training: 429 persons No. of days spent for trainings: 2,973 days No. of hours spent for trainings: 23,784 hours Average hours of training per year per employee: 14.8 hours Average training days per employee: 1.9 days

### To ensure health and safety of employees in workplaces

OBJECTIVE 5	Strategy	We recognize the importance of a healthy working environment and therefore safety of employees is our top priority. We have 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. The employees are informed about best HSE practices through regular internal communication channels such as transformation 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 in workplace. Extraction and evacuation drills are conducted regularly and staff is frequently trained for crisis management.
	Priority	High
	Indicators	No of accidents
	Actual Results	No majors accidents occurred during the year at any of the Company's facilities, a testament to the Company's effective safety policies.

### To ensure environment friendly products and processes

OBJECTIVE 6	Strategy	Our defined policy for the protection of environment from emissions and hazardous discharges, ongoing monitoring and maintenance activities coupled with investment in new technology, efficiency enhancing measures, continuous measurements, follow ups and reporting are carried out to ensure we achieve our desired goals. Solid hazardous waste is disposed-off through Environmental Protection Agency's legitimate contractors. Recycling is also done, to the maximum extent, where possible.
	Priority	High
	Indicators	Carbon emission, water usage
	Actual Results	For achievements in environmental protection, see the section of "Environment" in the Company's sustainability report.

### To ensure optimum cost level

OBJECTIVE 7	Strategy	We keep our cost at an optimum level through strict governance policies and cost reduction measures
	Priority	High
	Indicators	Profitability ratios
	Actual Results	Our net profitability amounted to Rs. 4.7 billion, an increase of 24% from last year

### To operate in a stable market being compliant with all relevant laws of the Country

OBJECTIVE 8	Strategy	Maintain team of qualified and experienced professionals to ensure compliance with all applicable laws, rules and regulations.
	Priority	High
	Indicators	Number of non compliances and reporting awards
	Actual Results	There were no non-compliances reported by any Government body or institution during the year. Company's corporate reporting practises were recognized through following awards: - Top 25 Companies Award by Pakistan Stock Exchange for the financial year 2016 - Best Corporate Report Award in "Engineering Sector" by the Joint Committee of ICAP and ICMAP - Best Sustainability Report Award by the Joint Committee of ICAP and ICMAP - Awards by National Forum for Environment & Health in the categories of Corporate Social Responsibility Report, Research & Publication and Environment & Waste Management.

## Significant Changes in Objectives & Strategies

There have been no significant changes in objectives and strategies of the Company as compared to previous year.



## Analysis of Prospects of Entity

### Prospects of the Entity

We remain committed to deliver on our long term objectives of sustainable growth and maximizing value creation. These objectives are being achieved by concentrating business resources to achieve operational excellence, optimize cost structure, execution of growth projects and investment in new technologies. We continue to invest in the resources and capabilities which underpin our success. Operational efficiencies in terms of enhancement in productivity, output and capacities have been the essential core behind all activities throughout the year. We also recognize that development of resources across supply chain is critical in maintaining long term competitiveness. Accordingly, we are in constant collaboration with our suppliers for utilizing their expertise and benefitting from increased economies of scale.

### Financial Measures

There are various controllable and uncontrollable factors on which the Company's targets are dependent. These factors include price of raw materials, foreign currency rates, taxation regimes, availability of skilled workforce and resources etc. The impact and sensitivity of their fluctuation is considered while setting targets and budgets. Accordingly, financial targets are set for revenue, cost, profitability, gearing and liquidity. The Company on an annual basis sets marketing, production and other targets in the form of a budget which is duly approved by the Board of Director. We have surpassed most of the key targets set in our last year's budget specially pertaining to production, revenue and profitability. For liquidity and gearing, cash flows are monitored on a daily basis to achieve the targets. These achievements are in line with expectations as depicted in last year's Directors' report.

### Non Financial Measures

The Company has identified the following areas as key non-financial performance measures:

- Corporate image
- Stakeholders' engagement
- Maintenance of product quality for fulfilment of customer needs
- After sales service
- Relationship with customers and business partners
- Compliance with the regulatory framework
- Energy conservation
- Brand preference
- Environmental protection
- Responsibility towards the society
- Transparency, accountability and good governance
- Employee satisfaction and wellbeing
- BCG Matrix
- SWOT Analysis

Responsibility for implementation has been delegated to the management with continuous monitoring and control by the Board.

## Forward Looking Statement

### Analysis of prior period's forward looking disclosures

As indicated last year, improvement of incomes in both rural and urban areas along with better economic fundamentals, stable fuel prices, rapid urbanization and security conditions have boosted the demand for two-wheelers. Accordingly, volume growth and improvement in sales mix resulted in achieving ever highest sales. The top line driven the bottom line figure and resultantly, the Company achieved the ever highest profit figures. Strong contributions came from cost control measures and treasury income. Thus, the Company posted the highest ever profit before tax of Rs. 6.3 billion.

Further, as planned, we successfully managed to increase our capacity upto 1.25 Million units in March 2018.

### Forward looking statement

2018-19 is likely to be a challenging year for a variety of reasons, both local and global. With elections knocking on the door, there is a certain degree of risk to the stability that is required to conduct business. The depreciation of the PKR at the end of the year has triggered speculations of further devaluation in the offing.

However, we are very well positioned in our markets with leading products and services. We are increasingly succeeding in addressing new targets, utilizing additional market potential and strengthening our market position nationwide. We will consistently implement our strategy thus, creating the basis for further growth. We expect both unit sales and revenue to be higher than previous year, and will try to achieve better earnings than current year. However, devaluation of Pak Rupee and constant increase in material prices may keep profit margins under pressure.

We will significantly increase our capital expenditure for capacity expansion and new technologies once again in 2019. As a result, we remain confident that the important investments we are making to modernize our production will create a strong platform to drive customer service and strong cash flows.

## Statement of Charity Account

We paid an amount of around Rs. 52m for the year 2018 to Atlas Foundation. The Foundation has played its role in promoting centers of professional education, contributing to health facilities, helping law enforcement agencies and improving the quality of life with the commitment that what has come from the society should be shared with the society. The Foundation has built a school in collaboration with The Citizen Foundation having capacity for 400 students at present. Most of the children belong to poor families of farmers and labourers living in the neighboring areas.

# Notice of 54<sup>th</sup> Annual General Meeting

Notice is hereby given that the 54<sup>th</sup> Annual General Meeting of the members of Atlas Honda Limited will be held on Thursday June 28, 2018, at 11:00 A.M., at the Avari Hotel, Mall Road, Lahore, to transact the following business:

## ORDINARY BUSINESS

1. To confirm minutes of the Annual General Meeting held on June 19, 2017.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended March 31, 2018, together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the year ending March 31, 2019. 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. 27 per share i.e. 270 % for the year ended March 31, 2018 as recommended by the Board of Directors.

## SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as a Special Resolution with or without modification to amend the Articles of Association of the Company to bring the Articles in conformity :

***"RESOLVED** that the existing Articles of Association of the Company be and are hereby amended to bring them in conformity with the Companies Act 2017 and for that purpose, the Revised Articles of Association of the Company, as initialed by the CEO for the purpose of identification, be and are hereby adopted as Articles of Association of the Company, in substitution of and to the exclusion of the existing Articles of Association.*

## OTHER BUSINESS

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

By Order of the Board



Marrium Ahmed  
Company Secretary

Karachi: June 7, 2018

## NOTES:

- i. The share transfer books of the Company will remain closed from June 14, 2018 to June 28, 2018 (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 13, 2018 will be considered in time for the purpose of payment of final dividend to the transferees.
- ii. 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, instrument appointing Proxy must be received at the Registered Office or Share Registrar of the Company not less than 48 hours before the time of the meeting. For the convenience of the members a Proxy Application Form is attached at the end of the Annual Report 2018.



- iii. Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrars, M/s. Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan.
- iv. Any individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

**A. For Attending the Meeting:**

- (i) In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- (ii) Members registered on CDC are also requested to bring their particulars, I.D. Numbers and account numbers in CDS.
- (iii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

**B. For Appointing Proxies:**

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC or original passport at the time of Meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**v. Circulation of Annual Audited Accounts via Email / CD / USB / DVD or Any Other Media**

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and Directors' report etc ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2018 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2018 may send a request using a Standard Request Form placed on Company website.

Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

Members can request a hard copy which shall be provided free of cost within seven days from receipt of requisition.

**vi. Video Conference Facility**

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will

arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

#### vii. Submission of CNIC / SNIC / NTN

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 / SNIC or NTN (in case of corporate entities) 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 / SNICs, 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 / SNIC / NTN details.

#### viii. Dividend Mandate

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

#### ix. Unclaimed Dividend

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Section 244(l)(a) of the Act requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further SECP vide Direction No. 16 of 2017 issued on July 07, 2017 directed all listed Companies issued such notice to the members and submit statement of unclaimed shares or dividend or any other instruments which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of May 30, 2017.

#### x. Withholding Tax on Dividend

Pursuant to the provisions of Finance Act, 2017, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies, as under:

'Filer' of Income Tax Return	15.0%
'Non - filer' of Income Tax Return	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 @ 15% for filers, all the shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted @ 20% for non-filers.

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

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

The required information must reach the shares registrar of the Company by the close of business on June 13, 2018 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

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

**xi. E-Voting**

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

**STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017**

Alteration in the articles of the Articles of Association of the Company is necessary in the light of the Companies Act, 2017. The proposed changes in the Articles of Association of the Company are being made to bring the articles in conformity with the Companies Act, 2017.

The Comparative statement of proposed amendments is being sent to the Members along with this Notice.

The Directors have no personal interest in the above business.



# Critical Performance Measures

## Sales

**Rs. 77.5 BN**

We have achieved highest ever sales during the year, an increase of 20% from last year.

## Profit after tax

**Rs. 4.7 BN**

Improved results & tax efficiency has resulted in encouraging growth in profit after tax, an increase of 24% from last year.

## Return on Equity

**31.90%**

Improving profitability and optimum equity increase return on equity by 3% from last year.

## Profit before tax

**Rs. 6.3 BN**

Volume growth & effective cost management measures resulted in an increase of profit by 23% from last year.

## Earning per share

**Rs. 45.1**

Improved profitability generate higher EPS for shareholders, an increase of 24% from last year.





**Wealth distributed****Rs. 26.3 BN**

Among employees, Government, providers of capital and retention for future growth, up by 22% from last year.

**Breakup value per share****Rs. 154.7**

Higher breakup value providing a stronger financial base for our future growth.

**Capital expenditure****Rs. 2.4 BN**

Incurred for capacity expansion & BMR of existing facilities, an increase of 20% from last year.

**Proposed cash dividend per share****Rs. 27.0**

We have been following a consistent policy of paying high dividends, an increase of 46% from last year.

**Cash generated from operating cycle****Rs. 7.8 BN**

Effective working capital management resulting in higher operating cashflows.





# Six Years Analysis of Financial Statements

## Financial Ratios

Particulars		2018	2017	2016	2015	2014	2013
<b>Profitability Ratios</b>							
Gross profit margin	%	10.7	10.5	10.3	10.2	9.5	8.7
Profit before tax margin	%	8.1	7.9	7.4	7.1	6.0	5.2
Net profit margin	%	6.0	5.8	5.5	5.1	4.5	3.8
Return on capital employed	%	40.4	39.7	37.1	37.9	37.2	36.9
Return on equity - before tax	%	42.8	42.0	36.8	35.1	34.0	33.7
Return on equity - after tax	%	31.9	30.9	27.3	25.4	25.3	24.5
Return on assets	%	16.2	16.3	14.7	14.9	13.9	13.4
Earnings before interest, tax, depreciation and amortization (EBITDA)	Rs. In million	7,174.0	5,905.9	4,753.4	3,898.4	3,329.2	2,831.9
EBITDA margin	%	9.3	9.2	8.6	8.5	7.5	6.7
<b>Equity Ratios</b>							
Cash dividend per share (declared)	Rs.	27.00	18.50	14.50	12.0	10.0	7.5
Stock dividend per share (bonus shares declared for the year)	Rs.	-	-	-	-	-	2.5
Bonus shares declared for the year	No. in '000	-	-	-	-	-	20,681
Earning per share	Rs.	45.10	36.29	29.03	22.73	19.36	19.44
Price earning ratio	Times	11.64	15.42	13.26	14.60	15.1	9.9
Market price per share for the year	Rs.	525.0	559.7	385.0	335.0	292.6	191.5
- maximum value	Rs.	657.0	620.0	414.8	405.3	299.0	192.0
- minimum value	Rs.	470.0	362.0	320.1	209.0	171.0	114.0
Break up value per share	Rs.	154.7	128.2	106.4	89.3	76.5	79.3
Dividend yield	%	5.1	3.3	3.8	3.6	3.4	5.2
Dividend cover	Times	1.7	2.0	2.0	1.9	1.9	1.9
Dividend pay out	%	59.9	51.0	49.9	52.8	51.7	51.5
Plough back ratio	%	40.1	49.0	50.5	47.2	48.3	48.5
Weighted average cost of debt	%	-	-	-	-	-	-
Cost of equity	%	5.1	3.3	7.5	6.8	6.6	10.1
<b>Efficiency Ratios</b>							
Assets turnover	Times	2.7	2.8	2.7	2.9	3.1	3.5
Fixed assets turnover	Times	9.7	9.3	9.5	9.2	9.8	9.6
Inventory turnover	Times	23.4	23.0	22.3	19.7	16.5	15.1
Debtors turnover	Times	104.4	104.8	83.8	65.0	85.5	82.2
Creditors turnover	Times	5.2	5.6	6.9	7.1	7.2	8.5
Capital employed turnover	Times	4.8	4.9	5.0	5.0	6.2	6.5
<b>Operating Cycle</b>							
Period of inventory holding	Days	17	17	17	18	22	24
Period of collection from debtors	Days	4	4	4	6	4	4
Period of payments to creditors	Days	(70)	(69)	(53)	(51)	(51)	(44)
Operating cycle	Days	(49)	(48)	(31)	(27)	(25)	(16)
<b>Liquidity / Leverage Ratios</b>							
Current ratio	Times	1.6	1.6	1.7	1.8	1.7	1.6
Quick ratio	Times	1.4	1.4	1.4	1.5	1.3	1.1
Debt to equity / financial leverage ratio	Times	----- Debt Free -----					
Total liabilities to equity	Times	0.99	0.93	0.85	0.71	0.82	0.83
Interest cover	Times	11,645.69	10,523.19	3,388.30	3,862.5	5,651.0	1,797.9
Operating leverage ratio	%	114.7	149.9	122.2	709.0	427.9	317.2
Cash to current liabilities	Times	0.7	0.6	0.6	0.6	0.5	0.6
Cash flow from operations to sales	%	10.1	10.0	10.0	6.1	7.9	5.2



# DuPont Analysis

For the year ended March 31, 2018

Rupees in Million



\*Total Cost includes COGS, Selling, Admin, Other Expenses, Financial Charges and Taxation (less: Other income).

# Graphical Presentation

## Our Performance over the Year

Our distinguished performance in 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

**Rs. 77.5 Billion**  
Gross Profit : 10.7%

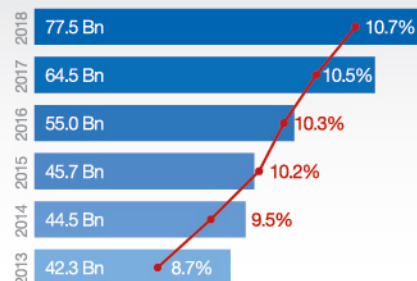
#### Highest ever Sales Revenue:

The momentum of increasing sales continued on account of positive market performance. It resulted in achievement of cumulative average growth rate of 13% over the period of six years.

#### Highest ever Gross Profit:

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 ever highest gross profit of Rs. 8.3 billion in 2018 as compared to Rs. 3.7 billion in 2013. Consequently gross profit's cumulative average growth rate reached at 18% over past six years.

■ Sales ● Gross Profit %



### Profit After Tax & Return on Investments

**Rs. 4.7 Billion**  
Return on Equity : 31.9%  
Return on Assets : 16.2%

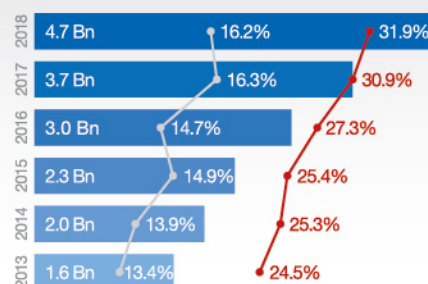
#### Profit after Tax:

A strong topline along with diligent cost management and efficient treasury operations has allowed us to reach ever highest profit after tax of Rs. 4.7 billion (24% increase from last year). This yields a cumulative average growth rate of 24% over six year period.

#### Higher Return on Investments:

Stronger growth and optimum capital structure has enabled us to generate higher return on assets and equity. For 2017-18, the return on equity and return on assets recorded at 31.9% and 16.2%, respectively.

