

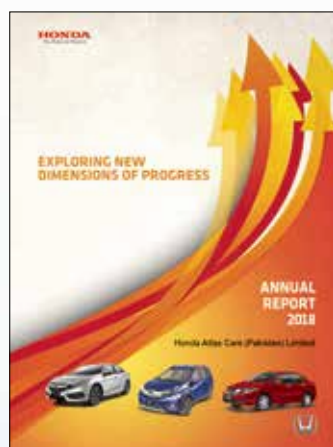
HONDA
The Power of Dreams

**EXPLORING NEW
DIMENSIONS OF PROGRESS**

**ANNUAL
REPORT
2018**

Honda Atlas Cars (Pakistan) Limited





COVER CONCEPT

The Company has always won the hearts of the customers with its modern and futuristic product range. This innovative approach has helped the company to succeed on many fronts. The concept "Exploring new dimensions of progress" is represented in this visual. This makes use of the symbolic arrows that represent new dimensions, exploration, innovation and progress. Shades of red and orange highlight aggressive growth and success.

HONDA
The Power of Dreams



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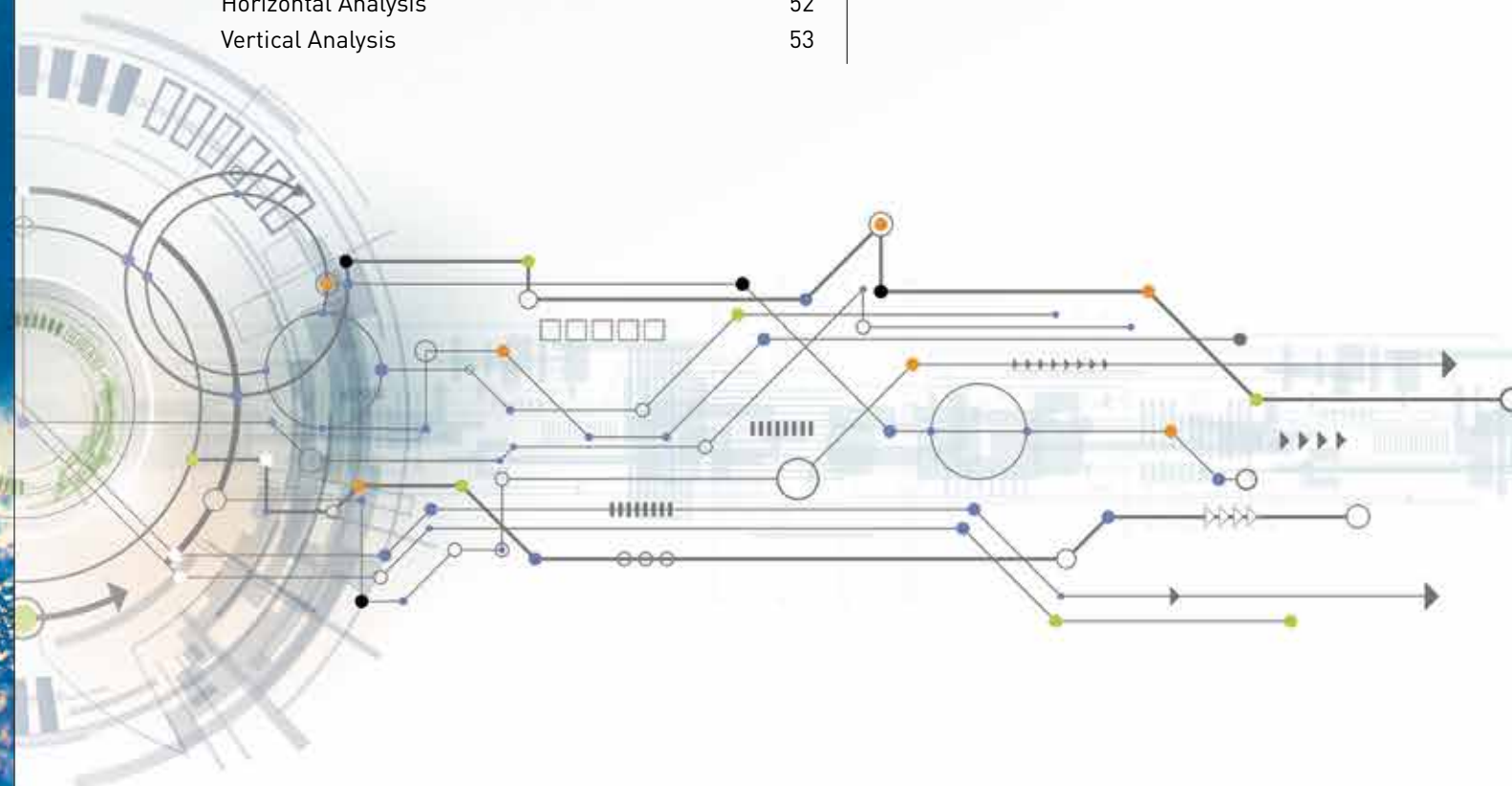
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VISION STATEMENT

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

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

BR-V

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Yusuf H. Shirazi	Chairman
Mr. Hironobu Yoshimura	President / CEO
Mr. Aamir H. Shirazi	Director & Senior Advisor
Mr. Kenichi Matsuo	Executive Director / VP (P)
Mr. Akira Murayama	Director
Mr. M. Feroz Rizvi	Independent Director
Ms. Mashmooma Zehra Majeed	Independent Director
Ms. Rie Mihara	Independent Director
Mr. Satoshi Suzuki	Director

COMPANY SECRETARY

Mr. Maqsood-ur-Rehman Rehmani

CHIEF FINANCIAL OFFICER

Mr. Ahmad Umair Wajid

AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Aamir H. Shirazi	Member
Mr. Akira Murayama	Member
Ms. Mashmooma Zehra Majeed	Member
Mr. Satoshi Suzuki	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Ms. Mashmooma Zehra Majeed	Chairperson
Mr. Aamir H. Shirazi	Member
Mr. Hironobu Yoshimura	Member
Mr. Kenichi Matsuo	Member
Mr. Akira Murayama	Member

EXECUTIVE COMMITTEE

Mr. Hironobu Yoshimura
Mr. Kenichi Matsuo
Mr. Maqsood-ur-Rehman Rehmani

HEAD OF INTERNAL AUDIT

Mr. Hamood-ur-Rahman

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

AUDITORS

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

LEGAL ADVISOR

Cornelius, Lane & Mufti
Bokhari Aziz & Karim

REGISTERED OFFICE

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

FACTORY

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

REGIONAL OFFICES

LAHORE

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

KARACHI

C16, KDA Scheme No. 1,
Karsaz Road.
Tel: +92 21 34305411-3
Fax: +92 21 34305414

(Updated Information)



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 socio-politico-economic matters.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with Honda, GS Yuasa International 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 also 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. HIRONOBU YOSHIMURA

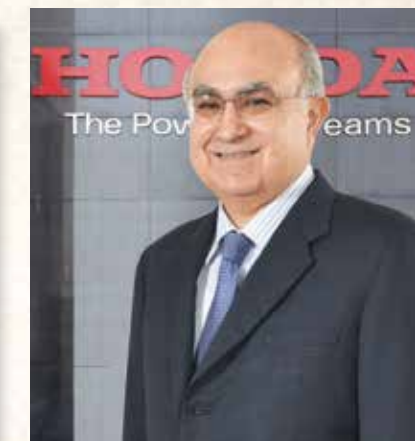
President & CEO

Mr. Hironobu Yoshimura has been associated with Honda Motor Company Limited, Japan for more than 30 years. He joined Honda in 1988 and began his career in Service Technology Division, Honda Motor Company, Japan.

Mr. Hironobu Yoshimura has extensive 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 and General Manager Asian Honda Motor Co. Ltd., Thailand. He joined on the Board of Honda Atlas Cars (Pakistan) Limited as President & Chief Executive Officer from November 1, 2017.

Mr. Yoshimura is graduate from Sophia University, Japan.

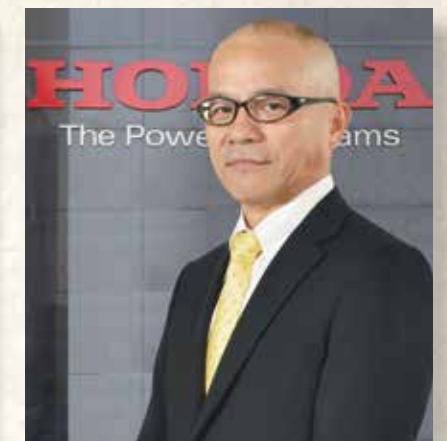


MR. AAMIR H. SHIRAZI

Director & Senior Advisor

Mr. Aamir H. Shirazi is the President of Atlas Group. He graduated from Claremont McKenna College, California and completed his OPM from Harvard Business School. He was the Chief Executive of Atlas Honda Limited for over eleven years. He was also appointed as professional director on the Board of Lahore Stock Exchange for two consecutive terms by the Securities & Exchange Commission of Pakistan.

He has been Honorary Consul General of Japan, Lahore since 2002. He is also on the Board of Murree Brewery Company Limited.



MR. KENICHI MATSUO

Executive Director / VP (P)

Mr. Matsuo is associated with Honda Motor Company for last 38 years. He started his career as Engineer in Automobile Assembly, HM Japan and he has a vast experience of Automobile Assembly and Business Planning Operations.

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

He was appointed on the Board of Honda Atlas Cars (Pakistan) Limited on April 1, 2017 as Director & Vice President Production.



MR. AKIRA MURAYAMA
Director

Mr. Murayama has been associated with Honda Motor, Japan for last 29 years. He has vast experience of Financial Management and Business Planning operations. He has been working in Honda Motor, Japan and different Honda ventures and subsidiaries in Europe.

He has worked as Staff Manager in Honda Motor Europe Limited for four years and Manager Honda Motors, Japan. He has been Director of Honda Motor Europe for two years before assuming the position of General Manager, Honda Motors in Europe region operations.

He joined as General Manager of Asian Honda Motor Co., Limited, Thailand and on the Board of Directors of Honda Atlas Cars (Pakistan) Limited in April 2018.



MR. FEROS RIZVI
Independent Director

Mr. Feroz Rizvi is a Chartered Accountant, having qualified from England & Wales. He has over 38 years of local and international experience in some of the largest companies in the world. On returning to Pakistan post qualification, he joined ICI Pakistan Ltd, which was a subsidiary of ICI PLC, one of the largest chemical companies in the world. He left ICI Pakistan in 1985 and after a brief period with Petromin Refinery Riyadh, he rejoined ICI Pakistan in its Polyester Fiber business in Lahore.

In 1986, he was seconded to ICI PLC's headquarters in London. During his secondment he was involved in ICI PLC's strategic shift from industrial to consumer chemical and a major acquisition of USD 8 billion from Unilever PLC as part of the company's major strategic priority. In addition, he was also responsible for a number of divestments of ICI PLC's industrial chemical business. Feroz Rizvi has extensive experience in corporate strategy, restructuring and merger and acquisition. He is the Chief Executive of Pakistan Institute of Corporate Governance and is also on the Board of Engro Chemicals and Polymer Ltd., and Pakistan Oxygen Ltd (formerly Linde Pakistan Ltd). He joined on the Board of Honda Atlas Cars (Pakistan) Limited on 2nd May 2018.



