

**MOBILIZING JOY**  
ANNUAL REPORT 2015

**HONDA**  
The Power of Dreams

**THE POWER OF DREAMS  
LEADS THE TEAM**





## Mobilizing Joy

What's life without excitement... Without a little thrill? Humdrum. Human nature demands variety and repels monotony. We seek accenture. We command autonomy.

For Annual Report 2015, the design philosophy lies in spreading joy, reverence and exploring new horizons... Going places and knowing no boundaries while forming new relationships on-the-go.

Living up to our promise of nurturing dreams and mobilizing aspirations, Honda Atlas Cars (Pakistan) Limited has constantly worked hard to transform this journey we call 'Life' into a memorable ride. Let the Power of Dreams lead!





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A photograph of three children playing with a ball on a grassy hill at sunset. The sky is a mix of orange, yellow, and blue, with a few clouds. The children are silhouetted against the bright light of the setting sun. A tree branch with small white flowers is visible on the left side of the frame.

## Vision Statement

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

Creating products that maximize the joy of customers, with speed, affordability and low CO<sub>2</sub>.

# Company Information

## BOARD OF DIRECTORS

Mr. Yusuf H. Shirazi  
Chairman  
Mr. Toichi Ishiyama  
President/CEO  
Mr. Aamir H. Shirazi  
Mr. Hisatada Tachi  
Mr. Hironobu Yoshimura  
Mr. Kazuhisa Hirota  
Mr. M. Naeem Khan  
Mr. Nadeem Arshad Elahi  
Mr. Takayoshi Koyama

## COMPANY SECRETARY

Mr. Maqsood-ur-Rehman Rehmani

## CHIEF FINANCIAL OFFICER

Mr. Ahmad Umair Wajid

## EXECUTIVE COMMITTEE

Mr. Toichi Ishiyama  
Mr. Hisatada Tachi  
Mr. Maqsood-ur-Rehman Rehmani

## AUDIT COMMITTEE

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

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Aamir H. Shirazi  
Chairman  
Mr. Toichi Ishiyama  
Mr. Hisatada Tachi  
Mr. Kazuhisa Hirota  
Mr. M. Naeem Khan

## HEAD OF INTERNAL AUDIT

Mr. Hamood-ur-Rahman

## AUDITORS

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

## LEGAL ADVISOR

Cornelius, Lane & Mufti  
Bokhari Aziz & Karim

## BANKERS

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





**REGISTERED OFFICE**

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

**SHARE REGISTRAR**

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

**FACTORY**

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

**REGIONAL OFFICES**

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

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

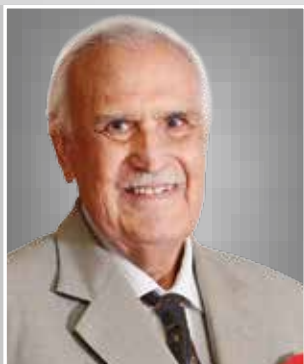
**WEB SITE**

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



**HONDA**  
The Power of Dreams

# Board of Directors



## **MR. YUSUF H. SHIRAZI**

Chairman

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

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

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

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

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

## **MR. TOICHI ISHIYAMA**

President & CEO



Mr. Toichi Ishiyama has been associated with Honda Motor Co., Japan for last 23 years. He joined Honda Motor Co., in 1992.

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

He was appointed as successor of Mr. Takeharu Aoki as President/CEO of the Company on April 1, 2015. Toichi Ishiyama is a Graduate in Economics from Japan.



**MR. HISATADA TACHI**

Director / VP Production

Mr. Hisatada Tachi has been associated with Honda Motor Company Limited for last 33 Years. He joined Honda in 1982 and began his career in Assembly Department at Honda Suzuka plant in Japan.

Mr. Tachi has vast experience in the Automobile Production, having worked with Honda ventures in China. In his previous assignments, he has worked as Department Manager of Assembly Division at Honda, Suzuka plant and Production Planning Office in overseas area.

He is currently working as Director/Vice President Production of Honda Atlas Cars (Pakistan) Limited since March 2014.



**MR. AAMIR H. SHIRAZI**

Director

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



**MR. HIRONOBU YOSHIMURA**

Director

Mr. Hironobu Yoshimura has been associated with Honda Motor Company Limited, Japan for more than 27 years. He joined Honda in 1988 and began his career in Service Technology Division of Honda Motor Company, 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. He is presently Director of Honda Atlas Cars (Pakistan) Limited from April 1, 2015. Mr. Yoshimura is graduate from Sophia University, Japan.



**MR. KAZUHISA HIROTA**

Director

Mr. Kazuhisa Hirota has been associated with Honda Motor, Japan for last 28 years. He has vast experience of Accounting and Finance Division, working in Honda Motor, Japan and different Honda ventures and subsidiaries in China & Thailand.

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

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



**MR. M. NAEEM KHAN**

Director

Mr. M. Naeem Khan is an AMP from Harvard Business School, Boston, USA, a fellow member of The Institute of Chartered Accountants of Pakistan and a member of The Institute of Chartered Accountants in England & Wales. His association with the Atlas Group extends to over 23 years in various capacities. He has exposure in oil marketing, food, investment banking, power and capital markets.



**MR. NADEEM ARSHAD ELAHI**

Director

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

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

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



**MR. TAKAYOSHI KOYAMA**

Director

Mr. Takayoshi Koyama has been associated with Honda Motor Co., Ltd. for last 28 years. He joined Honda Motors in April 1986 as Trainee and started his career at Mie Sales Branch, Honda Motor Co., Ltd. Mr. Koyama has vast experience of Sales, Marketing and Product Planning operations.

He worked in Product Planning Division of Honda Motor Europe for three years. He has been Vice President of Honda Motor Europe South and President of Honda Portugal. He has also been President of Honda Automobile Italia, Italy. His previous assignment was as General Manager in Overseas Operation Office No.1, Honda Motor Co., Ltd. Currently he is working as General Manager in Overseas Operation Office Asia & Oceania.

# Key Management



**MR. MAQSOOD-UR-REHMAN REHMANI**  
Vice President & Company Secretary  
**Human Resource & Admin Division**

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



**MR. MUHAMMAD ASHRAF**  
Sr. General Manager  
**Production Planning Division**

Mr. Ashraf has more than 33 years experience of automobile production operations and new model development. He started his career with Awami Autos Limited in 1982 and has also worked with Pak Suzuki Motor Co for nine years. He joined Honda Atlas Cars (Pakistan) Limited in 1993 and has qualified Management Courses from AOTS Japan. He has worked in different management capacities and currently he is Head of Production Planning Division.



**MR. AYAZ HAFEEZ**  
Sr. General Manager  
**Sales & Marketing Division**

Mr. Ayaz holds a MBA degree. He has 21 years experience of Sales, Marketing, Dealers Development, Product and Business Planning & After Sales Service at Honda Atlas Cars (Pakistan) Limited. He is associated with the company since 1994 and has qualified Management Courses from AOTS Japan. Prior to this, he served the Pakistan Army for eight years, held staff and instructional appointments, having attended courses in Pakistan and USA with distinction.



**MR. NADEEM AZAM**  
General Manager  
**After Sales Division**

Mr. Nadeem has done MBA in Marketing Management. He started his career with Honda in 1993 as Executive, Marketing & Planning Division. He has over 22 years experience of Sales, Marketing and Product Planning operations. After serving for more than 20 years in Sales & Marketing Division, he was assigned the responsibility of Head of After Sales Division.



**MR. M. SOHAIL NAWAZ**  
General Manager  
**Quality Control Division**

Mr. Sohail holds BE Mechanical from UET, Lahore. He joined as Trainee Engineer Vehicle Quality (VQ) in 1993. He has more than 21 years experience of Vehicle Quality, Assembly Final, New Model & Specification Control, QC and Production operations. He has represented the Company for two years as Project Leader at Honda Automobiles (Thailand) Co., Ltd., Thailand. He has been Head of production operations for six years prior to his present role as Head of QC Division in 2015.



**MR. IQBAL AHMED**  
General Manager  
**Import, Purchase & Logistics Division**

Mr. Iqbal has BSc in Mechanical Engineering from UET, Lahore and Executive MBA from LUMS. He has more than 23 years experience of production, quality, manufacturing operations, stores and project management. He started his career as trainee engineer with Atlas Honda Limited and served in different management positions. He joined Honda Atlas Cars (Pakistan) Limited in November 2010 as Head of Import Purchase & Logistics Division.



**MR. TADAHIRO HAYAKAWA**  
General Manager  
**Production Division**

Mr. Hayakawa has been associated with Honda Motor Co., Japan for more than 29 years. He has vast experience of different production operations. He has been head of Welding operations at Honda of the UK Manufacturing Ltd., for eight years. He has also served as ELP at American Honda Motor Co., (HAM) for seven years. He was transferred to Honda Atlas Cars (Pakistan) Limited on April 1, 2015.



**MR. SHOJIRO IGA**  
Chief Engineer Quality (CEQ)

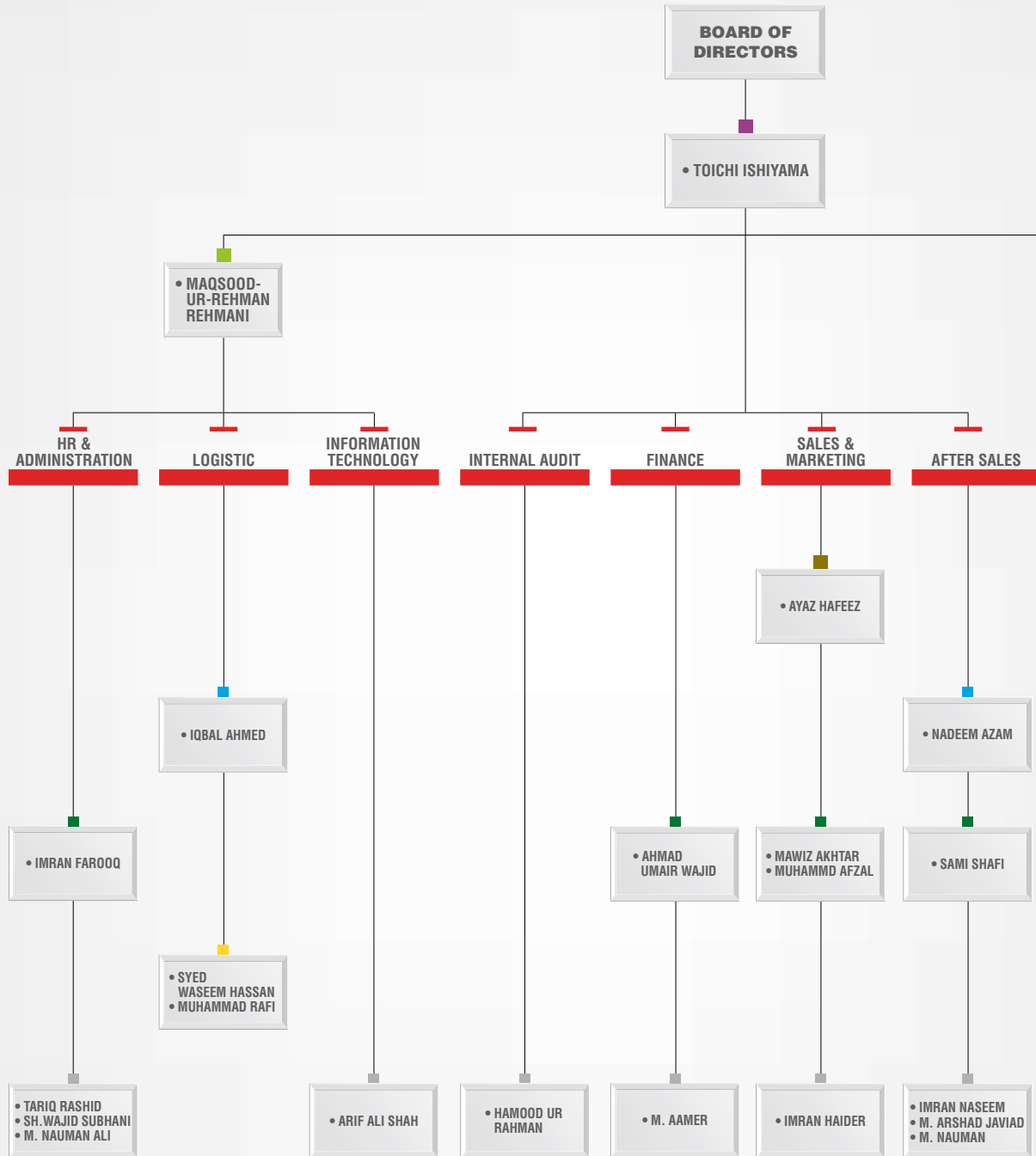
Mr. Iga has been associated with Honda Motor Co., Japan for more than 35 years. He started his career in Assembly Final Department of Honda Motor Co., Suzuka Plant, Japan. He has vast experience of Market Quality, Quality Assurance & Quality Control operations. He has also served for four years at Market Quality Division of WD Honda Automobiles China. He is CEQ of Honda Atlas Cars (Pakistan) Limited since 2012.



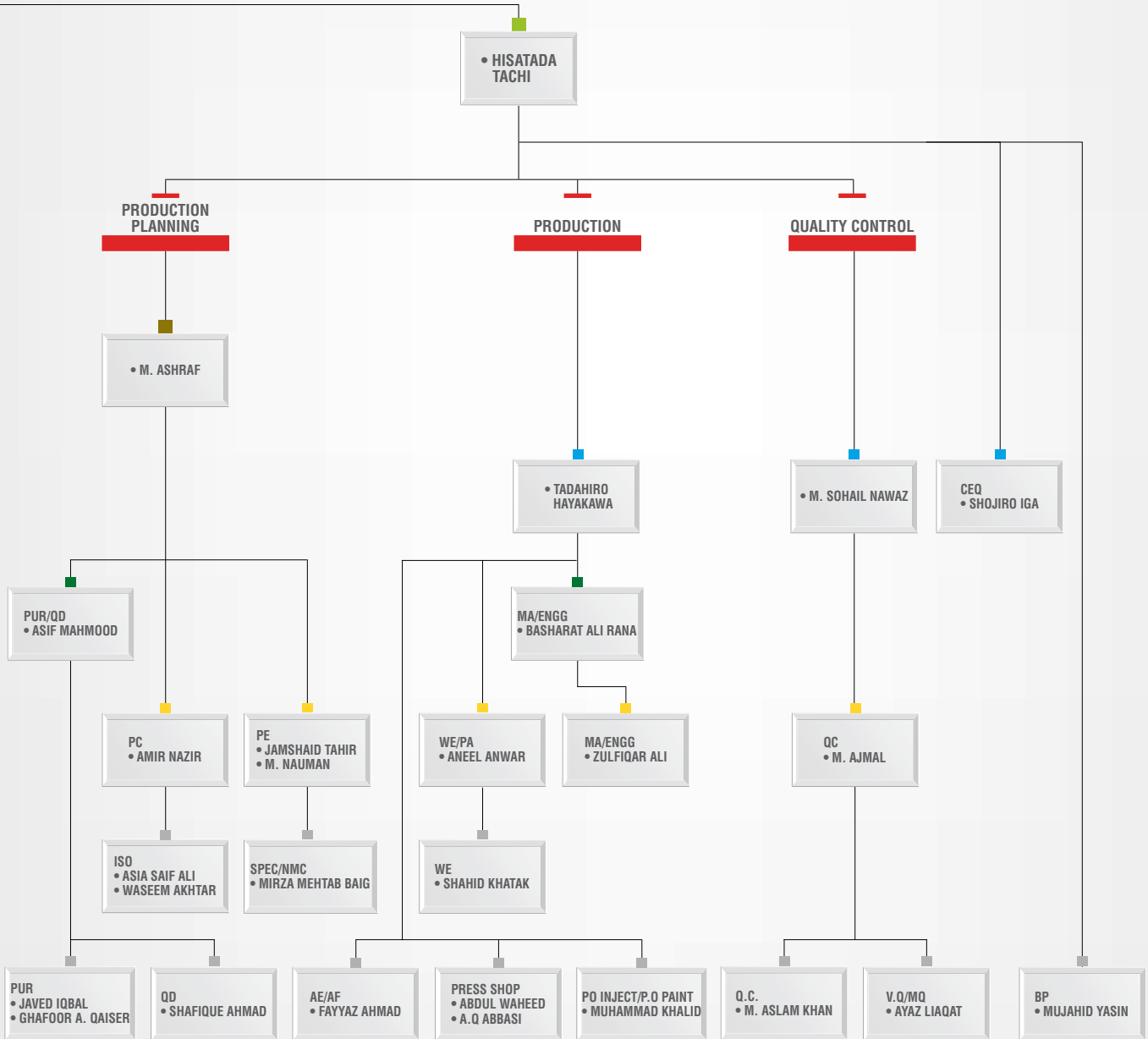
**MR. AHMAD UMAIR WAJID**  
Chief Financial Officer  
**Finance Division**

Mr. Umair is an Associate Member of the Institute of Chartered Accountant of Pakistan and having more than ten years post qualification experience. He has been involved in financial management, Budgeting, Strategic Business Planning, corporate compliance and risk management operations. He took over as Chief Financial Officer of the Company in 2013.