■ Profit After Tax ● Return on Equity ◐ Return on Assets



### Dividend & Earning per Share

**Rs. 2.8 Billion**  
EPS : Rs. 45.1

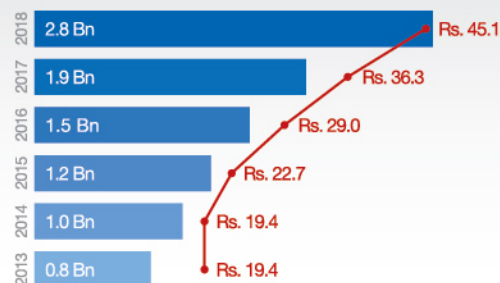
#### High Dividend to Shareholders:

We believe in having stronger bonds with shareholders through provision of adequate return against their investment. Keeping in view the cash position, expected capital needs and other future strategic decision, the BOD proposed a cash dividend of Rs 27 per share amounting to Rs. 2.8 billion, and yielding a dividend payout of 60%. This remains the ever highest dividend announced in the Company's history.

#### Increasing EPS:

Improved profitability has resulted in increasing Earnings Per Share (EPS) over the years. Resultantly, the Company has achieved an ever highest EPS of Rs. 45.1.

■ Dividend ● Earning per Share



### Shareholder's Equity & Breakup Value per Share

**Rs. 16.0 Billion**  
BV/Share : Rs.154.7

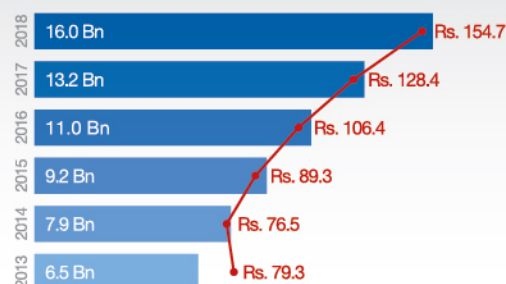
#### Strong Equity Base:

We have set the goal of improving financial soundness by consolidating shareholders equity. The goal eclipsed by achieving the record shareholders' equity which stood at Rs. 16 billion. The equity position generated a CAGR of 20% over six years period.

#### Break up Value per share:

The breakup value per share stood at Rs 154.7 per share. It provides a strong financial base for supporting the implementation of the Company's growth strategy.

■ Equity ● Breakup Value per Share



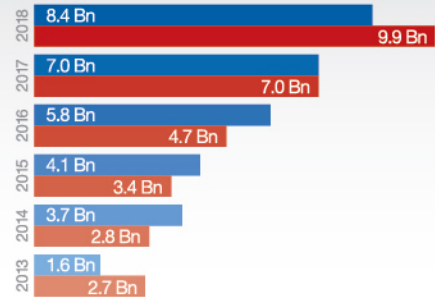
## Liquidity Ratios

Rs. **18.4**  
Billion

### Strong Liquidity:

We continued to grow stronger in liquidity with cash and bank balances standing at an impressive level of Rs. 10.0 billion. It increased by cumulative average growth rate of 30%. Higher liquidity allows us to finance capital needs and remain stronger in treasury operations. Furthermore, investments in mutual funds grew by cumulative average growth rate of 39% reaching upto Rs. 8.4 billion. This investment resulted in earnings of Rs 0.93 billion as treasury income.

■ Investment ■ Cash



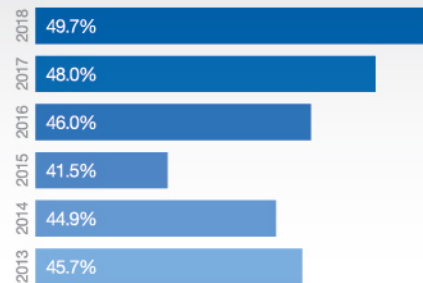
## Leverage Ratio

**49.7**  
Percent

### Debt Free Status:

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

■ Liabilities to Assets



## Cash Operating Cycle

**49**  
Days

### Working Capital Performance:

To drive strong cash flow generation we optimize our balance sheet specifically by reducing the level of working capital and steady cashflow management. We always sought to efficiently use various components of working capital cycle. Cash flow operating cycle has followed same trend of previous years and we continued to work on favorable operating cycle. Resultantly, we have managed to control the receivables and reduce inventory turnover. Thereby, the operating cycle has increased by 1 day over last year.

■ Cash Operating Cycle



## Fixed Assets and Capital Expenditure

Rs. **8.0**  
Billion  
Capital Expenditure  
Rs. 9.4 Billion

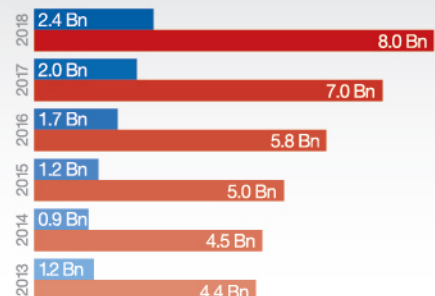
### Increased Investments:

From 2013 to 2018, we have made gross investments of Rs.9.4 billion. It mainly represents expansion of production facilities, balancing modernization and replacement of existing manufacturing facilities.

### Fixed Assets Base:

Keeping in view the further prospects, we are investing in production facilities step by step. Currently fixed assets stood at Rs. 8 billion with equity to fixed asset ratio of 2.01 times.

■ Capital Expenditure ■ Fixed Assets





# Six Years Analysis of Financial Statements

## Statement of Financial Position

Particulars	2018	2017	2016	2015	2014	2013
-----Rupees in '000-----						
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, plant & equipment	7,976,101	6,961,919	5,817,700	4,982,552	4,552,816	4,421,744
Intangible asset	44,905	37	5,379	12,774	4,781	5,555
Long term investments	324,899	292,342	245,508	216,283	-	-
Long term loans and advances	31,481	30,108	28,027	27,198	26,396	25,583
Long term deposits	22,573	17,339	14,937	12,986	9,632	8,399
<b>Total non current assets</b>	<b>8,399,959</b>	<b>7,301,745</b>	<b>6,111,551</b>	<b>5,251,793</b>	<b>4,593,625</b>	<b>4,461,281</b>
<b>Current Assets</b>						
Stores,spares and loose tools	650,160	539,104	489,415	421,339	400,424	390,250
Stock in trade	2,599,530	2,123,831	1,863,482	1,660,529	2,042,602	2,171,536
Trade debts	861,224	623,331	608,420	704,597	520,321	514,742
Loans and advances	40,107	38,921	35,877	41,235	35,305	33,253
Trade deposits and prepayments	137,663	120,562	64,770	59,568	50,679	47,722
Short term investments	8,400,246	7,080,669	5,876,554	4,119,696	3,691,241	1,635,183
Accrued mark-up/interest	15,557	21,470	16,842	10,857	11,130	11,603
Other receivables	15,528	6,627	4,910	3,674	4,666	6,302
Taxation-net	725,750	732,706	542,121	99,185	-	2,578
Bank balances	9,981,615	7,053,784	4,755,020	3,409,200	2,843,738	2,739,988
<b>Total current assets</b>	<b>23,427,380</b>	<b>18,341,005</b>	<b>14,257,411</b>	<b>10,529,880</b>	<b>9,600,106</b>	<b>7,553,157</b>
<b>Non Current Assets Classified as Held for Sales</b>	-	-	-	-	171,459	-
<b>Total assets</b>	<b>31,827,339</b>	<b>25,642,750</b>	<b>20,368,962</b>	<b>15,781,673</b>	<b>14,365,190</b>	<b>12,014,438</b>
<b>Equity &amp; Liabilities</b>						
<b>Equity</b>						
Share capital	1,034,066	1,034,066	1,034,066	1,034,066	1,034,066	827,253
Reserves	14,966,654	12,223,467	9,968,057	8,204,479	6,879,247	5,732,907
<b>Total equity</b>	<b>16,000,720</b>	<b>13,257,533</b>	<b>11,002,123</b>	<b>9,238,545</b>	<b>7,913,313</b>	<b>6,560,160</b>
<b>Non Current Liabilities</b>						
Compensated absences	241,681	228,443	214,620	195,145	192,042	170,248
Deferred taxation	698,042	670,968	566,749	578,249	637,558	696,727
<b>Total non current liabilities</b>	<b>939,723</b>	<b>899,411</b>	<b>781,369</b>	<b>773,394</b>	<b>829,600</b>	<b>866,975</b>
<b>Current Liabilities</b>						
Trade and other payables	14,886,896	11,485,806	8,585,470	5,769,734	5,577,694	4,587,303
Taxation - net	-	-	-	-	44,583	-
<b>Total current liabilities</b>	<b>14,886,896</b>	<b>11,485,806</b>	<b>8,585,470</b>	<b>5,769,734</b>	<b>5,622,277</b>	<b>4,587,303</b>
<b>Total equity and liabilities</b>	<b>31,827,339</b>	<b>25,642,750</b>	<b>20,368,962</b>	<b>15,781,673</b>	<b>14,365,190</b>	<b>12,014,438</b>

# Six Years Analysis of Financial Statements

## Statement of Financial Position

Particulars	Horizontal Analysis						Vertical Analysis					
	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2018	2017	2016	2015	2014	2013
-----Percentage-----												
<b>Assets</b>												
<b>Non Current Assets</b>												
Property, plant & equipment	15	20	17	9	3	12	25	27	29	32	32	37
Intangible asset	121,265	(99)	(58)	167	(14)	(13)	0	0	0	0	0	0
Long term investments	11	19	14	100	-	-	1	1	1	1	-	-
Long term loans and advances	5	7	3	3	3	25	0	0	0	0	0	0
Long term deposits	30	16	15	35	15	(47)	0	0	0	0	0	0
<b>Total non current assets</b>	<b>15</b>	<b>19</b>	<b>16</b>	<b>14</b>	<b>3</b>	<b>12</b>	<b>26</b>	<b>28</b>	<b>30</b>	<b>33</b>	<b>32</b>	<b>37</b>
<b>Current Assets</b>												
Stores, spares and loose tools	21	10	16	5	3	12	2	2	2	3	3	3
Stock in trade	22	14	12	(19)	(6)	0	8	8	9	11	14	18
Trade debts	38	2	(14)	35	1	(14)	3	2	3	4	4	4
Loans and advances	3	8	(13)	17	6	0	0	0	0	0	0	0
Trade deposits and prepayments	14	86	9	18	6	6	0	0	0	0	0	0
Short term investments	19	20	43	12	126	12	26	28	29	26	26	14
Accrued mark-up/interest	(28)	27	55	(2)	(4)	167	0	0	0	0	0	0
Other receivables	134	35	34	(21)	(26)	(59)	0	0	0	0	0	0
Taxation-net	(1)	35	447	100	(100)	(98)	2	3	3	1	-	0
Bank balances	42	48	39	20	4	27	31	28	23	22	20	23
<b>Total current assets</b>	<b>28</b>	<b>29</b>	<b>35</b>	<b>10</b>	<b>27</b>	<b>8</b>	<b>74</b>	<b>72</b>	<b>70</b>	<b>67</b>	<b>67</b>	<b>63</b>
<b>Non Current Assets Classified as Held for Sales</b>	-	-	-	(100)	100	-	-	-	-	-	1	-
<b>Total assets</b>	<b>24</b>	<b>26</b>	<b>29</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Equity &amp; Liabilities</b>												
<b>Equity</b>												
Share capital	-	-	-	-	25	15	3	4	5	7	7	7
Reserves	22	23	21	19	20	22	47	48	49	52	48	48
<b>Total equity</b>	<b>21</b>	<b>20</b>	<b>19</b>	<b>17</b>	<b>21</b>	<b>21</b>	<b>50</b>	<b>52</b>	<b>54</b>	<b>59</b>	<b>55</b>	<b>55</b>
<b>Non Current Liabilities</b>												
Compensated absences	6	6	10	2	13	11	1	1	1	1	1	1
Deferred taxation	4	18	(2)	(9)	(8)	21	2	3	3	4	5	6
<b>Total non current liabilities</b>	<b>4</b>	<b>15</b>	<b>1</b>	<b>(7)</b>	<b>(4)</b>	<b>19</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Current Liabilities</b>												
Trade and other payables	30	34	49	3	22	(5)	47	45	42	37	39	38
Accrued mark-up / interest	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long term borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Taxation - net	-	-	-	(100)	100	-	-	-	-	-	0	-
<b>Total current liabilities</b>	<b>30</b>	<b>34</b>	<b>49</b>	<b>3</b>	<b>23</b>	<b>(5)</b>	<b>47</b>	<b>45</b>	<b>42</b>	<b>37</b>	<b>39</b>	<b>38</b>
<b>Total equity and liabilities</b>	<b>24</b>	<b>26</b>	<b>29</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

# Six Years Analysis of Financial Statements

## Statement of Financial Position

### ASSETS

#### Non current assets

Non-current assets mainly include property, plant and equipment and long term investments. Property, plant and equipment registered an increase of Rs. 3.6 billion since 2013 due to expansion of production facilities and balancing, modernization and replacement of existing manufacturing facilities and other routine capex requirements. Further, the Company has made an acquisition of 29.23% in Atlas Hitec (Private) Limited at a cost of Rs. 0.2 billion. Consequently the long term investment stand at Rs. 0.3 billion at the end of 2018, with an increase of 50% 0.2 billion in 2015.

#### Current assets

Current Assets mainly constitute of stores and spares, stock in trade, trade debts, other receivables, short term investments and cash & bank balances. Variation in current assets balances was mainly due to the increase in short term investments and cash & bank balances owing to better cash availability on account of increase in customer advances and profit retention for reinvestment and future growth. Stocks increased by Rs. 0.7 billion due to production requirements. However, inventory holding period reduced from 24 days to 17 days on account of better inventory management.

### EQUITY & LIABILITIES

#### Equity

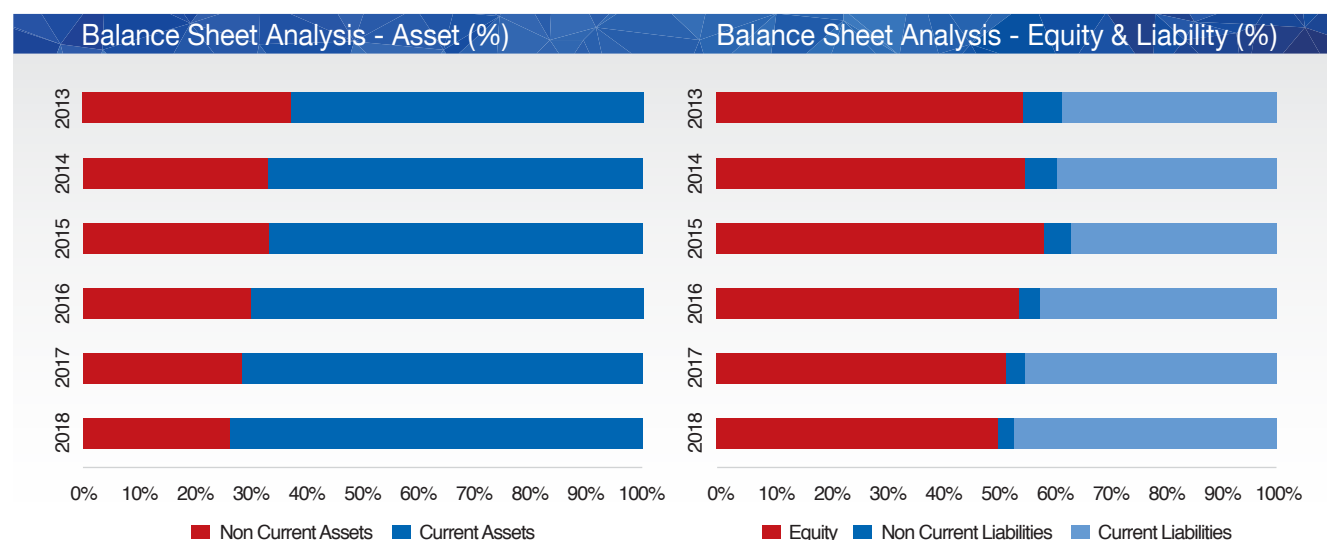
Issuance of 25% bonus share in 2013 resulted in a share of capital of Rs. 1.034 billion at the end of year 2014. Reserves increased at cumulative average growth rate of around 20% since 2013 primarily on account of profit retention for re-investment and future growth. Resultantly, shareholders' equity comprising of share capital and reserves rose to Rs. 16.0 billion at the end of the year 2018 around 246% higher than Rs. 6.5 billion recorded in 2013.

#### Non current liabilities

Non current liabilities, comprising of deferred taxation and compensated leave absences at Rs. 0.9 billion is in line with historical trend of past six years primarily due to accumulation of leave absences.

#### Current liabilities

Current liabilities increased from Rs.4.6 billion in 2013 to Rs. 14.9 billion in 2018 primarily due to increase in customer advances and trade related payables, which are in line with the increasing sales and production trend respectively.