MS. MASHMOOMA ZEHRA MAJEED
Independent Director

Ms. Majeed completed her Chartered Financial Analyst (CFA) program in 2001 from the CFA Institute and the Financial Risk Manager (FRM) Program in 2010. She has a vast experience of 19 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 16 years with her forte being in investment management and product development. She has previously worked in senior positions in Atlas Asset Management Limited, ABAMCO Ltd (now JS Investments Ltd) and Crosby Asset Management Ltd. She started her career with M/s Hameed Majeed Associates (Pvt) Ltd., as Management & Financial Consultant.

Currently, Ms. Majeed is working as Chief Executive Officer (CEO) in Mutual Funds Association of Pakistan (MUFAP) since 2012.

She is on the Board of Honda Atlas Cars (Pakistan) Limited since July 1, 2017.



MS. RIE MIHARA
Independent Director

Ms. Mihara is Chief Executive Officer & Founder of Makotoya Co., Limited, Japan since 2008.

She is graduate from Tohoku Fukushi University, Miyagi JAPAN in Social Welfare. After study, she joined M/s Recruit Staffing Co., Limited in 2001 as Customer Centre Manager and worked as Director Human Resource Development in Welcome Co., Limited, Japan. In 2008 she laid the foundation of Makotoya Co., Limited in Japan and worked as CEO & Founder of the Company. In 2016, Ms. Mihara established Makotoya Pakistan (Pvt) Limited and working as CEO. She has vast experience of Marketing, Human Resources and entrepreneurship.

She is on the Board of Honda Atlas Cars (Pakistan) Limited since May 2, 2018.



MR. SATOSHI SUZUKI
Director

Mr. Suzuki has been associated with Honda Motor, Japan for more than 27 years. He has vast experience of automobile business & Product Planning, working on different strategic positions, around the globe.

Mr. Suzuki was associated with Honda Canada Inc., Toronto, Ontario and have been involved in Sales Planning and restructuring business plan. He was promoted to Chief of North America Automobile Sales Department. He has also been Sales Large Project Leader of Civic Group, In charge of CIVIC and CR-V.

Mr. Suzuki has served Honda Motor Europe, Ltd., United Kingdom for two different terms. He has also worked in Honda Motor RUS LLC, Moscow, Russia as Director Sales. He has been associated with American Honda Motor Co., Inc. as Vice President for Automobile Operations Division.

Mr. Suzuki joined on the Board of Honda Atlas Cars (Pakistan) Limited from 1st January 2018.



MR. MAQSOOD-UR-REHMAN REHMANI
Vice President & Company Secretary

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 and Company Secretary in November 2014.

KEY MANAGEMENT



MR. MUHAMMAD ASHRAF
Assistant Vice President
Model Planning & Production

Mr. Ashraf has more than 36 years experience of automobile production operations and new model development. He started his career with Awami Autos Limited in 1982 and has also worked with Pak Suzuki Motor Co for nine years. He joined Honda Atlas Cars (Pakistan) Limited in 1993 and has qualified Management Courses from AOTS Japan. He has worked in different management capacities and currently he is Head of Model Planning & Production Division.



MR. IQBAL AHMED
Senior General Manager
After Sales

Mr. Iqbal has BSc in Mechanical Engineering from UET, Lahore and Executive MBA from LUMS. He has more than 26 years experience of production, quality, manufacturing operations, stores and project management. He started his career as trainee engineer with Atlas Honda Limited and served in different management positions. He joined Honda Atlas Cars (Pakistan) Limited in November 2014 as Head of Import Purchase & Logistics Division. Since August 2017, he is working as Head of After Sales.



MR. TADAHIRO HAYAKAWA
General Manager
Production

Mr. Hayakawa has been associated with Honda Motor Co., Japan for more than 32 years. He has vast experience of different production operations. He has been head of Welding operations at Honda of 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. ASIF MAHMOOD
General Manager
Purchasing

Mr Asif is Mechanical Engineer, graduated from UET Lahore. He joined HACPL in 1994 as trainee Engineer. Over the past 24 years, he served in Material Service, Production Planning & Control, ISO, New Model Control (NMC) & Spec Control. He has qualified Management courses from HIDA, Japan. In 2012, he was assigned the responsibilities in Purchasing & Quality Development department. Since Dec 2015, he is Head of Purchasing Division.



MR. AHMAD UMAIR WAJID
Chief Financial Officer /
General Manager

Mr. Umair is a Fellow Member of the Institute of Chartered Accountant of Pakistan and having more than 13 years post qualification experience. He has been involved in financial management, budgeting, strategic business planning, corporate compliance and risk management operations. Prior to joining HACPL, he has also worked as Manager - Assurance and Business Advisory services in A.F. Ferguson & Co., for more than 5 years.



MR. ZIA UL HASSAN KHAN
General Manager
HR & Administration

Mr. Zia holds BE Electrical Engineering from UET, Lahore, Diploma in Business Administration from IBA Karachi. He has more than 19 years of experience of Maintenance, Project Management and Production. He started his career as Assistant Manager Maintenance with Atlas Honda Limited and was transferred to Honda Atlas Cars (Pakistan) Limited in April 2017 as General Manager HR & Administration.



MS. SAMINA NAZ
General Manager
Import, Purchase & Logistics

Ms. Samina Naz is an MBA and Masters in Economics. She has served as General Manager Legal and HR in Atlas Power Ltd and National Manager Product Planning in Atlas Honda Ltd. She has also experience of Corporate Affairs, Contracts / Arbitration, Marketing, Corporate Communication and Human Resources. She has exposure to complete green field project with Atlas Power Limited. She has been associated with the Atlas Group since 2003. Ms. Samina has attended various programs & management training sessions from IBA & LUMS etc.



MR. AMIR NAZIR
General Manager
Sales & Marketing

Mr. Amir Nazir is associated with HACPL for the last 17 years. He started his carrier in Technical Purchasing and worked on sourcing, budgeting and costing. In addition, he added his valuable input to, much needed, localization and new model development. His efforts helped in controlling the cost and maintaining a strong brand image. He has qualified management course from HIDA, Japan. Currently, he is working as General Manager Sales and Marketing.



MR. BASHARAT ALI RANA
General Manager
Quality Control

Mr. Rana has more than 33 years experience of automobile production operations. He has been associated with Honda Atlas Cars (Pakistan) Ltd since 1993. He has qualified management courses for Production Operations & New Model Development from Japan. He has worked for all production & quality control operations. He has also served more than 3 years as Head of Plant Maintenance, facilities and Engineering department. Currently he is working as Head of Quality Control Division.



MR. MUHAMMAD AJMAL
General Manager
Chief Engineer Quality (CEQ)

Mr. Ajmal has been associated with the Company for last 24 years. He has vast experience of working in Frame Assembly, Vehicle Quality, Market Quality & Quality Control Department. He has qualified Management course from AOTS, Japan in the field of "Automobile-New Model Development" in 1999 and from HIDA, Japan in "Production Management" in 2017. He is working as CEQ since April 2018.

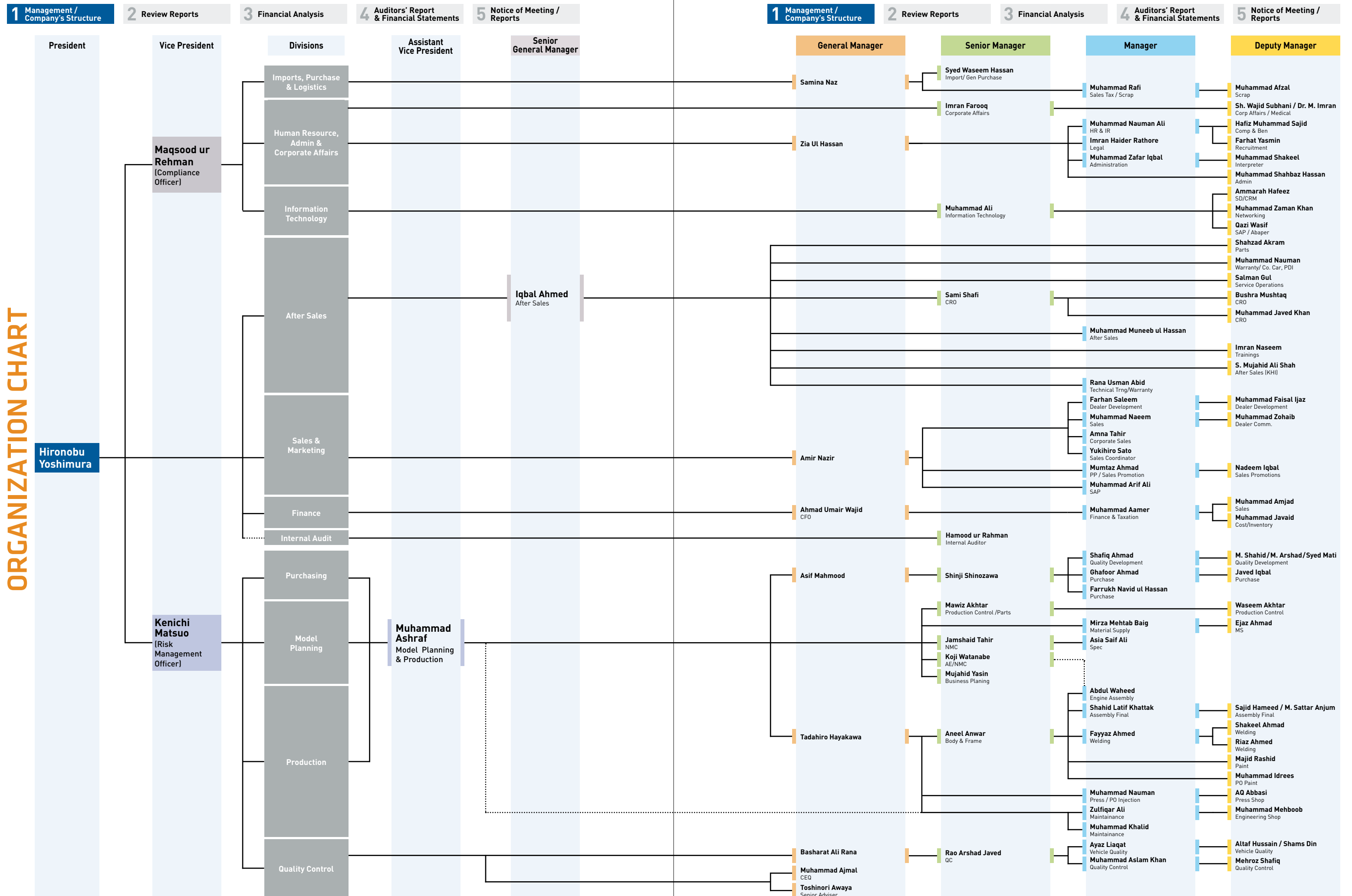


MR. TOSHINORI AWAYA
General Manager /
Senior Advisor, Quality Control

Mr. Awaya has been associated with Honda Motor, Japan for last 37 years. He has vast experience of Quality Control, working in different Honda Motor plants in Japan and Thailand.