# Organization Chart

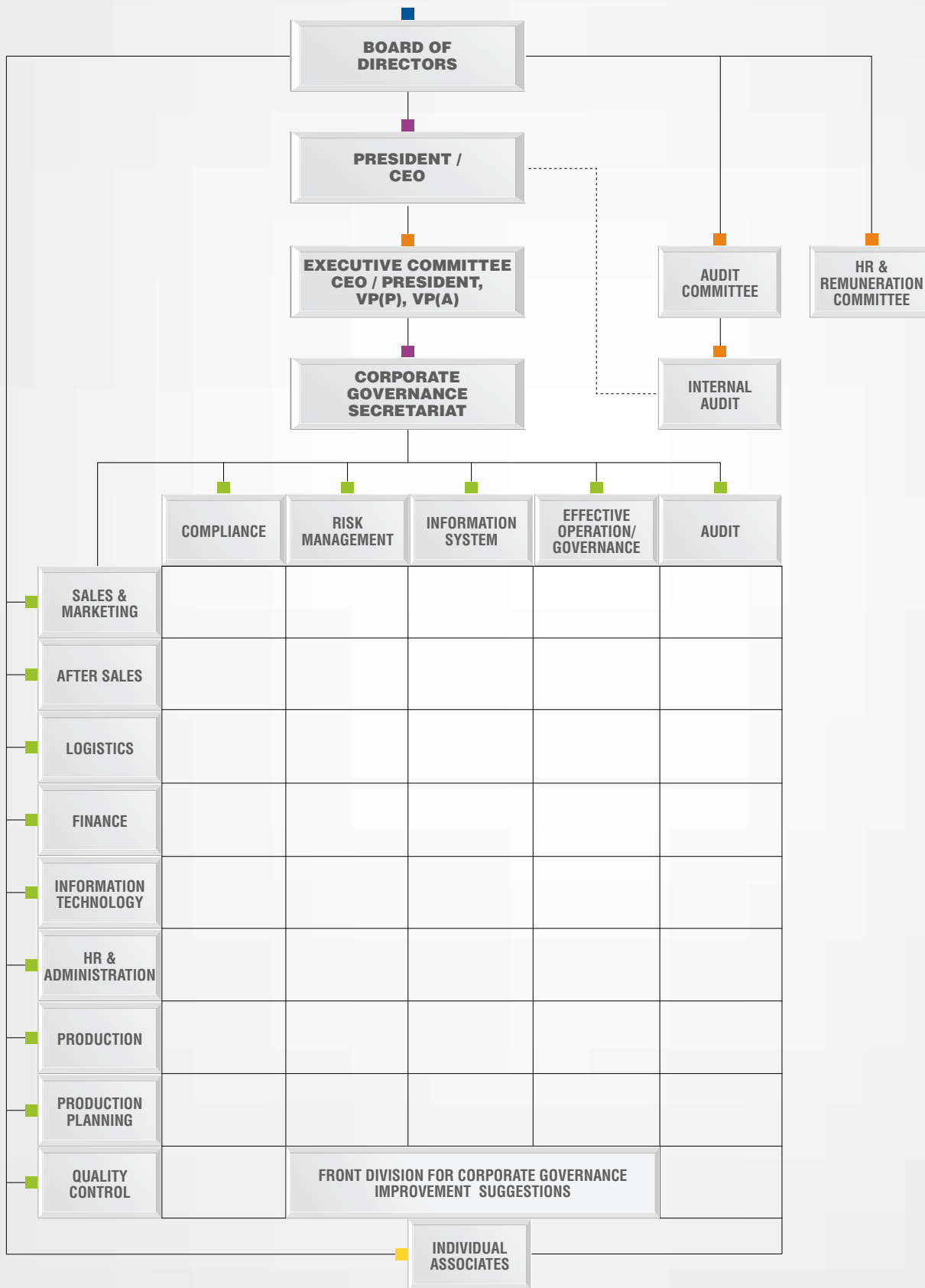


- PRESIDENT & CEO
- VICE PRESIDENT
- DIVISION/ DEPARTMENT
- SR. GENERAL MANAGER
- GENERAL MANAGER
- SR. MANAGER
- MANAGER
- DY. MANAGER



# Corporate Governance

(Organization Structure)



- CODE OF CONDUCT
- DIRECTOR LEVEL POLICY
- DIVISIONAL / FUNCTIONAL LEVEL POLICY
- INDIVIDUAL LEVEL CODE OF CONDUCT





Welding Shop

## Gross profit

(Rupees in million)

2015 **4,773**

2014 **2,857**

## Profit after tax

(Rupees in million)

2015 **3,162**

2014 **1,074**



Paint Shop

## Earning per share

(Rupees)

2015 **22.15**

2014 **7.52**



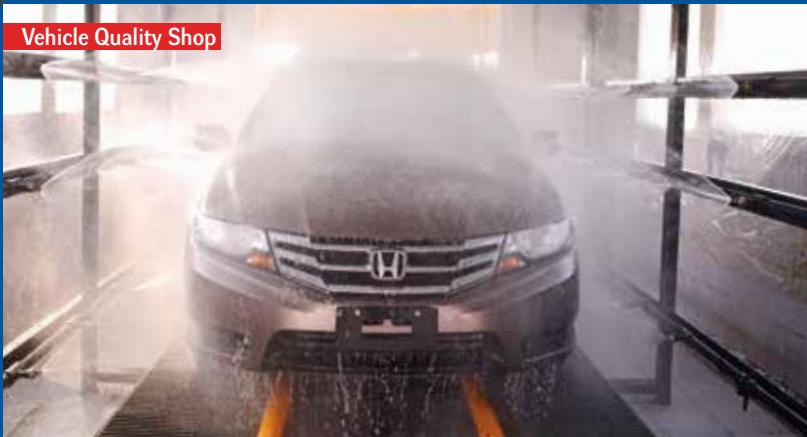
Engine Assembly

## Dividend

(Rupees in million)

2015 **714**

2014 **428**



Vehicle Quality Shop

## Shareholders' equity

(Rupees in million)

2015 **5,120**

2014 **2,391**



Assembly Final Shop

# Business Principles



## HONDA MOTOR CO., LIMITED JAPAN

### CORPORATE PHILOSOPHY

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

### MANAGEMENT POLICY

1. Proceed always with ambition and youthfulness.
2. Respect sound theory, develop fresh ideas and make the most effective use of time.
3. Enjoy your work and encourage open communications.
4. Strive constantly for a harmonious flow of work.
5. Be ever mindful of the value of research and endeavor.

## HONDA ATLAS CARS (PAKISTAN) LIMITED

### CORPORATE PHILOSOPHY

1. Dynamic manufacturing and marketing of prestigious products to the entire satisfaction of customers.
2. Create ideal working environment for continuous development of products and personnel.

3. Provide adequate return to shareholders and fulfill corporate civic obligations.

### MANAGEMENT POLICY

1. Respect for all – man has priority over machine.
2. Man is the key in controlling i.e. machines, methods and materials.
3. Follow 3S spirit i.e. small, smart and speed.
4. Believe in 3A “Hands on Approach” i.e. be on Actual Spot, look at the Actual Spot and confront the Actual Situation.
5. Be a good corporate citizen; assume a responsible role in community.

### PRIORITY STANDARDS OF CONDUCT

1. Safety: There can be no production without safety.
2. Quality: To achieve complete customers satisfaction by focusing on smart teamwork, meeting all applicable legal and regulatory requirements & continually improving our strategies and goals.

3. Productivity: With safety and quality each of us will strive to excel the performance in all fields of our activities i.e. Production Division, Sales & Marketing, After Sales Service, Finance, Import, Purchase & Logistics, IT and Human Resources & Administration Division.

### HUMAN RESOURCES AND SUCCESSION PLAN

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

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

### QUALITY POLICY

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

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

### ENVIRONMENT POLICY

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



Our environmental philosophy is firmly based on the following principles:

1. Recognize the impacts of our activities, products and services on environment;
2. Formulate objectives and targets for pollution prevention, environmental impacts mitigation and resource conservation as far as technically feasible;
3. Operate in compliance with applicable legal and other requirements with the commitment to preserve global environment;
4. Create awareness and understanding about environmental issues amongst our associates;
5. Commitment to continuous improvement of the environmental performance and review of the environmental management system to ensure its suitability, adequacy and effectiveness;
6. Keep public and other interested parties informed on our environmental

performance, if deemed necessary.

**SAFETY, HEALTH AND ENVIRONMENT**

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

1. To comply with all applicable Government and

internal health, safety and environmental requirements;

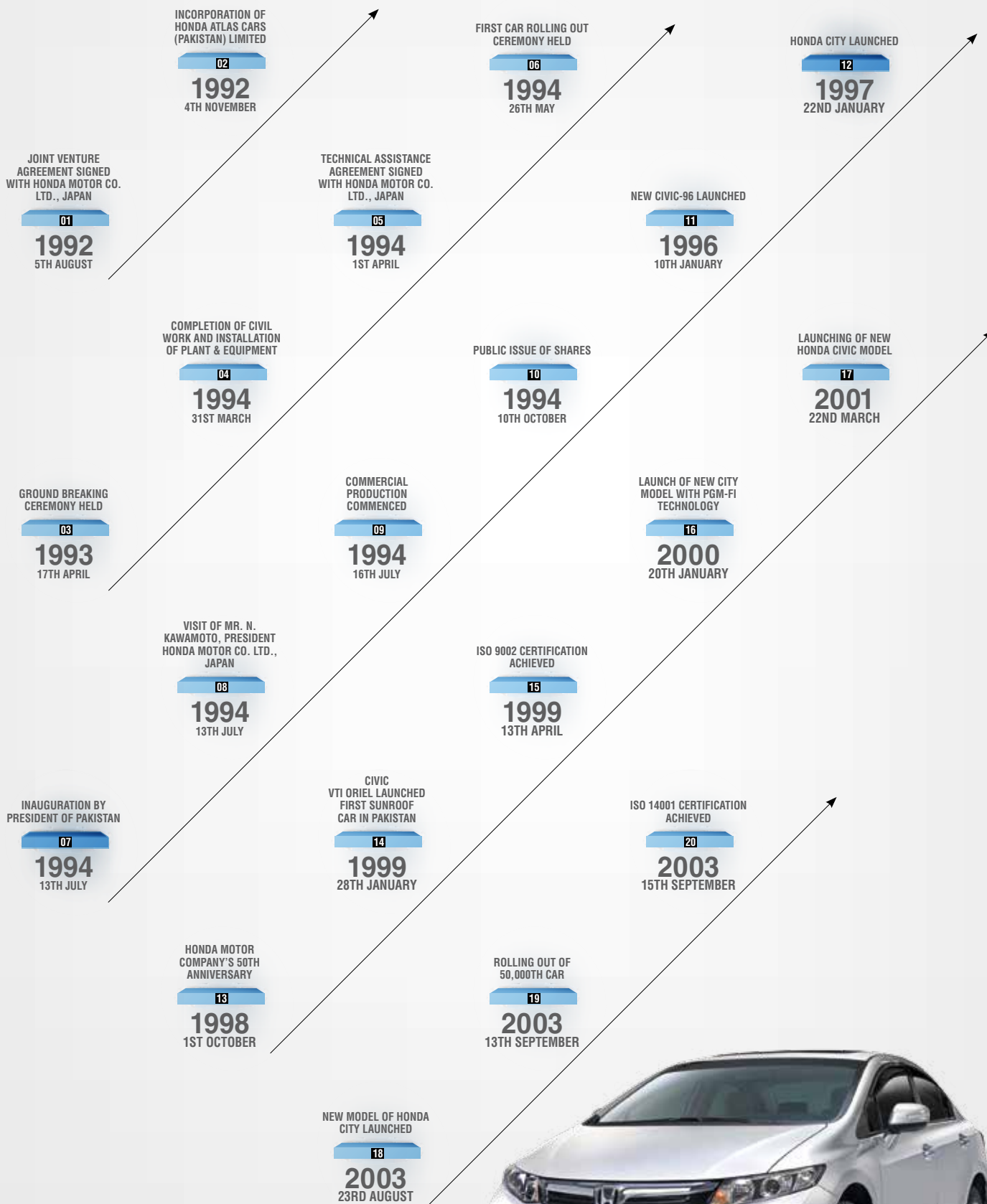
2. Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment;
3. To examine and communicate the known hazards of operations with relevant health safety and environmental protection information to potentially affected persons.

**OPERATING PRINCIPLES**

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



# Chronicle of Events



LAUNCHING OF CBU MODEL OF HONDA ACCORD

21

**2005**  
11TH AUGUST

VISIT OF MR. TAKEO FUKUI, PRESIDENT & CEO HONDA MOTOR CO. LTD., JAPAN

24

**2006**  
7TH JULY

LAUNCHING OF NEW MODEL OF HONDA ACCORD & CRV

28

**2008**  
20TH JULY

LAUNCHING OF NEW MODEL OF HONDA CITY

23

**2006**  
14TH JANUARY

ISSUE OF 100% RIGHT SHARES

27

**2007**  
27TH AUGUST

LAUNCH OF HONDA CITY ASPIRE 1.3

33

**2012**  
2ND JULY

ROLLING OUT OF 100,000TH CAR

22

**2005**  
21ST DECEMBER

CAPACITY ENHANCEMENT TO 50,000 UNITS PER ANNUM ACHIEVED

26

**2006**  
31ST DECEMBER

ROLLING OUT OF 100,000TH HONDA CITY

32

**2012**  
29TH APRIL

NEW MODEL OF HONDA CIVIC LAUNCHED IN 1800 CC

25

**2006**  
29TH JULY

LAUNCHING OF NEW MODEL OF HONDA CRV

31

**2012**  
1ST MARCH

LAUNCH OF NEW MODEL ACCORD

37

**2013**  
15TH JUNE

INAUGURATION OF FIRST 1-S SPARE PARTS DEALERSHIP

30

**2010**  
27TH NOVEMBER

LAUNCH OF HONDA CITY ASPIRE 1.5

36

**2013**  
17TH APRIL

LAUNCH OF 3RD GENERATION HONDA CITY

29

**2009**  
31ST JANUARY

LAUNCHING OF NEW HONDA CIVIC MODEL

35

**2012**  
18TH SEPTEMBER

LAUNCH OF EVOLVED HONDA CITY MODEL

40

**2014**  
16TH OCTOBER

ROLLING OUT OF 200,000TH CAR

34

**2012**  
12TH JULY

LAUNCH OF HYBRID MODEL - HONDA CRZ

39

**2013**  
19TH DECEMBER

CELEBRATION OF 20TH ANNIVERSARY OF THE COMPANY

38

**2013**  
10TH DECEMBER



# Pattern of Shareholding

as on March 31, 2015

Number of Shareholders	Shareholdings			Total Number of Share Held	Percentage of Total Capital
	From		To		
2026	1	-	100	99,212	0.07
1149	101	-	500	444,708	0.31
1143	501	-	1000	1,022,448	0.72
1113	1001	-	5000	2,608,395	1.83
197	5001	-	10000	1,493,916	1.05
66	10001	-	15000	833,810	0.58
35	15001	-	20000	636,863	0.45
13	20001	-	25000	310,300	0.22
14	25001	-	30000	392,390	0.27
12	30001	-	35000	403,814	0.28
16	35001	-	40000	603,366	0.42
2	40001	-	45000	86,500	0.06
12	45001	-	55000	605,100	0.42
5	55001	-	65000	299,700	0.21
6	65001	-	75000	427,600	0.30
5	75001	-	85000	401,200	0.28
7	85001	-	100000	664,500	0.47
2	105001	-	125000	230,900	0.16
3	140001	-	150000	440,260	0.31
4	150001	-	160000	621,300	0.44
4	160001	-	180000	699,920	0.49
2	180001	-	220000	396,200	0.28
2	220001	-	235000	455,000	0.32
2	240001	-	250000	495,000	0.35
2	265001	-	275000	541,500	0.38
1	325001	-	330000	327,000	0.23
1	360001	-	365000	364,705	0.26
1	375001	-	380000	380,000	0.27
1	530001	-	535000	533,000	0.37
1	640001	-	645000	640,500	0.45
1	755001	-	760000	757,000	0.53
1	845001	-	850000	850,000	0.60
1	1060001	-	1065000	1,061,954	0.74
1	1865001	-	1870000	1,866,500	1.31
1	2240001	-	2245000	2,242,900	1.57
1	2615001	-	2620000	2,617,989	1.83
1	10600001	-	10605000	10,601,650	7.42
1	32515001	-	32520000	32,517,000	22.77
1	72825001	-	72830000	72,825,900	51.00
5,856				142,800,000	100.00

## Categories of Shareholders

as on March 31, 2015

Sr. No.	Description	No. of Shareholder	Shares Held	% age of Paid up Capital
1	Individuals	5,740	12,625,740	8.84
2	Joint Stock Companies	46	1,780,103	1.25
3	Financial Institutions	8	3,478,040	2.44
4	Foreign Company	1	72,828,000	51.00
5	Insurance Companies	4	868,400	0.61
6	Modarabas	2	78,000	0.05
7	Mutual Funds	26	6,838,465	4.79
8	Investment Companies	5	43,195,320	30.25
9	Pension Funds	12	677,702	0.47
10	Others	12	430,230	0.30
		5,856	142,800,000	100.00

# Shareholding Information

as on March 31, 2015

Categories	No. of Shareholders	Shares Held
<b>Associated Companies</b>		
M/s Honda Motor Co. Ltd. Japan +	1	72,828,000
M/s Shirazi Capital (Pvt.) Limited +	1	32,517,000
M/s Shirazi Investments (Pvt.) Limited +	1	10,602,650
M/s Atlas Insurance Limited	1	850,000
<b>Mutual Funds</b>		
M/s First Capital Mutual Fund	1	170
CDC - Trustee Meezan Balanced Fund	1	221,500
CDC - Trustee Alfalah Ghp Value Fund	1	32,500
MC FSL - Trustee JS KSE-30 Index Fund	1	1,206
CDC - Trustee Al Meezan Mutual Fund	1	267,500
CDC - Trustee Meezan Islamic Fund	1	2,242,900
CDC - Trustee Nafa Stock Fund	1	151,500
CDC - Trustee Nafa Multi Asset Fund	1	60,500
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity	1	215,700
CDC - Trustee Alfalah GHP Islamic Fund	1	44,000
CDC - Trustee Nafa Islamic Asset Allocation Fund	1	55,000
CDC - Trustee Kasb Asset Allocation Fund	1	23,000
CDC - Trustee IGI Stock Fund	1	274,000
CDC - Trustee Alfalah GHP Alpha Fund	1	179,000
CDC - Trustee First Habib Stock Fund	1	17,000
CDC - Trustee Crosby Dragon Fund	1	13,500
CDC - Trustee Nafa Asset Allocation Fund	1	11,500
CDC - Trustee First Capital Mutual Fund	1	5,100
CDC - Trustee Nafa Islamic Principal Protected Fund-I	1	33,500
CDC - Trustee PIML Islamic Equity Fund	1	28,000
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund - Equity	1	77,200
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	38,800
CDC - Trustee National Investment (Unit) Trust	1	2,617,989
CDC - Trustee Nafa Islamic Principal Protected Fund-II	1	88,500
CDC - Trustee Nafa Islamic Stock Fund	1	120,900
CDC - Trustee PIML Value Equity Fund	1	18,000
<b>Directors, CEO, their Spouses and Minor Children</b>		
Mr. Yusuf H. Shirazi	1	#
Mr. Takeharu Aoki	1	*
Mr. Aamir H. Shirazi	1	#
Mr. Muhammad Naeem Khan	1	500
Mr. Hisatada Tachi	1	*
Mr. Kazuhisa Hirota	1	*
Mr. Tatsuo Sato	1	*
<b>Executives</b>	11	24,075
<b>Public Sector Companies &amp; Corporations</b>	46	1,780,103
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds</b>	28	4,327,812
<b>Shareholders Holding 5% or More Voting Rights +</b>		
<b>Others</b>	5,734	13,031,395
<b>Total</b>	<b>5,856</b>	<b>142,800,000</b>

**Note:**

- + The above mentioned associated companies have 5% or more voting rights.
- # Mr. Yusuf H. Shirazi and Mr. Aamir H. Shirazi hold 500 qualification shares. The ultimate ownership remains with M/s. Shirazi Investments (Pvt) Limited.
- \* The shareholding of Honda Motor Co. Limited, Japan includes 4 directors holding 525 shares each (Total 2100) in the name of Mr. Takeharu Aoki, Mr. Hisatada Tachi, Mr. Kazuhisa Hirota and Mr. Tatsuo Sato in the capacity of its nominee directors. The ultimate ownership remains with Honda Motor Co., Limited, Japan.

# Chairman's Review





# It is my pleasure to present you the Annual Report for the year ended March 31, 2015.

## ECONOMY

The macroeconomic indicators are showing positive signs of stable growth. Inflation was recorded at a decade low level of 5.12%. In line with the low inflation, the central bank reduced discount rate by 200 bps to 8%. This shift to expansionary monetary policy is also due to the satisfactory position on the external front. Strong growth in remittances and receipts from multilateral sources helped foreign exchange reserves to surpass USD 16 billion. It provided stability to Pak Rupee, which further strengthened against the US dollar. However, it contributed to a slowdown in exports, which reduced by 3.3% mainly on account of weak global demand. On the other hand, decline in international commodity prices, including oil, reduced the import bill. Resultantly, the current account deficit improved to 0.7% of GDP, as compared to 1.5% during the same period of preceding year. The equity

markets have similarly shown a bullish sentiment throughout the period under review.

On the fiscal front, deficit was contained to 1.2% during the first half of the financial year 2015, against 2.2% in the same period of preceding year. This is due to improved tax collection, restricted energy subsidies and controlled development expenditure. Progress on the external front, supported by an improved balance of payment position, prompted Moody's Investors Service to raise Pakistan's credit rating outlook to 'Positive' from 'Stable'.

## AGRICULTURE

The agricultural harvest largely improved in 2014-15. Bumper yields of major Kharif crops were recorded despite heavy rains and floods in Punjab and Upper Sindh. However, the unfavorable trend in the global commodity prices translated into the suppressed

end prices for the local farmers. These factors led to constrained agricultural liquidity. However, the increase in support prices of wheat, higher agri credit disbursements and favorable weather conditions for Rabi crops are expected to contribute positively towards the overall agriculture GDP.