# Six Years Analysis of the Financial Statements

## Statement of Profit or Loss

Particulars	2018	2017	2016	2015	2014	2013
----- (Rupees in '000) -----						
<b>Profit and Loss Account</b>						
Sales	77,478,845	64,534,021	55,022,415	45,772,177	44,478,713	42,325,242
Cost of sales	(69,188,101)	(57,754,987)	(49,376,506)	(41,098,571)	(40,253,929)	(38,646,049)
<b>Gross Profit</b>	<b>8,290,744</b>	<b>6,779,034</b>	<b>5,645,909</b>	<b>4,673,606</b>	<b>4,224,784</b>	<b>3,679,193</b>
Sales and marketing expenses	(1,852,057)	(1,630,773)	(1,456,152)	(1,314,231)	(1,293,938)	(1,206,648)
Administrative expenses	(634,594)	(602,343)	(499,915)	(432,622)	(430,054)	(387,477)
Other income	877,908	916,333	637,074	543,924	420,651	322,668
Other operating expenses	(445,037)	(404,740)	(310,682)	(245,132)	(223,989)	(190,453)
Share of profit of an Associated Company - net of tax	50,607	61,084	43,475	26,283	-	-
<b>Profit from operations</b>	<b>6,287,571</b>	<b>5,118,595</b>	<b>4,059,709</b>	<b>3,251,828</b>	<b>2,697,454</b>	<b>2,217,283</b>
Finance cost	(22,725)	(25,853)	(15,280)	(8,190)	(8,036)	(9,726)
<b>Profit before taxation</b>	<b>6,264,846</b>	<b>5,092,742</b>	<b>4,044,429</b>	<b>3,243,638</b>	<b>2,689,418</b>	<b>2,207,557</b>
Taxation	(1,601,211)	(1,340,263)	(1,042,630)	(892,747)	(687,858)	(599,753)
<b>Profit after taxation</b>	<b>4,663,635</b>	<b>3,752,479</b>	<b>3,001,799</b>	<b>2,350,891</b>	<b>2,001,560</b>	<b>1,607,804</b>

### Horizontal Analysis

### Vertical Analysis

Particulars	2018	2017	2016	2015	2014	2013	2018	2017	2016	2015	2014	2013
	vs 2017	vs 2016	vs 2015	vs 2014	vs 2013	vs 2012						
----- Percentage -----												
<b>Profit and Loss Account</b>												
Sales	20.1	17.3	20.2	2.9	5.1	11.3	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	19.8	17.0	20.1	2.1	4.2	9.7	(89.3)	(89.5)	(89.7)	(89.8)	(90.5)	(91.3)
<b>Gross Profit</b>	<b>22.3</b>	<b>20.1</b>	<b>20.8</b>	<b>10.6</b>	<b>14.8</b>	<b>32.5</b>	<b>10.7</b>	<b>10.5</b>	<b>10.3</b>	<b>10.2</b>	<b>9.5</b>	<b>8.7</b>
Sales and marketing expenses	13.6	12.0	10.8	1.6	7.3	24.9	(2.4)	(2.5)	(2.6)	(2.9)	(2.9)	(2.9)
Administrative expenses	5.4	20.5	15.6	0.6	11.0	15.4	(0.8)	(0.9)	(0.9)	(0.9)	(1.0)	(0.9)
Other income	(4.2)	43.8	17.1	29.3	30.4	17.6	1.1	1.4	1.2	1.1	0.9	0.8
Other operating expenses	10.0	30.3	26.7	9.4	17.6	62.6	(0.6)	(0.6)	(0.6)	(0.5)	(0.5)	(0.4)
Share of profit of an Associated Company - net of tax	(17.2)	40.5	65.4	100.0	-	-	0.1	0.1	0.1	0.1	-	-
<b>Profit from operations</b>	<b>22.8</b>	<b>26.1</b>	<b>24.8</b>	<b>20.6</b>	<b>21.7</b>	<b>35.9</b>	<b>8.1</b>	<b>7.9</b>	<b>7.4</b>	<b>7.1</b>	<b>6.0</b>	<b>5.2</b>
Finance cost	(12.1)	69.2	86.6	1.9	(17.4)	(17.0)	(0.03)	(0.04)	(0.03)	(0.02)	(0.02)	(0.02)
<b>Profit before taxation</b>	<b>23.0</b>	<b>25.9</b>	<b>24.7</b>	<b>20.6</b>	<b>21.8</b>	<b>36.3</b>	<b>8.1</b>	<b>7.9</b>	<b>7.4</b>	<b>7.1</b>	<b>6.0</b>	<b>5.2</b>
Taxation	19.5	28.5	16.8	29.8	14.7	44.2	(2.1)	(2.1)	(1.9)	(2.0)	(1.5)	(1.4)
<b>Profit after taxation</b>	<b>24.3</b>	<b>25.0</b>	<b>27.7</b>	<b>17.5</b>	<b>24.5</b>	<b>33.5</b>	<b>6.0</b>	<b>5.8</b>	<b>5.5</b>	<b>5.1</b>	<b>4.5</b>	<b>3.8</b>

# Six Years Analysis of the Financial Statements

## Statement of Profit or Loss

### Sales & Cost of sales

The Company remained focused towards delivering objective of sustainable growth through value creation. The momentum of increasing sales continued over the period of six year on account of positive market demand. It resulted in achievement of cumulative average growth rate of 13% over six years period. Further, cost of sales recorded an cumulative average growth rate of 12% since 2013, on account of volume growth. Resultantly, Gross Profit margin improved from 8.7% to 10.7%.

### Selling General and Administrative Expenses

Selling general and administrative expenses remained under control and as a percentage of sales decreased from 3.8% to 3.2% since 2013. However, in terms of absolute numbers, increase by 56% over the period of six years mainly on account of inflation and sales related expense.

### Other Operating Expenses

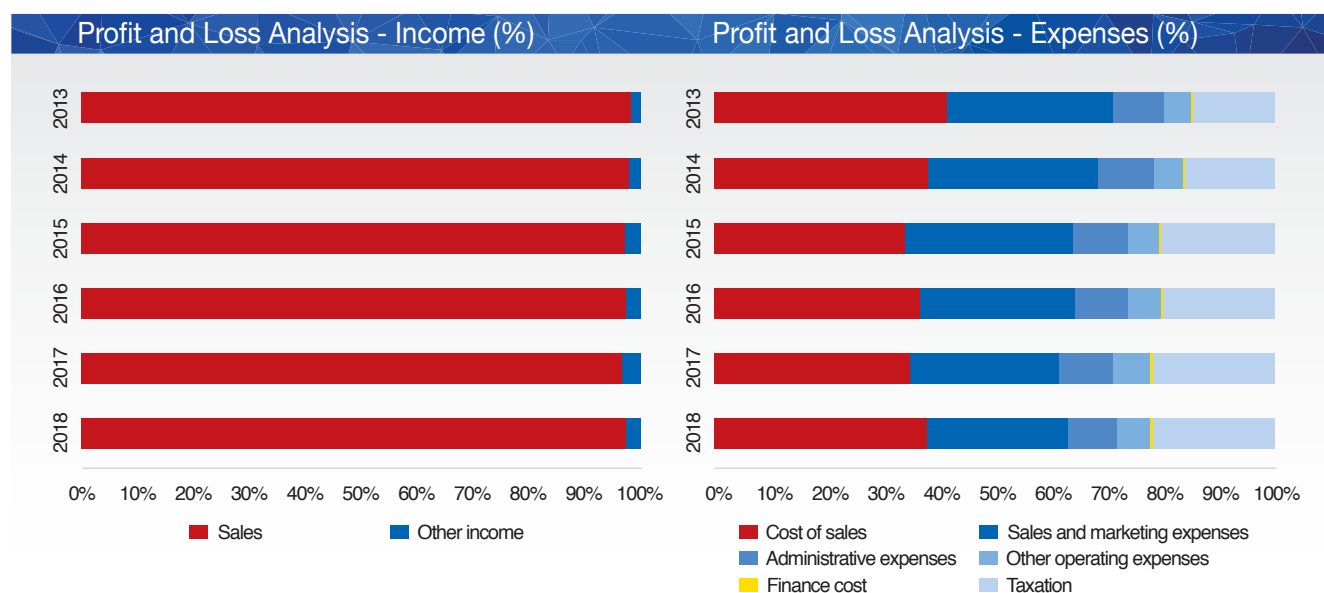
Other operating expenses increased from Rs. 190 million in 2013 to Rs. 445 million in 2018 over the period of six years with cumulative average growth rate of 19 %. These mainly comprises of provision for workers' welfare funds and workers' profit participation funds that were directly related to profits.

### Other Operating Income

Other operating income increased from Rs. 323 million in 2013 to Rs. 929 million in 2018 over the period of six years with cumulative average growth rate of 22 %. This is on account of investment of surplus funds in TDRs, mutual funds and income from associate.

### Taxation

The taxation charge decreased due to reduction in corporate income tax rates by the federal government.



# Six Years Analysis of the Financial Statements

## Statement of Cash Flows

Particulars	2018	2017	2016	2015	2014	2013
----- (Rupees in '000) -----						
<b>Cash Flow Statement</b>						
Cash flows from operating activities	7,803,002	6,435,417	5,523,178	2,808,104	3,531,566	2,208,740
Cash flows from investing activities	(2,970,748)	(2,643,558)	(2,947,543)	(1,216,243)	(2,813,658)	(1,154,675)
Cash flows from financing activities	(1,904,423)	(1,493,095)	(1,229,815)	(1,026,399)	(614,158)	(463,231)
<b>Net increase / (decrease) in cash &amp; cash equivalent</b>	<b>2,927,831</b>	<b>2,298,764</b>	<b>1,345,820</b>	<b>565,462</b>	<b>103,750</b>	<b>590,834</b>

### Horizontal Analysis

### Vertical Analysis

Particulars	2018	2017	2016	2015	2014	2013	2018	2017	2016	2015	2014	2013
	vs 2017	vs 2016	vs 2015	vs 2014	vs 2013	vs 2012						

----- Percentage -----												
<b>Cash Flow Statement</b>												
Cash flows from operating activities	21.3	16.5	96.7	(20.5)	59.9	28.4	266.5	280.0	410.4	496.6	3,403.9	373.8
Cash flows from investing activities	12.4	(10.3)	142.3	(56.8)	143.7	(1.4)	(101.5)	(115.0)	(219.0)	(215.1)	(2,711.9)	(195.4)
Cash flows from financing activities	27.5	21.4	19.8	67.1	32.6	(5.7)	(65.0)	(65.0)	(91.4)	(181.5)	(592.0)	(78.4)
<b>Net increase / (decrease) in cash &amp; cash equivalent</b>	<b>27.4</b>	<b>70.8</b>	<b>138.0</b>	<b>445.0</b>	<b>(82.4)</b>	<b>912.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Analysis of Cash flows, Liquidity & Financing arrangements

### Cash flow from Operating Activities

The net cash generated from operations stood at Rs. 7.8 billion in 2018 against Rs. 2.2 billion of 2013, with the cumulative average growth rate of 29%. This is due to sustained profitability and favorable movement in working capital related items.

### Cash flow from Investing Activities

The cash flows used in investing activities were Rs. 2.9 Billion in 2018 as compared to Rs. 1.2 Billion used in 2013 with cumulative average growth rate of 21%. Investment in fixed capital expenditures and short term investment were main constituents of cash outflow from investing activities.

### Cash flow from Financing Activities

There is no long term cash borrowings. The net cash flow from financing activities has increased from Rs. 0.46 billion to Rs. 1.9 billion comprising of only dividend payments.



# Six Years Analysis of the Financial Statements

## Statement of Cash Flows

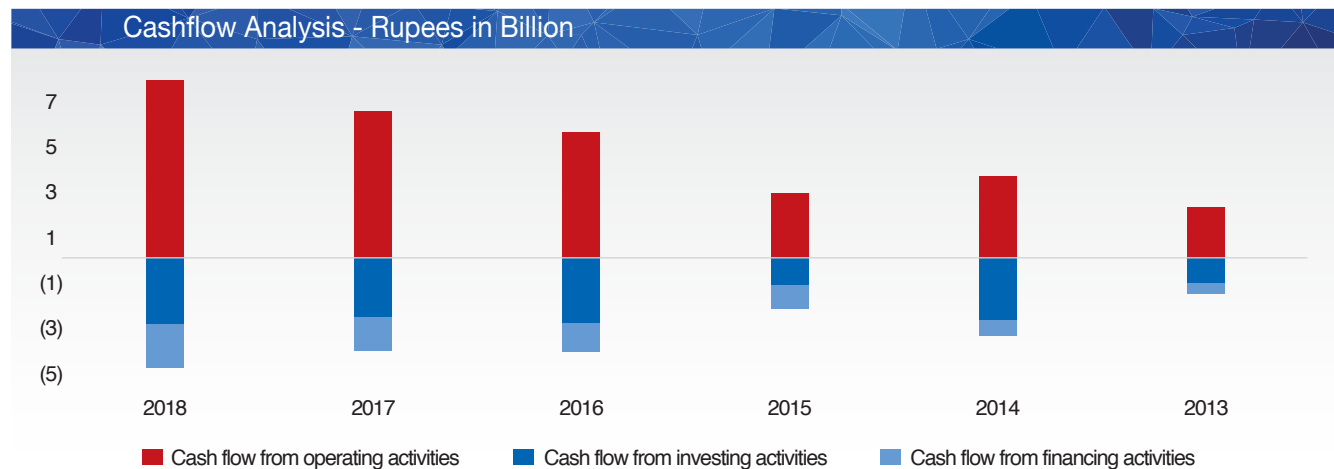
### Strategy to overcome liquidity problems

The Company has implemented a proactive cash management system to ensure smooth working capital management. Internal cash generation, secured through sales revenues and returns from diversified investments, are used to meet liquidity requirements of the Company. Controls on customer advances optimizes the revenue realization, whereas income streams from our strategic equity investments further augment cash flows. No reliance is placed on external borrowings, which ensures no financial cost.

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

### Liquidity Arrangement and Financing Arrangement

The Company believes in financing through cash generations from operations rather than long term financing. Accordingly, it takes no borrowing and has maintained "Debt Free" status since past seven years.



# Share Price Sensitivity Analysis

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

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

## Agriculture



About 20% of the country's Gross Domestic Product (GDP) is based on agriculture and involves almost half of the labour force of the nation. Therefore, the performance of the Company is thoroughly reliant 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 result in rise in motorcycle sales.

## Exchange Fluctuations



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

## Law and Order



Poor state of law and order situation in the Country disrupts business activities. Transportation strikes, sit-in protests, hindrance in supply chain and limitations on public's use of motorcycles negatively affect the Company's sales. However, actions taken against criminals and strict measures by law enforcement agencies help in alleviating security concerns which consequently uplift the Company's performance.

## Material Price Volatility



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

## Plant Operations



Stable plant operations lead to higher and better production efficiencies. Share price may be affected by commotions at production facilities that negatively affect the financial performance of the Company.

## Interest Rates



The Company enjoys a strong liquidity position and debt free status since last 7 years. Funds approximating Rs 9.9 billion are held in bank savings account and term deposit receipts which generates treasury income. Therefore, any change in the interest rate leads to a change in income. Conversely, decline results in deteriorating returns on funds maintained.

## Capital and Money Markets



The Company's short term investments amount to Rs 8.4 billion, 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.