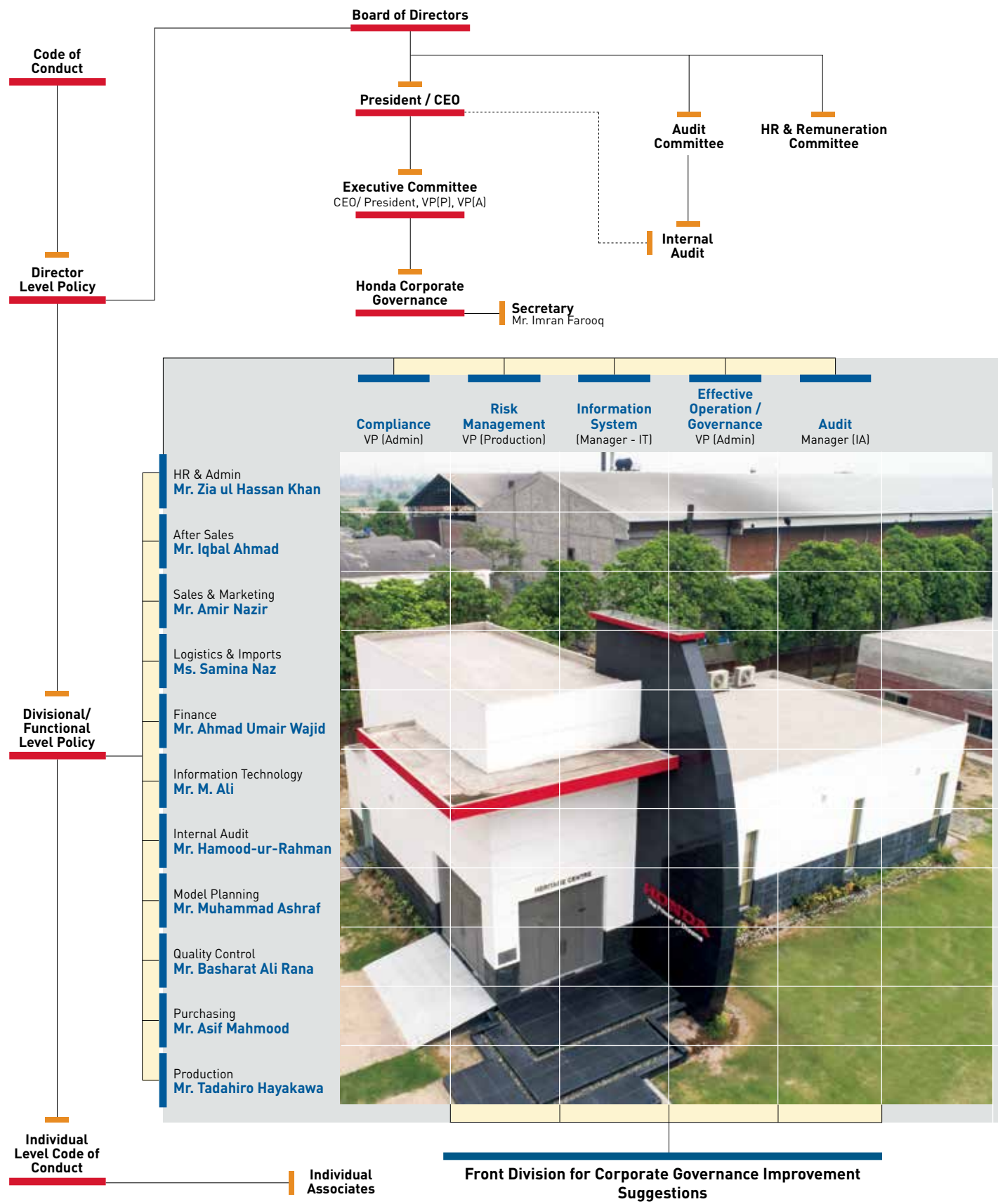
He has worked as VQ Manager in Honda Motor, Japan for two years, and as Chief Engineer Quality (CEQ) for five years in Honda Motor, Thailand. Currently he is working as Senior Advisor, Quality Control.

ORGANIZATION CHART



CORPORATE GOVERNANCE

(ORGANIZATION STRUCTURE)



BUSINESS PRINCIPLES



L to R:
Front Row: Mr. Toshinori Awaya, Mr. Zia ul Hassan, Mr. Tadahiyo Hayakawa, Mr. Iqbal Ahmed, Mr. Muhammad Ashraf, Mr. Asif Mahmood, Ms. Samina Naz
Back Row: Mr. Ahmad Umair Wajid, Mr. Basharat Ali Rana, Mr. Muhammad Ajmal, Mr. Amir Nazir

HONDA MOTOR CO., LIMITED, JAPAN

Corporate Philosophy

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

Management Policy

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

HONDA ATLAS CARS (PAKISTAN) LIMITED

Corporate Philosophy

1. Dynamic manufacturing and marketing of prestigious products to the entire satisfaction of customers.
2. Create ideal working environment for continuous development of products and personnel.
3. Provide adequate return to shareholders and fulfill corporate civic obligations.

Management Policy

1. Respect for all – man has priority over machine.
2. Man is the key in controlling i.e. machines, methods and materials.
3. Follow 3S spirit i.e. small, smart and speed.
4. Believe in 3A "Hands on Approach" i.e. be on Actual Spot, look at the Actual Spot and confront the Actual Situation.

5. Be a good corporate citizen; assume a responsible role in the community.

Priority Standards of Conduct

1. Safety: There can be no production without safety.
2. Quality: To achieve complete customers satisfaction by focusing on smart teamwork, meeting all applicable legal and regulatory requirements & continually improving our strategies and goals.
3. Productivity: With safety and quality each of us will strive to excel the performance in all fields of our activities i.e Production, Model Planning, Quality Control, Purchasing, Sales & Marketing, After Sales, Finance, Import, Purchase & Logistics, IT, IA and Human Resources & Administration Division.



L to R:
Front Row: Mr. Koji Watanabe, Mr. Mawiz Akhtar, Mr. Sami Shafi, Mr. Imran Farooq, Mr. Waseem Hassan,
Back Row: Mr. Aneel Anwar, Mr. Shinji Shinozawa, Mr. Hamood ur Rehman, Mr. Muhammad Ali

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

HONDA PHILOSOPHY



Participants of Honda Philosophy Training conducted by Mr. Atsushi Yamazaki.

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

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

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

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

FUNDAMENTAL BELIEFS

RESPECT FOR THE INDIVIDUAL

INITIATIVE

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

EQUALITY

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

TRUST

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

THE THREE JOYS

THE JOY OF BUYING

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

THE JOY OF SELLING

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

THE JOY OF CREATING

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

HONDA AND OUR STAKEHOLDERS

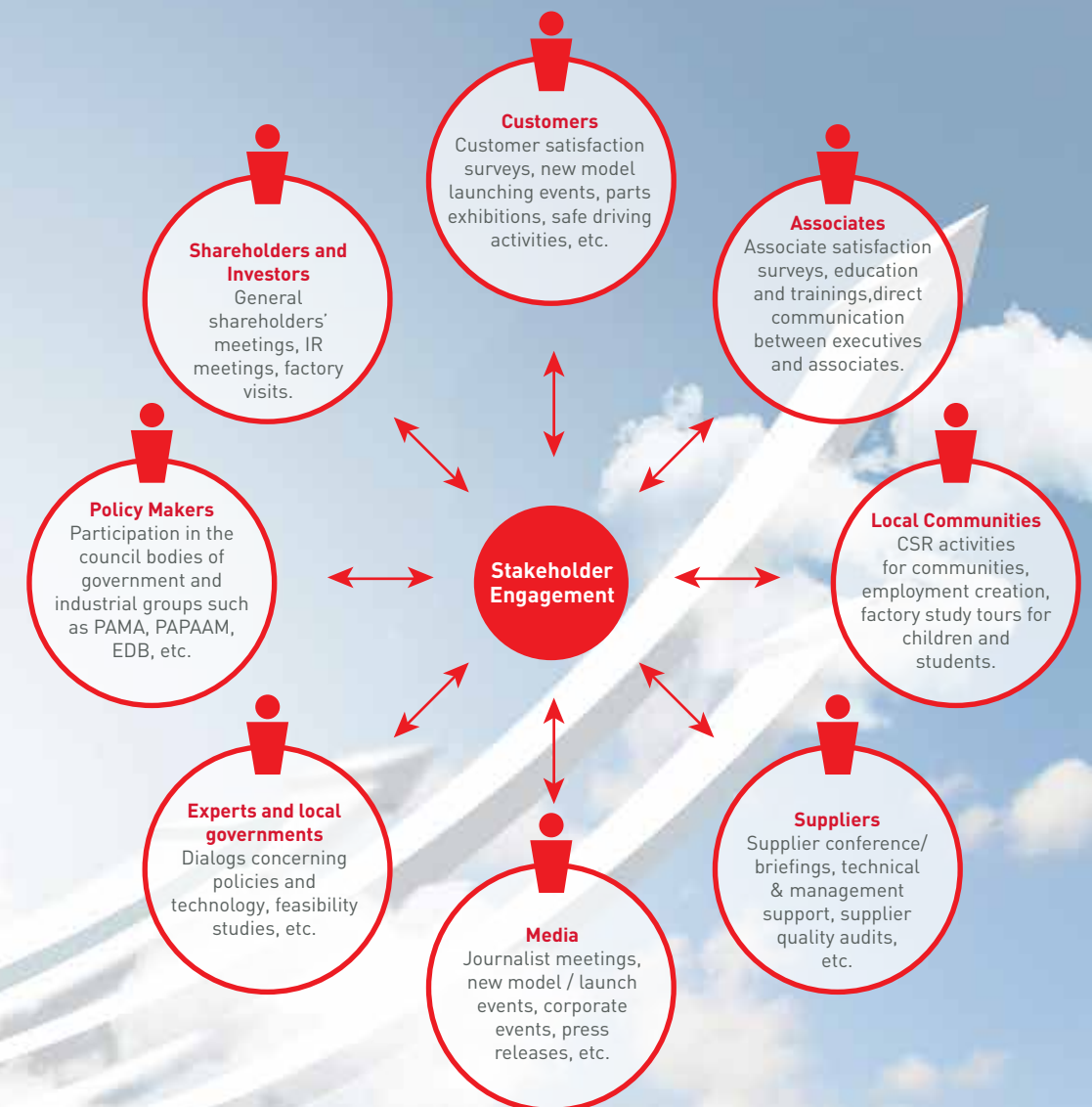
OUR APPROACH TO STAKEHOLDER ENGAGEMENT

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

continues to accelerate, we believe that stakeholders dialogue is a beneficial tool that enable us to expand business opportunities and increase the company's customer base, while also giving us an understanding of changes and risks in the social environment.