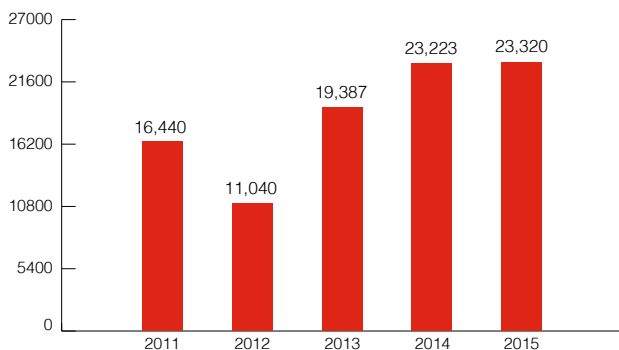
## LARGE SCALE MANUFACTURING (LSM)

The LSM index recorded nominal growth of 2.0% during the year. Major contribution came from Iron, electronics, chemicals and leather sectors. Continued power outages, lower commodity prices and weak external demand of textile products contained manufacturing output. However, lower input costs of materials, easier credit conditions and borrowing costs will improve industrial performance.

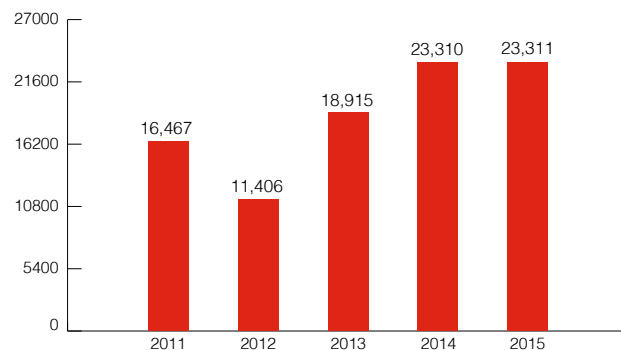
## AUTOMOBILE INDUSTRY

The auto industry remained under pressure during first half

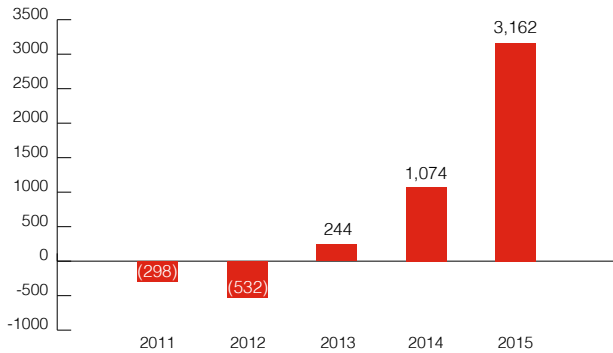
**PRODUCTION**  
(units)



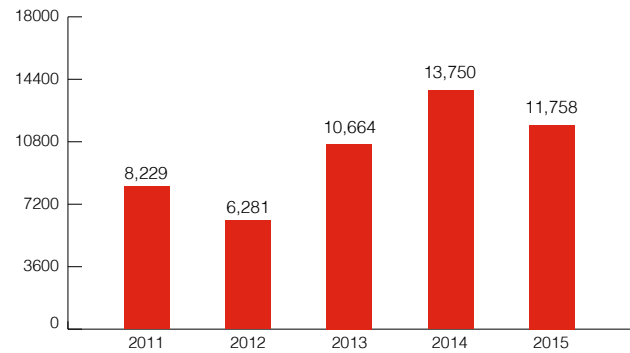
**SALE**  
(units)



**PROFIT AFTER TAX**  
(Rupees in million)



**CONTRIBUTION TO NATIONAL EXCHEQUER**  
(Rupees in million)



of the fiscal year mainly due to imposition of withholding tax at purchase stage in budget last year. Industry production declined by 4.85% during first six months period ended September 2014. However, the market turned around after having absorbed the effects of the tax measure and showed significant improvement in over the next six months. Thus during the fiscal year April 1, 2014 to March 31, 2015, total industry production was 136,191 units against 121,200 units in the corresponding last year, up 14%. Sales also grew during this period and a total of 136,949 units were sold during twelve months period ended March 2015 against 120,043 units in the same period of last year, up 14.1%.

**THE COMPANY**

On the marketing front your Company carried out a number of promotional and branding activities wherein it sponsored six prestigious golf tournaments organized in Lahore, Karachi, Islamabad & Swat and a President of Pakistan Polo Tournament in Rawalpindi. The Company also sponsored a couple of quiz shows on electronic media. These activities helped to improve the Honda brand image and it's direct interaction with customers, besides maintaining sales momentum for the year.

During last year, a survey was conducted by the most popular automobile website in Pakistan. The

customers reposed their confidence in Honda by declaring Honda as unique as well as high quality brand, Honda Civic was awarded 'Car of the Year' and Honda City was selected as 'Most fuel efficient Car' in Pakistan.

The Company produced 23,320 units during the fiscal year ended March 31, 2015 against 23,223 units in the same period of last year. The sales however, remained stagnant at 23,311 units against 23,310 units sold last year.

During the year, the Company enhanced production efficiency and increased its daily production capacity to 100 units on single shift basis. Whilst load shedding

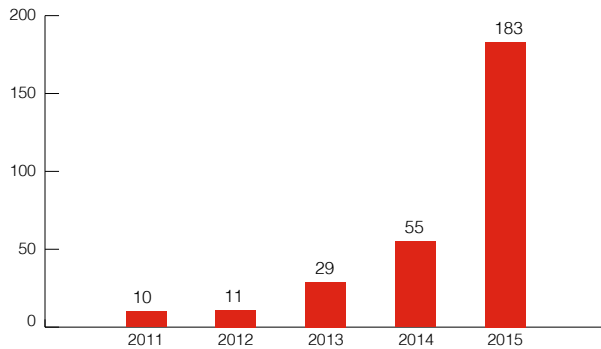
**PAKISTAN HAS SPOKEN**

Most Fuel Efficient Car (Honda City)

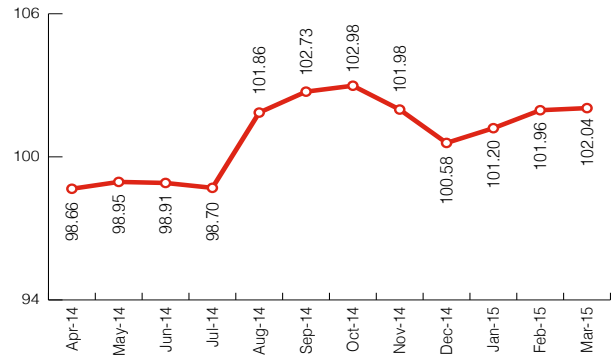
Car of the Year (Honda Civic)

In terms of features, compatibility, uniqueness & high quality Honda is placed on top also

**SHARE PRICE**  
(Rupees)



**PKR TO USD MOVEMENT**  
(Rupees)



Launch of Evolved Models of Honda City

in the country continues to be a potential threat to production, the Company has arranged two stand-by generators of 2250 KVA to meet any contingency in case of power failure or shortage.

**MODEL UPGRADE**

Living up to its traditions, on October 16, 2014, the Company introduced evolved models of Honda City and Honda City Aspire. The new City models, apart from their improved look, bring many new features for greater customer pleasure, comfort and satisfaction. Despite vulnerability to various economic pressures, models were launched with **‘no price increase’**, substantiating our claim of **“So much more for nothing more”**.

Customer response has been very encouraging and helped to achieve the sales targets for the year.

**FINANCIALS**

This year has been remarkable for the Company in all respect. A couple of years before, when the Company had been suffering continuous losses, a resolute commitment was made by the management and all associates to take our Company out of financial losses and bring it back on the profitable track. Thus, in the preceding year, the Company touched one billion rupees profitability for the first time ever. During the year under review, the Company surpassed last year’s profitability by three times and

made a new record to set a future challenge!

Net sales for the year ended March 31, 2015 were recorded at Rs 37,764 million against Rs 39,153 million for the year to March 31, 2014. Cost of goods sold declined by 9.1% to Rs 32,991 million from Rs 36,296 million, last year. The decline in production cost was attributed mainly due to favorable exchange rate parity and cost down efforts materialized during the year. Resultantly, gross profit for the year increased to Rs 4,773 million against Rs 2,857 million last year, up by 67.0%! with GP margin improving from 7.3% in last year to 12.6% during the year under review. This gross profit is the highest ever earned by the Company since commencement of business in 1994.

Administrative and selling expenses increased to Rs 754.2 million against Rs 627.58 million, last year. The increase was mainly due to advertisement and promotional activities. The Company had initiated number of corporate activities and sponsored prestigious tournaments and exhibitions to maintain sales momentum. A TV commercial was also developed and run on number of TV channels



Extra Ordinary General Meeting of Shareholders at Falettis Hotel, Lahore.

during prime times to further enhance brand image.

Other income was Rs 218.9 million against Rs 270.5 million last year. Financial charges reduced from Rs 38.1 million to Rs 18.7 million. Other charges increased to Rs 451.9 million against Rs 364.9 million mainly due to increase in statutory provisions for Workers Profit Participation Fund (WPPF) and Workers Welfare Fund (WWF).

Thus, during fiscal year ended March 31, 2015, the Company earned profit before tax of Rs 3,767.0 million against Rs 2,097.2 million, up by 79.6%. After statutory tax provisions and adjustment of turnover tax paid during preceding years, the Company earned profit after tax of Rs 3,162.4 million against Rs 1,073.7 million of last

year, highest ever in last 22 years! The earning per share improved to Rs 22.15 against Rs 7.52

**DEALERS CONFERENCE**

In September last year, annual dealer's conference was held to review overall market situation and to review performance against set targets. Our dealers have been our core business partners and the Company values their remarkable contribution towards it's consistent growth. Every year, sales targets are set for each dealer with a rigorous follow up to ensure that the set targets are met. The dealers and their sales staff are encouraged and motivated to achieve these targets and awards were distributed to those showing outstanding performance and contribution at this conference.



Donation of Rs 2 Mln for flood victims

**CSR ACTIVITIES**

**“Bring joy to everyone. Be useful to everyone.”** It is with these strong ambitions that the Company was founded in 1992. The Honda Philosophy is made up of our fundamental beliefs, the Company principle and management policies. Using this philosophy as a base, we have been engaged in CSR activities centered on our key issues.

The Company have been involved in corporate social activities to fulfill its dream of **‘being a**



Dealers Meeting



Participants of Two days Trainings Session



Free Medical Camp

**Company that society wants to exist’.** During the year under review, Company arranged three one-day free medical camps in the vicinity of its operations. In these medical camps, the patients were provided with free medical advice, medicines and guidance to improve their health.

In September last year, heavy monsoon rains resulted in flash flood in the provinces of Punjab and KPK, which left a devastating impact on agriculture and people living in flood effected areas. Your Company contributed an amount of Rs 2.0 million towards the flood relief activities camp arranged by Pakistan Army.

Honda has always pursued initiatives aimed at not only cars users but also all users of

the road, including pedestrian & two/tri wheelers. In line with increasing motorization and changing environment in which we operate, we aim to increase safety awareness among younger generation to make our roads safer. The Company arranged two seminars on **“Drive Safe, Stay Safe”** during the year under review in the Universities of Lahore and Islamabad to create road safety awareness.

**CHANGES ON THE BOARD**

During the year, Mr. Takeharu Aoki, President & CEO of the Company, returned back to Japan to assume his new responsibilities after serving your Company for four years. Mr. Aoki’s tenure has been challenging as when he joined, the Company had been suffering losses and was struggling to regain its

past glory. The situation demanded strong and gutsy leadership ability and confidence to make the right things happen. The result of the last couple of years are evidence of the strong resolve of Mr. Aoki and the Company earned record profit in his last two years. I would like to thank him for his contribution to the Company and welcome Mr. Toichi Ishiyama as new President & CEO and wish him and his team an even brighter future.

Mr. Tatsuo Sato also retired after serving on the Board for two years. Mr. Hironobu Yoshimura has joined as his successor. On behalf of the Board I welcome Mr. Yoshimura and thank Mr. Sato for his support & contributions in the success of the Company.



Sports Gala: Participants of Inter Department Cricket Competition

Sardar Abid Ali Khan, Vice President & Company Secretary retired in November last year after serving the Company for more than 13 years. Mr. Abid served as GM Logistics for three years and then as Vice President Admin & Company Secretary for more than 10 years. Mr. Maqsood ur Rehman has assumed the position as his successor. I thank Mr. Abid for his contribution for the Company and welcome Mr. Rahmani as new Vice President & Company Secretary.

#### FUTURE OUTLOOK

The economy is gradually moving towards sustainable growth phase owing to improved foreign exchange reserves, rising workers' remittances and controlled fiscal deficit. Going forward, the country's growth potential depends on the ability to capitalize on this recent stability. While, risk to revenue collection exists amid falling oil prices, it also presents an opportunity for the government to reduce energy subsidies and contain budgetary deficit. However, successful fiscal consolidation requires continued commitment to long-term reforms, elimination

of subsidies and additional taxation measures to improve the tax to GDP ratio. The advent of LNG imports seems to be a step forward to resolve the prevailing energy constraints. Such measures, coupled with steady commodity prices and lower interest rates would also benefit the industrial index. Declining international commodity prices will continue to put pressure on the selling prices of agricultural commodities leaving an adverse effect on liquidity. Supportive government counter-measures are therefore imperative.

The automobile industry grew in last six months and a stable growth is projected in the coming year. The Government's auto policy is much awaited expected for the attraction of future investment and continued growth of automobile sector. However, ongoing energy crises will continue to undermine economic potential.

Your Company has always remained at the forefront of technological innovation. We are determined to become more efficient through cost control, maintaining quality of our

product & services and focusing on sales growth. Emphasis will be laid on continuous improvement in human resource capabilities and value addition for all stakeholders.

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

*(Determination leads to what one would like to achieve)*

#### ACKNOWLEDGEMENTS

I would like to thank our customers, dealers, vendors, financial institutions and shareholders for their trust in the Company. I thank Honda Motor Company & Atlas Group for their continued assistance. I also thank and appreciate Mr. Toichi Ishiyama, President and CEO for this memorable year & wish him to lead the Company to the new heights of success in future.

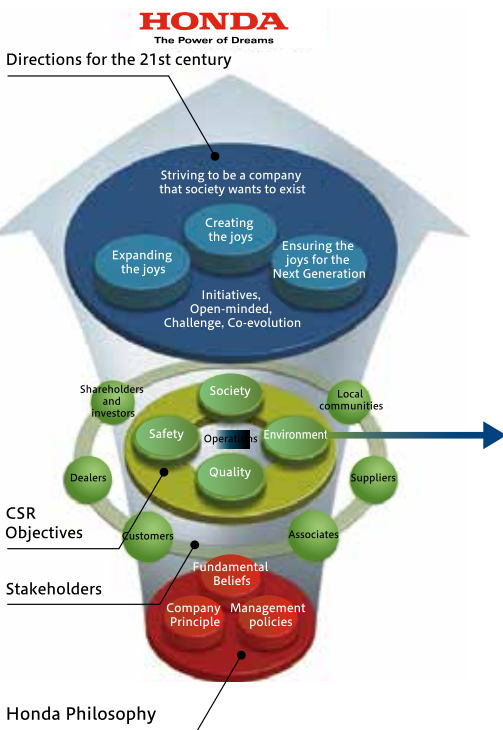


**YUSUF H. SHIRAZI**  
Chairman

Karachi: May 14, 2015



# Honda's approach to environmental initiatives



## Honda's approach to CSR

Propelled by the Honda Philosophy, we set our course on being a company that society wants to exist by sharing joys with people.

(1) Based on our basic goal of reducing environmental impacts at every stage in the life cycle of our products, we (2) strive to realize the joy and freedom of mobility and a sustainable society where people can enjoy life. We (3) recognize climate change issue and energy issue as the greatest challenge to our business, resource issue as a major challenge, and biodiversity as a serious concern. We established (4) a future vision to achieve zero CO<sub>2</sub> emissions, zero energy risk (through our energy management technologies), zero waste to tackle these challenges, and announced and are now implementing concrete measures to do this (5) for our products and (6) in our business activities.



# Directors' Report





The directors feel pleasure to present you the Annual Audited Financial Statements for the year ended March 31, 2015, together with the Auditors' Report thereon.

Financial results for the year are as follows:

Rupees in thousand	Year ended March 31, 2015	Year ended March 31, 2014
Profit before tax for the year	3,767,037	2,097,246
Taxation	(604,660)	(1,023,576)
Profit after tax	3,162,377	1,073,670
Other comprehensive loss for the year	(5,445)	(4,284)
Accumulated profit / (loss) brought forward	8,820	(182,166)
Accumulated profit	3,165,752	887,220
<b>Appropriations:*</b>		
Transfer to general reserves	(2,430,000)	(450,000)
Proposed dividend 50% (2014: 30%)	(714,000)	(428,400)
	(3,144,000)	(878,400)
Accumulated profit carried forward	21,752	8,820
Earning per share – basic and diluted (Rupees)	22.15	7.52

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

The Company continued to do well for the year ended March 31, 2015 with remarkable financial results. The continuous hard-work, dedication and efforts made by all associates started paying dividends and the Company earned record gross profit, profit before tax and profit after tax during the year under review. The profit after tax of Rs 3,162 million has been highest in the operational history of the Company.

The automobile market remained positive and registered 14.1%

growth during April 2014 to March 2015. The Company maintained consistent sales and 23,311 units were sold during 2014-15. Earnings per share improved to Rs 22.15 and return on equity after tax was 84.2%. The liquidity also improved significantly and current ratio closed at 1.21 as on March 31, 2015 against 0.89 of last year.

The share price gradually increased and touched Rs 270 per share in November 2014. However, by the end of March 31, 2015, the share price closed at Rs 183.4 per share.



#### CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements for the year ended March 31, 2015 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;

- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended March 31, 2015 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- The systems of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations as on March 31, 2015;
- The book values of investments held by Employees Provident Fund and Employees Gratuity Fund as on March 31, 2015 were Rs. 285 million and Rs. 176 million respectively.
- The key operating and financial data for last ten years is given in this report.

**BOARD MEETINGS**

During the year under review, four meetings of the Board of Directors were held from April 01, 2014 to March 31, 2015. The attendance of the Board members was as follows:

Sr. No.	Name of Director	No of Meetings Attended
1.	Mr. Yusuf H. Shirazi	3
2.	Mr. Takeharu Aoki	4
3.	Mr. Hisatada Tachi	4
4.	Mr. Aamir H. Shirazi	4
5.	Mr. M. Naeem Khan	4
6.	Mr. Kazuhisa Hirota	-
7.	Mr. Tatsuo Sato	-
	Sardar Abid Ali Khan (Company Secretary)*	3
	Mr. Maqsood ur Rahman (Company Secretary)*	1
	Mr. Ahmed Umair Wajid (CFO)	4

\* Sardar Abid Ali Khan retired on November 18, 2014 and Mr. Maqsood ur Rehman succeeded him as new Company Secretary.

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

During the year, one nominee director of Honda Motor Company Limited, Japan was replaced. Mr. Kazuhisa Hirota succeeded Mr. Shigeki Takane on the Board on April 1, 2014. To fulfill the requirement of qualification shares, 525 nominee shares were transferred in the name of new director during the year.

There was no other reported transaction of sale or purchase of shares of the Company by Directors, Company Secretary, Chief Financial Officer and their spouses or minor children during the period under review.

The Board approved the remuneration of Chairman (Non-executive) and Company Secretary at Rs. 26.5 million and Rs. 14.0 million (2014-15: Rs 22.99 million and Rs 11.92 million) respectively, which includes allowances and other benefits as per terms of their

employment, for the year ending March 31, 2016.