## Energy Crisis

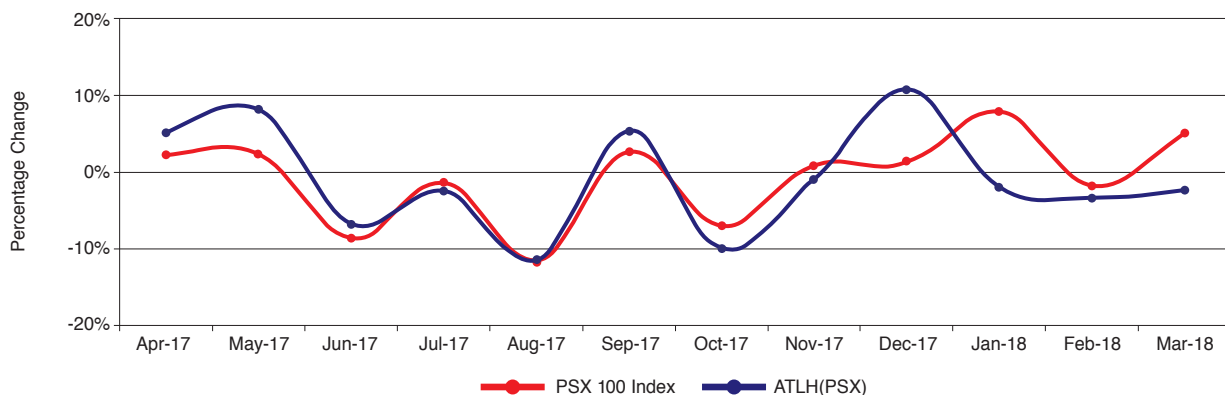


One of the most crucial factors for the survival of manufacturing segment in the Country is the availability of gas and electricity shaping its performance. Disrupted supply of gas and electricity forces businesses to resort to expensive alternatives like diesel generators, which then directly affect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

### Sensitivity Index

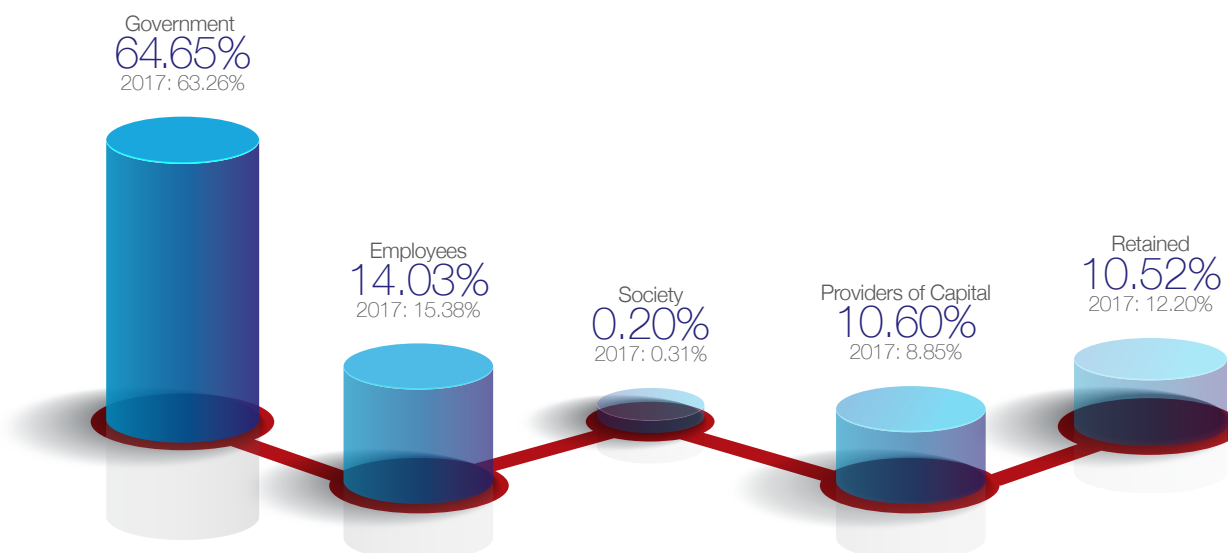
Low Medium High

### Atlas Honda Limited Market Performance Summary



# Statement of Value Addition and its Distribution

	Year ended March 31			
	%	2018	%	2017
<b>(Rupees in '000)</b>				
<b>Value Addition</b>				
Net sales including sales tax	99.03%	89,604,928	98.79%	74,582,982
Other operating income	0.97%	877,908	1.21%	916,333
	100.00%	90,482,836	100.00%	75,499,315
Bought in materials and services (Balancing)	-70.90%	(64,148,358)	-71.37%	(53,882,890)
Value Added	29.10%	26,334,478	28.63%	21,616,425
<b>Value Distribution</b>				
<b>To Government</b>				
Income tax, sales tax, custom & excise duties, workers funds, EOBI & social security contribution and local taxes	64.65%	17,025,928	63.26%	13,673,738
<b>To Employees</b>				
Remuneration & benefits	14.03%	3,694,209	15.38%	3,325,580
<b>To Society</b>				
Donations	0.20%	51,649	0.31%	67,349
<b>To Providers of capital</b>				
Financial charges to providers of finance	0.00%	-	0.00%	-
<b>Dividends for shareholders</b>	10.60%	2,791,979	8.85%	1,913,022
<b>Retained for re-investment and future growth</b>	10.52%	2,770,713	12.20%	2,636,736
<b>Total Value Distributed</b>	100.00%	26,334,478	100.00%	21,616,425

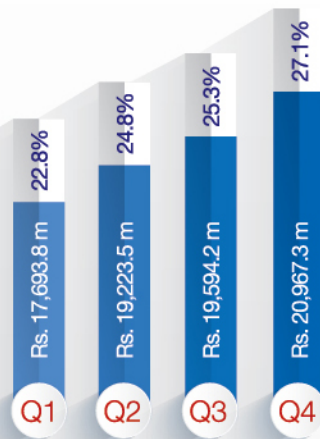




# Quarterly Performance Analysis

## Sales

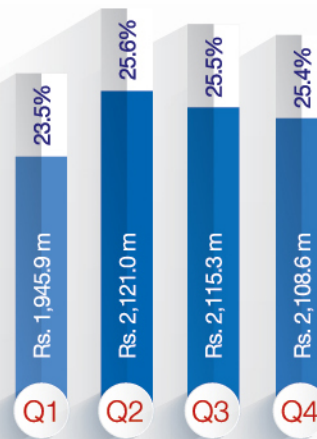
Rs. 77,478.8 million



Atlas Honda Limited witnessed an increasing sales trend in every quarter of fiscal year. Positive macro economic conditions, improved law and order situation, better cashflow from agriculture sector together with enhanced capacity resulted in easing customers' access to mobility and triggered the highest ever demand for Honda bikes. Thus, it resulted in ever highest sales of 1,088,401 for the very first time.

## Gross Profit

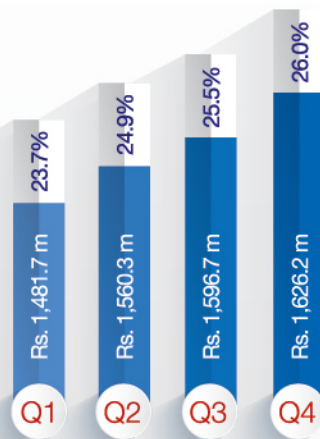
Rs. 8,290.7 million



The gross profit remains stable throughout the year. The effect of foreign exchange devaluation and rising material prices in the later half was addressed through volume increase, better sales mix, cost efficiencies and other operational measures. Overall, gross profit is recorded at Rs. 8.3 billion, reflecting an increase of 22% from last year.

## Profit Before Tax

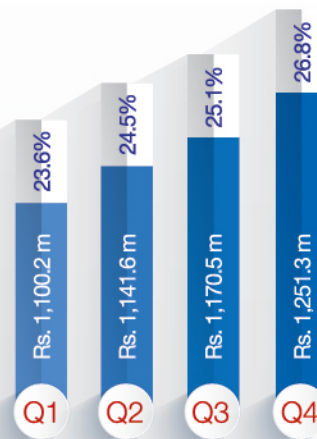
Rs. 6,264.8 million



An impressive topline, effective control over operating expenses and treasury income has driven the bottom line figure which has shown an increasing trend. Accordingly, profit before tax stood at Rs. 6.3 billion, an increase of 24% as compared to last year, which enabled us to arrive at profit margin of 8.1%.

## Profit After Tax

Rs. 4,663.6 million



Profit after taxation followed the similar trend as that of Net profit before tax. It resulted in Profit After Taxation of Rs. 4.7 billion an increase of 24% from last year. The improving profitability generated an EPS of Rs. 45.1 per share which is the highest ever in the Company's history.





# Financial Statements

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







# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the 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. This statement is presented in the format mentioned under the code 2012 as contained in Rule Book.

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.

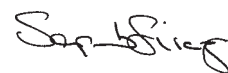
Category	Names
Independent Director	Mr. Abid Naqvi
Executive Directors	Mr. Saquib H. Shirazi Mr. Yukitoshi Fujisaka Mr. Hirofumi Yada
Non Executive Directors	Mr. Yusuf H. Shirazi Mr. Hironobu Yoshimura Mr. Sanaullah Qureshi Mr. Jawaid Iqbal Ahmed

The independent Director meets the criteria of independence under clause 1(b) of the CCG.

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 NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. Following casual vacancies, occurring during the year, were duly filled with in seven days by the Directors:
  - a) Mr. Yasutaka Uda vacated the position on March 30, 2018 and Mr. Yukitoshi Fujisaka was appointed in his place on April 5, 2018
  - b) Mr. Susumu Mitsuishi vacated the position on March 30, 2018 and Mr. Hironobu Yoshimura was appointed in his place on April 5, 2018
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 in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings to all the directors. The minutes of the meetings were appropriately recorded and circulated.

9. The directors were apprised about the changes in the code, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders.
10. Out of the eight, five 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 three Directors will undertake the Directors' Training Program with in the stipulated time.
11. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The Directors' report for the year ended March 31, 2018 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CFO and CEO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. 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. The chairman of the committee is a non-executive director.
17. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company, as required by the Code. The terms of reference of the Committee have been prepared and advised to the Committee for compliance.
18. 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. The chairman of the committee is a non-executive director.
19. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
24. The company has complied with the 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 30, 2018



**SHINEWING HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS

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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, 2018 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, 2018.

*Shinewing Hameed Chaudhri No.*

Karachi: April 30, 2018  
Engagement Partner: Raheel Ahmed

SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS

a member firm of *ShineWing* International







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## Auditors' Report to the Members

We have audited the annexed statement of financial position of Atlas Honda Limited as at March 31, 2018 and the related statement of profit & loss account and other comprehensive income, statement of cash flows 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 Act, 2017. 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 Act, 2017;
- (b) in our opinion:
  - (i) the statement of financial position and statement of profit & loss account and other comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Act, 2017, 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 statement of financial position, statement of profit & loss account and other comprehensive income, statement of cash flows 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 Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2018 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.

Karachi: April 30, 2018  
Engagement Partner: Raheel Ahmed

*Shinewing Hameed Chaudhri No.*

**SHINEWING HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**

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# Statement of Financial Position

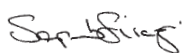
## As at March 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017 -----
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	6	7,976,101	6,961,919
Intangible assets	7	44,905	37
Long term investments	8	324,899	292,342
Long term loans and advances	9	31,481	30,108
Long term deposits		22,573	17,339
		8,399,959	7,301,745
<b>Current assets</b>			
Stores, spares and loose tools	10	650,160	539,104
Stock-in-trade	11	2,599,530	2,123,831
Trade debts	12	861,224	623,331
Loans and advances	13	40,107	38,921
Trade deposits and prepayments	14	137,663	120,562
Accrued mark-up / interest		15,557	21,470
Other receivables	15	15,528	6,627
Taxation - net		725,750	732,706
Short term investments	16	8,400,246	7,080,669
Bank balances	17	9,981,615	7,053,784
		23,427,380	18,341,005
		31,827,339	25,642,750
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	1,034,066	1,034,066
Reserves	19	14,966,655	12,223,467
		16,000,721	13,257,533
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Compensated absences	20	241,681	228,443
Deferred taxation	21	698,042	670,968
		939,723	899,411
<b>Current liabilities</b>			
Trade and other payables	22	14,823,292	11,430,802
Unclaimed dividend		63,603	55,004
		14,886,895	11,485,806
		15,826,618	12,385,217
Contingencies and commitments	24	31,827,339	25,642,750

The annexed notes 1 to 45 form an integral part of these financial statements.



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer



Kashif Yasin  
Chief Financial Officer

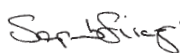
# Statement of Profit or Loss & Other Comprehensive Income For the Year Ended March 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Sales	25	77,478,845	64,534,021
Cost of sales	26	(69,188,101)	(57,754,987)
Gross profit		8,290,744	6,779,034
Sales and marketing expenses	27	(1,852,057)	(1,630,773)
Administrative expenses	28	(634,594)	(602,343)
Other income	29	877,908	916,333
Other operating expenses	30	(445,037)	(404,740)
Share of net profit of an Associate		50,607	61,084
Operating profit		6,287,571	5,118,595
Finance costs	31	(22,725)	(25,853)
Profit before taxation		6,264,846	5,092,742
Income tax expense	32	(1,601,211)	(1,340,263)
Profit for the year		4,663,635	3,752,479
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of staff retirement benefit obligation		(10,607)	3,324
Income tax relating to this remeasurement		3,182	(997)
Other comprehensive (loss) / income for the year - net of tax		(7,425)	2,327
Total comprehensive income for the year		4,656,210	3,754,806
		----- (Rupees) -----	
Earnings per share - basic and diluted	33	45.10	36.29

The annexed notes 1 to 45 form an integral part of these financial statements.



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer



Kashif Yasin  
Chief Financial Officer



# Statement of Cash Flows

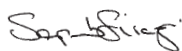
## For the Year Ended March 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017
<b>Cash Flows from Operating Activities</b>			
Cash generated from operations	34	9,245,031	7,837,362
Income taxes paid		(1,563,999)	(1,427,626)
Contribution made to gratuity funds		(25,492)	(25,355)
Compensated absences paid		(24,181)	(17,071)
Mark-up / interest received		533,117	361,088
Workers' profit participation fund paid		(270,713)	(215,727)
Workers' welfare fund paid		(84,154)	(72,771)
Long term loans and advances - net		(1,373)	(2,081)
Long term deposits - net		(5,234)	(2,402)
Net cash generated from operating activities		7,803,002	6,435,417
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(2,368,886)	(2,036,972)
Proceeds from sale of property, plant and equipment		444,748	57,669
Payments for intangible assets		(54,866)	-
Payments for investments		(15,781,555)	(8,171,694)
Proceeds from sale of investments		14,739,346	7,282,296
Dividend received		50,465	225,143
Net cash used in investing activities		(2,970,748)	(2,643,558)
<b>Cash Used in Financing Activities</b>			
Dividend paid		(1,904,423)	(1,493,095)
Net increase in cash and cash equivalents		2,927,831	2,298,764
Cash and cash equivalents at beginning of the year		7,053,784	4,755,020
Cash and cash equivalents at end of the year	17	9,981,615	7,053,784

The annexed notes 1 to 45 form an integral part of these financial statements.



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer



Kashif Yasin  
Chief Financial Officer

# Statement of Changes in Equity

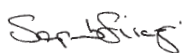
## For the Year Ended March 31, 2018

	Capital Reserves			Revenue Reserves		Total
	Share Capital	Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit	
	----- (Rupees in '000) -----					
<b>Balance as at April 1, 2016</b>	1,034,066	39,953	165	6,162,000	3,765,939	11,002,123
Transfer to general reserve	-	-	-	830,000	(830,000)	-
<b>Transaction with owners in their capacity as owners</b>						
Final dividend for the year ended March 31, 2016 at the rate of Rs.14.50 per share	-	-	-	-	(1,499,396)	(1,499,396)
<b>Total comprehensive income for the year ended March 31, 2017</b>						
Profit for the year	-	-	-	-	3,752,479	3,752,479
Other comprehensive income	-	-	-	-	2,327	2,327
	-	-	-	-	3,754,806	3,754,806
<b>Balance as at March 31, 2017</b>	1,034,066	39,953	165	6,992,000	5,191,349	13,257,533
Transfer to general reserve	-	-	-	1,000,000	(1,000,000)	-
<b>Transaction with owners in their capacity as owners</b>						
Final dividend for the year ended March 31, 2017 at the rate of Rs.18.50 per share	-	-	-	-	(1,913,022)	(1,913,022)
<b>Total comprehensive income for the year ended March 31, 2018</b>						
Profit for the year	-	-	-	-	4,663,635	4,663,635
Other comprehensive loss	-	-	-	-	(7,425)	(7,425)
	-	-	-	-	4,656,210	4,656,210
<b>Balance as at March 31, 2018</b>	1,034,066	39,953	165	7,992,000	6,934,537	16,000,721

The annexed notes 1 to 45 form an integral part of these financial statements.



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer



Kashif Yasin  
Chief Financial Officer

# Notes to the Financial Statements

## For the Year Ended March 31, 2018

### 1. LEGAL STATUS AND OPERATIONS

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

The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 52.43% of issued, subscribed and paid-up capital of the Company as at March 31, 2018.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

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

#### 2.4 Critical accounting estimates and judgements

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

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

- (i) Estimated useful life of property, plant and equipment and intangible assets [notes 5.1 and 5.2];
- (ii) Provision for slow moving inventories [notes 5.9 and 5.10];
- (iii) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 5.15 and 22.7];
- (iv) Estimate of provision for warranty [note 5.20]; and
- (v) Estimation of current and deferred tax [note 5.21].



### 3. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

#### Capital expenditure

During the year, the Company incurred major capital expenditure as part of its plan for capacity expansion. This is reflected in operating fixed assets note 6.

#### New model

In May 2017, the Company launched its new model in the 150cc category named as CB 150F.

For detail performance review of the Company, refer Directors' Report.

### 4. NEW AND AMENDED STANDARDS AND INTREPRETATIONS

#### 4.1 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, 2017:

##### (a) IAS 7 Statement of cash flows

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.

##### (b) IAS 12 Income taxes

The 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 other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on April 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

#### 4.2 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, 2017 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 currently being used. 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**

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, 2019), 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. The Company has yet to assess the full impact of this standard on its financial statements.

##### (c) IFRS 16 Leases **Effective date: January 1, 2019**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. 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 Company has yet to assess the full impact of this standard on its financial statements.

- (d) **IAS 12 Income taxes** **Effective date: January 1, 2019**
- This amendment as part of the annual improvement 2015-2017 cycle, clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. The amendments are not likely to have material impact on the Company's financial statements.
- (e) **IAS 23 Borrowing costs** **Effective date: January 1, 2019**
- The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non – qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments. The amendments are not likely to have material impact on the Company's financial statements.
- (f) **IFRIC 22 Foreign currency transactions** **Effective date: January 1, 2018**
- 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.
- (g) **IFRIC 23 Uncertainty over income tax treatment** **Effective date: January 1, 2019**
- The interpretation clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not expected to have material impact on the Company's financial statements.

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.

## 5. SIGNIFICANT ACCOUNTING POLICIES

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

### 5.1 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 5.24). 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 reporting date less accumulated impairment loss, if any. Capital work-in-progress is recognised as an operating fixed asset when it is made available for its intended use.

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

Subsequent costs including major renewals and improvements are included in the carrying amount of the asset or are recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised at the time of replacement. Normal repair and maintenance and day-to-day servicing are charged to the 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 and accessories and furniture & fixtures, without considering extra shifts. Depreciation on dies and jigs, office equipment, computers and accessories and furniture & fixtures is charged to the 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.

### **5.2 Intangible assets**

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

Costs associated with maintaining these assets are charged to the 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.