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

STAKEHOLDER ENGAGEMENT



CHRONICLE OF EVENTS

2013
17th April
Launch of Honda City Aspire 1.5

2013
10th December
Celebration of 20th Anniversary

2015
6th November
Achieved Best Quality Award

2016
22nd July
Launch of all New Honda Civic

2017
31st March
Achieved record production & sale

2017
17th December
First Honda Marathon held

2018
31st March
Achieved 50,000 production & sales target

2012
18th September
Launch of New Honda Civic

2013
15th June
Launch of New Honda Accord

2014
16th October
Launch of Evolved Honda City Model

2016
11th January
Launch of HR-V (CBU) Model

2016
20th October
Rolling Out of 300,000th Car

2017
21st April
Launch of Honda BR-V Model

2018
4th February
25th Anniversary celebrated

2012
12th July
Rolling Out of 200,000th Car

2009
31st January
Launch of 3rd Generation Honda City

2012
29th April
Rolling Out of 100,000th Honda City

2005
21st December
Rolling Out of 100,000th Car

2003
23rd August
New Honda City Launched

2012
2nd July
Launch of Honda City Aspire 1.3

2012
1st March
Launch of New Honda CRV

2008
20th July
Launch of New Honda Accord & CRV

2006
31st December
Capacity Enhancement to 50,000 Units per annum achieved

2006
14th January
Launch of New Model of Honda City

2005
11th August
Launch of CBU Honda Accord

2001
22nd March
Launch of New Honda Civic

1992
4th November
Incorporation of Honda Atlas Cars (Pakistan) Limited

1994
31st March
Completion of Civil Work and Installation of Plant & Equipment

1994
26th May
First Car Rolling Out Ceremony held

1994
16th July
Commercial Production Commenced

1996
10th January
New Civic 96 Launched

1998
1st October
Honda Motor Company's 50th Anniversary

2000
20th January
Launch of New City Model with Pgm-Fi Technology

1992
5th August
Joint Venture Agreement Signed with Honda Motor Co. Ltd., Japan

1993
17th April
Ground Breaking Ceremony held

1994
1st April
Technical Assistance Agreement signed with Honda Motor Co. Ltd., Japan

1994
13th July
Inauguration by President of Pakistan and visit of Mr. N. Kawamoto, President Honda Motor, Japan

1994
10th October
Public Issue of Shares

1997
22nd January
Honda City Launched

1999
28th January
Civic Vti Oriol Launched First Sunroof Car in Pakistan

2012s **2018s** **2012s** **2001s** **1992s** **2000s**

PATTERN OF SHAREHOLDING

AS ON MARCH 31, 2018

Number of Shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital	
	From	To			
2393	1	-	100	118,504	0.08
1149	101	-	500	374,524	0.26
886	501	-	1000	758,746	0.53
979	1001	-	25000	4,030,475	2.82
81	25001	-	105000	3,844,603	2.69
18	105001	-	245000	2,969,100	2.08
1	245001	-	250000	247,550	0.17
1	265001	-	270000	265,150	0.19
1	270001	-	275000	273,500	0.19
2	295001	-	300000	595,579	0.42
1	310001	-	315000	313,300	0.22
1	335001	-	340000	339,500	0.24
1	340001	-	345000	342,000	0.24
1	345001	-	350000	346,500	0.24
1	360001	-	365000	364,705	0.26
1	365001	-	370000	369,700	0.26
1	390001	-	395000	392,800	0.28
1	415001	-	420000	417,425	0.29
1	570001	-	575000	574,400	0.40
1	845001	-	850000	850,000	0.60
1	1960001	-	1965000	1,961,500	1.37
1	2155001	-	2160000	2,159,789	1.51
1	2210001	-	2215000	2,210,100	1.55
1	2730001	-	2735000	2,733,900	1.91
1	43115001	-	43120000	43,118,650	30.20
1	72825001	-	72830000	72,828,000	51.00
5,527				142,800,000	100.00

CATEGORIES OF SHAREHOLDERS

AS ON MARCH 31, 2018

Sr. No.	Description	Number of Shareholders	Shares Held	Percentage of Total Capital
1	Individuals	5,300	8,839,842	6.19
2	Joint Stock Companies	72	1,113,807	0.78
3	Financial Institutions	36	1,800,556	1.26
4	Foreign Company	1	72,828,000	51.00
5	Insurance Companies	7	2,333,300	1.63
6	Associated Undertakings/Companies	2	43,968,650	30.79
7	Investment Companies	10	225,094	0.16
8	Mutual Funds	48	8,652,289	6.06
9	Funds	33	663,102	0.46
10	Others	18	2,375,360	1.66
		5,527	142,800,000	100.0

SHAREHOLDING INFORMATION

AS ON MARCH 31, 2018

Categories	Number of Shareholders	Shares Held
Associated Companies		
Honda Motor Company Ltd.	1	72,828,000
Shirazi Investments (Pvt) Limited	1	43,119,650
Atlas Insurance Limited	1	850,000
Mutual Funds		
M/s First Capital Mutual Fund	1	170
CDC - Trustee MCB Pakistan Stock Market Fund	1	346,500
CDC - Trustee Pakistan Capital Market Fund	1	20,000
Golden Arrow Selected Stocks Fund Limited	1	5,000
CDC - Trustee Meezan Balanced Fund	1	218,600
CDC - Trustee Faysal Stock Fund	1	4,000
CDC - Trustee Alfalah GHP Value Fund	1	11,830
CDC - Trustee AKD Index Tracker Fund	1	6,100
CDC - Trustee AKD Opportunity Fund	1	50
CDC - Trustee Al Meezan Mutual Fund	1	392,800
CDC - Trustee Meezan Islamic Fund	1	2,733,900
CDC - Trustee Faysal Asset Allocation Fund	1	20,650
CDC - Trustee UBL Stock Advantage Fund	1	247,550
CDC - Trustee Al-Ameen Shariah Stock Fund	1	339,500
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	273,500
CDC - Trustee Dawood Islamic Fund	1	800
CDC - Trustee Alfalah GHP Islamic Stock Fund	1	2,450
CDC - Trustee Nafa Islamic Asset Allocation Fund	1	56,900
CDC - Trustee MCB Pakistan Asset Allocation Fund	1	47,700
CDC - Trustee Alfalah GHP Stock Fund	1	14,150
CDC - Trustee Alfalah GHP Alpha Fund	1	9,800
CDC - Trustee NIT-Equity Market Opportunity Fund	1	45,350
CDC - Trustee ABL Stock Fund	1	6,100
CDC - Trustee First Habib Stock Fund	1	2,150
CDC - Trustee NAFA Asset Allocation Fund	1	14,300
CDC - Trustee Askari Equity Fund	1	2,000
CDC - Trustee First Capital Mutual Fund	1	3,500
CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	1	159,750
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	1	60,100
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	63,300
CDC - Trustee National Investment (Unit) Trust	1	2,159,789
CDC - Trustee ABL Pension Fund - Equity Sub Fund	1	6,100
CDC - Trustee NAFA Islamic Stock Fund	1	92,750
CDC - Trustee NIT Islamic Equity Fund	1	214,700
CDC - Trustee NITIPF Equity Sub-Fund	1	12,000
CDC - Trustee NITPF Equity Sub-Fund	1	3,000
CDC - Trustee Al Ameen Islamic Dedicated Equity Fund	1	574,400
CDC - Trustee NAFA Islamic Active Allocation Equity Fund	1	42,400
ABA Ali Habib Securities (Pvt) Limited - MF	1	5,200
CDC - Trustee Meezan Asset Allocation Fund	1	74,000
CDC - Trustee Alfalah GHP Islamic Dedicated Equity Fund	1	5,850
The Boeing Company Employee Retirement Plans [1380-6]	1	7,300
EVLI Emerging Frontier Fund [000911900247]	1	243,000
Global X Funds-Global X MSCI Pakistan ETF	1	35,300
PUB Institutional Fund Umbrella - PUB Equities EMG MKTS 2	1	9,550
Flexshares Morningstar Emerging Markets Factor TILT Index FD	1	6,300
Emerging MKTS SML Capitalization EQTY Index Non-Lendable FD	1	39,050
Emerging MKTS SML Capitalization EQTY Index Non-Lendable FD B	1	13,100
Directors, CEO, their Spouse and Minor Children		
Syed Yusuf H. Shirazi	1	#
Mr. Aamir H Shirazi	1	#
Mr. Kenichi Matsuo	1	*
Mr. Yasutaka Uda	1	*
Mr. Akira Murayama	1	*
Mr. Hironobu Yoshimura	1	*
Mr. Satoshi Suzuki	1	*
Ms. Mashmooma Zehra Majeed	1	500
Mr. Muhammad Naeem Khan	1	500
Executives		
Public Sector Companies & Corporations (Joint Stock Companies)	72	1,113,807
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension/Other Funds	86	5,022,052
Shareholders Holding 5% or More Voting Rights + Others, Individuals	5,303	11,210,447
TOTAL	5,527	142,800,000

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

INVESTOR RELATIONS INFORMATION

AS ON MARCH 31, 2018



COMPANY INFORMATION

Established on
Line of Business
Fiscal Year-End
Auditor's
Share Registrar

November 4, 1992
Manufacturing of Honda Vehicles
March 31
M/s. A.F. Ferguson & Company
M/s. Hameed Majeed Associates (Pvt.) Ltd.
H.M. House, 7 - Bank Square, Lahore
Phone: +92-42-3723 5081-82
Email: info@hmconsultants.com
www.honda.com.pk
f www.facebook.com/hacpl

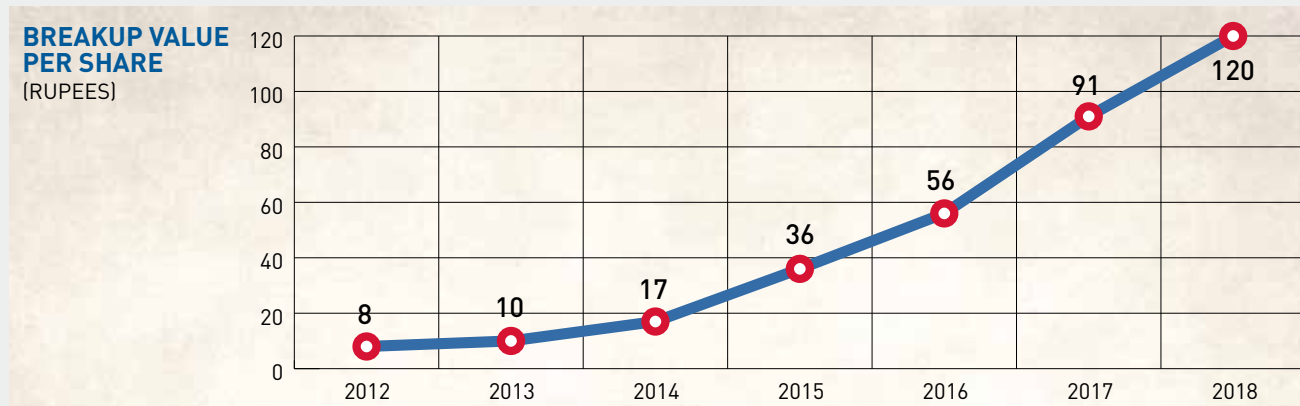
Web Site

STOCK INFORMATION

Security Code
Number of Shares Authorized
Number of Shares Issued
Number of Shareholders
Number of Shares per Trading Unit
Stock Exchange Listing
General Meeting of Shareholders
Book Closing