President/CEO will be paid an amount of Rs. 9.0 million (2014-15: Rs 18.9 million [Revised]) and one full-time director will be paid an amount of Rs. 17.0 million (2014-15: Rs 7.11 million [Revised] for one director), which includes allowances and other benefits as per terms of their employment, for the year ending March 31, 2016.

**AUDIT COMMITTEE**

Audit Committee comprises of five members, including three non-executive directors. The Chairman of the Committee is Non-Executive Director.

During the year, Audit Committee held eight meetings, each before the Board of Directors meeting to review the financial statements, internal audit reports and compliance with the best practices of the Corporate Governance requirements. These meetings included meeting with external auditors before and after

completion of audit for the year March-2015 and other statutory meeting as required by the Code of Corporate Governance.

**HUMAN RESOURCE & REMUNERATION COMMITTEE**

Following the amendments in the Code 2012, the Board formed Human Resource and Remuneration Committee which consist of five members. As required, the Chairman of the HR&R Committee is a Non-Executive director. Last year, the Committee held two meetings to discuss and approve the matters falling under the terms of reference of the Committee.

**HONDA CODE OF CORPORATE GOVERNANCE**

The Company continued to comply with the requirements of the Honda Code of Corporate Governance, based on the fundamental corporate philosophy of Honda.

**CHAIRMAN'S REVIEW**

The accompanied Chairman's review deals with the performance of the Company during the year and future outlook. The directors of the Company endorse the contents of the review.

**HOLDING COMPANY**

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

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

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

**PATTERN OF SHAREHOLDING**

The pattern of shareholding as on March 31, 2015 and its disclosure,

as required by the Code of Corporate Governance is annexed with this report.

**AUDITORS**

As recommended by the Audit Committee, the present auditors Messer's A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending March 31, 2016.

For and on behalf of  
The Board of Directors



**TOICHI ISHIYAMA**  
President/CEO

Karachi, May 14, 2015



Sitting (L to R): Mr. Aamir H. Shirazi, Mr. Yusuf H. Shirazi, Mr. Toichi Ishiyama  
Standing (L to R): Mr. Ahmad Umair Wajid (CFO), Mr. Muhammad Naeem Khan, Mr. Nadeem Arshad Elahi, Mr. Hisatada Tachi, Mr. Maqsood-ur-Rehman Rehmani (Company Secretary)



# Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi, Lahore & Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy occurred on the Board of Directors from April 01, 2014 to March 31, 2015

and was filled up by the Directors within 14 days thereof.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. So far all three local directors are qualified regarding directors training program. However, due to the recent movement of foreign directors, we are trying to arrange this training for newly appointed director in spite of language difficulty for experienced Japanese directors.
10. Company provided information to foreign resident directors of their duties and responsibilities. Other directors of the Company, being directors of other local companies have adequate exposure of corporate matters and are already aware of their duties and responsibilities.



11. During the year, there was change of Company Secretary which was duly filled in within stipulated time period. There was no change in the position of Chief Financial Officer (CFO) & Head of Internal Audit during the year.
12. The directors' report for the year ended March 31, 2015 has been prepared in compliance with the requirements of the Code of Corporate Governance applicable as on March 31, 2015 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
16. The Board has formed an Audit Committee. It comprises of five members including one independent director and four non-executive directors including Chairman.
17. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company as required by the Code. The Board has already approved the terms of references of the committee on April 15, 2003 for compliance.
18. The Board has formed a HR and Remuneration Committee. It comprises of five members, of whom three are non-executive directors and the chairman of the Committee is a Non-Executive director.
19. The board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on full time basis.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim / final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
24. We confirm that all other material principles enshrined in the Code of Corporate Governance 2012 have been complied with.

**TOICHI ISHIYAMA**  
President/CEO

Lahore, May 7, 2015

# Auditors' Review Report to the Members

## on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of Honda Atlas Cars (Pakistan) Limited (the 'Company') for the year ended March 31, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non – compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism.

We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended March 31, 2015.

Further, we highlight the instance of non – compliance with the requirement of the Code as reflected in the paragraph 9 of the Statement of Compliance which states that the training of a recently appointed foreign director has not been conducted. The Company is in process of arranging this training.

**A. F. FERGUSON & CO.**  
Chartered Accountants

Lahore : May 14, 2015

Engagement Partner: Muhammad Masood

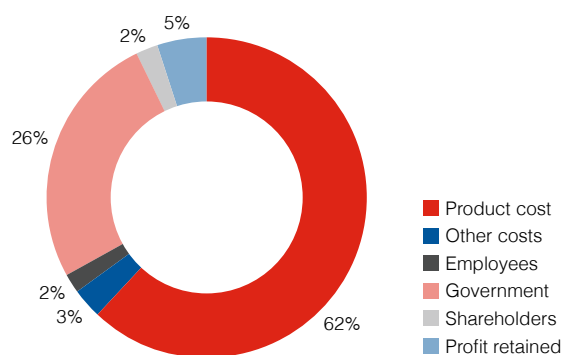


# Revenue Application

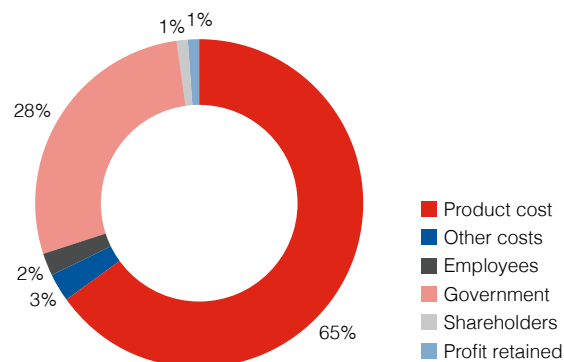
Rupees in thousand	2015	2014
<b>REVENUE</b>		
Gross sales	44,987,241	46,459,546
Other income	218,979	270,548
<b>Total</b>	<b>45,206,220</b>	<b>46,730,094</b>
<b>APPLICATION</b>		
<b>Product Cost</b>		
Cost of sales (excluding employees' remuneration and government levies)	27,812,026	30,371,695
<b>Other costs</b>		
Operating expenses (excluding employees' remuneration)	621,082	571,819
Dealers' commission	747,409	666,174
Financial charges	18,666	38,075
	<b>1,387,157</b>	<b>1,276,068</b>
<b>Employees</b>		
Employees' remuneration	916,980	794,076
WPPF	202,230	112,589
	<b>1,119,210</b>	<b>906,665</b>
<b>Government</b>		
WWF	75,341	41,945
Sales tax	6,475,673	6,640,118
Custom duties	4,575,221	5,400,641
Income tax	604,660	1,023,576
	<b>11,730,895</b>	<b>13,106,280</b>
<b>Shareholders</b>		
Dividend	714,000	428,400
<b>Retained in Business</b>		
Profit retained	2,442,932	640,986
<b>Total</b>	<b>45,206,220</b>	<b>46,730,094</b>

Percentage	2015	2014
<b>APPLICATION (%)</b>		
Product cost	62%	65%
Other costs	3%	3%
Employees	2%	2%
Government	26%	28%
Shareholders	2%	1%
Profit retained	5%	1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**MARCH 31, 2015**  
(Percentage)



**MARCH 31, 2014**  
(Percentage)

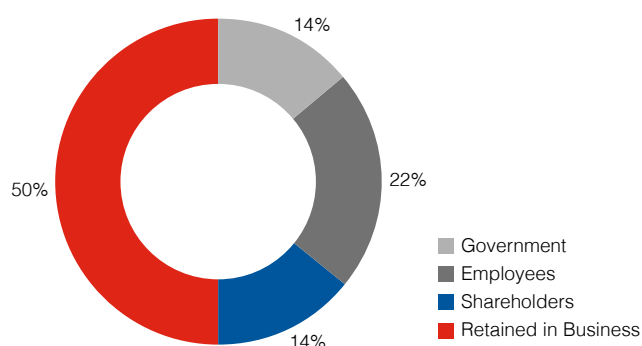




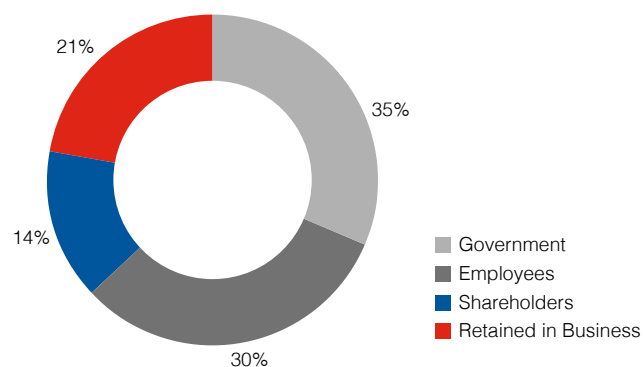
# Value Added and its Distribution

Rupees in thousand	2015	2014
<b>VALUE ADDED</b>		
Net sales	37,764,159	39,153,254
Other income	218,979	270,548
Cost of sales (excluding employees' remuneration)	(32,387,247)	(35,772,336)
Operating expenses (excluding employees' remuneration)	(621,082)	(571,819)
Finance cost	(18,666)	(38,075)
<b>Total</b>	<b>4,956,143</b>	<b>3,041,572</b>
<b>DISTRIBUTION</b>		
<b>To Government</b>		
WWF	75,341	41,945
Income tax	604,660	1,023,576
	680,001	1,065,521
<b>To Employees</b>		
Employees' remuneration	916,980	794,076
WPPF	202,230	112,589
	1,119,210	906,665
<b>To Shareholders</b>		
Dividend	714,000	428,400
<b>Retained In Business</b>		
Profit retained	2,442,932	640,986
<b>Total</b>	<b>4,956,143</b>	<b>3,041,572</b>
<b>Distribution</b>	<b>%</b>	<b>%</b>
Government	14%	35%
Employees	22%	30%
Shareholders	14%	14%
Retained in business	50%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**MARCH 31, 2015**  
(Percentage)



**MARCH 31, 2014**  
(Percentage)



# Financial Highlights

		2015	2014	2013	2012
<b>PROFIT AND LOSS ACCOUNT</b>					
Sales		37,764	39,153	30,275	16,600
Gross profit / (loss)		4,773	2,857	1,447	(44)
Operating profit / (loss)		3,786	2,135	716	(347)
Profit / (loss) before tax		3,767	2,097	525	(499)
Profit / (loss) after tax		3,162	1,074	244	(532)
Proposed dividend		714	428	43	-
<b>BALANCE SHEET</b>					
Share capital		1,428	1,428	1,428	1,428
Shareholders' equity		5,120	2,391	1,365	1,128
Capital expenditure		662	239	466	397
Fixed assets - at cost		8,531	8,150	7,957	8,202
Fixed assets - net		2,933	3,041	3,503	3,668
Non current liabilities		64	56	43	110
Total assets		13,926	12,317	15,146	9,489
Working capital		1,806	(1,043)	(3,180)	(3,622)
Capital employed		5,120	2,391	1,365	1,294
<b>SIGNIFICANT RATIOS</b>					
<b>Profitability</b>					
Gross profit / (loss) margin	%	12.6	7.3	4.8	(0.3)
Operating profit / (loss) margin	%	10.0	5.5	2.4	(2.1)
Profit / (loss) before tax	%	10.0	5.4	1.7	(3.0)
Profit / (loss) after tax	%	8.4	2.7	0.8	(3.2)
<b>Liquidity</b>					
Current ratio	Times	1.2	0.9	0.8	0.6
Quick ratio	Times	0.6	0.5	0.4	0.2
Long term debt to equity	Times	-	-	-	0.2
Total liabilities to equity	Times	2.7	5.2	11.1	8.4
<b>Activity</b>					
Total assets turnover	Times	2.7	3.2	2.0	1.7
Fixed assets turnover	Times	12.9	12.9	8.6	4.5
Stock turnover ratio	Times	7.0	8.9	8.0	5.3
Interest cover (BT)	Times	202.8	56.1	3.7	(2.3)
Interest cover (AT)	Times	170.4	29.2	2.3	(2.5)
Number of days stock	Days	52	41	46	69
<b>Earning</b>					
Return on capital employed	%	84.2	57.2	18.4	(28.0)
Return on equity (BT)	%	100.3	111.7	42.1	(35.6)
Return on equity (AT)	%	84.2	57.2	19.6	(37.9)
Earning / (loss) per share (BT)	Rs.	26.4	14.7	3.7	(3.5)
Earning / (loss) per share (AT)	Rs.	22.1	7.5	1.7	(3.7)
Price earning ratio (AT)	Times	8.3	7.3	17.1	(3.0)
Dividend per ordinary share	Rs.	5.00	3.00	0.30	-
<b>OTHER INFORMATION</b>					
Break up value per share	Rs.	36	17	10	8
Market value per share	Rs.	183	55	29	11
Contribution to national exchequer	Rs in M	11,758	13,750	10,664	6,281
Units produced	Units	23,320	23,223	19,387	11,040
Units sold	Units	23,311	23,310	18,915	11,406
Manpower (Permanent + Contractual)	Nos.	1,160	1,122	1,003	934
<b>Exchange rates at year end date</b>					
¥ to \$	¥	120	104	94	82
Rs to \$	Rs.	101.94	98.53	98.57	90.75
Rs to ¥	Rs.	0.85	0.95	1.05	1.11

# Issue of 100% right shares

\* Bonus shares

2011	2010	2009	2008	2007	2006
<i>(Rupees in million)</i>					
22,026	15,854	14,150	14,715	17,055	25,639
199	(240)	177	627	100	1,168
(93)	(533)	(400)	297	(176)	1,180
(245)	(988)	(622)	64	(482)	1,134
(298)	(852)	(402)	75	(265)	705
-	-	-	-	-	294*
<i>(Rupees in million)</i>					
1,428	1,428	1,428	1,428 #	714	420
1,677	1,976	2,828	3,230	2,441	2,705
55	29	2,129	188	2,521	1,833
7,821	7,786	7,783	5,979	5,832	3,535
3,945	4,594	5,406	4,010	4,341	2,359
417	1,333	1,500	500	1,958	672
10,573	8,946	9,942	6,817	8,305	9,174
(2,816)	(2,125)	(1,685)	(652)	(225)	473
2,511	3,476	4,328	3,730	4,982	3,705
<i>(Rupees in million)</i>					
0.9	(1.5)	1.3	4.3	0.6	4.6
(0.4)	(3.4)	(2.8)	2.0	(1.0)	4.6
(1.1)	(6.2)	(4.4)	0.4	(2.8)	4.4
(1.4)	(5.4)	(2.8)	0.5	(1.6)	2.7
<i>(Rupees in million)</i>					
0.7	0.6	0.7	0.8	0.9	1.1
0.2	0.2	0.2	0.2	0.2	0.4
0.5	0.8	0.5	0.2	1.0	0.4
6.3	4.5	3.5	2.1	3.4	3.4
<i>(Rupees in million)</i>					
2.1	1.8	1.4	2.2	2.1	2.8
5.6	3.5	2.6	3.7	3.9	10.9
7.6	6.1	6.1	6.5	4.9	6.7
(0.6)	(1.2)	(1.8)	1.3	(0.6)	25.5
(1.0)	(0.9)	(0.8)	1.3	0.1	16.2
48	60	60	56	74	54
<i>(Rupees in million)</i>					
(10.0)	(21.8)	(10.0)	1.7	(6.1)	24.3
(13.4)	(41.1)	(20.5)	2.3	(18.7)	47.3
(16.3)	(35.5)	(13.3)	2.6	(10.3)	29.4
(1.7)	(6.9)	(4.4)	0.5	(6.8)	27.0
(2.1)	(6.0)	(2.8)	0.5	(3.7)	16.8
(4.8)	(2.7)	(4.3)	88.0	(15.7)	6.7
-	-	-	-	-	7.0
<i>(Rupees in million)</i>					
12	14	20	23	34	64
10	16	12	44	58	112
8,229	6,316	6,452	4,958	6,213	8,481
16,440	11,980	12,780	15,080	18,240	31,476
16,467	12,344	12,502	15,604	18,709	30,719
975	857	955	946	1,034	1,198
<i>(Rupees in million)</i>					
83	94	98	100	117	118
85.50	84.18	80.45	62.77	60.85	60.10
1.03	0.90	0.82	0.63	0.52	0.51

# Horizontal Analysis

	2015	2014	2013	2012	2011	2010	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010
	(Rupees in thousand)						(Percentage)				
<b>BALANCE SHEET</b>											
<b>EQUITY AND LIABILITIES</b>											
<b>SHARE CAPITAL AND RESERVES</b>											
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	-	-	-	-	-
Reserves	526,000	76,000	76,000	249,500	548,500	1,401,500	592.11	-	(69.54)	(54.51)	(60.86)
Unappropriated profit / (Accumulated loss)	3,165,752	887,220	(139,326)	(549,676)	(299,307)	(853,855)	256.82	(736.79)	(74.65)	83.65	(64.95)
<b>NON-CURRENT LIABILITIES</b>											
Long-term finances - secured	-	-	-	83,333	416,667	1,333,333	-	-	(100.00)	(80.00)	(68.75)
Gratuity	52,552	44,425	37,834	26,393	-	-	18.29	17.42	43.35	100.00	-
Deferred revenue	11,623	11,709	4,800	-	-	-	(0.73)	143.94	100.00	-	-
<b>CURRENT LIABILITIES</b>											
Current portion of deferred revenue	4,651	-	-	-	-	-	100	-	-	-	-
Current portion of long-term finances	-	-	-	83,334	416,667	166,667	-	-	(100.00)	(80.00)	150.00
Accrued mark-up	1,762	13,790	91,986	65,496	4,302	37,400	(87.22)	(85.01)	40.45	1,422.45	(88.50)
Trade and other payables	8,735,729	9,856,245	13,646,869	8,102,678	8,058,598	5,432,738	(11.37)	(27.78)	68.42	0.55	48.33
	13,926,069	12,317,389	15,146,163	9,489,058	10,573,427	8,945,783	13.06	(18.68)	59.62	(10.26)	18.19
<b>ASSETS</b>											
<b>NON-CURRENT ASSETS</b>											
Property, plant and equipment	2,822,852	2,873,067	3,355,778	3,255,755	3,847,016	4,445,810	(1.75)	(14.38)	3.07	(15.37)	(13.47)
Intangible assets	71,373	86,431	139,556	56,366	87,023	125,988	(17.42)	(38.07)	147.59	(35.23)	(30.93)
Capital work-in-progress	38,776	81,293	7,857	355,812	11,448	21,813	(52.30)	934.66	(97.79)	3,008.07	(47.52)
Long term loans and advances	62,438	52,772	37,189	33,855	33,532	33,896	18.32	41.90	9.85	0.96	(1.07)
Long term deposits	4,042	4,042	4,042	4,042	4,042	4,042	-	-	-	-	-
Deferred taxation	378,307	393,238	1,042,794	1,154,027	926,746	802,914	(3.80)	(62.29)	(9.64)	24.52	15.42
<b>CURRENT ASSETS</b>											
Stores and spares	132,724	116,205	115,646	112,139	106,039	121,368	14.22	0.48	3.13	5.75	(12.63)
Stock-in-trade	5,523,796	3,852,540	4,311,552	2,853,523	3,443,054	2,329,161	43.38	(10.65)	51.10	(17.12)	47.82
Trade debts	44,224	-	-	-	-	-	100.00	-	-	-	-
Short term investments	-	-	491,680	-	-	-	-	(100.00)	100.00	-	-
Advances, prepayments and other receivables	1,489,154	2,503,651	2,105,102	1,581,062	1,245,786	978,745	(40.52)	18.93	33.14	26.91	27.28
Cash and bank balances	3,358,383	2,354,150	3,534,967	82,477	868,741	82,046	42.66	(33.40)	4,186.00	(90.51)	958.85
	13,926,069	12,317,389	15,146,163	9,489,058	10,573,427	8,945,783	13.06	(18.68)	59.62	(10.26)	18.19
<b>PROFIT AND LOSS ACCOUNT</b>											
Sales	37,764,159	39,153,254	30,274,604	16,599,608	22,026,109	15,854,142	(3.55)	29.33	82.38	(24.64)	38.93
Cost of sales	(32,991,341)	(36,296,009)	(28,827,522)	(16,643,607)	(21,826,799)	(16,093,687)	(9.10)	25.91	73.20	(23.75)	35.62
Gross profit / (loss)	4,772,818	2,857,245	1,447,082	(43,999)	199,310	(239,545)	67.04	97.45	(3,388.90)	(122.08)	(183.20)
Distribution and marketing costs	(434,257)	(340,556)	(218,707)	(130,550)	(139,185)	(124,916)	27.51	55.71	67.53	(6.20)	11.42
Administrative expenses	(319,940)	(287,026)	(201,908)	(158,943)	(171,729)	(136,131)	11.47	42.16	27.03	(7.45)	26.15
Other operating income	218,979	270,548	213,434	204,456	83,977	26,368	(19.06)	26.76	4.39	143.47	218.48
Other operating expenses	(451,897)	(364,890)	(524,117)	(217,842)	(64,945)	(58,628)	23.84	(30.38)	140.60	235.43	10.77
Profit / (loss) from operations	3,785,703	2,135,321	715,784	(346,878)	(92,572)	(532,852)	77.29	198.32	(306.35)	274.71	(82.63)
Finance cost	(18,666)	(38,075)	(190,967)	(151,926)	(152,255)	(455,128)	(50.98)	(80.06)	25.70	(0.22)	(66.55)
Profit (loss) before taxation	3,767,037	2,097,246	524,817	(498,804)	(244,827)	(987,980)	79.62	299.61	(205.22)	103.74	(75.22)
Taxation	(604,660)	(1,023,576)	(280,530)	(33,409)	(53,625)	135,780	(40.93)	264.87	739.68	(37.70)	(139.49)
Profit / (loss) after taxation	3,162,377	1,073,670	244,287	(532,213)	(298,452)	(852,200)	194.54	339.51	(145.90)	78.32	(64.98)