### **5.3 Impairment of non-financial assets**

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

### **5.4 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.



## 5.5 Financial assets

### 5.5.1 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 till 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.

### 5.5.2 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 5.11.

## 5.6 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.

## 5.7 Off setting financial instruments

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

## 5.8 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.

## 5.9 Stores, spares and loose tools

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

## 5.10 Stock-in-trade

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

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

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

## 5.11 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.

## 5.12 Cash and cash equivalents

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

## 5.13 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.

## 5.14 Share capital

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

## 5.15 Retirement and other service benefit obligations

### 5.15.1 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.

### 5.15.2 Defined benefit plans

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

The Company has established separate funded gratuity schemes for its management and non-management staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 22.7 to the financial statements.

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

### 5.15.3 Compensated absences

Employees' entitlement to annual leaves is recognised when they accrue to the employees. A provision, based on actuarial valuations, is made for the estimated liability for annual leaves as a result of services rendered by employees up to the reporting date. Current Service cost, actuarial gains or losses and past service cost are recognised immediately in the profit and loss account.



### 5.16 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.

### 5.17 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.

### 5.18 Operating leases / Ijarah

Operating leases / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir (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.

### 5.19 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 reporting date and adjusted to reflect current best estimate.

### 5.20 Warranty

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

### 5.21 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 reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

#### Deferred

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

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

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

### 5.22 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 reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account.

### 5.23 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.

### 5.24 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.

### 5.25 Research and development costs

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

### 5.26 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.

### 5.27 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.

### 5.28 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	2018 ----- (Rupees in '000) -----	2017
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	7,858,301	6,898,586
Capital work-in-progress	6.5	117,800	63,333
		7,976,101	6,961,919

## 6.1 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) -----													
<b>As at April 1, 2016</b>													
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
<b>Year ended March 31, 2017</b>													
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													
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
	-	-	(9)	(57)	(14,075)	(26,551)	(814)	(19)	-	(94)	(851)	(53,004)	(95,474)
Depreciation charge	-	(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
<b>At March 31, 2017</b>													
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
<b>Year ended March 31, 2018</b>													
Opening 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
Additions	-	-	227,265	52,211	1,482,901	219,576	104,881	20,891	26,338	12,650	33,790	133,916	2,314,419
Disposals (note 6.4)													
Cost	-	-	(7,583)	-	(912,757)	(40,691)	(1,208)	(2,323)	(5,568)	(1,716)	(2,321)	(82,701)	(1,056,868)
Accumulated depreciation	-	-	4,015	-	521,057	32,249	913	2,323	5,407	1,716	1,839	31,702	601,221
	-	-	(3,568)	-	(391,700)	(8,442)	(295)	-	(161)	-	(482)	(50,999)	(455,647)
Depreciation charge (note 6.3)	-	(513)	(98,546)	(16,102)	(463,706)	(182,689)	(26,381)	(6,078)	(18,090)	(14,540)	(24,242)	(48,170)	(899,057)
Closing net book amount	225,082	22,066	1,085,772	172,189	5,047,163	403,495	311,883	27,836	42,648	42,145	239,356	238,666	7,858,301
<b>At March 31, 2018</b>													
Cost	225,082	34,132	1,542,991	307,744	8,567,066	1,393,583	498,695	59,270	209,620	109,767	486,131	395,574	13,829,655
Accumulated depreciation	-	(12,066)	(457,219)	(135,555)	(3,519,903)	(990,088)	(186,812)	(31,434)	(166,972)	(67,622)	(246,775)	(156,908)	(5,971,354)
Net book amount	225,082	22,066	1,085,772	172,189	5,047,163	403,495	311,883	27,836	42,648	42,145	239,356	238,666	7,858,301
Annual rate of depreciation (%)		1.79	10	10	10	25	10	20	25	20	10	20	

**6.2** Free hold lands of the Company are located at Sheikhpura with an area of 231,555 square yards and leasehold lands of the Company are located at Karachi with an area of 27,543 square yards.

**6.3** Depreciation expense of Rs.829,370 thousand (2017: Rs.737,813 thousand) has been charged in 'Cost of sales' and Rs.69,687 thousand (2017: Rs.59,466 thousand) in 'Administrative expenses'.



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

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Method of disposal	Sold to
----- (Rupees in '000) -----							
<b>Items with individual net book amount exceeding Rs.500,000 each</b>							
<b>Buildings on freehold land</b>							
	3,692	(1,620)	2,072	269	(1,803)	Scrap	Haji Muhammad Nawaz & Co., Near Grid Station, Tehsil Burewala, District Vehari.
	2,142	(1,194)	948	123	(825)	Scrap	Haji Muhammad Nawaz & Co., Near Grid Station, Tehsil Burewala, District Vehari.
	5,834	(2,814)	3,020	392	(2,628)		
<b>Plant and machinery</b>							
	43,029	(18,660)	24,369	25,329	960	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	31,819	(22,961)	8,858	9,208	350	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	28,071	(12,029)	16,042	16,499	457	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	27,778	(19,565)	8,213	8,536	323	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	24,565	(3,182)	21,383	22,547	1,164	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	24,496	(7,369)	17,127	17,802	675	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	23,542	(6,645)	16,897	17,563	666	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	23,490	(10,066)	13,424	13,807	383	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	23,030	(10,556)	12,474	12,830	356	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	22,422	(6,884)	15,538	16,151	613	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	22,205	(9,515)	12,690	13,052	362	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	19,108	(3,996)	15,112	15,468	356	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	18,181	(14,298)	3,883	4,094	211	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	17,524	(1,709)	15,815	16,188	373	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	17,400	(6,838)	10,562	11,136	574	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	17,096	(8,690)	8,406	8,863	457	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	17,069	(11,926)	5,143	342	(4,801)	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	17,058	(12,266)	4,792	4,929	137	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	16,685	(2,023)	14,662	15,080	418	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	16,540	(14,180)	2,360	2,427	67	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	16,010	(4,519)	11,491	11,944	453	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	15,331	(7,027)	8,304	8,541	237	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
Balance carried forward	482,449	(214,904)	267,545	272,336	4,791		

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Method of disposal	Sold to
----- (Rupees in '000) -----							
<b>Plant and machinery</b>							
Balance brought forward	482,449	(214,904)	267,545	272,336	4,791		
	15,167	(10,945)	4,222	4,389	167	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	14,845	(8,037)	6,808	6,968	160	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	14,619	(10,549)	4,070	4,230	160	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	14,491	(10,420)	4,071	4,187	116	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	14,314	(10,855)	3,459	3,558	99	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	13,446	(7,166)	6,280	6,458	178	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	12,622	(9,877)	2,745	2,823	78	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	12,064	(10,569)	1,495	214	(1,281)	Negotiation	B-A Electric Store, Aziz Park, Misri Shah, Lahore.
	12,022	(6,509)	5,513	5,643	130	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	11,744	(10,069)	1,675	1,724	49	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	10,646	(8,372)	2,274	2,397	123	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	10,577	(8,276)	2,301	2,366	65	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	9,999	(7,824)	2,175	2,237	62	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	9,775	(4,189)	5,586	5,745	159	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	9,775	(4,189)	5,586	5,745	159	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	9,398	(4,353)	5,045	5,243	198	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	9,200	(7,199)	2,001	2,058	57	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	8,771	(6,329)	2,442	2,538	96	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	8,716	(3,780)	4,936	5,131	195	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	8,149	(5,860)	2,289	2,355	66	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	8,149	(5,860)	2,289	2,355	66	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	8,128	(4,433)	3,695	3,896	201	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	8,075	(5,827)	2,248	2,337	89	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	7,586	(2,770)	4,816	4,929	113	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	7,218	(5,591)	1,627	184	(1,443)	Negotiation	Zahid Machinery Store, Mughal Market, Ganda Nala, Misri Shah, Lahore.
	6,916	(5,358)	1,558	176	(1,382)	Negotiation	Zahid Machinery Store, Mughal Market, Misri Shah, Lahore.
	6,902	(5,428)	1,474	1,554	80	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	6,729	(5,292)	1,437	1,515	78	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	6,644	(5,225)	1,419	1,496	77	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	6,496	(5,718)	778	165	(613)	Negotiation	Zahid Machinery Store, Mughal Market, Misri Shah, Lahore.
	6,496	(5,718)	778	165	(613)	Negotiation	Zahid Machinery Store, Mughal Market, Misri Shah, Lahore.
	6,494	(5,716)	778	165	(613)	Negotiation	Zahid Machinery Store, Mughal Market, Misri Shah, Lahore.
	6,494	(5,716)	778	165	(613)	Negotiation	Zahid Machinery Store, Mughal Market, Misri Shah, Lahore.
Balance carried forward	805,116	(438,923)	366,193	367,447	1,254		

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Method of disposal	Sold to
----- (Rupees in '000) -----							
<b>Plant and machinery</b>							
Balance brought forward	805,116	(438,923)	366,193	367,447	1,254		
	6,149	(5,036)	1,113	1,139	26	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	6,003	(4,332)	1,671	1,737	66	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	6,003	(4,332)	1,671	1,737	66	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	5,253	(4,504)	749	771	22	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	5,121	(3,708)	1,413	1,490	77	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	4,894	(3,829)	1,065	1,095	30	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	4,836	(4,146)	690	710	20	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	4,548	(3,293)	1,255	1,323	68	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	4,528	(3,323)	1,205	410	(795)	Negotiation	Dawood Hussain Contractor, A7/53, Street No.74, G-104, Aagrah Taj, Karachi.
	4,472	(3,238)	1,234	1,301	67	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	4,438	(3,202)	1,236	1,284	48	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	4,387	(3,364)	1,023	109	(914)	Negotiation	K.H. Machinery Store, Kacha Raheem Road, Misri Shah, Lahore.
	3,996	(3,143)	853	900	47	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	3,992	(2,881)	1,111	1,155	44	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	3,500	(2,861)	639	248	(391)	Negotiation	Saith Taj Malook Khan, Street No. 5, Mohallah Islampura, Lahore.
	3,319	(2,610)	709	747	38	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	3,306	(2,600)	706	745	39	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	1,374	(699)	675	-	(675)	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	969	(203)	766	784	18	Negotiation	Atlas Autos Pvt. Ltd., a related party, Federation House, Clifton, Karachi.
	886,204	(500,227)	385,977	385,132	(845)		
<b>Dies and Jigs</b>							
	13,510	(10,695)	2,815	142	(2,673)	Scrap	Roshan Traders, Baway Di Kuttiya, Lahore Road, Sheikhpura.
	13,506	(10,692)	2,814	142	(2,672)	Scrap	Roshan Traders, Baway Di Kuttiya, Lahore Road, Sheikhpura.
	13,506	(10,692)	2,814	142	(2,672)	Scrap	Roshan Traders, Baway Di Kuttiya, Lahore Road, Sheikhpura.
	40,522	(32,079)	8,443	426	(8,017)		
<b>Vehicles</b>							
	2,158	(1,253)	905	905	-	Company policy	Employees of the Company Mr. M. Qadeer Khan (Key management personnel)
	2,007	(1,175)	832	832	-	Company policy	Mr. Shahzada Jamal
	2,007	(1,191)	816	816	-	Company policy	Mr. Irshad Ahmed
	1,997	(985)	1,012	1,012	-	Company policy	Mr. Naeem Mohsin
	1,997	(1,199)	798	798	-	Company policy	Mr. M. Saeed Anwar
	1,954	(1,232)	722	722	-	Company policy	Mr. Azmat Ullah Khattak
	1,667	(1,001)	666	666	-	Company policy	Mr. Nawaid Ali Khan
	1,657	(995)	662	662	-	Company policy	Mr. Talat Mahmood Khan
	1,646	(134)	1,512	1,512	-	Company policy	Mr. Muhammad Ammar
	1,646	(313)	1,333	1,333	-	Company policy	Mr. M. Hassan Kashif
	1,646	(288)	1,358	1,358	-	Company policy	Mr. Naveed Ahmed
	1,637	(710)	927	927	-	Company policy	Mr. Syed Aftab Ghous Gilani
	1,634	(287)	1,347	1,347	-	Company policy	Mr. Sadullah Ejaz
	1,601	(1,031)	570	570	-	Company policy	Mr. Hasan Mushtaq Cheema
	1,277	-	1,277	1,277	-	Company policy	Mr. Aid Ali
Balance carried forward	26,531	(11,794)	14,737	14,737	-		



Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Method of disposal	Sold to
----- (Rupees in '000) -----							
<b>Vehicles</b>							
Balance brought forward	26,531	(11,794)	14,737	14,737	-		
	1,277	(64)	1,213	1,662	449	Negotiation	Mr. Sardar Abid
	1,174	(376)	798	798	-	Company policy	Ms. Marrium Ahmed
	1,174	(407)	767	767	-	Company policy	Mr. Farrukh Munir
	1,124	(131)	993	993	-	Company policy	Mr. Muhammad Nawaz
	1,114	(338)	776	776	-	Company policy	Mr. Muhammad Khizar Farooq
	837	(110)	727	727	-	Company policy	Mr. Afaq Ahmad (Key management personnel)
	789	(115)	674	674	-	Company policy	Mr. Adeel Safdar
	789	(39)	750	750	-	Company policy	Mr. Faisal Mahmood
	778	(137)	641	641	-	Company policy	Mr. Khurshid Ahmad Khan
	753	(171)	582	582	-	Company policy	Mr. Azizullah
	753	(219)	534	534	-	Company policy	Mr. Abdul Hannan
	748	(245)	503	503	-	Company policy	Mr. Shahbaz Ahmad
	745	(50)	695	695	-	Company policy	Mr. Umair Aziz
	708	(156)	552	552	-	Company policy	Mr. Fahad Mahmood
	646	(22)	624	624	-	Company policy	Mr. Khadim Hussain
							Ex-Employees of the Company
	2,315	(509)	1,806	1,806	-	Company policy	Mr. Tauqeer Ahmed Rana
	2,243	(75)	2,168	2,168	-	Company policy	Mr. Sarwar Shamim
	1,715	-	1,715	1,715	-	Company policy	Mr. Tauqeer Ahmed Rana
	1,629	(612)	1,017	1,017	-	Company policy	Mr. V.A. Khalid
	1,039	(470)	569	569	-	Company policy	Mr. Rizwan Yousuf
	778	(13)	765	765	-	Company policy	Mr. Faizan Rab
	1,646	(162)	1,484	1,484	-	Company policy	Mr. Hassan Murad
	1,997	(1,077)	920	920	-	Company policy	Mr. Zahid Mahmood Khan
	1,626	(689)	937	937	-	Company policy	Mr. M. Ameen Tahir
	758	(101)	657	657	-	Company policy	Mr. Ejaz Mushtaq
	644	(53)	591	591	-	Company policy	Mr. Muhammad Rafi
							<b>Others</b>
	2,148	(1,067)	1,081	875	(206)	Negotiation	Khurram Autos 13 Main road, Samanabad, Lahore.
	58,478	(19,202)	39,276	39,519	243		
	991,038	(554,322)	436,716	425,469	(11,247)		
Various assets having net book amount upto Rs. 500,000 each	65,830	(46,899)	18,931	19,279	348		
<b>Year Ended: March 31, 2018</b>	<b>1,056,868</b>	<b>(601,221)</b>	<b>455,647</b>	<b>444,748</b>	<b>(10,899)</b>		
<b>Year Ended: March 31, 2017</b>	<b>459,365</b>	<b>(363,891)</b>	<b>95,474</b>	<b>57,669</b>	<b>(37,805)</b>		

Note

**2018**                      **2017**  
----- (Rupees in '000) -----

**6.5 Capital work-in-progress**

Civil works		2,604	47,459
Plant and machinery		1,764	1,602
Dies and jigs		18,708	-
Factory equipment		58,099	3,465
Office equipment		998	960
Computers and accessories		96	-
Furniture and fixtures		6,976	4,169
Electric and gas fittings		10,067	317
Vehicles	6.5.1	18,488	5,361
		<b>117,800</b>	<b>63,333</b>

**6.5.1** Includes advance of Rs.4,380 thousand (2017: Rs.4,636 thousand) made to Honda Atlas Cars (Pakistan) Limited - a related party.

## 7. INTANGIBLE ASSETS

	Software licences	SAP implementation and support cost	Licence fee	Total
----- (Rupees in '000) -----				
<b>As at April 1, 2016</b>				
Cost	57,981	38,041	5,216	101,238
Accumulated amortisation	(52,603)	(38,041)	(5,215)	(95,859)
<b>Net book amount</b>	<u>5,378</u>	<u>-</u>	<u>1</u>	<u>5,379</u>
<b>Year ended March 31, 2017</b>				
Opening net book amount	5,378	-	1	5,379
Amortisation charge	(5,341)	-	(1)	(5,342)
Closing net book amount	<u>37</u>	<u>-</u>	<u>-</u>	<u>37</u>
<b>At March 31, 2017</b>				
Cost	57,981	38,041	5,216	101,238
Accumulated amortisation	(57,944)	(38,041)	(5,216)	(101,201)
<b>Net book amount</b>	<u>37</u>	<u>-</u>	<u>-</u>	<u>37</u>
<b>Year ended March 31, 2018</b>				
Opening net book amount	37	-	-	37
Additions (note 7.1)	2,466	-	52,400	54,866
Amortisation charge (note 26.1)	(391)	-	(9,607)	(9,998)
<b>Closing net book amount</b>	<u>2,112</u>	<u>-</u>	<u>42,793</u>	<u>44,905</u>
<b>At March 31, 2018</b>				
Cost	60,447	38,041	57,616	156,104
Accumulated amortisation	(58,335)	(38,041)	(14,823)	(111,199)
<b>Net book amount</b>	<u>2,112</u>	<u>-</u>	<u>42,793</u>	<u>44,905</u>
Annual rate of amortisation (%)	<u>50</u>	<u>20</u>	<u>20</u>	

- 7.1 During the year, the Company paid Rs.52,400 thousand to Honda Motor Company Limited, Japan - a related party, for license fee and drawings of new product.