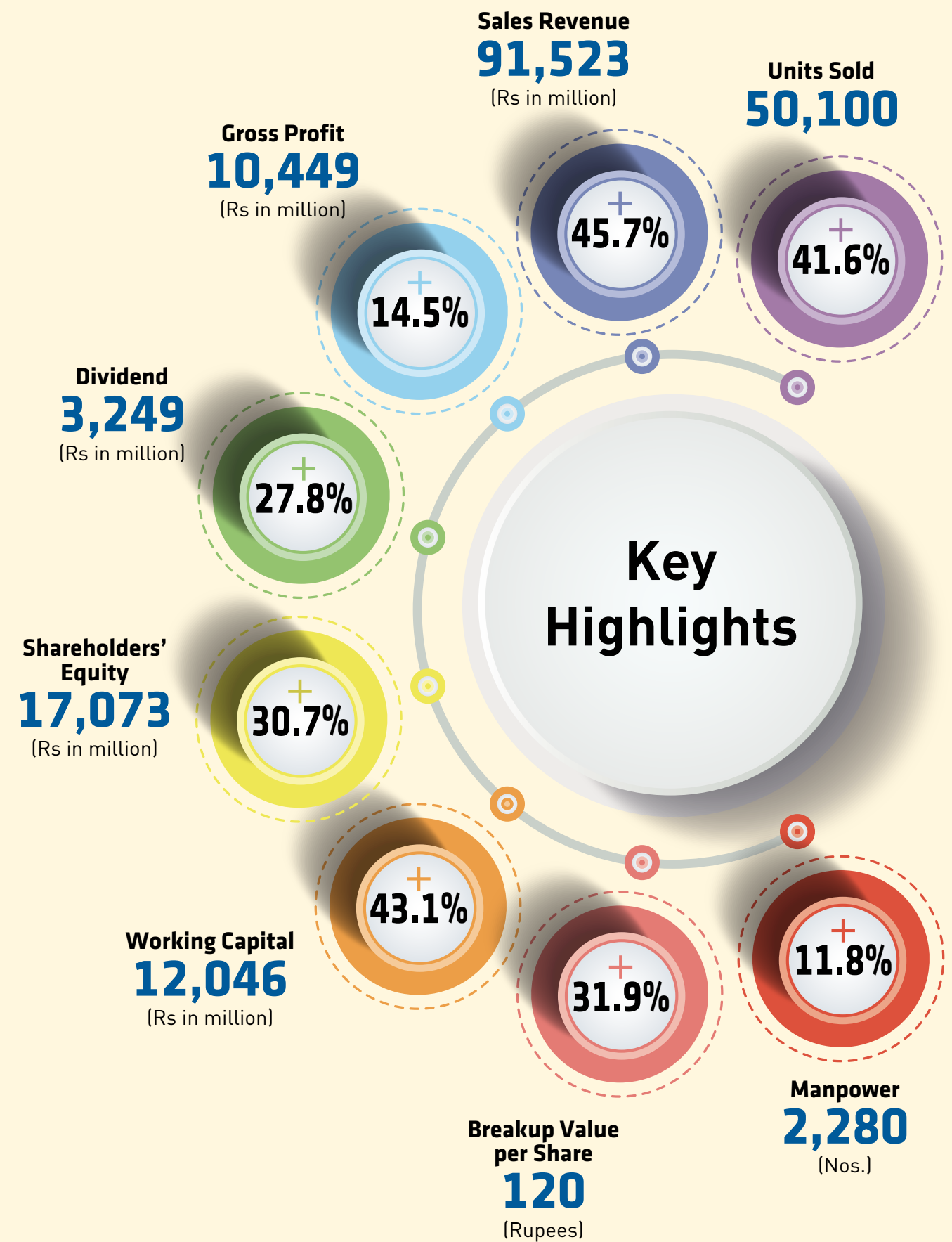
HCAR
200,000,000
142,800,000
5,527 (March 31, 2018)
100 Shares
Pakistan Stock Exchange Limited
June 28, 2018
June 18, 2018 to June 28, 2018
(both days inclusive)
April 2021

Next Election of Directors



SIGNIFICANT EVENTS

DURING 2017-18



CHAIRMAN'S REVIEW

AS ON MARCH 31, 2018



It gives me great pleasure to present you the Annual Financial Statements of the Company for the year ended March 31, 2018.

THE ECONOMY

Pakistan's economy continued to grow at an encouraging pace but macroeconomic balances are widening. GDP is expected to reach a decade high level of 5.6%. The continued implementation of CPEC projects, new power generation capacity, sustained recovery of agriculture and strong growth in consumption were instrumental in achieving the recent performance. CPI inflation has remained stable averaging at 4.0% during 9M/FY18 mainly due to muted food inflation and lower than anticipated rise in fuel prices. Foreign Direct Investment improved to 4.4% which was primarily dominated by Chinese CPEC related inflows. On the fiscal front, FBR collected taxes worth Rs. 2,621 billion during the 9M/FY18, showing a growth of 16% as compared to the corresponding period of last year. Accordingly, to maintain growth momentum and keep inflation under control, the State Bank of Pakistan (SBP) has decided to marginally raise policy rate by 25 bps to 6.0%, after keeping it unchanged since May 2016.

Besides progressing real economy, Pakistan's external position continued to remain under stress. The main driver has been the surge in imports by 15.7% year on year basis, reflecting strong domestic demand, implementation of import-intensive CPEC projects and rising oil prices. By contrast, exports have bounced back by 13.1% after three years of continuous decline due to supportive government measures. Growth in home remittances remained low, improved slightly by

3.6%. Accordingly, elevated current account deficit of USD 10.8 billion during the 8M/FY18 and increased external obligations have raised external financing needs, taking a further toll on foreign exchange reserves, which stood at USD 17.8 billion. In line with evolving fundamentals, the SBP allowed the rupee to lose by 10.2% against USD since December 2017. The performance of the stock market also remained lackluster as PSX 100 index dropped by 16.8% since its high in May 2017 of 53,217 to 45,560 points.

AGRICULTURE

The agriculture sector continues to be the corner stone with contribution of 19.5% to GDP and employment of 42% labor force. Better water flow, higher yields, attractive output prices and supportive government policies have provided impetus to the growth. Major Kharif crops such as sugarcane and rice surpassed their targets, while cotton managed to exceed last year's production level. Other components of agriculture like livestock, fisheries and forestry also showing progressive growth. Barring chances of wheat target being missed by slight margin, this sector is projected to register positive growth for the second consecutive year.

LARGE SCALE MANUFACTURING (LSM)

LSM posted a growth of 6.2% during the first eight months of FY18 as compared to same period of previous financial year. The sector managed demand pressures through better utilization of existing

capacity and continuous additions in installed capacity. Improvement was largely from expansion in cement, iron and steel products that reflects greater demand from construction on public infrastructure projects. Higher domestic demand was indicated by sharp expansion in consumer goods such as automobiles and electronics. Recovery in engineering, petroleum products and rubber also contributed to growth, which is expected to continue in light of a favorable demand outlook.





AUTOMOBILE INDUSTRY

Pakistan is a growing market for automobile and allied industries, which plays a pivotal role within the large-scale manufacturing sector in raising economic growth. Being the "mother of all industries", it's rise lends growth to many ancillary industries and creates employment opportunities.

In the last couple of decades, the automobile industry has continued to thrive with consistent growth, backed by low inflation & interest rates, higher consumer lending and exciting new models. The total production of sedan cars crossed 200,000 mark. High demand of all makes & models has caused production levels to rise and currently, all OEMs are operating at full capacity.

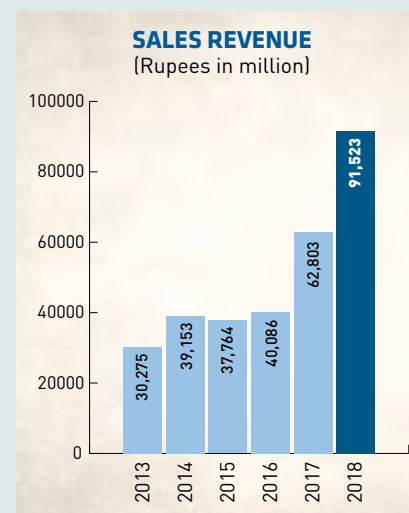
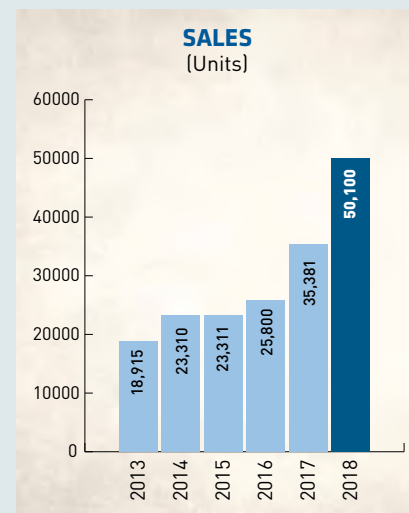
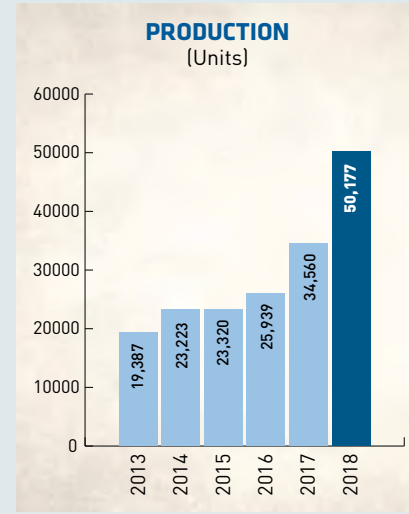
The Auto Industry Development Policy (AIDP) and growth potential of the Pakistan automobile market have sufficiently attracted Chinese, Korean and French companies to announce their entry plans and sign joint ventures with local counterparts, with some old players set to make a comeback as well. The entry of new players will intensify competition, improve quality, enhance features and

make prices competitive which will ultimately be beneficial for the customers. Once the new installed capacity comes on line, the government should consider complete ban of import of reconditioned cars to provide more space for growth and excellence of all OEMs and vending industry.

The industry production grew by 17.4% during twelve months' period of Apr-17 to Mar-18, over the same period of last year. The total production was 218,423 units against 186,080 units, whereas sales too improved by 18.1% to 216,680 units against 183,506 units of last year. Smaller cars segment of 800cc & 1000cc registered growth of 11.7% and 42.6% respectively whereas 1300cc & above cars sector grew by 12.1% over last year.

COMPANY OPERATIONS

During the year under review ended March 2018, the company production increased by 45.2% to 50,177 units against 34,560 units of last year, whereas sales improved by 41.6% to 50,100 units against 35,381 units of last year. The Honda Civic continued to enjoy the premium place in its category and registered growth of 28.9%,



having sold 20,092 units against 15,592 units in last year. Honda City marked growth of 5.9% and 20,866 units were sold against 19,712 units in 2016-17. The BR-V provided more variety to our customers and 9,098 units were sold in its maiden year.



Honda BR-V launching ceremony

NEW MODEL

April saw the launch of the attractive all-new Honda BR-V, the first locally produced mid-sized SUV powered by 1.5 liter i-VTEC engine equipped with new continuously variable transmission (CVT) developed under Honda's Earth Dream Technology. The projector headlights with LED position lamp, LED tail lights and sporty roof rails are standard in both variants. The interior is a spacious cabin, with 3-row seating configuration, and comfortably seats 7 passengers that can be adjusted for multiple transport, haulage and cargo needs. Both variants offer rear air-conditioning system with independent controls located between first & second row seats to expand air flow.

At Honda Safety of passenger being foremost concern, the BR-V is built with Honda's G-force Control (G-CON) collision safety body engineering that dissipates crash G-forces, dispersing them away from vehicle occupants on impact. Driver side SRS Airbags, Anti-Lock Braking System (ABS), Electronic Brake Force Distribution (EBD) and

Speed Sensing Auto Door Lock are standard features for both variants.

An encouraging customers' response saw a sale of more than 9,000 units of the new BR-V since its launch. This new model has further strengthened our market position and provided our customers a wider range of product choices.