# Vertical Analysis

	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
	(Rupees in thousand)					(Percentage)				
<b>BALANCE SHEET</b>										
<b>EQUITY AND LIABILITIES</b>										
<b>SHARE CAPITAL AND RESERVES</b>										
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	10.25	11.59	9.43	15.05	13.51
Reserves	526,000	76,000	76,000	249,500	548,500	3.78	0.62	0.50	2.63	5.19
Unappropriated profit / (Accumulated loss)	3,165,752	887,220	(139,326)	(549,676)	(299,307)	22.73	7.20	(0.92)	(5.79)	(2.83)
<b>NON-CURRENT LIABILITIES</b>										
Long-term finances - secured	-	-	-	83,333	416,667	-	-	-	0.88	3.94
Gratuity	52,552	44,425	37,834	26,393	-	0.38	0.36	0.25	0.28	-
Deferred revenue	11,623	11,709	4,800	-	-	0.08	0.10	0.03	-	-
<b>CURRENT LIABILITIES</b>										
Current portion of deferred revenue	4,651	-	-	-	-	0.03	-	-	-	-
Current portion of long-term finances	-	-	-	83,334	416,667	-	-	-	0.88	3.94
Accrued mark-up	1,762	13,790	91,986	65,496	4,302	0.01	0.11	0.61	0.69	0.04
Trade and other payables	8,735,729	9,856,245	13,646,869	8,102,678	8,058,598	62.73	80.02	90.10	85.39	76.22
	13,926,069	12,317,389	15,146,163	9,489,058	10,573,427	100.00	100.00	100.00	100.00	100.00
<b>ASSETS</b>										
<b>NON-CURRENT ASSETS</b>										
Property, plant and equipment	2,822,852	2,873,067	3,355,778	3,255,755	3,847,016	20.27	23.33	22.16	34.31	36.38
Intangible assets	71,373	86,431	139,556	56,366	87,023	0.51	0.70	0.92	0.59	0.82
Capital work-in-progress	38,776	81,293	7,857	355,812	11,448	0.28	0.66	0.05	3.75	0.11
Long term loans and advances	62,438	52,772	37,189	33,855	33,532	0.45	0.43	0.25	0.36	0.32
Long term deposits	4,042	4,042	4,042	4,042	4,042	0.03	0.03	0.03	0.04	0.04
Deferred taxation	378,307	393,238	1,042,794	1,154,027	926,746	2.72	3.19	6.88	12.16	8.76
<b>CURRENT ASSETS</b>										
Stores and spares	132,724	116,205	115,646	112,139	106,039	0.95	0.94	0.76	1.18	1.00
Stock-in-trade	5,523,796	3,852,540	4,311,552	2,853,523	3,443,054	39.67	31.28	28.47	30.07	32.56
Trade debt	44,224	-	-	-	-	0.32	-	-	-	-
Short term investments	-	-	491,680	-	-	-	-	3.25	-	-
Advances, prepayments and other receivables	1,489,154	2,503,651	2,105,102	1,581,062	1,245,786	10.69	20.33	13.90	16.66	11.78
Cash and bank balances	3,358,383	2,354,150	3,534,967	82,477	868,741	24.12	19.11	23.34	0.87	8.22
	13,926,069	12,317,389	15,146,163	9,489,058	10,573,427	100.00	100.00	100.00	100.00	100.00
<b>PROFIT AND LOSS ACCOUNT</b>										
Sales	37,764,159	39,153,254	30,274,604	16,599,608	22,026,109	100.00	100.00	100.00	100.00	100.00
Cost of sales	(32,991,341)	(36,296,009)	(28,827,522)	(16,643,607)	(21,826,799)	(87.36)	(92.70)	(95.22)	(100.27)	(99.10)
Gross profit / (loss)	4,772,818	2,857,245	1,447,082	(43,999)	199,310	12.64	7.30	4.78	(0.27)	0.90
Distribution and marketing costs	(434,257)	(340,556)	(218,707)	(130,550)	(139,185)	(1.15)	(0.87)	(0.72)	(0.79)	(0.63)
Administrative expenses	(319,940)	(287,026)	(201,908)	(158,943)	(171,729)	(0.85)	(0.73)	(0.67)	(0.96)	(0.78)
Other operating income	218,979	270,548	213,434	204,456	83,977	0.58	0.69	0.70	1.23	0.38
Other operating expenses	(451,897)	(364,890)	(524,117)	(217,842)	(64,945)	(1.20)	(0.93)	(1.73)	(1.31)	(0.29)
Profit / (loss) from operations	3,785,703	2,135,321	715,784	(346,878)	(92,572)	10.02	5.45	2.36	(2.09)	(0.42)
Finance cost	(18,666)	(38,075)	(190,967)	(151,926)	(152,255)	(0.05)	(0.10)	(0.63)	(0.92)	(0.69)
Profit (loss) before taxation	3,767,037	2,097,246	524,817	(498,804)	(244,827)	9.98	5.36	1.73	(3.00)	(1.11)
Taxation	(604,660)	(1,023,576)	(280,530)	(33,409)	(53,625)	(1.60)	(2.61)	(0.93)	(0.20)	(0.24)
Profit / (loss) after taxation	3,162,377	1,073,670	244,287	(532,213)	(298,452)	8.37	2.74	0.81	(3.21)	(1.35)

# Financial Statements

FOR THE YEAR ENDED MARCH 31, 2015



# Auditors' Report to the Members

We have audited the annexed balance sheet of Honda Atlas Cars (Pakistan) Limited (the 'Company') as at March 31, 2015 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2015 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**A. F. Ferguson & Co.**  
Chartered Accountants  
Lahore: May 14, 2015

Engagement Partner: Muhammad Masood

# Balance Sheet

as at March 31, 2015

Rupees in thousand	Note	2015	2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
200,000,000 (2014: 200,000,000)			
ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital			
142,800,000 (2014: 142,800,000)			
ordinary shares of Rs 10 each	5	1,428,000	1,428,000
Reserves	6	526,000	76,000
Accumulated profit		3,165,752	887,220
		5,119,752	2,391,220
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	7	52,552	44,425
Deferred revenue		11,623	11,709
		64,175	56,134
<b>CURRENT LIABILITIES</b>			
Current portion of deferred revenue		4,651	-
Short term borrowings - secured	8	-	-
Accrued mark up	9	1,762	13,790
Trade and other payables	10	8,735,729	9,856,245
		8,742,142	9,870,035
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		
		13,926,069	12,317,389

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



Rupees in thousand	Note	2015	2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	2,822,852	2,873,067
Intangible assets	13	71,373	86,431
Capital work-in-progress	14	38,776	81,293
Long term loans and advances	15	62,438	52,772
Long term deposits		4,042	4,042
Deferred taxation	16	378,307	393,238
		3,377,788	3,490,843
<b>CURRENT ASSETS</b>			
Stores and spares	17	132,724	116,205
Stock-in-trade	18	5,523,796	3,852,540
Trade debts	19	44,224	-
Loans, advances, prepayments and other receivables	20	1,489,154	2,503,651
Cash and bank balances	21	3,358,383	2,354,150
		10,548,281	8,826,546
		13,926,069	12,317,389



**Yusuf H. Shirazi**  
Chairman



**Toichi Ishiyama**  
Chief Executive

# Profit and Loss Account

for the year ended March 31, 2015

Rupees in thousand	Note	2015	2014
Sales	22	37,764,159	39,153,254
Cost of sales	23	(32,991,341)	(36,296,009)
Gross profit		4,772,818	2,857,245
Distribution and marketing costs	24	(434,257)	(340,556)
Administrative expenses	25	(319,940)	(287,026)
Other income	26	218,979	270,548
Other expenses	27	(451,897)	(364,890)
		(987,115)	(721,924)
Profit from operations		3,785,703	2,135,321
Finance cost	28	(18,666)	(38,075)
Profit before taxation		3,767,037	2,097,246
Taxation	29	(604,660)	(1,023,576)
Profit after taxation		3,162,377	1,073,670
Earnings per share - basic and diluted (Rupees)	33	22.15	7.52

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



**Yusuf H. Shirazi**  
Chairman



**Toichi Ishiyama**  
Chief Executive

# Statement of Comprehensive Income

for the year ended March 31, 2015

Rupees in thousand	2015	2014
Profit after taxation	3,162,377	1,073,670
<b>Other comprehensive loss</b>		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of net defined benefit liability	(8,127)	(6,591)
Income tax on remeasurement of net defined benefit liability	2,682	2,307
	(5,445)	(4,284)
<b>Total comprehensive income for the year</b>	<b>3,156,932</b>	<b>1,069,386</b>

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



**Yusuf H. Shirazi**  
Chairman



**Toichi Ishiyama**  
Chief Executive

# Statement of Changes in Equity

for the year ended March 31, 2015

Rupees in thousand	Share capital	Share premium	General reserve	Accumulated profit / (loss)	Total
<b>Balance as on April 01, 2013</b>	1,428,000	76,000	-	(139,326)	1,364,674
Profit for the year	-	-	-	1,073,670	1,073,670
Other comprehensive loss for the year	-	-	-	(4,284)	(4,284)
<b>Total comprehensive income for the year</b>	-	-	-	1,069,386	1,069,386
<b>Transactions with owners, recognized directly in equity</b>					
Cash dividend for the year ended March 31, 2013					
@ Rs. 0.30 per share	-	-	-	(42,840)	(42,840)
<b>Balance as on March 31, 2014</b>	1,428,000	76,000	-	887,220	2,391,220
Transfer to general reserve	-	-	450,000	(450,000)	-
Profit for the year	-	-	-	3,162,377	3,162,377
Other comprehensive loss for the year	-	-	-	(5,445)	(5,445)
<b>Total comprehensive income for the year</b>	-	-	-	3,156,932	3,156,932
<b>Transactions with owners, recognized directly in equity</b>					
Cash dividend for the year ended March 31, 2014					
@ Rs. 3.00 per share	-	-	-	(428,400)	(428,400)
<b>Balance as on March 31, 2015</b>	1,428,000	76,000	450,000	3,165,752	5,119,752

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



**Yusuf H. Shirazi**  
Chairman



**Toichi Ishiyama**  
Chief Executive

# Cash Flow Statement

for the year ended March 31, 2015

Rupees in thousand	Note	2015	2014
<b>Cash flows from operating activities</b>			
Cash generated from operations	30	2,677,318	7,752
Finance cost paid		(14,532)	(50,126)
Employees' retirement benefits and other obligations paid		(63,538)	(38,648)
Net increase in loans to employees		(13,314)	(21,788)
Income tax paid		(12,841)	(688,684)
Royalty paid		(720,338)	(751,855)
Increase in deferred revenue		5,465	6,909
<b>Net cash generated from / (used in) operating activities</b>		<b>1,858,220</b>	<b>(1,536,440)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(630,000)	(177,865)
Purchase of intangible assets		(31,658)	(95,779)
Proceeds from sale of property, plant and equipment		67,505	17,502
Interest received		165,999	162,809
<b>Net cash used in investing activities</b>		<b>(428,154)</b>	<b>(93,333)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(425,833)	(42,724)
<b>Net cash used in financing activities</b>		<b>(425,833)</b>	<b>(42,724)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,004,233</b>	<b>(1,672,497)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,354,150</b>	<b>4,026,647</b>
<b>Cash and cash equivalents at the end of the year</b>	31	<b>3,358,383</b>	<b>2,354,150</b>

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



**Yusuf H. Shirazi**  
Chairman



**Toichi Ishiyama**  
Chief Executive

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Honda Atlas Cars (Pakistan) Limited (the 'Company') is a public limited Company incorporated in Pakistan on November 4, 1992. The Company is a subsidiary of Honda Motor Co., Ltd., Japan. The Company's ordinary shares are listed on the Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the Company is situated at 1-Mcleod Road, Lahore. Its principal activities are assembling and progressive manufacturing and sale of Honda vehicles and spare parts. The Company commenced commercial production from July 1994.

## 2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives prevail.

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

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

#### 2.2.1 Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on April 01 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

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

## 3. BASIS OF MEASUREMENT

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

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

**a) Employee retirement benefits**

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

**b) Provision for taxation**

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

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

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

**3.3 Change in accounting estimate**

The Company, during the year, has reviewed the useful lives of its property, plant and equipment and intangible assets. As a result, the useful life of certain items of plant and machinery and intangible assets has been revised upwards. Such a change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting estimate, the profit before tax for the year ended March 31, 2015 would have been lower by Rs 28.43 million and carrying value of property, plant and equipment and intangible assets as at that date would have been lower by Rs 37.60 million and higher by Rs 9.17 million respectively. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs 28.43 million.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**4.1 Employees' retirement benefits and other obligations**

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

**4.1.1 Defined benefit plan**

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

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

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at the rate of 6.4% (2014: 6.5%) per annum of basic salary and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at March 31, 2015.

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

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

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

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

Discount rate	10.0% per annum
Expected increase in eligible pay	9.0% per annum
Expected rate of return on plan assets	12.5% per annum

The expected mortality rates assumed are based on the EFU 61-66 mortality table.

The Company is expected to contribute Rs 22.26 million to the gratuity fund in the next year.

#### 4.1.2 Accumulating compensated absences

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

#### 4.1.3 Defined contribution plan

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

#### 4.2 Taxation

##### Current

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

##### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged



or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

#### 4.3 Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss.

Depreciation on all items of property, plant and equipment except for freehold land and model specific plant and machinery is charged to income applying the diminishing balance method so as to write off the depreciable amount of an asset over its useful life. Depreciation on model specific plant and machinery is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the model. Depreciation is being charged at the rates given below:

	<b>Rate</b>
Buildings on freehold land	5%
Plant and machinery	15% to 25%
Furniture and office equipment	20%
Vehicles	20%
Tools and equipments	20%
Computers	35%

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

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at March 31, 2015 has not required any adjustment.

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

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

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

#### 4.4 Intangible assets

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

Amortization is charged to income on the straight line method so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is available for use while no

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

amortization is charged for the month in which the asset is disposed off. Amortization is charged at the annual rates given below:

	<b>Rate</b>
License fees and drawings	20% to 33.33%
Computer software	20% to 33.33%

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

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

## 4.5 Capital work-in-progress

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

## 4.6 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment and intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts, assets are written down to their recoverable amounts and the differences are recognized in income currently.

## 4.7 Financial assets

### 4.7.1 Classification

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

#### a) Financial assets at fair value through profit or loss

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

#### b) Loans and receivables

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

#### c) Available-for-sale financial assets

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

**d) Held to maturity**

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

**4.7.2 Recognition and measurement**

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

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

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

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

The Company assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.18.

**4.8 Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

## 4.9 Offsetting of financial assets and financial liabilities

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

## 4.10 Stores and spares

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

## 4.11 Stock-in-trade

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

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

## 4.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark up to the extent of the amount remaining unpaid.

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

## 4.13 Foreign currency transactions and translation

### a) Functional and presentation currency

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

### b) Transactions and balances

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

## 4.14 Revenue recognition

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

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

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

#### **4.15 Borrowing costs**

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

#### **4.16 Provisions**

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

#### **4.17 Long term deposits**

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

#### **4.18 Trade debts and other receivables**

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

#### **4.19 Trade and other payables**

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

#### **4.20 Cash and cash equivalents**

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

#### **4.21 Dividend**

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

#### **4.22 Segment reporting**

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

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

## 4.23 Share capital

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

## 4.24 Deferred revenue

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

## 5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2015		2014		2015		2014	
Number of shares				Rupees in thousand			
111,400,000	111,400,000	Ordinary shares of Rs 10 each fully paid in cash		1,114,000		1,114,000	
31,400,000	31,400,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares		314,000		314,000	
142,800,000	142,800,000			1,428,000		1,428,000	

72,828,000 (2014: 72,828,000) ordinary shares of the Company are held by Honda Motor Co., Ltd., Japan, the holding Company.

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

Number of shares	2015	2014
Atlas Insurance Limited	850,000	850,000
Shirazi Investments (Private) Limited	10,602,650	10,602,650
Shirazi Capital (Private) Limited	32,517,000	32,517,000
	43,969,650	43,969,650

Rupees in thousand	Note	2015	2014
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## 6. RESERVES

Movement in and composition of reserves is as follows:

### Capital

Share premium	6.1	76,000	76,000
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### Revenue

General reserve			
- At the beginning of the year		-	-
- Transferred from accumulated profit		450,000	-
		450,000	-
		526,000	76,000

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

Rupees in thousand	2015	2014
<b>7. DEFERRED LIABILITIES</b>		
The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligation	228,461	193,099
Fair value of plan assets	(175,909)	(148,674)
Closing net liability	52,552	44,425
Opening net liability	44,425	37,834
Current service cost	15,738	13,875
Net interest on defined benefit liability	5,552	4,161
Net remeasurements for the year	8,127	6,591
Payments to fund during the year	(21,290)	(18,036)
Closing net liability	52,552	44,425
The movement in the present value of defined benefit obligation is as follows:		
Opening value of defined benefit obligation	193,099	162,057
Current service cost	15,738	13,875
Interest cost	23,469	17,826
Benefits paid during the year	(10,693)	(9,011)
Remeasurements on obligation	6,848	8,352
Closing value of defined benefit obligation	228,461	193,099
The movement in the fair value of plan assets is as follows:		
Opening fair value of plan assets	148,674	124,223
Expected return on plan assets	17,916	13,665
Contributions	21,291	18,036
Benefits paid during the year	(10,693)	(9,011)
Remeasurements on fair value of plan assets	(1,279)	1,761
Closing fair value of plan assets	175,909	148,674
Plan assets are comprised as follows:		
Debt	120,605	84,493
Mutual funds	28,582	24,755
Cash	26,722	39,426
	175,909	148,674

The actual return on the plan assets during the year was Rs 16.95 million (2014: Rs 15.43 million).