Note                      2018                      2017  
----- (Rupees in '000) -----

## 8. LONG TERM INVESTMENTS

### Unquoted

Associate - equity accounted investment	8.1	324,899	292,342
Others - available for sale	8.2	-	-
		<u>324,899</u>	<u>292,342</u>

### 8.1 Equity accounted investment - Atlas Hitec (Private) Limited

Balance as at April 1	292,342	245,508
Share of profit for the year - net of tax	50,607	61,084
Dividend received during the year	(18,050)	(14,250)
Balance as at March 31	<u>324,899</u>	<u>292,342</u>

**8.1.1** Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (2017: 29.23%) of its issued, subscribed and paid-up capital as at March 31, 2018. 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.

**8.1.2** The summary of financial information / reconciliation of AHPL as of March 31, 2018 is as follows:

	<b>2018</b> ----- (Rupees in '000) -----	2017
<b>Summarised Statement of Financial Position</b>		
Non current assets	524,600	551,500
Current assets	750,700	574,300
	<u>1,275,300</u>	<u>1,125,800</u>
Non - current liabilities	50,200	-
Current liabilities	128,900	140,978
	<u>179,100</u>	<u>140,978</u>
<b>Net assets</b>	<u>1,096,200</u>	<u>984,822</u>
<b>Reconciliation to carrying amount</b>		
Opening net assets	984,822	824,600
Profit for the year	173,174	185,500
Other adjustments	(46)	23,472
Dividend paid during the year	(61,750)	(48,750)
Closing net assets	<u>1,096,200</u>	<u>984,822</u>
Company's share %	29.23%	29.23%
Company's share	320,428	287,871
Goodwill	4,471	4,471
Carrying amount of investment	<u>324,899</u>	<u>292,342</u>
<b>Summarised Statement of Profit and Loss Account</b>		
Revenue	2,272,000	1,857,200
Profit before tax	224,100	186,000
Profit after tax	<u>173,174</u>	<u>185,500</u>

**8.1.3** The financial information of AHPL is based on unaudited financial statements for the year ended March 31, 2018.

	<b>2018</b> ----- (Rupees in '000) -----	2017
<b>8.2 Others - available for sale</b>		
<b>Arabian Sea Country Club Limited</b>		
200,000 ordinary shares of Rs.10 each - cost	2,000	2,000
Less: Impairment in the value of investment	2,000	2,000
	-	-
<b>Automotive Testing &amp; Training Centre (Private) Limited</b>		
50,000 ordinary shares of Rs.10 each - cost	500	500
Less: Impairment in the value of investment	500	500
	-	-
	-	-



	Note	2018 ----- (Rupees in '000) -----	2017
<b>9. LONG TERM LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Loans and advances to:			
Related parties - Key Management Personnel		2,544	1,710
Other employees		64,153	62,679
	9.1	66,697	64,389
Less: amounts due within twelve months and shown under current assets:			
	13		
Related parties - Key Management Personnel		2,057	1,453
Other employees		33,159	32,828
		35,216	34,281
		31,481	30,108
<b>9.1</b>	These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs.46,931 thousand (2017: Rs.45,928 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.		
<b>9.2</b>	The maximum amount of loans and advances to the key management personnel outstanding at the end of any month during the year ended March 31, 2018 was Rs.3,040 thousand (2017: Rs.2,644 thousand).		
<b>9.3</b>	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.		
<b>10. STORES, SPARES AND LOOSE TOOLS</b>			
Consumable stores			
Maintenance spares			
Loose tools			
		109,332	97,717
		398,731	319,653
		234,614	213,024
		742,677	630,394
Provision for slow moving items	11.2	(92,517)	(91,290)
		650,160	539,104
<b>11. STOCK-IN-TRADE</b>			
<b>Raw materials and components</b>			
- in hand		1,623,976	1,216,386
- held with vendors	11.1	106,259	63,105
		1,730,235	1,279,491
<b>Work-in-process</b>			
		5,980	4,636
<b>Finished goods</b>			
- motorcycles		25,284	68,853
- spare parts		449,584	468,900
		474,868	537,753
<b>Items in transit</b>			
		466,145	360,063
<b>Provision for slow moving items</b>			
	11.2	2,677,228	2,181,943
		(77,698)	(58,112)
		2,599,530	2,123,831

- 11.1 Includes raw materials amounting Rs.7,370 thousand (2017: Rs.6,953 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	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
11.2 <b>Movement of provision for slow moving inventories</b>				
Balance as at April 1	91,290	67,069	58,112	52,333
Provision made during the year	1,227	24,221	19,586	5,779
Balance as at March 31	<u>92,517</u>	<u>91,290</u>	<u>77,698</u>	<u>58,112</u>

- 11.3 Stock-in-trade and trade debts upto a maximum amount of Rs.4,058,000 thousand (2017: Rs.4,058,000 thousand) are under hypothecation of commercial banks as security for short term finance facilities (note 23).

	Note	2018	2017
		----- (Rupees in '000) -----	
12. <b>TRADE DEBTS</b>			
<b>Considered good</b>			
Export - secured	12.1	16,811	15,717
Local - unsecured		844,413	607,614
		<u>861,224</u>	<u>623,331</u>

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

- 12.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.15,943 thousand (2017: Rs.Nil).

- 12.3 At March 31, 2018, trade debts aggregating to Rs.72,042 thousand (2017: Rs.28,172 thousand) were past due but not impaired. These relate to various customers for which there is no recent history of default. The ageing analysis of these trade debts is as follows:

	Note	2018	2017
		----- (Rupees in '000) -----	
Past due within 30 days		69,434	25,288
Past due beyond 30 days		2,608	2,884
		<u>72,042</u>	<u>28,172</u>

### 13. LOANS AND ADVANCES

#### Considered good

Current portion of long term loans and advances to key management personnel and other employees  
Loans to employees  
Advances to suppliers, contractors and others

	Note	2018	2017
	9	35,216	34,281
	13.1	523	456
		4,368	4,184
		<u>40,107</u>	<u>38,921</u>

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

- 13.2 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.

			Note	2018 ----- (Rupees in '000) -----	2017
<b>14. TRADE DEPOSITS AND PREPAYMENTS</b>					
Trade deposits - unsecured and considered good				34,550	36,879
Prepayments			14.1	103,113	83,683
				<u>137,663</u>	<u>120,562</u>
<b>14.1</b>	Includes prepayments of Rs.38,919 thousand (2017: Rs.34,399 thousand), Rs.28,963 thousand (2017: Rs.19,162 thousand) and Rs.4,400 thousand (2017: Rs.4,401 thousand) to Atlas Insurance Limited, Shirazi Investments (Private) Limited and Atlas Foundation, related parties respectively.				
			Note	2018 ----- (Rupees in '000) -----	2017
<b>15. OTHER RECEIVABLES</b>					
<b>Unsecured and considered good</b>					
Duty drawback receivable				10,927	5,023
Others				4,601	1,604
				<u>15,528</u>	<u>6,627</u>
<b>16. SHORT TERM INVESTMENTS - At fair value through profit or loss</b>					
	<b>2018</b>	<b>2017</b>			
	----- Number of units -----		<b>Related parties</b>		
	3,865,912	5,329,964	Atlas Income Fund	2,051,330	2,835,381
	9,585,583	3,525,913	Atlas Money Market Fund	5,006,166	1,848,531
	759,826	721,453	Atlas Islamic Stock Fund	427,228	444,184
	342,127	220,949	Atlas Stock Market Fund	224,839	148,084
	-	503,770	Atlas Gold Fund	-	51,500
	105	3,521,882	Atlas Sovereign Liquid Fund	11	365,536
	30	1,367,167	Atlas Islamic Income Fund	16	715,958
				<u>7,709,590</u>	<u>6,409,174</u>
			<b>Others</b>		
	2,441,171	2,477,740	Lakson Money Market Fund	254,255	260,617
	3,591,972	3,265,559	Lakson Income Fund	375,595	344,762
	772,598	737,906	National Investment (Unit) Trust	60,803	66,116
	50	-	NIT Government Bond Fund	1	-
	10	-	NIT Islamic Equity Fund	2	-
				<u>690,656</u>	<u>671,495</u>
				<u>8,400,246</u>	<u>7,080,669</u>
<b>17. BANK BALANCES</b>					
Cash at banks in:					
- current accounts (including US\$ 55 thousand)				87,629	399,430
- savings deposit accounts			17.1	1,393,990	1,004,354
- term deposit receipts / treasury bill			17.2	8,499,996	5,650,000
				<u>9,981,615</u>	<u>7,053,784</u>
<b>17.1</b>	Savings deposit accounts carry mark-up upto 5.70% (2017: 5.85%) per annum.				
<b>17.2</b>	Term deposit receipts (TDR) have maturity of 30 days (2017: 30 to 90 days) from respective date of acquisition. TDRs carry mark-up at the rates ranging from 6.15% to 6.50% (2017: 5.95% to 6.10%) per annum. Treasury bill have maturity of 29 days from date of acquisition and carries mark-up at the rate of 6.10% per annum.				



**18. SHARE CAPITAL****18.1 Authorised capital**

2018	2017		2018	2017
----- Number of shares -----			----- (Rupees in '000) -----	
<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>

**18.2 Issued, subscribed and paid-up capital**

2018	2017		2018	2017
----- Number of shares -----				
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>

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

Shirazi Investments (Private) Limited  
Honda Motor Company Limited, Japan  
Atlas Insurance Limited

Note	2018	2017
	----- Number of shares -----	
	54,220,693	54,220,693
	36,192,315	36,192,315
	2,931,728	2,931,728
	<u>93,344,736</u>	<u>93,344,736</u>

**19. RESERVES****Capital reserves**

Share premium  
Gain on sale of land

39,953	39,953
165	165
<u>40,118</u>	<u>40,118</u>

**Revenue reserves**

General reserve:  
- at April 1  
- transferred from unappropriated profit  
  
- at March 31

6,992,000	6,162,000
1,000,000	830,000

Unappropriated profit

7,992,000	6,992,000
6,934,537	5,191,349
<u>14,926,537</u>	<u>12,183,349</u>
<u>14,966,655</u>	<u>12,223,467</u>

**20. COMPENSATED ABSENCES**

Balance as at April 1  
Provision for the year

228,443	214,620
37,419	30,894

Encashed during the year

265,862	245,514
(24,181)	(17,071)

Balance as at March 31

20.1	241,681	228,443
------	---------	---------

**20.1** Includes liability in respect of key management personnel aggregating to Rs.31,261 thousand (2017: Rs.32,308 thousand).

	Note	2018 ----- (Rupees in '000) -----	2017
<b>21. DEFERRED TAXATION - Net</b>			
The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		852,111	792,679
Unrealized gain on investments		-	18,924
Provision for slow moving inventories		(50,476)	(44,279)
Compensated absences		(71,668)	(67,705)
Warranty obligations		(18,390)	(17,256)
Staff retirement benefit - gratuity		(13,535)	(11,395)
		<u>698,042</u>	<u>670,968</u>

### 21.1 Movement in deferred taxation

	Accelerated tax depreciation	Unrealized gain on investments	Provision for slow moving inventories	Compensated absences	Warranty obligations	Staff retirement benefit - gratuity	Total
	----- (Rupees in '000) -----						
At April 1, 2016	662,717	28,902	(35,433)	(63,690)	(13,399)	(12,348)	566,749
Charge / (credited) to:							
Profit and loss account	129,962	(9,978)	(8,846)	(4,015)	(3,857)	(44)	103,222
Other comprehensive income	-	-	-	-	-	997	997
	129,962	(9,978)	(8,846)	(4,015)	(3,857)	953	104,219
At March 31, 2017	792,679	18,924	(44,279)	(67,705)	(17,256)	(11,395)	670,968
Charge / (credited) to:							
Profit and loss account	59,432	(18,924)	(6,197)	(3,963)	(1,134)	1,042	30,256
Other comprehensive income	-	-	-	-	-	(3,182)	(3,182)
	59,432	(18,924)	(6,197)	(3,963)	(1,134)	(2,140)	27,074
At March 31, 2018	<u>852,111</u>	<u>-</u>	<u>(50,476)</u>	<u>(71,668)</u>	<u>(18,390)</u>	<u>(13,535)</u>	<u>698,042</u>

	Note	2018 ----- Rupees in '000 -----	2017
<b>22. TRADE AND OTHER PAYABLES</b>			
Creditors	22.1	3,005,807	2,717,244
Accrued liabilities	22.2	2,451,241	2,294,184
Royalty payable	22.3	958,635	807,107
Warranty obligations		62,014	58,224
Advances from customers	22.4	7,021,657	4,759,060
Retention money		31,569	25,040
Sales tax payable - net		477,701	206,073
Workers' profit participation fund	22.5	333,728	270,713
Workers' welfare fund	22.6	116,373	102,687
Payable to staff retirement benefit funds - gratuity	22.7	45,645	38,447
Provision for Sindh government infrastructure fee		207,949	128,999
Others	22.9	110,973	23,024
		<u>14,823,292</u>	<u>11,430,802</u>

**22.1** Includes Rs.35,842 thousand (2017: Rs.24,380 thousand) and Rs.289 thousand (2017: Rs.Nil) due to Atlas Hitec (Private) Limited and Pakistan Cables Limited (related parties) respectively.

**22.2** Includes Rs.2,635 thousand (2017: Rs.2,121 thousand) due to Honda Motor Company Limited, Japan - a related party.

22.3 Includes Rs.952,385 thousand (2017: Rs.800,745 thousand) due to Honda Motor Company Limited, Japan - a related party

22.4 These represent advances from customers against sale of motorcycles & parts and carry no mark-up.

	Note	2018 ----- (Rupees in '000) -----	2017
<b>22.5 Workers' profit participation fund (the Fund)</b>			
Balance as at April 1		270,713	215,727
Allocation for the year	30	333,190	270,229
Interest on funds utilised in the Company's business	31	538	484
		604,441	486,440
Paid to trustees of the Fund		(270,713)	(215,727)
Balance as at March 31		333,728	270,713
<b>22.6 Workers' welfare fund</b>			
Balance as at April 1		102,687	81,652
Charge for the year		116,373	102,687
Adjustment for prior year		(18,533)	(8,881)
	30	97,840	93,806
		200,527	175,458
Payment made during the year		(84,154)	(72,771)
Balance as at March 31		116,373	102,687

#### 22.7 Staff retirement benefit - gratuity

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

22.7.2 These benefit plans are trustee-administered funds and are governed by local regulations which mainly includes Trust Act, 1882, the Companies Act, 2017, 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.