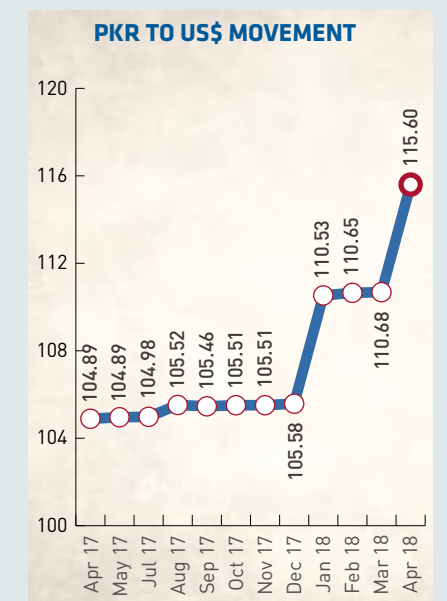
INCREASE IN PRICES

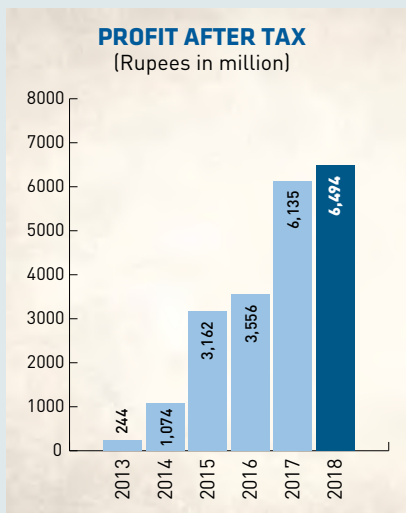
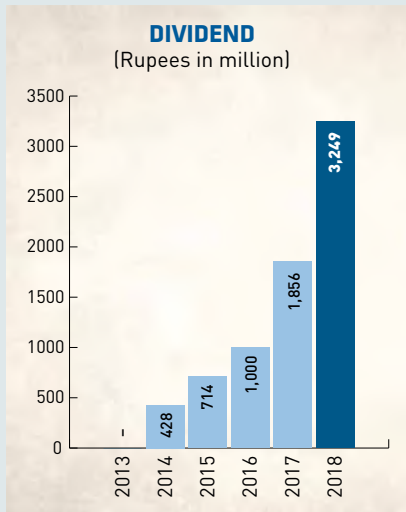
Since the start of the year, as trade deficit widened and forex reserves declined, there has been mounting pressure on exchange rate parity. In December last year, the State bank devalued the Pak rupee by 5.4% and further 4.8% in March 2018. The cost-push due to devaluation of more than 10% coupled with inflation was unsustainable. Therefore, the company increased retail price of Honda Civic and Honda City by Rs 150,000 to Rs 160,000 on different variants, whereas price of Honda BR-V was increased by Rs 20,000.

INCREASE IN PRODUCTION

To meet a consistently high demand of our products, the company

has been gradually increasing production capacity in different phases. In December last year, the daily production was further enhanced and over last one & half year, the production has been doubled. Now, the company is operating at full installed capacity of 50,000 units per year. Further, the company is working extra hours and adding more days in its production plan to meet next year's production targets.





LANDMARKS FOR THE YEAR

This was a memorable year for the company for many reasons. A few of them are mentioned below:

- **Historic 50,000 unit sales mark!**
The stylish design and high quality of our product continued to cause surge in demand and the company broke the 50,000 production & sales mark for the first time ever in our history. Simultaneously, the company also broke the record of highest every production & sales of Honda Civic & Honda City. The unit sales of the year exceeded the accumulated sales of first nine years of the company!



25th Anniversary Celebrations

- **25th Anniversary Celebrations**
In February 2018, The company celebrated its 25 years of operations in Pakistan automobile industry. A modest start was made in 1994 when 8-10 cars were produced daily after launch of 5th generation of Honda Civic in 1994. The company earned profit in first year and declared dividend in the first full year of operations. Since then, ten new models of Honda Civic, Honda City and BRV with exciting features, stylish design and best quality & safety technology have been introduced by the company, which has changed the landscape of Pakistan automobile industry. Till March 2018, the company has served more than 370,000 satisfied customers, who have been using Honda cars in Pakistan for last 25 years!
- **20 Years of Excellence of Honda City**
The company started production of Honda City in 1300cc category in Jan 1997, which has since been its top selling product, having produced & sold around 200,000 units in Pakistan till the beginning of April 2017. Over the period, the model has been upgraded to provide maximum satisfaction to the customers thus establishing itself as a first choice of sedan-buyers.
- **Best Quality Award**
The company has implemented the concept of "Next process is my Customer" in all production and allied departments to develop the approach of providing best to our next processes. In recognition of these efforts, Honda Motor,



Celebration of achievement of 50,000 sales target



Participants of regional CEQ's meeting

Japan, conferred the company with the Gold Award in the category of Best Quality. The award ceremony is an annual event organized by Honda Motor, Japan in order to acknowledge the highest standards of quality. Eight Asian Honda ATAI countries participated in the competition including Pakistan, India, Indonesia, Malaysia, Taiwan, Thailand, Vietnam, and Philippines.

FINANCIALS RESULTS

The company crossed gross sales value of Rs 100 billion in FY18 for the first time in its history. Net sales revenue after subtracting sales tax, commission to dealers and discount to customers grew by 45.7% to Rs 91,522.87 million for the year against Rs 62,802.75 million in FY17. Cost of sales increased to Rs 81,703.78 million against Rs 53,681.06 million. Gross profit increased by 14.5% to Rs 10,449.09 million against Rs 9,121.69 million. GP margin reduced to 11.42% mainly due to impact of exchange rate fluctuation in the later period of the year. The Rupee was devalued more than 10% in last two quarters, in two steps which had significant impact on the profitability. Though the company increased price of its models to cover the cost increase, however the entire impact could not

be passed on to the customers. The Selling & Administrative expenses were increased to Rs 1,594.50 million due to increase in manpower & dealers' sales incentives to achieve the record sales target.

Other income increased to Rs 1,883.02 million against Rs 1,115.19 million, showing a growth of 68.9% due to gain on short term investments and return on bank deposits. The financial & other charges also increased to Rs 1,259.04 million as compared to Rs 560.96 million in FY17 which included 34.9% higher provision for Workers Profit Participation and Workers Welfare Funds.

The company earned a record profit before tax for the year at Rs 9,478.56 million against Rs 8,636.32 million. After necessary tax provisions, the net profit was Rs 6,494.45 million as compared to Rs 6,134.99 million of last year – highest in twenty-five

years of operations. The earnings per shares improved to Rs 45.48 against Rs 42.96 in the last year.

Following the requirements of Auto Industry Development Policy (AIDP), the company has paid a discount for Rs 1,047.99 million to those customers whom the car was delivered after two months.

The company contributed Rs 33.91 billion towards government revenue during the year under review on account of sales tax, custom duty, income tax and other government levies. The company also received first position accolade from Custom Authorities, being the highest tax paying company in its category in the Punjab Region. So far the company has paid Rs 175.61 billion taxes towards national exchequer.



Honda City face lift launching



INVESTMENT

The company has invested Rs 1,266 million this year. This was used mainly for capacity building & expansion of warehouses, construction of new Plastic Injection Shop, with installation of new 3500 tons machine and expansion in Paint shop to remove bottlenecks for maximizing production. The investment will improve our capacity to stock more CKD & parts for growing production requirements and manufacturing of in-house plastic parts for enhancing localization merit.

VENDORS CONFERENCE

A vendor conference was held in Oct 2017 to highlight current & future localization strategy,

ongoing Honda Good practices, environment improvement activities & implementation of Honda Quality culture at vendors' facilities. With the company stepping ahead and focusing on localization of functional & high tech parts, an expansion of localization in near future was also chalked out where the company will make efforts to enhance and transfer knowledge and expertise to local vendors. Various awards were distributed amongst vendors on the basis of Quality, Cost Delivery, Management, System & Safety (QCDMSS).

TRAINING & DEVELOPMENT

The company has increased focus on training & development to get a competitive advantage in the

market. To this end it has developed a cross-functional training & development plan for middle and top management. During the year, the first batch of 27 associates attended one-year Diploma in Business Management (DBM) in alliance with Forman Christian College University, Lahore. The batch included associates from production, operations and offices department to improve their knowledge base and enhance understanding of integrated business functions. Another batch of three associates attended one-year DBM from Institute of Business Administration (IBA), Karachi.

In another initiative, the company started sending its top management associates abroad to attend advanced business & technical training programs organized by subsidiary companies of Honda Motor, Japan and Overseas Human Resources and Industry Development Association (HIDA), Japan. During the year, six associates attended different trainings at HIDA covering Corporate Management, Logistics, Quality, Production Management, Human Resources and Leadership development programs. Apart from that, a number of associates were sent on open enrollment training program and attended in-house & customized training sessions for



Participants of Vendor Conference



Graduates of first DBM batch



Participants of "Beautiful Minds" Training

personnel development. Lastly, two associates were enrolled to Lahore University of Management Sciences (LUMS) to attend two years MBA program to develop the future leaders.

CHANGES IN THE BOARD

On April 1, 2017, Mr. Kazuhisa Hirota was replaced by Mr. Akira Murayama after the routine global transfers of Honda Motor, Japan. On July 1, 2017, Mr. Nadeem Arshad Elahi resigned from the Board and the vacancy was filled by Ms. Mashmooma Zehra Majeed. On November 1, 2017, the previous

President and Chief Executive Officer – Mr. Toichi Ishiyama returned back after serving the company for more than two & half years. Mr. Ishiyama joined the position in Mar 2015 and has been succeeded by Mr. Hironobu Yoshimura, the new President & CEO. In January 2018, Mr. Shigeru Yamazaki was moved to his new assignment and Mr. Satoshi Suzuki succeeded him on the Board. The Board acknowledges the valuable contributions made by the outgoing members and welcome the new members on the Board.

FUTURE OUTLOOK

The current progress shows that Pakistan's economy is well poised to maintain growth. However, in order to achieve virtuous equilibrium of high growth and controlled inflation, there is an urgent need to address long standing structural reforms in the fiscal and external sectors. Given the huge current account deficit along with size of maturing loans, it is imperative for the government to ensure that estimated official inflows are realized. Going forward, well-targeted diplomatic exchange with global community, monetary tightening, stronger fiscal discipline and decisive efforts to contain losses in public enterprises would help to address these concerns. Besides, progress on CPEC will continue to provide impetus to the economy. On the other hand, an upbeat industrial and agricultural outlook is going to have a positive spillover effect on the overall



economy. If the economy regains its balance post general elections, fundamentals are strong enough to push it towards a high growth path, and this would keep the current growth momentum of automobile industry. However, continuous depreciation of Pak Rupee and rising material prices may keep a check on this growth movement.

With sights set on sustained and qualitative long term growth, the company strives for the best use of resources and optimum operational excellence leading to significant value creation for the stakeholders. After achieving record milestone in 2018, the company is challenged to make it even better next year. The best quality & stylish design is our strength and we will keep this progress with the help of our dedicated workforce & customer confidence in our product.

خدا رحمت کند این عاشقان پاک طینت را
(God bless the blissful)

ACKNOWLEDGEMENT

I would like to thank to our valued customers for their continued support and believe in our products. I would also like to congratulate Mr. Hironobu Yoshimura and his team for achieving remarkable results for the year. I also thank our dealers, vendors, bankers, government institutions, shareholders and Honda Motors – Atlas Group for their continued support. I wish the company all the success in the coming years.



Yusuf H. Shirazi
Chairman

Date: May 15, 2018



DIRECTORS' REPORT

AS ON MARCH 31, 2018

We feel pleasure to present you the Annual Audited Financial Statements for the year ended March 31, 2018, together with the Auditors' Report thereon.



Financial key results for the year are as follows:

Rupees in million	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax for the year	9,478.57	8,636.32
Taxation	(2,984.12)	(2,501.33)
Other comprehensive loss for the year - Net	(32.50)	(11.49)
Un-appropriated profit	6,461.95	6,123.50
Appropriations:*		
Transfer to general reserves	(2,600.00)	(4,200.00)
Additional dividend 41.8% (2017: Nil)	(596.90)	-
Proposed dividend 227.5% (2017: 130%)	(3,248.70)	(1,856.40)
	(6,445.60)	(6,056.40)
Earning per share – basic and diluted (Rupees)	45.48	42.96

* The Board of Directors has proposed these appropriations, which are not reflected in the financial statements in compliance with the requirements of the Companies Act 2017.