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

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

Rupees in thousand	2015	2014	2013	2012	2011
<b>As at March 31</b>					
Present value of defined benefit obligation	(228,461)	(193,099)	(162,057)	(124,443)	(96,980)
Fair value of plan assets	175,909	148,674	124,223	98,050	74,238
Deficit	(52,552)	(44,425)	(37,834)	(26,393)	(22,742)
Experience adjustment:					
- on obligation	3%	4%	7%	4%	6%
- on plan assets	-1%	1%	0%	0%	-6%

## 8. SHORT TERM BORROWINGS - SECURED

Short term borrowings available from commercial banks under mark up arrangements amount to Rs 4,460 million (2014: Rs 4,740 million). The rates of mark up range from 9.01% to 10.63% per annum (2014: 10.78% to 11.09%) on the balances outstanding. The aggregate short term borrowings are secured by first pari passu hypothecation charge over current assets of the Company.

Of the aggregate facility of Rs 2,223 million (2014: Rs 2,505 million) for opening letters of credit, the amount utilized at March 31, 2015 was Rs 21.62 million (2014: Rs 41.47 million).

Of the aggregate facility of Rs 400 million (2014: Rs 400 million) for guarantees, which is available as a sub-limit of the above mentioned facility for short term borrowings, the amount utilized at March 31, 2015 was Rs 188.41 million (2014: Rs 85.21 million).

Rupees in thousand	Note	2015	2014
<b>9. ACCRUED MARK UP</b>			
Accrued mark up on:			
Short term borrowings - secured		292	595
Advances from customers		1,470	13,195
		1,762	13,790

## 10. TRADE AND OTHER PAYABLES

Creditors	10.1	731,412	546,462
Accrued liabilities		425,473	324,837
Bills payable	10.2	3,886,747	5,390,132
Deposits against display cars	10.3	1,470,663	1,292,778
Accumulating compensated absences	10.4	29,167	37,424
Advances from customers	10.5	1,275,660	1,697,366
License fee, technical fee and royalties	10.6	253,257	232,713
Provision for custom duties		32,169	32,169
Unclaimed dividends		7,463	4,896
Punjab sales tax payable		57,492	63,464
Withholding tax payable		82,066	20,827
Workers' welfare fund		132,349	57,008
Workers' profit participation fund	10.7	202,230	112,589
Others		149,581	43,580
		8,735,729	9,856,245



**10.1** Creditors include amount due to related parties of Rs 30.01 million (2014: Rs 36.09 million).

**10.2** Bills payable include amount due to related parties of Rs 3,846.60 million (2014: Rs 5,375.51 million).

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

Rupees in thousand	2015	2014
<b>10.4 Accumulating compensated absences</b>		
Opening balance	37,424	31,302
Accrual for the year	33,991	26,734
Payments made during the year	(42,248)	(20,612)
Closing balance	29,167	37,424

**10.5** Advances from customers include Rs 1,161.71 million (2014: Rs 1,431.94 million) against the sale of vehicles. These advances carry mark up at the rate of 8.32% per annum (2014: 9.96% per annum), being the weighted average rate of three months' market treasury bills as at the end of the year, in accordance with the directive issued by the Engineering Development Board, Government of Pakistan on September 17, 2002. The mark up is calculated and payable on demand of customer, if vehicles are delivered after sixty days from the receipt of such advances.

**10.6** License fee, technical fee and royalties include amount of Rs 250.09 million (2014: Rs 230.28 million) due to related parties.

Rupees in thousand	Note	2015	2014
<b>10.7 Workers' profit participation fund</b>			
Opening balance		112,589	28,415
Provision for the year	27	202,230	112,589
Interest for the year		412	19
Payments during the year		(113,001)	(28,434)
Closing balance		202,230	112,589

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

(i) Claims against the Company not acknowledged as debt amount to Rs 9.79 million (2014: Rs 9.79 million). As the management is confident that the matter would be settled in its favour, consequently, no provision has been made in these financial statements in respect of the above mentioned disputed liabilities.

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

The Company approached custom authorities on the grounds that the components specified in the above mentioned notices included certain components which were duly appearing in the indigenization program of the Company for the relevant period. Hence, CBU rate of duty was not applicable on import of these components. The Company has made a provision of Rs 32 million against the total demand of Rs 110 million. As the management is confident that the matter would be settled in its favour, consequently, no provision for the balance amount has been made in these financial statements in respect of the above mentioned notices.

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

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

The Company further agitated the matter before honourable Lahore High Court that is pending adjudication. In this respect, interim relief has been extended by honourable Court and the Custom authorities have been refrained from enforcing the recovery of the amount adjudged against the Company. No provision on this account has been made in these financial statements as the Company's management considers that its stance is founded on meritorious grounds and relief will be secured from higher appellate fora. In this respect, it is the Company's contention that subject amount of 'royalty' and 'license' fee were relatable to the Company's manufacturing facilities and not the goods imported by it and hence such amounts cannot be considered as part and parcel of import value.

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

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

## 11.2 Commitments in respect of

- (i) Letters of credit and purchases for capital expenditure amounts to Rs 22.61 million (2014: 0.62 million).
- (ii) Letters of credit and purchases, other than capital expenditure, amounts to Rs 767.93 million (2014: Rs 1,068.43 million).

## 12. PROPERTY, PLANT AND EQUIPMENT

(Rupees in thousand)		2015						
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipments	Computers	Total
<b>At April 01, 2014</b>								
Cost	417,319	1,956,674	4,844,894	133,012	222,887	112,381	73,561	7,760,728
Accumulated depreciation	-	818,418	3,799,524	86,311	74,217	60,695	48,496	4,887,661
<b>Net Book Value</b>	<b>417,319</b>	<b>1,138,256</b>	<b>1,045,370</b>	<b>46,701</b>	<b>148,670</b>	<b>51,686</b>	<b>25,065</b>	<b>2,873,067</b>
<b>Year ended March 31, 2015</b>								
Opening net book value	417,319	1,138,256	1,045,370	46,701	148,670	51,686	25,065	2,873,067
Additions at cost	-	53,500	400,328	28,183	110,629	18,251	33,753	644,644
<b>Disposals</b>								
Cost	-	6,531	164,912	3,339	85,528	15,930	4,273	280,513
Accumulated depreciation	-	2,659	157,625	3,040	32,667	14,009	4,135	214,135
	-	3,872	7,287	299	52,861	1,921	138	66,378
Depreciation for the year	-	58,105	494,248	12,399	35,925	12,155	15,649	628,481
<b>Closing net book value</b>	<b>417,319</b>	<b>1,129,779</b>	<b>944,163</b>	<b>62,186</b>	<b>170,513</b>	<b>55,861</b>	<b>43,031</b>	<b>2,822,852</b>
<b>At March 31, 2015</b>								
Cost	417,319	2,003,643	5,080,310	157,856	247,988	114,702	103,041	8,124,859
Accumulated depreciation	-	873,864	4,136,147	95,670	77,475	58,841	60,010	5,302,007
<b>Net Book Value</b>	<b>417,319</b>	<b>1,129,779</b>	<b>944,163</b>	<b>62,186</b>	<b>170,513</b>	<b>55,861</b>	<b>43,031</b>	<b>2,822,852</b>
(Rupees in thousand)		2014						
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipments	Computers	Total
<b>At April 01, 2013</b>								
Cost	417,319	1,956,350	4,822,601	114,677	189,104	79,913	66,061	7,646,025
Accumulated depreciation	-	758,518	3,296,870	78,107	55,880	53,988	46,884	4,290,247
<b>Net Book Value</b>	<b>417,319</b>	<b>1,197,832</b>	<b>1,525,731</b>	<b>36,570</b>	<b>133,224</b>	<b>25,925</b>	<b>19,177</b>	<b>3,355,778</b>
<b>Year ended March 31, 2014</b>								
Opening net book value	417,319	1,197,832	1,525,731	36,570	133,224	25,925	19,177	3,355,778
Additions at cost	-	324	27,901	19,673	63,425	33,811	15,976	161,110
<b>Disposals</b>								
Cost	-	-	5,608	1,338	29,642	1,343	8,476	46,407
Accumulated depreciation	-	-	5,411	1,201	14,994	1,275	8,221	31,102
	-	-	197	137	14,648	68	255	15,305
Depreciation for the year	-	59,900	508,065	9,405	33,331	7,982	9,833	628,516
<b>Closing net book value</b>	<b>417,319</b>	<b>1,138,256</b>	<b>1,045,370</b>	<b>46,701</b>	<b>148,670</b>	<b>51,686</b>	<b>25,065</b>	<b>2,873,067</b>
<b>At March 31, 2014</b>								
Cost	417,319	1,956,674	4,844,894	133,012	222,887	112,381	73,561	7,760,728
Accumulated depreciation	-	818,418	3,799,524	86,311	74,217	60,695	48,496	4,887,661
<b>Net Book Value</b>	<b>417,319</b>	<b>1,138,256</b>	<b>1,045,370</b>	<b>46,701</b>	<b>148,670</b>	<b>51,686</b>	<b>25,065</b>	<b>2,873,067</b>

**12.1** Plant and machinery includes dies and moulds having book value of Rs 115.74 million (2014: Rs 138.68 million) which are in possession of various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

## 12.2 The depreciation charge has been allocated as follows:

Rupees in thousand	Note	2015	2014
Cost of sales - own manufactured	23	578,390	590,689
Cost of sales - trading goods		4,278	-
Distribution and marketing costs	24	16,663	13,742
Administrative expenses	25	29,150	24,085
		628,481	628,516

## 12.3 Disposal of property, plant and equipment

Rupees in thousand		2015				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
<b>Building</b>	<b>Outsiders</b>					
	Haji Jameel	1,097	635	462	265	Auction
	<b>Assets written off</b>	5,434	2,024	3,410	-	Assets written off
<b>Plant and machinery</b>	<b>Outsiders</b>					
	Pak Traders	51,890	51,890	-	1,200	Auction
	ST engeneering	1,137	1,096	41	515	-do-
	Alliance power	10,405	10,234	171	700	-do-
	Haji Jameel	29,532	27,330	2,202	1,686	-do-
	Talib Hussain	1,610	1,585	25	108	-do-
	<b>Assets written off</b>	70,339	65,490	4,849	-	Assets written off
<b>Furniture and office equipments</b>	<b>Employee</b>					
	Muhammad Sheraz	22	17	5	5	As per Company policy
	Muhammad Rafi	23	17	6	25	-do-
	<b>Outsiders</b>					
	Liaquat Ali	368	363	5	119	Auction
	Sajida Tufail	82	71	11	12	-do-
	Talib Hussain	1,643	1,526	117	111	-do-
	<b>Assets written off</b>	1,201	1,044	157	-	Assets written off
<b>Vehicles</b>	<b>Employee</b>					
	Muhammad Afzal	2,051	650	1,401	1,371	As per Company policy
	Muhammad Sheraz	1,425	767	658	647	-do-
	Ahmad Umair Wajid	2,050	650	1,400	1,371	-do-
	Mawiz Akhtar	2,051	650	1,401	1,371	-do-
	Muhammad Nauman	1,619	106	1,513	1,529	-do-
	Muhammad Rafi	1,619	106	1,513	1,529	-do-
	Wajid Subhani	1,417	736	681	697	-do-
	Muhammad Aamer	1,417	736	681	697	-do-
	Nauman Ali	1,417	736	681	697	-do-
	Imran Nasim	1,366	851	515	510	-do-
	Imran Rathore	1,417	736	681	697	-do-
	Arshad Javaid	1,417	736	681	697	-do-
	Mujahid Yasin	1,417	736	681	697	-do-
	Fayyaz Ahmed	1,417	736	681	697	-do-
	Muhammad Khalid	1,417	736	681	697	-do-

Rupees in thousand		2015				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	Mirza Mehtab Baig	1,366	852	514	509	-do-
	Asia Saif Ali	1,417	735	682	699	-do-
	Muhammad Aslam	1,417	736	681	697	-do-
	Javaid Iqbal	1,417	736	681	697	-do-
	Sardar Abid Ali (ex-employee)	3,911	1,239	2,672	2,805	-do-
	<b>Outsiders</b>					
	Pakistan Motors	1,706	-	1,706	1,565	Auction
	Luqman Khan	1,408	411	997	1,336	-do-
	Khalid Toor	1,403	592	811	1,100	-do-
	M. Khalid Malik	1,403	592	811	1,161	-do-
	Malik Zafar Iqbal	1,414	565	849	1,236	-do-
	Mamoon Mansoor	1,414	565	849	1,087	-do-
	Tahira Shahid	1,414	565	849	1,085	-do-
	Saeed Ahmad Mahmood	1,414	565	849	1,093	-do-
	Ihsan Ali	1,414	565	849	1,095	-do-
	Shafqat Ejaz	1,415	565	850	1,192	-do-
	Muqadas Bhatti	1,414	565	849	1,093	-do-
	Malik Muhammad Arif	1,414	565	849	1,077	-do-
	Atif Hussain	1,408	411	997	1,248	-do-
	Safdar Hussain	1,414	564	850	1,116	-do-
	Creative Electronics	2,817	1,157	1,660	2,500	-do-
	Raheel Qureshi	1,414	565	849	1,155	-do-
	Uzma Jabeen Naz	1,403	592	811	1,163	-do-
	Muhammad Asif	1,414	565	849	1,120	-do-
	Ghulam Abbas	1,414	565	849	1,120	-do-
	M. Asif	1,414	565	849	1,020	-do-
	Adnan	1,414	565	849	1,079	-do-
	Farhan Makhdoom Khan	1,414	565	849	1,100	-do-
	M. Atif Masood	1,548	451	1,097	1,326	-do-
	M Abdul Basit	1,414	565	849	1,115	-do-
	Jamshed Qaiser	1,414	565	849	1,097	-do-
	Muhammad Hassan Sarwar	1,414	565	849	1,120	-do-
	Jawaid Iqbal	1,414	565	849	1,158	-do-
	Jawad Afzal	1,414	564	850	1,083	-do-
	Asiya Waheed	1,414	564	850	1,134	-do-
	Sh. M. Mustaqeem	1,414	564	850	1,078	-do-
	M. Ahmad Khan	1,414	564	850	1,046	-do-
	Khalid Khalil	1,414	564	850	1,073	-do-
	Atlas insurance	5,449	943	4,506	5,455	Insurance claim
<b>Tools and equipments</b>	<b>Outsiders</b>					
	Liaqat Ali	69	69	-	22	Auction
	<b>Assets written off</b>	15,861	13,940	1,921	-	Assets written off
<b>Computers</b>	<b>Assets written off</b>	4,273	4,135	138	-	Assets written off
		280,513	214,135	66,378	67,505	

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

Rupees in thousand		2014				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
<b>Furniture and office equipments</b>	<b>Director</b>					
	Aamir H. Shirazi	26	17	9	9	As per Company policy
	<b>Assets written off</b>	1,312	1,184	128	-	Assets written off
<b>Vehicles</b>	<b>Director</b>					
	Yusuf H. Shirazi	3,215	2,133	1,082	1,154	As per Company policy
	Aamir H. Shirazi	3,432	2,277	1,155	1,178	-do-
	<b>Employee</b>					
	Tariq Rashed	1,452	963	489	461	-do-
	Muhammad Nauman	1,452	963	489	461	-do-
	Muhammad Rafi	1,452	963	489	470	-do-
	Syed Waseem Hasan	1,365	661	704	695	-do-
	Aneel Anwar	1,365	661	704	695	-do-
	Muhammad Ajmal	1,365	661	704	695	-do-
	Jamshaid Tahir	1,559	329	1,230	1,222	-do-
	Abdul Qudoos Abbasi	1,548	232	1,316	1,345	-do-
	Ishtiaq H Bokhari (Ex- employee)	2,051	361	1,690	1,645	-do-
	Adeel Bokhari (Ex- employee)	1,540	257	1,283	1,372	-do-
	<b>Outsiders</b>					
	Izhar Construction	3,432	2,297	1,135	3,488	Auction
	Abdul Qadir	3,000	1,863	1,137	1,206	-do-
	Atlas Insurance	1,414	373	1,041	1,400	Insurance claim
<b>Plant and machinery</b>	<b>Assets written off</b>	5,608	5,411	197	-	Assets written off
<b>Tools and equipments</b>	<b>Employee</b>					
	Mahmood Ullah (Ex- employee)	32	26	6	6	As per Company policy
	<b>Assets written off</b>	1,311	1,249	62	-	Assets written off
<b>Computers</b>	<b>Assets written off</b>	8,476	8,221	255	-	Assets written off
		46,407	31,102	15,305	17,502	

### 13. INTANGIBLE ASSETS

Rupees in thousand	2015		
	License fees and drawings	Computer softwares	Total
<b>At April 01, 2014</b>			
Cost	305,518	2,120	307,638
Accumulated amortization	219,902	1,305	221,207
<b>Net Book Value</b>	<b>85,616</b>	<b>815</b>	<b>86,431</b>
<b>Year ended March 31, 2015</b>			
Opening net book value	85,616	815	86,431
Additions	59,304	227	59,531
Amortization for the year	74,134	455	74,589
<b>Closing net book value</b>	<b>70,786</b>	<b>587</b>	<b>71,373</b>
<b>At March 31, 2015</b>			
Cost	364,822	2,347	367,169
Accumulated amortization	294,036	1,760	295,796
<b>Net Book Value</b>	<b>70,786</b>	<b>587</b>	<b>71,373</b>
<b>2014</b>			
Rupees in thousand	License fees and drawings	Computer softwares	Total
<b>At April 01, 2013</b>			
Cost	300,721	2,120	302,841
Accumulated amortization	162,532	753	163,285
<b>Net Book Value</b>	<b>138,189</b>	<b>1,367</b>	<b>139,556</b>
<b>Year ended March 31, 2014</b>			
Opening net book value	138,189	1,367	139,556
Additions	4,797	-	4,797
Amortization for the year	57,370	552	57,922
<b>Closing net book value</b>	<b>85,616</b>	<b>815</b>	<b>86,431</b>
<b>At March 31, 2014</b>			
Cost	305,518	2,120	307,638
Accumulated amortization	219,902	1,305	221,207
<b>Net Book Value</b>	<b>85,616</b>	<b>815</b>	<b>86,431</b>

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

Rupees in thousand	Note	2015	2014
<b>13.1</b>	The amortization charge has been allocated as follows:		
Cost of sales	23	73,907	57,143
Distribution and marketing costs	24	-	127
Administrative expenses	25	682	652
		74,589	57,922
<b>14.</b>	<b>CAPITAL WORK-IN-PROGRESS</b>		
Plant and machinery		9,635	543
Civil works		-	20,349
Other tangible assets		333	3,720
Intangible assets		28,808	56,681
		38,776	81,293
<b>14.1</b>	The reconciliation of the carrying amount is as follows:		
Opening balance		81,293	7,857
Additions during the year		661,658	239,343
Transfers during the year		(704,175)	(165,907)
Closing balance		38,776	81,293
<b>15.</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
Loans to employees - considered good			
- Executives	15.1	47,007	42,150
- Others		39,676	31,219
		86,683	73,369
Receivable within one year			
- Executives		(11,226)	(9,637)
- Others		(13,019)	(10,960)
	20	(24,245)	(20,597)
		62,438	52,772
<b>15.1 Executives</b>			
Opening balance		42,150	21,056
Disbursements during the year		21,751	33,876
		63,901	54,932
Repayments during the year		(16,894)	(12,782)
		47,007	42,150

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

Staff welfare loans carry interest at the rate of 10.5% per annum (2014: 10.5% per annum) and are recoverable within a period of 7 years commencing from the date of disbursement through monthly deductions from salaries.