22.7.3 The latest actuarial valuations of the Funds as at March 31, 2018 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	
	2018	2017	2018	2017	2018	2017
	----- (Rupees in '000) -----					
<b>22.7.4 Reconciliation</b>						
Present value of defined benefit obligation at March 31 - note 22.7.5	321,813	328,371	36,621	38,370	358,434	366,741
Fair value of plan assets at March 31 - note 22.7.6	(260,280)	(262,154)	(86,119)	(86,134)	(346,399)	(348,288)
Payable to related parties in respect of transferees	33,610	19,994	-	-	33,610	19,994
	95,143	86,211	(49,498)	(47,764)	45,645	38,447
<b>22.7.5 Movement in the present value of defined benefit obligation</b>						
Balance as at April 1	328,371	309,560	38,370	35,699	366,741	345,259
Benefits paid	(19,829)	(17,755)	(4,054)	(1,870)	(23,883)	(19,625)
Current service cost	18,767	17,838	1,205	1,188	19,972	19,026
Interest expense	24,660	23,287	2,867	2,692	27,527	25,979
Remeasurement on obligation	4,774	16,439	(1,767)	661	3,007	17,100
Payable to related parties in respect of transferees	(34,930)	(20,998)	-	-	(34,930)	(20,998)
Balance as at March 31	321,813	328,371	36,621	38,370	358,434	366,741

	Management		Non-management		Total	
	2018	2017	2018	2017	2018	2017
<b>22.7.6 Movement in the fair value of plan assets</b>	----- (Rupees in '000) -----					
Balance as at April 1	262,154	237,680	86,134	79,199	348,288	316,879
Contributions	25,492	25,355	-	-	25,492	25,355
Benefits paid	(19,829)	(17,755)	(4,054)	(1,870)	(23,883)	(19,625)
Interest income	18,983	15,633	6,433	5,940	25,416	21,573
Remeasurement	(5,206)	17,559	(2,394)	2,865	(7,600)	20,424
Payable to related parties in respect of transferees	(21,314)	(16,318)	-	-	(21,314)	(16,318)
Balance as at March 31	<u>260,280</u>	<u>262,154</u>	<u>86,119</u>	<u>86,134</u>	<u>346,399</u>	<u>348,288</u>
<b>22.7.7 Expense / (income) recognised in profit and loss account</b>						
Current service costs	18,767	17,838	1,205	1,188	19,972	19,026
Net interest expense / (income)	5,677	7,654	(3,566)	(3,248)	2,111	4,406
	<u>24,444</u>	<u>25,492</u>	<u>(2,361)</u>	<u>(2,060)</u>	<u>22,083</u>	<u>23,432</u>
<b>22.7.8 Remeasurement recognised in other comprehensive income</b>						
Loss / (gain) from change in financial assumptions	5,392	15,392	607	1,798	5,999	17,190
Experience (gain) / loss	(618)	1,047	(2,374)	(1,137)	(2,992)	(90)
Loss / (gain) on remeasurement of plan assets	5,206	(17,559)	2,394	(2,865)	7,600	(20,424)
Net remeasurements	<u>9,980</u>	<u>(1,120)</u>	<u>627</u>	<u>(2,204)</u>	<u>10,607</u>	<u>(3,324)</u>
<b>22.7.9 Net recognised liability</b>						
Net liability / (asset) at beginning of the year	86,211	87,194	(47,764)	(43,500)	38,447	43,694
Charge / (income) for the year	24,444	25,492	(2,361)	(2,060)	22,083	23,432
Contributions made during the year	(25,492)	(25,355)	-	-	(25,492)	(25,355)
Remeasurement recognised in other comprehensive income	9,980	(1,120)	627	(2,204)	10,607	(3,324)
Recognised liability / (asset) as at March 31	<u>95,143</u>	<u>86,211</u>	<u>(49,498)</u>	<u>(47,764)</u>	<u>45,645</u>	<u>38,447</u>
<b>22.7.10 Actual return on planned assets</b>	<u>13,777</u>	<u>33,192</u>	<u>2,285</u>	<u>7,421</u>	<u>16,062</u>	<u>40,613</u>
<b>22.7.11 Plan assets comprise of:</b>						
Fixed income instruments	133,165	121,470	45,747	44,209	178,912	165,679
Mutual fund securities	125,342	140,480	39,676	40,826	165,018	181,306
Others	1,773	204	696	1,099	2,469	1,303
	<u>260,280</u>	<u>262,154</u>	<u>86,119</u>	<u>86,134</u>	<u>346,399</u>	<u>348,288</u>

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

**22.7.13 Significant actuarial assumptions and sensitivity:**

	Management		Non management	
	2018	2017	2018	2017
	----- % per annum -----			
Discount rate at March 31	8.75	7.75	8.75	7.75
Expected rate of increase in future salaries - first year	9.00	12.00	9.00	12.00
- long term	7.75	6.75	7.75	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	SLIC	SLIC	SLIC
- Rates of employee turnover	(2001-05)	(2001-05)	(2001-05)	(2001-05)
	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%	334,119	386,290
Future salary increase	1.00%	384,516	335,246
Withdrawal rates : light		356,480	
Withdrawal rates : heavy		357,829	

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

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

22.7.14 Expected charge and income to management and non-management gratuity plans for the year ending March 31, 2019 are Rs.25,810 thousand and Rs.2,983 thousand respectively.

22.7.15 The weighted average duration of defined benefit obligation for management and non-management plans is 6.98 years and 5.12 years respectively. The expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
March 31, 2018	----- Rupees in '000 -----				
Management staff	27,564	58,374	97,982	217,030	400,950
Non-management staff	1,753	4,443	16,797	36,000	58,993
Total	25,811	53,931	114,779	253,030	459,943

	2018	2017	2016	2015	2014
	----- Rupees in '000 -----				
Present value of defined benefit obligation	358,434	366,741	345,259	324,883	305,323
Fair value of plan assets	346,399	348,288	316,879	284,007	261,100
Deficit provided in financial statements	12,035	18,453	28,380	40,876	44,223

22.8 Payable to staff retirement benefit funds - gratuity includes liability in respect of key management personnel aggregating to Rs.53,313 thousand (2017: Rs.52,605 thousand).

22.9 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.14,279 thousand (2017: Rs.12,122 thousand) and Rs.85,026 thousand (2017: Nil) payable against provincial levies.

### 23. SHORT TERM BORROWINGS - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.2,740,000 thousand (2017: 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 (2017: Rs.4,058,000 thousand). The rates of mark-up of these facilities during the year ranged from 6.24% to 7.50% (2017: 6.14% to 7.12%) per annum. These facilities are expiring on various dates by December 31, 2018.

The facilities for opening letters of credit as at March 31, 2018 aggregated to Rs.3,640,000 thousand (2017: Rs.3,530,000 thousand) of which the amount remained unutilised at year end was Rs.1,356,257 thousand (2017: Rs.2,092,382 thousand). These finance facilities are also secured against pari passu joint hypothecation charge on stocks-in-trade and trade debts of the Company.

## 24. CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies

24.1.1 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.

24.1.2 Guarantees aggregating to Rs.901,410 thousand (2017: Rs.1,658,491 thousand) have been issued by commercial banks to government and semi government institutions for import of raw materials and supply of goods.

### 24.2 Commitments

24.2.1 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at March 31, 2018 aggregated to Rs.2,283,743 thousand (2017: Rs.1,437,618 thousand).

24.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at March 31, 2018 aggregated to Rs.59,122 thousand (2017: Rs.131,915 thousand).

24.2.3 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	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Not later than one year		36,406	29,765
Later than one year and not later than five years		63,739	52,361
		<u>100,145</u>	<u>82,126</u>
<b>25. SALES - Net</b>			
Gross sales			
- local		89,677,263	74,496,874
- export		458,891	437,212
		<u>90,136,154</u>	<u>74,934,086</u>
Less:			
- trade discount and commission		531,226	351,104
- sales tax		12,126,083	10,048,961
		<u>12,657,309</u>	<u>10,400,065</u>
		<u>77,478,845</u>	<u>64,534,021</u>
<b>26. COST OF SALES</b>			
Opening stock of finished goods		537,753	391,372
Cost of goods manufactured	26.1	63,550,978	53,512,593
Purchases during the year		5,574,238	4,388,775
		<u>69,125,216</u>	<u>57,901,368</u>
		(474,868)	(537,753)
		<u>69,188,101</u>	<u>57,754,987</u>
<b>26.1 Cost of goods manufactured</b>			
Opening stock of work-in-process		4,636	2,858
Raw materials and components consumed	26.2	53,758,498	45,018,128
Direct labour	26.3	1,386,114	1,222,728
Technical directors' remuneration		2,048	1,848
Staff salaries, wages and other benefits	26.3	1,214,000	1,135,047
Stores consumed		757,903	753,119
Fuel and power		688,411	568,110
Insurance		112,546	93,998
Rent, rates and taxes		134,902	103,245
Ijarah rentals		31,551	30,599
Repair and maintenance		553,997	490,495
Royalty including provincial taxes	26.4	3,648,492	2,960,283
Technical assistance fee		51,639	53,735
Travelling, conveyance and entertainment		84,112	86,788
Postage and telephone		7,708	7,697
Printing and stationery		27,613	17,736
Vehicle running expenses		28,765	22,451
Depreciation	6.3	829,370	737,813
Canteen		130,986	112,251
Newspapers, magazines and subscriptions		2,919	3,775
Amortisation	7	9,998	5,342
Provision for slow moving inventories	11.2	20,813	30,000
Marking fee		69,765	58,547
Other manufacturing expenses		172	636
		<u>63,556,958</u>	<u>53,517,229</u>
		(5,980)	(4,636)
		<u>63,550,978</u>	<u>53,512,593</u>
Closing stock of work-in-process			

	Note	2018 ----- (Rupees in '000) -----	2017
<b>26.2 Raw materials and components consumed</b>			
Opening stock		1,279,491	1,365,459
Purchases during the year		54,209,242	44,932,160
		55,488,733	46,297,619
Closing stock		(1,730,235)	(1,279,491)
		53,758,498	45,018,128

**26.3** Direct labour and staff salaries, wages & other benefits include Rs.69,440 thousand (2017: Rs.70,150 thousand) in respect of staff retirement benefits.

**26.4** Royalty charged in these financial statement pertains to Honda Motor Company Limited having registered office at 1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan, Toyo Denso Company Limited having registered office at 10-4, 2-Chome, Shinbashi Minato-ku, Tokyo, Japan and Yamada Manufacturing Company Limited having registered office at 1296-2, Koubayashi, Isesaki, Gunama, Japan.

	Note	2018 ----- (Rupees in '000) -----	2017
<b>27. SALES AND MARKETING EXPENSES</b>			
Directors' remuneration		40,717	37,591
Staff salaries and other benefits	27.1	355,403	311,395
Travelling, conveyance and entertainment		89,622	88,099
Vehicle running expenses		15,490	14,996
Rent, rates and taxes		60,982	40,414
Advertisement and sales promotion		546,898	499,910
Repairs and maintenance		16,861	8,000
Gas and electricity		12,601	11,054
Freight outward		500,043	446,729
Printing and stationery		4,318	4,181
Postage and telephone		19,267	16,438
First free service charges		174,180	137,745
Insurance		13,245	12,900
Newspapers, magazines and subscriptions		1,804	1,204
Others		626	117
		1,852,057	1,630,773

**27.1** Staff salaries and other benefits include Rs.29,589 thousand (2017: Rs.20,300 thousand) in respect of staff retirement benefits.

	Note	2018 ----- (Rupees in '000) -----	2017
<b>28. ADMINISTRATIVE EXPENSES</b>			
Non executive directors' fee		20,685	20,770
Staff salaries and other benefits	28.1	341,514	325,488
Travelling, conveyance and entertainment		22,358	20,380
Rent, rates and taxes		8,123	8,632
Insurance		4,416	4,876
Repairs and maintenance		24,252	13,253
Legal and professional charges		27,752	24,045
Gas and electricity		1,559	1,795
Newspapers, magazines, fees and subscriptions		3,699	3,513
Postage and telephone		3,446	3,607
Printing and stationery		20,307	12,822
Vehicle running expenses		10,209	7,415
Staff training		24,905	28,734
Depreciation	6.3	69,687	59,466
Donation	28.2	51,649	67,349
Others		33	198
		634,594	602,343

28.1 Staff salaries and other benefits include Rs.20,996 thousand (2017: Rs.18,585 thousand) in respect of staff retirement benefits.

28.2 Donation of Rs.50,927 thousand (2017: Rs.66,444 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	2018 ----- (Rupees in '000) -----	2017
<b>29. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Mark-up / interest on savings deposit accounts, term deposit receipts and treasury bills	29.1	527,204	365,716
Gain on sale of investments at fair value through profit or loss		12,864	24,063
Fair value gain on investments at fair value through profit or loss		16,183	35,838
Dividend income		3,321	9,474
Net foreign exchange gains		-	93
<b>Income from investments in related parties</b>			
Gain on sale of investments at fair value through profit or loss		104,299	35,215
Fair value gain on investments at fair value through profit or loss		144,022	219,601
Dividend income		29,094	201,419
<b>Income from assets other than financial assets</b>			
Commission income		1,726	1,517
Scrap sales		37,854	22,607
Others		1,341	790
		<u>877,908</u>	<u>916,333</u>

29.1 Mark-up / interest at the rates ranged from 5.8% to 6.70% (2017: 2.20% to 6.70%) per annum has been earned during the year on savings deposit accounts, term deposit receipts and treasury bills.

	Note	2018 ----- (Rupees in '000) -----	2017
<b>30. OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund	22.5	333,190	270,229
Workers' welfare fund	22.6	97,840	93,806
Auditors' remuneration	30.1	2,919	2,900
Net foreign exchange loss		189	-
Loss on disposal and write-off of operating fixed assets		10,899	37,805
		<u>445,037</u>	<u>404,740</u>
<b>30.1 Auditors' remuneration</b>			
Fee for:			
- audit of annual financial statements		1,500	1,500
- 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		569	550
- out of pocket expenses		297	297
		<u>2,919</u>	<u>2,900</u>
<b>31. FINANCE COSTS</b>			
Interest on workers' profit participation fund	22.5	538	484
Bank and other financial charges		22,187	25,369
		<u>22,725</u>	<u>25,853</u>



	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
<b>32. INCOME TAX EXPENSE</b>		
<b>Current tax</b>		
Current tax on profits for the year	1,567,943	1,159,131
Adjustments for current tax of prior years	3,012	77,910
	<u>1,570,955</u>	<u>1,237,041</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	30,256	155,790
Impact of change in tax rate	-	(52,568)
	<u>30,256</u>	<u>103,222</u>
	<u>1,601,211</u>	<u>1,340,263</u>
<b>32.1 Numerical reconciliation of income tax expense to prima facie tax</b>		
Profit before income tax expense	6,264,846	5,092,742
Tax at the applicable rate of 30% (2017: 31%)	1,879,454	1,578,750
Tax effect of:		
- amounts not deductible for tax purposes	316,713	299,211
- amounts deductible for tax purposes but not taken to profit and loss account	(351,097)	(401,341)
- income not subject to tax / income subject to final tax regime / tax credits	(264,652)	(300,334)
- Associate's result reported net of tax	(12,475)	(17,155)
Adjustments for current tax of prior years	3,012	77,910
Deferred tax	30,256	103,222
<b>Income tax expense</b>	<u>1,601,211</u>	<u>1,340,263</u>

**32.2** The provision for current year tax represent tax on taxable income at the rate of 30%. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

	2017	2016	2015
Income tax provision for the year - accounts	1,159,131	1,065,822	942,357
Income tax as per tax assessment	1,141,516	1,049,136	975,191

**32.3** Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute at least 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

The Board of Directors in their meeting held on April 30, 2018 has distributed sufficient cash dividend for the year ended March 31, 2018 (refer note 44) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognised in the financial statements for the year ended March 31, 2018.

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
<b>33. EARNINGS PER SHARE</b>		
<b>33.1 Basic earnings per share</b>		
Net profit for the year	<u>4,663,635</u>	<u>3,752,479</u>
	<b>--- Number of shares ---</b>	
Weighted average ordinary shares in issue	<u>103,406,613</u>	<u>103,406,613</u>
	<b>----- Rupees -----</b>	
Earnings per share	<u>45.10</u>	<u>36.29</u>
<b>33.2 Diluted earnings per share</b>		

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	2018 ----- (Rupees in '000) -----	2017
<b>34. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		6,264,846	5,092,742
<b>Adjustments for:</b>			
Depreciation		899,057	797,279
Amortisation		9,998	5,342
Provision for compensated absences		37,419	30,894
Provision for gratuity		22,083	23,432
Provision for slow moving inventories		20,813	30,000
Mark-up / interest on savings deposit accounts and term deposit receipts		(527,204)	(365,716)
Gain on sale of investments at fair value through profit or loss		(117,163)	(59,278)
Fair value gain on investments at fair value through profit or loss		(160,205)	(255,439)
Net foreign exchange loss / (gain)		189	(93)
Dividend income		(32,415)	(210,893)
Workers' profit participation fund		333,728	270,713
Workers' welfare fund		97,840	93,806
Loss on disposal and write-off of operating fixed assets		10,899	37,805
Share of net profit of an Associate		(50,607)	(61,084)
Changes in working capital	34.1	2,435,753	2,407,852
		<u>9,245,031</u>	<u>7,837,362</u>
<b>34.1 Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
- Stores, spares and loose tools		(112,283)	(73,910)
- Stock-in-trade		(495,285)	(266,128)
- Trade debts		(237,893)	(14,911)
- Loans and advances		(1,186)	(3,044)
- Trade deposits and prepayments		(17,101)	(55,792)
- Other receivables		(8,901)	(1,717)
		<u>(872,649)</u>	<u>(415,502)</u>
<b>Increase in current liabilities:</b>			
- Trade and other payables		3,308,402	2,823,354
		<u>2,435,753</u>	<u>2,407,852</u>
<b>34.2 Cash flows from operating activities</b>			
- Direct method			
Receipts from customers		79,503,549	66,063,716
Mark-up / interest received		533,117	361,088
Payments to trade suppliers, service providers and employees		(70,265,125)	(58,230,837)
Income taxes paid		(1,563,999)	(1,427,626)
Contributions made to gratuity funds		(25,492)	(25,355)
Compensated absences paid		(24,181)	(17,071)
Workers' profit participation fund paid		(270,713)	(215,727)
Workers' welfare fund paid		(84,154)	(72,771)
		<u>7,803,002</u>	<u>6,435,417</u>

### 35. 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		Others		Executives	
	Chief Executive Officer					
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Managerial remuneration and fee	19,158	17,739	22,733	22,618	155,332	131,175
Rent and utilities	9,162	8,484	-	-	74,289	62,736
Bonus	10,340	9,462	-	-	83,383	68,922
Retirement benefits	1,832	1,697	-	-	14,164	11,444
Medical and other reimbursable expenses	225	209	-	-	4,185	16,333
	<u>40,717</u>	<u>37,591</u>	<u>22,733</u>	<u>22,618</u>	<u>331,353</u>	<u>290,610</u>
Number of persons	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>72</u>	<u>60</u>

35.1 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.