FINANCIALS

The company earned yet another record net profit of Rs 6,494.45 million for the year, improved by 5.9% against Rs 6,134.99 million in the last year. Earnings per share grew to Rs 45.48 against Rs 42.96 of last year.

DIVIDEND

We position shareholders' return as one of our most important management responsibilities. However, at the same time, we give due consideration to other business aspects like future growth needs, strengthening the balance

sheet and building reserves for un-expected business situations. Therefore, the Board of Directors have recommended 227.5% (Rs 22.75 per share) dividend for the year ended March 31, 2018, which turnout payout ratio of 50% .



L to R: Mr. Maqsood ur Rehman, Ms. Mashmooma Zehra Majeed, Mr. Akira Murayama, Mr. Hironobu Yoshimura, Mr. Yusuf H. Shirazi, Mr. Aamir H. Shirazi, Ms. Rie Mihara, Mr. Kenichi Matsuo and Mr. Ahmad Umair Wajid

CSR ACTIVITIES

We strive to be a "company that society wants to exist" by undertaking various initiatives to provide appealing products & services that bring joy to the customers & Community in all aspects of our businesses.

The company has made contributions to the local community for developing and improving health, education and infrastructure. During the year, the company took following initiatives for community development:



● **Free Medical Camps**

The company started this initiative about four years ago and since then, consistently holds free medical camps in the different villages surrounding the factory. During the year, the company arranged six medical camps at Manga Mandi, Talab Saraie, Village Bhat, Sunder and Kot Asadullah. The company doctor and supporting lady doctor provide free medical advice and medicines to the patients. The people living in these areas are daily wagers, farmers and contract workers who seldom have access to quality medical facilities. Now a large number of patients visit these camps. Last year a total of 3,827 patients were given free medical treatment. Since starting this initiative, more than 11,000 patients have benefited from these camps.

● **Clean Drinking Water**

Availability of clean drinking water has been a major concern for the rural areas. The available water sources are mostly contaminated which cause a number of diseases. The government schools in Manga Mandi & its surrounding areas suffer from scarcity of clean drinking water and students have to rely on unclean water exposing them to chronic diseases. During last year, the company installed clean drinking water pumps in three different schools in Manga Mandi & Sunder. Deep-bored water pumps & water reservoir were installed to provide clean drinking water for children.

● **Renovation of local schools**

One of the schools at Manga Mandi was restructured during the year. The building of Girls Primary school was at risk due to wear & tear over the period and needed immediate repair. The company restructured the building after demolishing a part of it and also added basic amenities in the structure. Another school at Sunder area was renovated by improving the facilities for the students.

● **Safe Driving Trainings**

The company arranged regular traffic safety education & training sessions in liaison with our associated company. Training sessions are also arranged for company coaster drivers & associates. It has been particularly helpful for the company to reduce accidents since the beginning of such safety trainings.

HONDA CODE OF CONDUCT

The company strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principle, in order to strengthen the trust of our shareholders, customers & society and seek sustainable growth and enhance corporate value.

During the year, the 'Audit & Supervisory Committee' of Honda Motor, Japan visited our company for "Supervisory Audit" of the compliance of Honda Code of Conduct. The committee studied the operational efficiency, soundness and internal controls of the company under the guidelines of the Honda

Code of Conduct. The audit results were satisfactory.

RISK MANAGEMENT

The company has formulated a risk management structure based on the Global Risk Management Policy issued by Honda Motor, Japan, with the aim of driving the company's sustainable growth and stabilizing management by anticipating & mitigating risk swiftly.

In order to address business-related risk, the Risk Management Policy details role for each department which is responsible for taking appropriate measures and promoting its own independent risk management activities. Further, for evaluating potential risk in terms of impact and frequency, a Global Emergency Headquarters was established to provide a response to incidents proportionate to the anticipated magnitude of impact.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

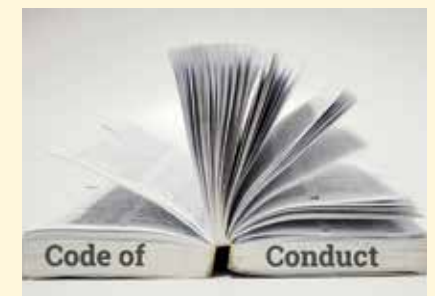
- a. The financial statements for the year ended March 31, 2018 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- b. Proper books of accounts have been maintained;
- c. Appropriate accounting policies have been consistently applied

in preparation of financial statements for the year ended March 31, 2018 and accounting estimates are based on reasonable and prudent judgment;

- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e. The systems of internal control are sound in design and has been effectively implemented and monitored;
- f. There are no doubts about the company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance, as detailed in listing regulations;
- h. The book value of investments held by Employees Provident Fund and Employees Gratuity Fund as on March 31, 2018 were Rs. 457.99 million and Rs. 380.92 million respectively.
- i. The key operating and financial data for last ten years is given in this report.

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The new Code of Corporate Governance has marked a number of changes to bring local companies governance in line with the global norms. The company



have taken initiatives to implement amendments in the new Code. The representation of independent directors has been linked with the restructuring of the Board at the time of election of Directors.

The remuneration policy for Board of Directors (for Executive, Non-Executive & Independent Directors) have been prepared. The Board lays great emphasis on adding and practicing good Corporate Governance, with a view to achieve transparency in its operations, so as to boost stakeholders' confidence. The objective of this Policy is to ensure that the Executive & Non-executive Directors' are governed by comprehensive compensation criteria, that is based on their merits and valuable contribution towards the strategic guidance and success of the Company.

THE BOARD OF DIRECTORS

The existing term of company directors expired on 1st May 2018 and the shareholders in an Extra Ordinary General Meeting held on 26th April 2018 elected the new directors. The restructuring of the Board, as per requirement of the Code has been approved.

The Board of Directors is composed of nine members, with statutory representation of different category of directors, which includes



independent directors, non-executive directors and executive directors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017.

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

The Board approved the remuneration of Chairman (Non-executive Director) at Rs. 40.6 million (2017-18: Rs. 33.55 million), which includes allowances and other benefits for the year ending March 31, 2019.

President/CEO will be paid an amount of Rs. 14.4 million (2017-18: Rs 14.4 million) and one full-time director will be paid an amount of Rs. 14.1 million (2017-18: Rs 15.1 million for one director), which includes allowances and other benefits for the year ending March 31, 2019.

COMPOSITION OF THE BOARD

The composition of the Board of Directors is as follows:

Total Number of Directors:		9
a) Male		8
b) Female		1
Composition:		
a) Independent Director		1
b) Other Non-Executive Directors		6
c) Executive Directors		2

BOARD MEETINGS

During the year under review, five meetings of the Board of Directors were held from April 01, 2017 to March 31, 2018. The attendance of the Board members was as follows:

Sr.No.	Name of Director	Attendance
1.	Mr. Yusuf H. Shirazi	4
2.	Mr. Toichi Ishiyama	3
	Mr. Hironobu Yoshimura (replaced Mr. Ishiyama)	2
3.	Mr. Aamir H. Shirazi	5
4.	Mr. Kenichi Matsuo	4
5.	Mr. M. Naeem Khan	5
6.	Mr. Akira Murayama	3
7.	Mr. Shigeru Yamazaki	1
	Mr. Satoshi Suzuki (replaced Mr. Yamazaki)	1
8.	Mr. Yasutaka Uda	5
9.	Mr. Nadeem Arshad Elahi	2
	Ms. Mashmooma Zehra Majeed (replaced Mr. Nadeem)	3
	Mr. Maqsood ur Rahman (Company Secretary)	5
	Mr. Ahmed Umair Wajid (CFO)	5

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

AUDIT COMMITTEE

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

During the year, Audit Committee held four meetings, each before the Board of Directors meeting to review the financial statements, internal audit reports, compliance with the best practices of the Corporate Governance requirements and other associated business matters. These meetings included meeting with external auditors before and after completion of audit for the year ended March 31, 2018 and other statutory meetings as required by the Code.

During the year, four meetings of the Audit Committee were held. The detail of attendance was as under:

Sr.No.	Name of Director	Attendance
1.	Mr. Aamir H. Shirazi	4
2.	Mr. M. Naeem Khan	4
3.	Mr. Akira Murayama	3
4.	Mr. Shigeru Yamazaki	-
	Mr. Satoshi Suzuki (replaced Mr. Yamazaki)	1
5.	Mr. Nadeem Arshad Elahi	1
	Ms. Mashmooma Zehra Majeed (replaced Mr. Nadeem)	3

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

SHARE TRANSFER

During the year, 525 shares each were transferred by Mr. Kazuhisa Hirota & Mr. Toichi Ishiyama and 500 shares by Mr. Shigeru Yamazaki in the name of Mr. Akira Murayama, Mr. Hironobu Yoshimura and Mr. Satoshi Suzuki respectively to fulfill the requirement of qualification shares.

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.

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with the performance of the company for the year ended March 31, 2018 and future outlook. The directors 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 Listed Companies (Code of Corporate Governance) Regulations, 2017. A statement to this effect is annexed with this report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on March 31, 2018 and its disclosure is annexed with this report.

AUDITORS

The present auditors Messer's A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending March 31, 2019. Their reappointment has been recommended by the Audit Committee,

For and on behalf of
The Board of Directors

H. Yoshimura
Hironobu Yoshimura
President/CEO

Karachi, May 15, 2018

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2018

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19. of listing regulations of Pakistan Stock Exchange (the 'Code') for the period from April 1, 2017 to December 31, 2017 and the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the 'Regulations') for the period from January 1, 2018 to March 31, 2018 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 complied with the requirements of the Code and the Regulations in the following manner:

- The total number of directors are 9 as per the following:
 - Male 8
 - Female 1
- The Company encourages the representation of independent non-executive directors on its Board of Directors (the 'Board'). At present, the Board includes:

Sr No	Category	Names
1	Executive Directors	Mr. Hironobu Yoshimura
2		Mr. Kenichi Matsuo
3	Non-Executive Directors	Mr. Yusuf H. Shirazi
4		Mr. Aamir H. Shirazi
5		Mr. Muhammad Naeem Khan
6		Mr. Akira Murayama
7		Mr. Satoshi Suzuki
8		Mr. Yasutaka Uda
9	Independent Director	Ms. Mashmooma Zehra Majeed

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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.
- 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 dates on which they were approved or amended has been maintained.

- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the 'Act'), the Code and the Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act, the Code and the Regulations with respect to frequency, recording and circulating minutes of the meeting of the Board.
- The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act, the Code and the Regulations.
- During the year, no Directors' Training Program was arranged for the directors.
- During the year, there was no change in the position of Chief Financial Officer ('CFO'), Company Secretary and Head of Internal Audit.
- CFO and Chief Executive Officer ('CEO') duly endorsed the financial statements before approval of the Board.
- The Board has formed Committees comprising of members given below:

Audit Committee	1	Mr. Aamir H. Shirazi	Chairman
	2	Mr. Akira Murayama	
	3	Mr. Muhammad Naeem Khan	
	4	Ms. Mashmooma Zehra Majeed	
	5	Mr. Satoshi Suzuki	


Human Resource & Remuneration Committee	1	Mr. Aamir H. Shirazi	Chairman
	2	Mr. Hironobu Yoshimura	
	3	Mr. Kenichi Matsuo	
	4	Mr. Akira Murayama	
	5	Mr. Muhammad Naeem Khan	

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
- The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:
 - Audit Committee 4 meetings
 - Human Resource & Remuneration Committee 1 meeting



Executive Committee: (L to R) Mr. Maqsood ur Rehman, Mr. Hironobu Yoshimura and Mr. Kenichi Matsuo

- The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 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') and registered with the Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants ('IFAC') guidelines on code of ethics as adopted by the ICAP.
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Code, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- Four casual vacancies occurred on the Board from April 1, 2017 to March 31, 2018 and were filled up by the Directors within the prescribed number of days.
- The directors' report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.
- 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.
- The Company has complied with all the corporate and financial reporting requirements of the Code and the Regulations.
- 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 Pakistan Stock Exchange.
- Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.
- The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of persons from said list.
- We confirm that all other requirements of the Code and the Regulations have been complied with.