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

Car loans carry interest ranging from 1% to 4% per annum and are recoverable within a maximum period of 6 years commencing from the date of disbursement through monthly deductions from salaries.



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

The maximum aggregate amount due from executives at the end of any month during the year was Rs 47.01 million (2014: Rs 42.80 million).

Rupees in thousand	Note	2015	2014
<b>16. DEFERRED TAXATION</b>			
Deferred tax is calculated in full on temporary differences under the balance sheet liability method using a tax rate of 35%			
Deferred tax asset as at April 01		393,238	1,042,794
Credited to other comprehensive income		2,682	2,307
Charged to profit and loss account for the year	29	(17,613)	(651,863)
Deferred tax asset as at March 31		378,307	393,238
The deferred tax asset comprises of temporary differences arising due to:			
Accelerated tax depreciation		(255,255)	(328,649)
Unused tax losses carried forward		-	695,079
Turnover tax carried forward		588,514	-
Deferred liabilities		-	15,549
Others		45,048	11,259
		378,307	393,238

#### 17. STORES AND SPARES

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

Spares amounting to Rs 5.20 million (2014: Rs 7.87 million) are in the possession of various vendors which relate to the dies and moulds.

Rupees in thousand	2015	2014
<b>18. STOCK-IN-TRADE</b>		
Raw materials including in transit Rs 2,624.43 million (2014: Rs 1,089.23 million)	3,637,182	2,175,022
Work in process	514,259	345,226
Finished goods		
- Own manufactured	1,058,478	901,424
- Trading stock including in transit Rs 26.35 million (2014: Rs 37.5 million)	313,877	430,868
	5,523,796	3,852,540

**18.1** Raw materials amounting to Rs 102.21 million (2014: Rs 130.09 million) are in the possession of various vendors of the Company for further processing into parts to be supplied to the Company.

**18.2** Finished goods at sale value amounting to Rs 866.03 million (2014: Rs 838.79 million) are in the possession of various dealers as consignment stock for display at dealerships.

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

**18.3** The above balances include items costing Rs 1.66 million (2014: Rs 82.86 million) valued at their Net Realizable Value 'NRV' amounting to Rs 1.37 million (2014: Rs 79.45 million).

Rupees in thousand	Note	2015	2014
<b>19. TRADE DEBTS - UNSECURED</b>			
Considered good		44,224	-
Considered doubtful		16,142	16,142
Provision for doubtful debts		(16,142)	(16,142)
		-	-
		44,224	-

## 20. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Current portion of loans to employees	15	24,245	20,597
Advances - considered good:			
- to employees	20.1	1,089	311
- to suppliers and contractors		219,006	245,741
		220,095	246,052
Due from related parties - considered good	20.2	14,749	7,106
Recoverable from government authorities:			
- Income tax		1,003,676	1,577,882
- Sales tax		130,344	576,927
- Custom duty		39,152	39,152
		1,173,172	2,193,961
Prepayments		14,971	6,739
Profit receivable on bank deposits		23,372	14,945
Other receivables - considered good	20.3	18,550	14,251
		1,489,154	2,503,651

**20.1** Included in advances to employees is an amount of Rs 0.79 million (2014: Rs 0.27 million) due from executives.

Rupees in thousand	2015	2014
<b>20.2 Due from related parties - considered good</b>		
Honda Motor Co., Ltd., Japan - holding Company	1,801	1,123
Honda Automobile (Thailand) Company Limited - associated undertaking	12,336	4,933
Honda Trading Corporation, Japan - associated undertaking	-	62
Honda Auto Parts Manufacturing (M) SDN. BHD, Malaysia - associated undertaking	-	424
Asian Honda Motor Company, Thailand - associated undertaking	6	221
Honda Malaysia SDN. BHD. Malaysia - associated undertaking	242	214
P.T Honda Prospect Motor Indonesia - associated undertaking	63	66
Honda Parts Manufacturing Corporation Philippines - associated undertaking	26	-
P.T. Honda Precision Parts Manufacturing, Indonesia - associated undertaking	-	63
Honda Trading Asia Co., Ltd. - associated undertaking	275	-
	14,749	7,106

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

**20.3** Other receivables include an amount of Rs 0.52 million (2014: Rs 0.88 million) due from, Atlas Insurance Limited, a related party (associated undertaking). It is in the normal course of business and is interest free.

Rupees in thousand	Note	2015	2014
<b>21. CASH AND BANK BALANCES</b>			
At banks on :			
- Current accounts		16,160	6,765
- Deposit accounts	21.1	3,340,307	2,345,741
		3,356,467	2,352,506
Cash in hand		1,916	1,644
		3,358,383	2,354,150

**21.1** Balances in deposit accounts bear mark up which ranges from 5.50% to 8.10% (2014: 7.00% to 9.40%) per annum.

Rupees in thousand	2015	2014
<b>22. SALES</b>		
Sales - Own manufactured goods	43,438,641	44,892,630
Sales tax	(6,312,817)	(6,431,876)
Commission to dealers	(745,484)	(663,024)
	36,380,340	37,797,730
Sales - Trading goods	1,548,600	1,566,916
Sales tax	(162,856)	(208,242)
Commission to dealers	(1,925)	(3,150)
	1,383,819	1,355,524
	37,764,159	39,153,254

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

Rupees in thousand	Note	2015	2014
<b>23. COST OF SALES</b>			
Raw material consumed		29,886,562	33,027,802
Stores and spares consumed		105,082	120,181
Salaries, wages and benefits	23.1	604,094	523,673
Fuel and power		138,747	139,530
Insurance		46,004	40,355
Travelling and vehicle running		87,167	78,527
Freight and handling		78,216	27,803
Repairs and maintenance		59,960	33,855
Technical assistance		26,457	23,861
Depreciation on property, plant and equipment	12.2	578,390	590,689
Amortization on intangible assets	13.1	73,907	57,143
Royalty		738,097	678,482
Canteen subsidy		27,711	25,868
Other expenses		2,016	2,727
		32,452,410	35,370,496
Opening stock of work-in-process		345,226	288,108
Closing stock of work-in-process		(514,259)	(345,226)
		(169,033)	(57,118)
Cost of goods manufactured		32,283,377	35,313,378
Own work capitalized		(84,929)	(24,756)
Cost of damaged cars		-	(14,109)
		32,198,448	35,274,513
Opening stock of finished goods		901,424	940,662
Closing stock of finished goods		(1,058,478)	(901,424)
		(157,054)	39,238
Cost of sales - Own manufactured		32,041,394	35,313,751
Cost of sales - Trading goods		949,947	982,258
		32,991,341	36,296,009
<b>23.1 Salaries, wages and benefits include following amounts in respect of gratuity:</b>			
Current service cost		9,580	8,309
Net interest on defined benefit liability		3,380	2,491
		12,960	10,800

In addition to above, salaries, wages and benefits include Rs 16.22 million (2014: Rs 13.51 million) on account of provident fund contributions.

Rupees in thousand	Note	2015	2014
<b>24. DISTRIBUTION AND MARKETING COSTS</b>			
Salaries, wages and benefits	24.1	113,165	96,458
Fuel and power		3,915	3,615
Insurance		7,281	6,328
Travelling and vehicle running		21,849	17,234
Freight and handling		13,528	13,097
Repairs and maintenance		7,068	9,376
Printing and stationery		6,800	6,887
Warranty costs		25,244	18,938
Advertising and sales promotion		197,757	134,344
Depreciation on property, plant and equipment	12.2	16,663	13,742
Amortization on intangible assets	13.1	-	127
Training expenses		3,086	3,487
Canteen subsidy		2,299	2,067
Free service claims		6,148	5,768
Rent, rates and taxes		5,935	5,574
Other expenses		3,519	3,514
		434,257	340,556

**24.1 Salaries, wages and benefits include following amounts in respect of gratuity:**

Current service cost		2,525	2,154
Net interest on defined benefit liability		890	647
		3,415	2,801

In addition to above, salaries, wages and benefits include Rs 3.59 million (2014: Rs 3.00 million) on account of provident fund contributions.

Rupees in thousand	Note	2015	2014
<b>25. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	25.1	194,277	169,661
Fuel and power		6,237	5,446
Insurance		6,024	5,092
Travelling and vehicle running		29,588	25,560
Repairs and maintenance		15,212	9,231
Printing and stationery		5,572	3,859
Communications		3,711	4,121
Postage		4,255	4,502
Advertising		350	7,985
Auditors' remuneration	25.2	7,441	8,442
Legal and professional charges		5,004	8,298
Depreciation on property, plant and equipment	12.2	29,150	24,085
Amortization on intangible assets	13.1	682	652
Fees and subscription		1,529	1,576
Canteen subsidy		4,985	3,877
Security expenses		3,002	2,389
Other expenses		2,921	2,250
		319,940	287,026

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

**25.1** Salaries, wages and benefits include following amounts in respect of gratuity:

Rupees in thousand	2015	2014
Current service cost	3,633	3,412
Net interest on defined benefit liability	1,282	1,023
	4,915	4,435

In addition to above, salaries, wages and benefits include Rs 4.91 million (2014: Rs 4.39 million) on account of provident fund contributions.

Rupees in thousand	Note	2015	2014
<b>25.2 Auditors' remuneration</b>			
The charges for professional services include the following in respect of auditors' services for:			
Statutory audit		1,355	1,245
Half yearly review		400	350
Taxation services		4,550	5,437
Royalty audit, certificates for remittance of foreign currency and sundry services		623	964
Out of pocket expenses		513	446
		7,441	8,442

## 26. OTHER INCOME

### Income from financial assets:

Profit on bank deposits	166,705	148,155
Profit on loans to employees	4,744	4,332
Realized gain on financial asset at fair value through profit or loss	-	18,499
	171,449	170,986

### Income from non-financial assets:

Profit on disposal of property, plant and equipment	1,127	2,197
Profit on advances to suppliers	2,977	7,318
Liabilities no longer payable written back	12,152	62,018
Freight income	26,731	21,900
Others	4,543	6,129
	47,530	99,562
	218,979	270,548

## 27. OTHER EXPENSES

Workers' welfare fund		75,341	41,945
Workers' profit participation fund	10.7	202,230	112,589
Exchange loss		172,326	207,296
Donations	27.1	2,000	-
Loss on Scrap Assets		-	3,060
		451,897	364,890

**27.1** None of the director or his spouse has interest in the donations made.

Rupees in thousand	Note	2015	2014
<b>28. FINANCE COST</b>			
Interest and mark up on:			
- Short term borrowings		12,297	16,530
- Advances from customers		1,552	17,399
- Workers' profit participation fund		412	19
Bank charges		4,405	4,127
		18,666	38,075
<b>29. TAXATION</b>			
<b>Current</b>			
- For the year		586,959	368,541
- Prior years		88	3,172
		587,047	371,713
<b>Deferred</b>	16	17,613	651,863
		604,660	1,023,576
<b>Percentage</b>			
<b>29.1 Tax charge reconciliation</b>			
Numerical reconciliation between the average effective tax rate and the applicable tax rate.			
Applicable tax rate as per Income Tax Ordinance, 2001		33.00	34.00
Tax effect of:			
- change in prior years' tax		(0.01)	0.15
- change in tax rate		0.92	1.00
- minimum tax not carried forward		-	16.12
- tax credit allowed		(16.50)	(0.30)
- lower tax rates / final tax regime and others		(1.35)	(2.21)
Other rounding off differences		(0.01)	0.05
		(16.95)	14.81
Average effective tax rate charged to profit and loss account		16.05	48.81

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

Rupees in thousand	Note	2015	2014
<b>30. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		3,767,037	2,097,246
Adjustments for:			
Depreciation on property, plant and equipment		628,481	628,516
Profit on disposal of property, plant and equipment		(1,127)	(2,197)
Profit on bank deposits		(166,705)	(148,155)
Profit on advances to suppliers		(2,977)	(7,318)
Profit on loans to employees		(4,744)	(4,332)
Liabilities no longer payable written back		(12,152)	(62,018)
Finance cost		14,261	33,948
Provision for employees' retirement benefits and other obligations		55,281	44,770
Amortization on intangible assets		74,589	57,922
Amortization on deferred revenue		(900)	-
Royalty		738,097	765,780
Working capital changes	30.1	(2,411,823)	(3,396,410)
		2,677,318	7,752
<b>30.1 Working capital changes</b>			
(Increase) / Decrease in current assets			
- Stores and spares		(16,519)	(559)
- Stock-in-trade		(1,671,256)	459,012
- Trade debts		(44,224)	-
- Loans, advances, prepayments and other receivables		452,366	(78,377)
		(1,279,633)	380,076
(Decrease) / Increase in current liabilities			
- Trade and other payables		(1,132,190)	(3,776,486)
		(2,411,823)	(3,396,410)
<b>31. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		3,358,383	2,354,150



### 32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Rupees in thousand	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
Managerial remuneration	575	559	9,090	8,266	103,056	83,482
House rent and utilities	2,210	2,251	7,581	5,985	58,930	46,790
Bonus	-	-	6,545	7,331	86,358	70,173
Reimbursement of medical expenses	165	167	3	-	1,118	1,044
Employees' retirement benefits	-	-	2,290	2,055	19,211	18,110
Other allowances and expenses	16,000	8,086	4,590	16,869	27,477	20,391
	18,950	11,063	30,099	40,506	296,150	239,990
<b>Number of persons</b>	1	1	2	2	103	82

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

### 33. EARNINGS PER SHARE

		2015	2014
<b>33.1 Basic earnings per share</b>			
Net profit for the year	Rupees in thousand	3,162,377	1,073,670
Weighted average number of ordinary shares	Number in thousand	142,800	142,800
Basic earnings per share	Rupees	22.15	7.52

### 33.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2015 and March 31, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

### 34. OPERATING SEGMENTS

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

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

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

#### (a) Manufacturing

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

#### (b) Trading

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

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

## 34.2 Segment information

Rupees in thousand	Manufacturing		Trading		Total	
	2015	2014	2015	2014	2015	2014
Segment revenue	36,380,340	37,797,730	1,383,819	1,355,524	37,764,159	39,153,254
Segment expenses						
- Cost of sales	(32,041,394)	(35,313,751)	(949,947)	(982,258)	(32,991,341)	(36,296,009)
Gross profit	4,338,946	2,483,979	433,872	373,266	4,772,818	2,857,245
Distribution and marketing costs					(434,257)	(340,556)
Administrative expenses					(319,940)	(287,026)
Other income					218,979	270,548
Other expenses					(451,897)	(364,890)
Finance cost					(18,666)	(38,075)
Profit before taxation					3,767,037	2,097,246
Taxation					(604,660)	(1,023,576)
Profit after taxation					3,162,377	1,073,670

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

## 35. FINANCIAL RISK MANAGEMENT

### 35.1 Financial risk factors

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

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

#### (a) Market risk

##### (i) Currency risk

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

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

In thousand	2015	2014
Cash and bank balances - USD	484	781
Other receivables - USD	100	38
Trade and other payables - USD	(33,848)	(53,052)
Net exposure - USD	(33,264)	(52,233)
Other receivables - JPY	2,061	1,156
Trade and other payables - JPY	(488,447)	(139,812)
Net exposure - JPY	(486,386)	(138,656)
Other receivables - THB	1,039	793
Trade and other payables - THB	(17,923)	(15,994)
Net exposure - THB	(16,884)	(15,201)

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD, JPY, THB, EUR and SGD with all other variables held constant, the impact on post tax profit for the year would have been Rs 25.70 million (2014: Rs 34.64 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments.

**(ii) Price risk**

The Company is neither exposed to equity securities price risk nor commodity price risk.

**(iii) Cash flow and fair value interest rate risk**

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

The Company's interest rate risk arises from short term investments. Short term investments held at fair value through profit or loss expose the Company to cash flow interest rate risk.

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

Rupees in thousand	2015	2014
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Long term loans and advances	86,683	73,369
Trade debts	44,224	-
Cash at bank - deposit accounts	3,340,307	2,345,741
	3,471,214	2,419,110
<b>Financial liabilities</b>	-	-
<b>Net exposure</b>	3,471,214	2,419,110
<b>Floating rate instruments</b>		
<b>Financial assets</b>	-	-
<b>Financial liabilities</b>	-	-
<b>Net exposure</b>	-	-

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

## Fair value sensitivity analysis for fixed rate instruments

As at March 31, 2015, if market interest rates had been 0.1% higher / lower with all other variables held constant, post-tax profit for the year would have been higher / lower by Rs 2.10 million (2014: Rs 1.30 million).

## Cash flow sensitivity analysis for variable rate instruments

As at March 31, 2015, the Company does not hold any variable rate financial instruments.

## (b) Credit risk

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

### (i) Exposure to credit risk

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

Rupees in thousand	2015	2014
Long term deposits	4,042	4,042
Trade debts	44,224	-
Loans, advances and other receivables	56,671	29,250
Balances with banks	3,356,467	2,352,506
	3,461,404	2,385,798

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

### (ii) Credit quality of financial assets

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

Banks	Rating		Rating Agency	2015	2014
	Short term	Long term			
Rupees in thousand					
Citibank N.A.	P-1	A-2	Moody's	166,432	226,970
Deutsche Bank A.G.	P-2	A	S & P	6,048	3,541
Faysal Bank Limited	A1+	AA	PACRA	5,095	1,632
Habib Bank Limited	A-1+	AAA	JCR-VIS	2,115	357
MCB Bank Limited	A1+	AAA	PACRA	152,061	101,886
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,408	1,518
Soneri Bank Limited	A1+	AA-	PACRA	2,382,011	1,274,459
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	232,041	238,880
The Bank of Tokyo - Mitsubishi UFJ, Limited	A-1	A+	S & P	405,378	502,049
United Bank Limited	A-1+	AA+	JCR-VIS	3,878	1,214
				3,356,467	2,352,506

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**(c) Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Furthermore, the holding Company, Honda Motor Co., Ltd., Japan, through its associated Company has provided liquidity support to the Company in form of credit payments on some of the CKD material supplies. At March 31, 2015, the Company had Rs 4,460 million available borrowing limits from financial institutions and Rs 3,358.38 million cash and bank balances.

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

Rupees in thousand	Carrying amount	Less than one year	One to five years	More than five years
<b>At March 31, 2015</b>				
Accrued mark up	1,762	1,762	-	-
Trade and other payables	6,953,763	6,953,763	-	-
	6,955,525	6,955,525	-	-
<b>At March 31, 2014</b>				
Accrued mark up	13,790	13,790	-	-
Trade and other payables	7,872,822	7,872,822	-	-
	7,886,612	7,886,612	-	-

**35.2 Fair value estimation**

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

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

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

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

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Company has no such type of financial instruments as on March 31, 2015.