### 36. 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 related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

#### 36.1 Name and nature of relationship

##### a) The Holding Company

Shirazi Investments (Private) Limited - 52.43% shares held in the Company

##### b) Associated Companies due to significant influence

Honda Motor Company Limited - 35.00% shares held in the Company (note 36.1.1)

Atlas Hitec (Private) Limited - 29.23% shares held by the Company

##### c) Associated Companies due to common directorship

Atlas Engineering Limited	Atlas Asset Management Limited
Atlas Autos (Private) Limited	Atlas Power Limited
Atlas Die Casting (Private) Limited	Atlas Foundation
Atlas Battery Limited	Honda Atlas Cars Pakistan Limited
Atlas Insurance Limited	Atlas Metals (Private) Limited
Shirazi Trading Company (Private) Limited	Atlas Global, FZE (note 36.1.2)
Honda Atlas Power Products (Private) Limited	
Pakistan Cables Limited	

##### d) Associated companies under common management

Atlas Worldwide General Trading LLC (note 36.1.3)	Atlas Aluminium Limited
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36.1.1 Honda Motor Company Limited (HMCL) is a company incorporated in Japan, having registered office at 1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan. HMCL holds 35% shares in the Company. Mr. Takahiro Hachigo is the Chief Executive Officer of HMCL. Major line of business of HMCL are motorcycles, automobiles, power products and financial services. Auditors have expressed unqualified opinion on the financial statements of HMCL for the year ended March 31, 2017.

- 36.1.2** Atlas Global FZE (AG) is a Free Zone establishment with limited liability in the Jebel Ali Free Zone, Dubai, UAE formed under the Law 9 of 1992 and implementing regulation issued there under by Jebel Ali Free Zone. The registered office of AG is P.O. Box 17442, Dubai, UAE. Mr. Iftikhar H. Shirazi is the Chief Executive Officer of AG. Major line of business of AG is general trading activities. Auditors have expressed unqualified opinion on the financial statements of AG for the year ended June 30, 2017.
- 36.1.3** Atlas Worldwide General Trading (L.L.C) (AWWT) established with limited liability in Dubai formed under Federal Law 2 of 2015 by Dubai, UAE. The registered office of AWWT is Office 311, Nasir Ahmed Nasir Lootah Building, Khalid Bin Al Waleed Road, Dubai, UAE. Mr. Iftikhar H. Shirazi is the Chief Executive Officer of AWWT. Major line of business of AWWT is general trading activities. Auditors have expressed unqualified opinion on the financial statements of AWWT for the year ended June 30, 2017.

	Note	2018 ----- (Rupees in '000) -----	2017
<b>36.2 Transactions with related parties</b>			
<b>The Holding Company</b>			
Sales of:			
- goods and services		723	160
- operating fixed assets		502	-
Purchases of operating fixed assets		5,550	-
Rent		122,681	88,847
Dividend paid		1,003,083	786,200
<b>Associated companies</b>			
Sales of:			
- goods and services		1,057,093	857,855
- operating fixed assets		466,170	15,995
Purchases of:			
- goods and services		20,188,202	16,640,812
- operating fixed assets		118,215	92,085
License and drawings fee paid		52,400	-
Sale of units in mutual funds		11,951,415	4,485,622
Purchase of units in mutual funds		13,003,508	5,344,610
Royalty paid		3,571,617	2,967,098
Export commission paid		5,767	3,637
Technical assistance fee		14,007	9,443
Commission income		1,726	1,517
Rent		18,207	16,552
Insurance premium paid		320,651	264,724
Insurance claims received		11,499	3,239
Reimbursement of expenses - net		2,862	2,962
Dividend paid		723,795	567,299
Donation paid		50,927	66,444
Dividend received		47,144	215,669
<b>Other related parties</b>			
Contributions paid to:			
- gratuity funds		25,492	25,355
- provident funds / pension schemes		60,525	54,709
Key Management Personnel			
- salaries and other employment benefits		136,654	136,717
- sale of vehicles under company policy		1,632	2,244

The related party status of outstanding balances as at March 31, 2018 is included in 'Capital work-in-progress - note 6.5', 'Trade deposit and prepayments - note 14' and 'Trade and other payables - note 22' respectively. These are settled in ordinary course of business.



## 37. FINANCIAL RISK MANAGEMENT

### 37.1 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:

	2018		2017	
	Japanese Yen	US Dollar	Japanese Yen	US Dollar
	----- (Amounts in '000) -----			
Trade debts	-	149	-	150
Trade and other payables	(888,013)	(238)	(860,004)	(146)
Net exposure	(888,013)	89	(860,004)	(4)

The following significant exchange rates have been applied:

	2018	2017	2018	2017
	Average rate		Reporting date rate	
	----- (Rupees) -----			
Pakistani Rupee to Japanese Yen	0.98	0.96	1.09	0.93
Pakistani Rupee to U.S. Dollar	106.30	104.80	115.50	104.85

At March 31, 2018, if the Pakistani Rupee had strengthened / weakened by 5% against Japanese Yen and U.S. Dollar with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gains / (losses) on translation of foreign denominated financial assets and liabilities.

Effect on profit for the year:	2018	2017
	----- (Rupees in '000) -----	
Pakistani Rupee to Japanese Yen	48,343	40,141
Pakistani Rupee to U.S. Dollar	514	(21)
	48,857	40,120

### 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, 2018, the Company's interest bearing financial assets amounted to Rs.9,893,986 thousand (2017: Rs.6,654,354 thousand).

At March 31, 2018, 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.13,940 thousand (2017: Rs.10,044 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.8,400,246 thousand (2017: Rs.7,080,669 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, 2018, 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.420,012 thousand (2017: Rs.354,033 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.19,387,586 thousand (2017: Rs.14,899,921 thousand) as at March 31, 2018 and are as follows:

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Long term loans and advances	31,481	30,108
Long term deposits	22,573	17,339
Trade debts	861,224	623,331
Loans and advances	35,739	34,737
Trade deposits	34,550	36,879
Accrued mark-up / interest	15,557	21,470
Other receivables	4,601	1,604
Short term investments	8,400,246	7,080,669
Bank balances	9,981,615	7,053,784
	19,387,586	14,899,921

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

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Pakistan	844,413	607,614
Bangladesh	16,811	15,717
	861,224	623,331

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

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Government departments	35,891	6,647
Defence institutions	698,612	523,139
Others (including exports)	126,721	93,545
	861,224	623,331

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% (2017: 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		Agency
	Short term	Long term	
<b>Conventional</b>			
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+	PACRA
Deutsche Bank AG	F-1	A-	FITCH
Faysal Bank Limited	A-1+	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
National Bank of Pakistan	A1+	AAA	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
<b>Shariah Compliant</b>			
BankIslami Pakistan Limited	A1	A+	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
United Bank Limited	A-1+	AAA	JCR-VIS
<b>Mutual Funds</b>		<b>Rating</b>	<b>Agency</b>
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

### (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, 2018 there is no maturity mismatch between financial assets and liabilities that exposes the Company to liquidity risk.

### 37.2 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.

Loans and receivables		At fair value through profit and loss	
2018	2017	2018	2017

----- Rupees in '000 -----

### 37.3 Financial instruments by category

#### Financial assets as per statement of financial position

Long term loans and advances	31,481	30,108	-	-
Long term deposits	22,573	17,339	-	-
Trade debts	861,224	623,331	-	-
Loans and advances	35,739	34,737	-	-
Trade deposits	34,550	36,879	-	-
Accrued mark-up / interest	15,557	21,470	-	-
Other receivables	4,601	1,604	-	-
Short term investments	-	-	8,400,246	7,080,669
Bank balances	9,981,615	7,053,784	-	-
	<u>10,987,340</u>	<u>7,819,252</u>	<u>8,400,246</u>	<u>7,080,669</u>

#### Financial liabilities measured at amortised cost

2018 2017

--- Rupees in '000 ---

#### Financial liabilities as per statement of financial position

Trade and other payables	6,729,487	6,018,274
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### 37.4 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, 2018 and March 31, 2017.

	March 31, 2018			Total
	Level 1	Level 2	Level 3	

----- Rupees in '000 -----

Assets - Recurring fair value measurement				
<b>Financial assets at fair value through profit or loss</b>				
Short term investments	<u>8,400,246</u>	<u>-</u>	<u>-</u>	<u>8,400,246</u>



## March 31, 2017

	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Assets - Recurring fair value measurement				
<b>Financial assets at fair value through profit or loss</b>				
Short term investments	7,080,669	-	-	7,080,669

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

**Valuation techniques used to determine fair values**

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

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

**38. ENTITY-WIDE INFORMATION**

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

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Motorcycles	70,412,715	58,333,750
Spare parts	7,066,130	6,200,271
	<u>77,478,845</u>	<u>64,534,021</u>

**38.2** Export sales are made to Afghanistan and Bangladesh. Result of the Company's revenue from external customers in Pakistan is Rs.77,025,720 thousand (2017: Rs.64,100,446 thousand) and total revenue from external customers from other countries is Rs.453,125 thousand (2017: Rs.433,575 thousand).

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

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

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Capacity - Motorcycles	1,250,000	1,000,000
Production	1,086,700	920,640

The Company has completed the capacity expansion in March, 2018.

The capacity of the plants are determined based on a certain product mix and number of working days.

**40. NUMBER OF EMPLOYEES**

	Factory		Others	
	2018	2017	2018	2017
Total number of employees	<u>1,385</u>	<u>1,440</u>	<u>226</u>	<u>198</u>
Average number of employees	<u>1,507</u>	<u>1,457</u>	<u>209</u>	<u>194</u>

#### 41. 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, 2018:

	2018 ----- (Rupees in '000) -----	2017 -----
Size of the Fund - Total assets	894,830	906,053
Fair value of investments	875,760	885,074
Percentage of investments made	97.87%	97.68%

41.1 The cost of above investments amounted to Rs.863,830 thousand (2017: Rs.826,727 thousand).

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

	2018 --- Percentage ---	2017	2018 --- Rupees in '000 ---	2017
Debt securities	9.26	10.70	82,870	96,948
Government securities	40.32	39.67	360,801	359,404
Mutual funds securities	42.47	45.01	380,076	407,810
Special accounts in schedule banks	5.81	2.31	52,013	20,912
	97.87	97.68	875,760	885,074

41.3 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

#### 42. SHARIAH SCREENING DISCLOSURE

	----- 2018 -----		----- 2017 -----	
	Conventional	Shahriah Compliant	Conventional	Shahriah Compliant
	----- Rupees in 000 -----			
Short term investments	7,973,000	427,246	5,920,527	1,160,142
Bank balances	9,964,738	16,877	7,026,411	27,373
Revenue	-	77,478,845	-	64,534,021
Other income				
a) Mark-up / interest on savings deposit accounts and term deposit receipts	527,204	-	351,421	14,295
b) Gain on sale of investments at fair value through profit or loss	109,726	7,437	41,416	17,862
c) Fair value gain / (loss) on investments at fair value through profit or loss	199,256	(39,051)	108,163	147,276
d) Dividend income	7,164	25,251	208,793	2,100
e) Others including exchange gain on actual currency	-	40,921	-	25,007

#### 43. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification has been made:

Reclassified from component	Reclassified to component	2017 Rupees in '000
Trade and other payable	Unclaimed dividend Disclosed on the face of statement of financial position)	55,004

#### 44. EVENT AFTER REPORTING PERIOD

The Board of Directors, in their meeting held on April 30, 2018, (i) approved the transfer of Rs. 1,500,000 thousand (2017: Rs.1,000,000 thousand) from unappropriated profit to general reserve and (ii) proposed a final cash dividend of Rs. 27.0 (2017: Rs.18.5) per share amounting to Rs. 2,791,979 thousand (2017: Rs.1,913,022 thousand) for approval of the members at the Annual General Meeting to be held on June 28, 2018.

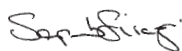
The financial statements for the year ended March 31, 2018 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending March 31, 2019.

#### 45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 30, 2018 by the Board of Directors of the Company.



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer



Kashif Yasin  
Chief Financial Officer

# Pattern of Shareholding Additional Information As at March 31, 2018

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
<b>Associated Companies, Undertakings and Related Parties</b>			
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%
<b>NIT and ICP:</b>			
National Bank Of Pakistan Trustee Department	1	26,421	0.03%
IDBP (ICP Unit)	1	762	0.00%
	2	27,183	0.03%
<b>Directors, CEO and their Spouses and minor children and Associates:</b>			
Mr. Yusuf H. Shirazi & Associates	3	3	0.00%
Mr. Saqib H. Shirazi (CEO)	1	1	0.00%
Mr. Sanaullah Qureshi	1	400	0.00%
Mr. Hirofumi Yada	1	1	0.00%
Mr. Susumu Mitsuishi	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.	12	568,916	0.55%
Individuals	1,488	9,312,380	9.00%
Others	29	152,489	0.15%
<b>Total</b>	<b>1,544</b>	<b>103,406,613</b>	<b>100.00%</b>

## 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, 2018

Number of Shareholders	Shareholdings				Total Shares Held
589	From	1	To	100	19,064
326	From	101	To	500	86,466
150	From	501	To	1,000	113,826
263	From	1,001	To	5,000	641,662
74	From	5,001	To	10,000	549,933
45	From	10,001	To	15,000	559,550
20	From	15,001	To	20,000	356,140
10	From	20,001	To	25,000	218,420
13	From	25,001	To	30,000	347,408
3	From	30,001	To	35,000	94,680
2	From	35,001	To	40,000	76,845
5	From	40,001	To	45,000	216,104
4	From	45,001	To	50,000	183,289
1	From	65,001	To	70,000	66,601
3	From	70,001	To	75,000	217,252
4	From	75,001	To	80,000	308,480
3	From	80,001	To	85,000	248,042
3	From	85,001	To	90,000	264,445
1	From	90,001	To	95,000	92,000
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
3	From	125,001	To	130,000	384,154
1	From	150,000	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	265,001	To	270,000	267,566
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
1,544					103,406,613

## Pattern of Shareholding As at March 31, 2018

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	90.27
NIT and ICP	2	27,183	0.03
Banks, Development Finance Institutions, Non-Banking Finance Institutions Insurance Companies			
Modarabas and Mutual Funds	12	568,916	0.55
General Public			
Local	1488	9,312,380	9.00
Foreign			
Others			
Joint Stock Companies	27	151,517	0.15
Cooperative Society	1	971	0.00
Trustee of Iftikhar Shirazi Family Trust	1	1	0.00
	<b>1544</b>	<b>103,406,613</b>	<b>100.00</b>

\* 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.

# Product Portfolio

**CD70**



**Priider**



**CD70  
Dream**



**CB150F**



**CG  
125**



**CB250F**



**DELUXE**



**Genuine Parts**



 <b>Atlas Group Companies</b>	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> 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	IAS	International Accounting Standards
AGM	Annual General Meeting	ICAP	Institute of Chartered Accountants of Pakistan
AHL	Atlas Honda Limited	ICMAP	Institute of Cost and Management Accountants of Pakistan
AHPL	Atlas Hitec (Private) Limited	IFAC	International Federation of Accountants
AMP	Advance Management Program	IFAS	Islamic Financial Accounting Standards
ATL	Active Tax-payers List	IFRS	International Financial Reporting Standards
B2B	Business to Business	ISO	International Standardization Organization
BCR	Best Corporate Report	KSE	Karachi Stock Exchange
BCG	Boston Consulting Group	LLB	Bachelor of Law
BSR	Best Sustainability Report	LNG	Liquefied Natural Gas
BOD	Board of Director	LTD	Limited
CAGR	Cumulative Average Growth Rate	LSE	Lahore Stock Exchange
CCG	Code of Corporate Governance	LSM	Large Scale Manufacturing
CDC	Central Depository Company of Pakistan Limited	MOU	Memorandum of Understanding
CDS	Central Depository System	MMC	Minor Model Change
CEO	Chief Executive Officer	MSCI	Morgan Stanley Capital International
CFO	Chief Financial Officer	NAV	Net Asset Value
CKD	Completely Knocked Down	NBFI	Non-Banking Financial Institutions
CNIC	Computerized National Identity Card	NHC	New Honda Circle
COO	Chief Operating Officer	PBT	Profit Before Taxation
CPEC	China - Pakistan Economic Corridor	PERAC	Public Employee Retirement Administration Commission
CSR	Corporate Social Responsibility	PSX	Pakistan Stock Exchange
DFI	Development Finance Institutions	RCSM	Risk and Counter Strategy Matrix
EOBI	Employee Old-Age Benefits Institution	RMF	Risk Management Function
EPS	Earnings per Share	SAFA	South Asian Federation of Accountants
ERP	Enterprise Resource Planning - software	SAP	Standard Application Protocol - ERP system
FBR	Federal Board of Revenue	SECP	Securities and Exchange Commission of Pakistan
GAAP	Generally Accepted Accounting Principles	SRO	Statutory Regulatory Order
GDC	Gravity Die Casting	SWOT	Strength Weaknesses Opportunities Threats
GDP	Gross Domestic Product	SSGC	Sui Southern Gas Company Limited
HMC	Honda Motor Company	TDR	Term Deposit Receipt
HPDC	High Pressure Die Casting	WWF	World Wildlife Fund
HSE	Health Safety Environment		

## Investors' Education

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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- 🗑️ FAQs Answered

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\*Mobile apps are also available for download for android and ios devices

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