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

### 35.3 Financial instruments by categories

Rupees in thousand	At fair value through profit or loss	Loans and receivables	Total
<b>As at March 31, 2015</b>			
<b>Assets as per balance sheet</b>			
Long term loans and advances	-	86,683	86,683
Long term deposits	-	4,042	4,042
Trade debts	-	44,224	44,224
Loans, advances and other receivables	-	56,671	56,671
Cash and bank balances	-	3,358,383	3,358,383
	-	3,550,003	3,550,003
<b>As at March 31, 2014</b>			
<b>Assets as per balance sheet</b>			
Long term loans and advances	-	73,369	73,369
Long term deposits	-	4,042	4,042
Loans, advances and other receivables	-	36,356	36,356
Cash and bank balances	-	2,354,150	2,354,150
	-	2,467,917	2,467,917

Rupees in thousand	Financial liabilities at amortized cost	
	2015	2014
<b>Liabilities as per balance sheet</b>		
Accrued mark up	1,762	13,790
Trade and other payables	6,953,763	7,872,822
	6,955,525	7,886,612

### 35.4 Offsetting financial assets and financial liabilities

#### (a) Financial assets

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

	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities off set in balances sheet	Net amount of financial assets presented in balance sheet	Related amount not off set in balance sheet	Net amount	Financial assets not in scope of off setting disclosure
<b>As at 31 March 2015</b>	A	B	C=A+B	D	E=C+D	
Long term loans and advances	-	-	-	-	-	86,683
Long term deposits	-	-	-	-	-	4,042
Trade debts	-	-	-	-	-	44,224
Loans, advances, prepayments and other receivables	-	-	-	-	-	56,671
Cash and bank balances	-	-	-	-	-	3,358,383
	-	-	-	-	-	3,550,003

	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities off set in balances sheet	Net amount of financial assets presented in balance sheet	Related amount not off set in balance sheet	Net amount	Financial assets not in scope of off setting disclosure
<b>As at 31 March 2014</b>	A	B	C=A+B	D	E=C+D	
Long term loans and advances	-	-	-	-	-	73,369
Long term deposits	-	-	-	-	-	4,042
Loans, advances, prepayments and other receivables	-	-	-	-	-	36,356
Cash and bank balances	-	-	-	-	-	2,354,150
	-	-	-	-	-	2,467,917

#### (b) Financial liabilities

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

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

	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets off set in balances sheet	Net amount of financial liabilities presented in balance sheet	Related amount not off set in balance sheet	Net amount	Financial liabilities not in scope of off setting disclosure
<b>As at 31 March 2014</b>	A	B	C=A+B	D	E=C+D	
Short term borrowings - secured	-	-	-	-	-	-
Accrued mark up	-	-	-	-	-	13,790
Trade and other payables	74,896	(30,807)	44,089	7,828,733	7,872,822	-
	74,896	(30,807)	44,089	7,828,733	7,872,822	13,790

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

## 35.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to members, issue new shares and other measures commensurate to the circumstances. The Company monitors the capital structure on the basis of gearing ratio. However as at March, 31 2015 and March 31, 2014 there are no borrowings and the entire capital is represented by equity as shown in the balance sheet.

## 36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding Company, fellow subsidiaries, associated undertakings, key management personnel and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Rupees in thousand	Holding Company	Other related parties	Total
<b>For the year ended March 31, 2015</b>			
Purchase of goods	3,968,243	15,481,271	19,449,514
Purchase of property, plant and equipment	-	240,255	240,255
Purchase of intangible assets	4,331	-	4,331
Sale of goods	-	135,208	135,208
Insurance premium	-	253,980	253,980
Insurance claims	-	12,408	12,408
Royalty	729,004	865	729,869
Technical assistance and training charges	5,261	22,533	27,794
Expense charged to post retirement benefits	-	46,008	46,008
Key management personnel	-	130,005	130,005
<b>For the year ended March 31, 2014</b>			
Purchase of goods	3,702,504	16,332,391	20,034,895
Purchase of property, plant and equipment	-	3,934	3,934
Purchase of intangible assets	50,091	1,057	51,148
Sale of goods	-	64,288	64,288
Insurance premium	-	271,357	271,357
Insurance claim	-	27,862	27,862
Royalty	757,171	4,300	761,471
Technical assistance and training charges	881	22,676	23,557
Expense charged to post retirement benefits	-	38,937	38,937
Key management personnel	-	126,574	126,574



### 37. PLANT CAPACITY AND ACTUAL PRODUCTION

Number	Capacity		Production	
	2015	2014	2015	2014
Motor vehicles	50,000	50,000	23,380	23,223

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

	2015	2014
<b>38. NUMBER OF EMPLOYEES</b>		
Total number of employees as at March 31	866	771
Average number of employees during the year	849	756

Rupees in thousand	2015	2014
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### 39. DISCLOSURES RELATING TO PROVIDENT FUND

(i) Size of the Fund	285,073	230,248
(ii) Cost of investments made	233,437	189,281
(iii) Percentage of investments made	91.53%	89.61%
(iv) Fair value of investments	260,921	206,332
<b>Break up of investments</b>		
Special account in scheduled bank	20,322	42,951
Term Finance Certificates	24,243	25,420
Government securities	149,432	78,763
Listed securities	66,924	59,198

% age of size of the Fund	2015	2014
<b>Break up of investments</b>		
Special accounts in a scheduled bank	7.13%	18.65%
Term Finance Certificates	8.50%	11.04%
Government securities	52.42%	34.21%
Listed securities	23.48%	25.71%

The figures for 2015 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

# Notes to and Forming Part of the Financial Statements

for the year ended March 31, 2015

## 40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on May 14, 2015 by the Board of Directors of the Company.

## 41. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final cash dividend for the year ended March 31, 2015 of Rs 5.00 (2014: Rs 3.00) per share, amounting to Rs 714.0 million (2014: Rs 428.4 million) and a transfer of Rs 2,430.0 million to General Reserve (2014: Rs 450.0 million) at their meeting held on May 14, 2015 for approval of the members at the Annual General Meeting to be held on June 26, 2015. These financial statements do not include the effect of the above appropriations which will be accounted for in the period in which they are approved.

## 42. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



**Yusuf H. Shirazi**  
Chairman



**Toichi Ishiyama**  
Chief Executive

# Notice of Annual General Meeting

Notice is hereby given that 23rd Annual General Meeting of shareholders of Honda Atlas Cars (Pakistan) Limited will be held on Friday, June 26, 2015 at 11:00 a.m. at Faletti's Hotel, 24-Egerton Road, The Mall, Lahore to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on Wednesday, April 29, 2015;
2. To approve and adopt the annual audited financial statements for the year ended March 31, 2015 together with the Directors' and Auditors' reports thereon;
3. To approve cash dividend @ 50% (Rs. 5.0 per share) for the year ended March 31, 2015 as recommended by the Board of Directors;
4. To appoint Auditors for the next financial year and fix their remuneration.

## Special business:

5. To approve remuneration of Chairman & Executive directors for the year 2015-16 and adopt the following resolution:  
"Resolved that the remuneration of Chairman (Non-executive) and Company Secretary amounting to Rs. 26.5 million and Rs. 14.0 million (2014-15: Rs 22.99 million and Rs 11.92 million) respectively, which includes allowances and other benefits as per terms of their employment for the year ending March 31, 2016 be and is hereby approved."  
  
"Resolved that the President/CEO will be paid an amount of Rs. 9.0 million (2014-15: Rs 18.95 million [Revised]) and one full-time director will be paid an amount of Rs. 17.0 million (2014-15: Rs 7.11 million for one director), which includes allowances and other benefits as per terms of their employment for the year ending March 31, 2016 be and is hereby approved."
6. To transact any other business with permission of the Chairman.

By order of the Board



(Maqsood ur Rehman Rehmani)  
Vice President & Company Secretary

Lahore: June 04, 2015

## NOTE:

1. The share transfer books of the Company will remain closed from June 17, 2015 to June 26, 2015 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as a proxy to attend and vote on his/her behalf. The proxy forms must be received at Registered Office of the Company duly stamped, signed and witnessed; not later than 48 hours before the time of the meeting.

# Notice of Annual General Meeting

3. Any individual Beneficial Owner of Central Depository Company of Pakistan Ltd. (CDC), entitled to attend and vote at this meeting, must bring his/her CNIC or passport along with CDC account number to prove his/her identity and in case of proxy must enclose attested copy of his/her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to immediately inform Company's share registrar "M/s Hameed Majeed Associates, HM-House, 7-Bank Square, Lahore." of any change in their address.
5. Members are requested to provide copy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the Company to comply with the relevant laws.

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

As per requirements of the new Code of Corporate Governance 2012 and Articles of Association of the Company, approval of Chairman's remuneration is required as 'non-executive director' from shareholders. Further remuneration of two executive directors is also required to be approved by the Shareholders. The remuneration of Chairman and executive directors has already been approved by the board of directors in their meeting held on May 14, 2015.

There is no specific interest of the directors in this special resolution, except that mentioned therein.

# Form of Proxy

for the year ended March 31, 2015

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

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being member(s) of Honda Atlas Cars (Pakistan) Ltd.,  
having Folio No. / CDC Participant I.D No. \_\_\_\_\_ and having \_\_\_\_\_ number of shares, hereby appoint  
Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_  
who is also a member of the Company having Folio No. / CDC Participant I.D No \_\_\_\_\_ and \_\_\_\_\_  
number of shares, as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 23rd Annual  
General Meeting of the Company to be held on Friday, June 26, 2015 at 11:00 a.m. at Faletti's Hotel, 24-Egerton Road, The  
Mall, Lahore and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

## Witness 1:

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC / Passport No. \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

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

## Witness 2:

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC / Passport No. \_\_\_\_\_

Affix Rs. 5/-  
Revenue  
Stamp here

## NOTES:

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

AFFIX  
CORRECT  
POSTAGE

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

# Authorized Sales, Service & Spare Parts

(3S) Dealers

## KARACHI

### Honda Shahrah-e-Faisal

13-Banglore Town,  
Main Shahrah-e-Faisal  
Tel: (021) 34527474, 34527575,  
34527373, 34527070, 34382356,  
34382399, 34547113-6  
Fax: (021) 34526758

### Honda Defence

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

### Honda SITE

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

### Honda South

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

### Honda Drive In

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

### Honda Quaideen

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

## LAHORE

### Honda City Sales

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

### Honda Fort

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

### Honda Point

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

### Honda Gateway

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

## ISLAMABAD

### Honda Classic

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

### Honda Avenue

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

## RAWALPINDI

### Honda Centre

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

## MULTAN

### Honda Breeze

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

## SIALKOT

### Honda Falcon

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

## HYDERABAD

### Honda Palace

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

## FAISALABAD

### Honda Faisalabad

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

### Honda Chenab

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

## PESHAWAR

### Honda North

Main University Road.  
Tel: (091) 5854901, 5700807-8  
Fax: (091) 5854753

## MIRPUR A.K.

### Honda Empire

Mian Muhammad Road,  
Quaid-e-Azam Chowk.  
Tel: (05827) 451501-3  
Fax: (05827) 451500

## GUJRANWALA

### Honda Gujranwala

Main G.T. Road, Near Maudiala Morr.  
Tel: (055) 3893481-3  
Fax: (055) 3893484

## SARGODHA

### Honda Citrus Fields

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

# Authorized Service & Spare Parts

(2S) Dealers

## KARACHI

### Nazimabad Honda

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

## SUKKAR

### Clock Tower Honda

Hussaini Road, Near Gurdwara.  
Tel: 071-5617683

## RAHIM YAR KHAN

### Pak Saudi Motors

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

## BAHAWALPUR

### Bahawalpur Motors

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

## MULTAN

### Ahmad Auto Care

1-Irshad Colony, Industrial State Road.  
Tel: 061-6538112, 8130005  
Fax: 061-6536311

## LAHORE

### Johar Town Honda

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

### Aabpara Honda

Aabpara Market, 16 Wahdat Road.  
Tel: 042-35866932  
Fax: (042) 35912678

### Samanabad Honda

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

## GUJRAT

### Shahbaz Motor Workshop

Near Science College, G T Road.  
Tel: 053-3523511  
Fax: 053-3514511

## FAISALABAD

### Jahangir Motor Garage

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

### Civil Lines Honda

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

## RAWALPINDI

### Three Star Motor Workshop

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

### Meher Motors

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

## ISLAMABAD

### Hills View Honda

8A, Khayaban-e-Suharwardy G-6/1.  
Tel: 051-2827527  
Fax: 051-2825026

## OKARA

### Modern Autos

Near Depalpur Chowk,  
Depalpur Road.  
Tel: 044-2528335

# Authorized Spare Parts

(1S) Dealers

## LAHORE

### Sugoi Parts Center

Shop No. 4-6, Shaml Center,  
4-Montgomery Road.  
Tel: (042) 36370121  
Fax: (042) 36375900

### Sugoi Defence Parts Center

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

## KARACHI

### Sugoi Sunset Parts Center

Plot No. 12-C, 12th Commercial Street,  
Phase II Extension D.H.A  
Tel: (021) 35312766  
Fax: (021) 35312768

## RAWALPINDI

### Sugoi Potohar Parts Center

State Life Building,  
Kashmir Road, Saddar  
Tel: (051) 5580263-64  
Fax: (051) 5580266

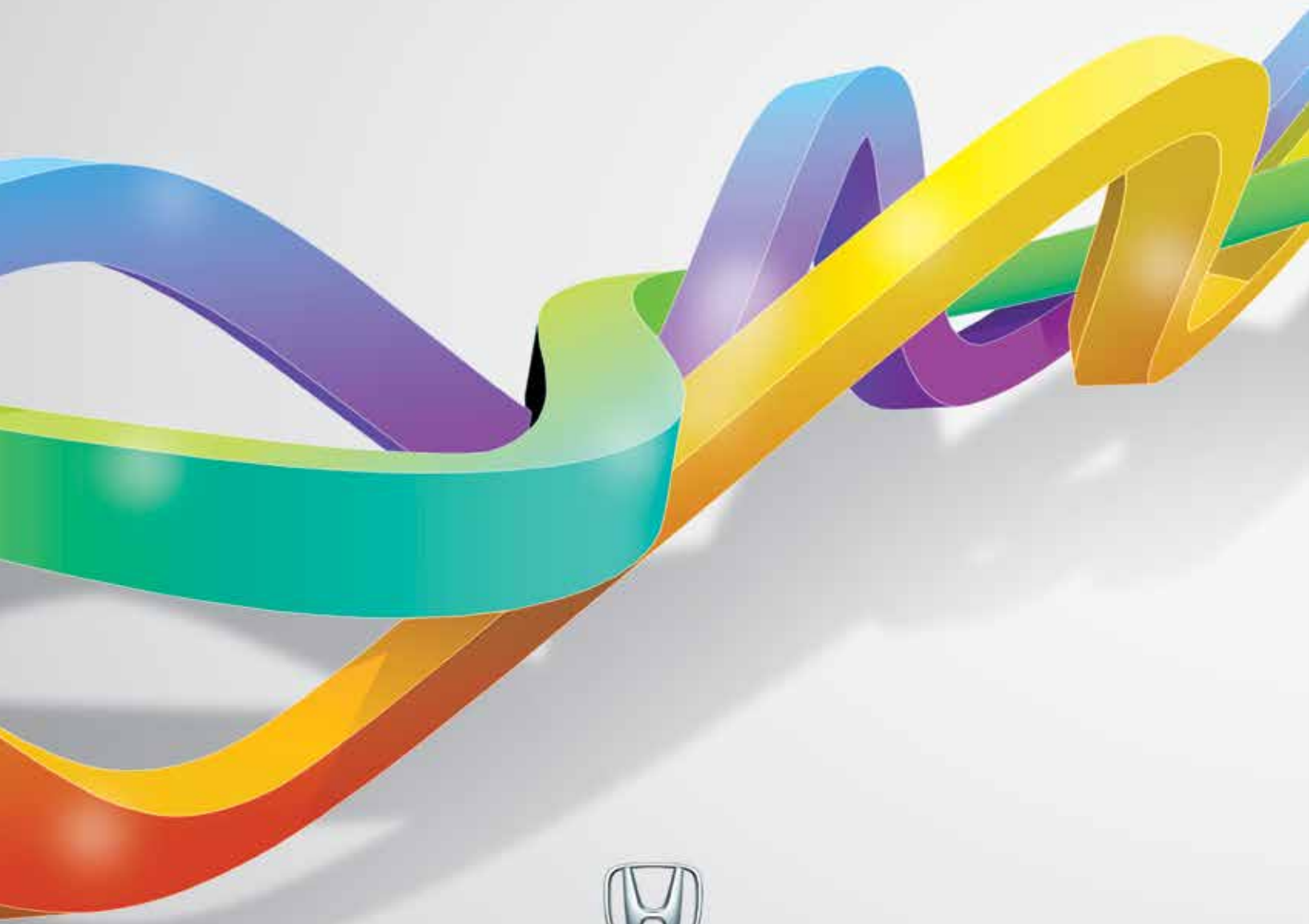
## MULTAN

### Sugoi Multan Parts Center

103/9 Iqbal Plaza Opp. RTO Office,  
Near Feasta Garden LMQ Road  
Tel: (061) 4586160-61  
Fax: (061) 4571962







**HONDA**

Honda Atlas Cars (Pakistan) Limited

43-KM Multan Road, Manga Mandi, Lahore

[www.honda.com.pk](http://www.honda.com.pk)

# Honda Atlas Cars (Pakistan) Limited

Dear Shareholder,

## DIVIDEND MANDATE FORM

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

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

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

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

YES

NO

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

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

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

Signature of Shareholder \_\_\_\_\_

Name \_\_\_\_\_ S/O, D/O, W/O \_\_\_\_\_

Folio - CDC A/c No. \_\_\_\_\_

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

# Honda Atlas Cars (Pakistan) Limited

Dear Shareholder,

## TAX DEDUCTION ON CASH DIVIDEND – UNDER SECTION 150 OF ITO 2001

Please note that cash dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 as and when cash dividend is paid to individual / corporate shareholders. The prescribed tax rates which are introduced in Finance Act w.e.f. July 01, 2014 are given as under:

- Rate of tax deduction for **Filer** of income tax return: 10%
- Rate of tax deduction for **Non-filer** of income tax return: 15%

In this regard we request you to provide us a **valid/visible** copy of your CNIC/National Tax Number (NTN) Certificate enabling us to compare the same with Active Tax payer List (ATL) available at FBR website. In case, your shareholding is maintained in CDC account, kindly forward your CNIC/National Tax Number to your concerned Participant / CDS Investor Account Services to upgrade your CDC account.

The Non-Individual / Corporate shareholders are further requested to confirm tax status of their organization under **section 150** of Income Tax Ordinance 2001. In case of any exemption from compulsory deduction of tax kindly submit **valid/certified copies** of the following under your covering letter duly signed by the authorized signatories. In other case, tax at prescribed rate will be deducted from gross dividend payable to your organization:

- **Tax Exemption Certificate duly issued by the Income tax authorities or related reference from law.**
- **Recognition Certificate (in case it is recognized/approved employees fund) issued by tax authorities or related reference from law.**

Kindly ensure that the required copy of CNIC, National Tax Number Certificate / Tax Exemption Certificate / Recognition Certificate etc. must be submitted to our Share Registrar i.e., Hameed Majeed Associates (Pvt.) Ltd., H.M. House, 7-Bank Square, Lahore latest by **June 16, 2015** to update your record. Where the required documents are not submitted till June 16, 2015, the shareholders will be treated as a non-filer thereby attracting a higher rate of withholding tax and no claim will be entertained by the company.

Folio No. OR CDC participant-ID and sub A/C No. must be mentioned clearly.

Regards,

Company Secretary  
Honda Atlas Cars (Pakistan) Limited

# Honda Atlas Cars (Pakistan) Limited

## SHAREHOLDING PROPORTION (APPLICABLE IN CASE OF JOINT HOLDING)

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder. In this regard shareholders are requested to provide shareholding proportion alongwith the CNIC Nos. of principal shareholder and joint shareholder(s) in respect of shares held by them to our share Registrar in writing as per the below format by **June 16, 2015**, or if no notification is received, each joint holder shall be assumed to have an equal number of shares.

Folio	Name of shareholder (Principal / Joint holders)	No. of Share or Percentage (proportion)	CNIC	Signatures

To enable the company to make tax deduction on the amount of cash dividend, shareholders whose name are not entered into the Active Tax payer list (ATL) provided on the website of FBR, despite the fact they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their dividend will be deducted @15% instead of @10%.