(YUSUF H. SHIRAZI)
 Chairman

Lahore, May 03, 2018

AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE 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, 2018, to comply with the requirements of Clause No. 5.19 of the Regulations of the Pakistan Stock Exchange Limited where the Company is listed, for the period from April 1, 2017 to December 31, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017 for the period from January 1, 2018 to March 31, 2018.

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.

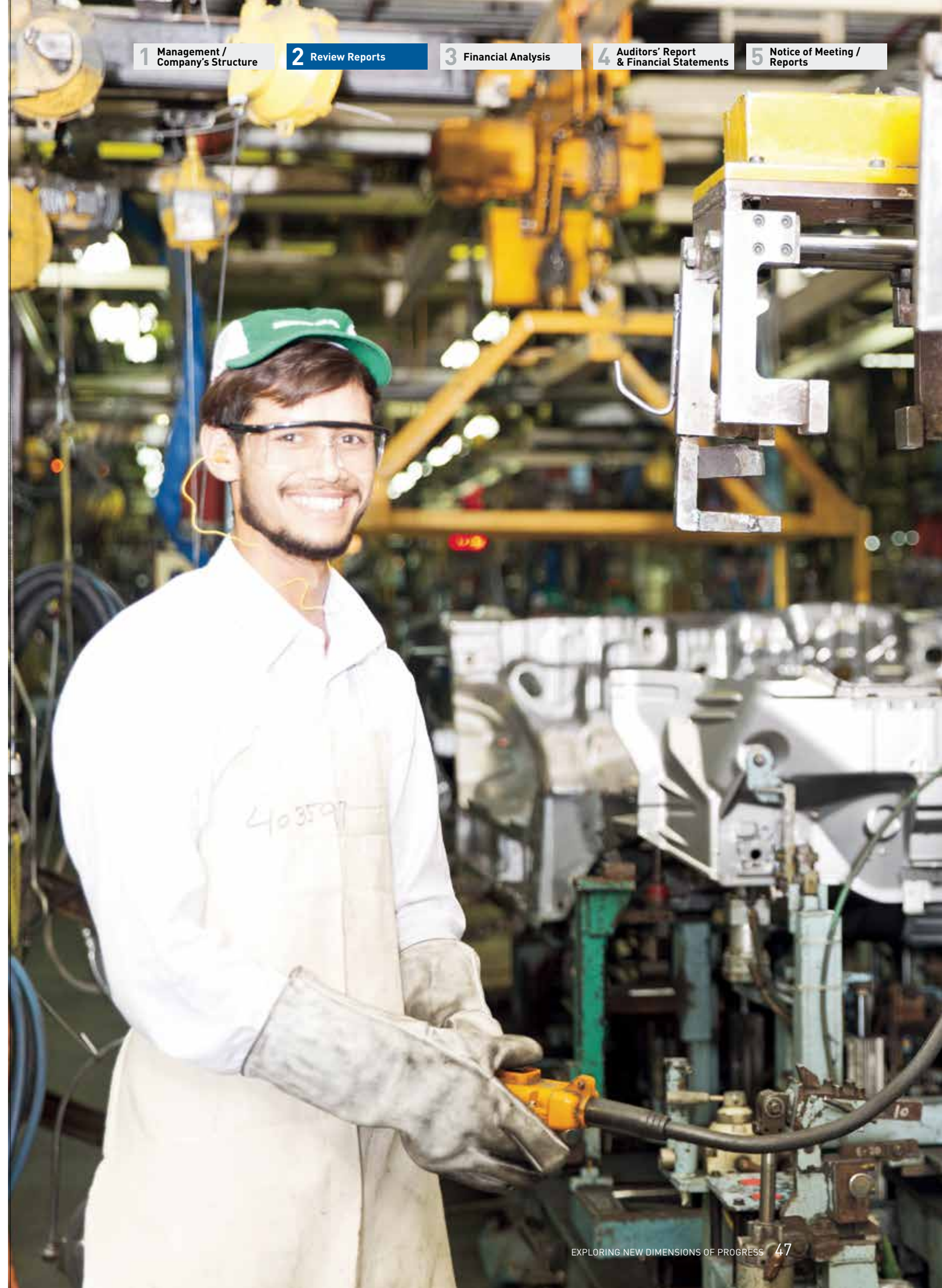
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for

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.

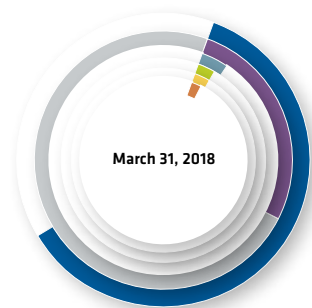
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended March 31, 2018.

A. F. FERGUSON & CO.
Chartered Accountants

Lahore: May 15, 2018
Engagement Partner: Khurram Akbar Khan



REVENUE APPLICATION



● 61% Product Cost ● 4% Shareholders ● 3% Employees
● 27% Government ● 3% Other Cost ● 2% Profit Retained



● 59% Product Cost ● 6% Profit Retained ● 3% Employees
● 27% Government ● 3% Other Cost ● 2% Shareholder

Rupees in thousand	2018	2017
REVENUE		
Gross sales	109,329,575	75,086,840
Other income	1,883,025	1,115,189
Total	111,212,600	76,202,029
APPLICATION		
Product Cost		
Cost of sales (excluding employees' remuneration and government levies)	68,318,797	45,254,569
Other costs		
Operating expenses (excluding employees' remuneration)	1,539,234	628,509
Dealers' commission	1,889,533	1,443,681
Financial charges	14,476	23,443
	3,443,243	2,095,633
Employees		
Workers' profit participation fund	508,080	457,137
Employees' remuneration	1,969,826	1,486,796
	2,477,906	1,943,933
Government		
Workers' welfare fund	174,952	49,285
Sales tax	15,917,170	10,840,406
Custom duties	11,434,466	7,393,370
Income tax	2,984,117	2,501,335
	30,510,705	20,784,396
Shareholders		
Dividend	3,845,604	1,856,400
Retained in Business		
Profit retained	2,616,345	4,267,098
Total	111,212,600	76,202,029

Percentage	2018	2017
APPLICATION		
Product cost	61	59
Other costs	3	3
Employees	3	3
Government	27	27
Shareholders	4	2
Profit retained	2	6
Total	100	100

VALUE ADDED AND ITS DISTRIBUTION

Rupees in thousand	2018	2017
VALUE ADDED		
Net sales	91,522,872	62,802,753
Other income	1,883,025	1,115,189
Cost of sales (excluding employees' remuneration)	(79,753,263)	(52,647,939)
Operating expenses (excluding employees' remuneration)	(1,539,234)	(628,509)
Finance cost	(14,476)	(23,443)
Total	12,098,924	10,618,051
DISTRIBUTION		
To Government		
Workers' welfare fund	174,952	49,285
Income tax	2,984,117	2,501,335
	3,159,069	2,550,620
To Employees		
Workers' profit participation fund	508,080	457,137
Employees' remuneration	1,969,826	1,486,796
	2,477,906	1,943,933
To Shareholders		
Dividend	3,845,604	1,856,400
Retained In Business		
Profit retained	2,616,345	4,267,098
Total	12,098,924	10,618,051

Percentage	2018	2017
DISTRIBUTION		
Government	26	24
Employees	20	18
Shareholders	32	18
Retained in business	22	40
	100	100



● 32% Shareholders ● 26% Government ● 22% Retained in Business ● 20% Employees



● 40% Retained in Business ● 24% Government ● 18% Shareholders ● 18% Employees

FINANCIAL HIGHLIGHTS

		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
PROFIT AND LOSS ACCOUNT											
Sales	Rs in million	91,523	62,803	40,086	37,764	39,153	30,275	16,600	22,026	15,854	14,150
Gross profit / (loss)	Rs in million	10,449	9,122	6,047	4,773	2,857	1,447	(44)	199	(240)	177
Operating profit / (loss)	Rs in million	9,493	8,660	5,186	3,786	2,135	716	(347)	(93)	(533)	(400)
Profit / (loss) before tax	Rs in million	9,479	8,636	5,179	3,767	2,097	525	(499)	(245)	(988)	(622)
Profit / (loss) after tax	Rs in million	6,494	6,135	3,556	3,162	1,074	244	(532)	(298)	(852)	(402)
Proposed dividend	Rs in million	3,846	1,856	1,000	714	428	43	-	-	-	-
STATEMENT OF FINANCIAL POSITION											
Share capital	Rs in million	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Shareholders' equity	Rs in million	17,073	13,065	7,941	5,120	2,391	1,365	1,128	1,677	1,976	2,828
Capital expenditure	Rs in million	1,266	1,812	1,346	662	239	466	397	55	29	2,129
Fixed assets - at cost	Rs in million	11,961	11,454	9,844	8,531	8,150	7,957	8,202	7,821	7,786	7,783
Fixed assets - net	Rs in million	5,373	4,974	3,781	2,933	3,041	3,503	3,668	3,945	4,594	5,406
Non current liabilities	Rs in million	540	440	226	64	56	43	110	417	1,333	1,500
Total assets	Rs in million	58,809	51,497	16,205	13,926	12,317	15,146	9,489	10,573	8,946	9,942
Working capital	Rs in million	12,047	8,419	4,300	1,806	(1,043)	(3,180)	(3,622)	(2,816)	(2,125)	(1,685)
Capital employed	Rs in million	17,073	13,065	7,941	5,120	2,391	1,365	1,294	2,511	3,476	4,328
SIGNIFICANT RATIOS											
Profitability											
Gross profit / (loss) margin	%	11.4	14.5	15.1	12.6	7.3	4.8	(0.3)	0.9	(1.5)	1.2
Operating profit / (loss) margin	%	10.37	13.8	12.9	10.0	5.5	2.4	(2.1)	(0.4)	(3.4)	(2.8)
Profit / (loss) before tax	%	10.36	13.7	12.9	9.9	5.4	1.7	(3.0)	(1.1)	(6.2)	(4.4)
Profit / (loss) after tax	%	7.1	9.8	8.9	8.4	2.7	0.8	(3.2)	(1.4)	(5.4)	(2.8)
Liquidity											
Current ratio	Times	1.3	1.2	1.5	1.2	0.9	0.8	0.6	0.7	0.6	0.7
Quick ratio	Times	1.1	1.0	1.0	0.6	0.5	0.4	0.2	0.2	0.2	0.2
Long term debt to equity	Times	-	-	-	-	-	-	0.2	0.5	0.8	0.5
Total liabilities to equity	Times	3.4	3.9	2.0	2.7	5.2	11.1	8.4	6.3	4.5	3.5
Activity											
Total assets turnover	Times	1.6	1.2	2.5	2.7	3.2	2.0	1.7	2.1	1.8	1.4
Fixed assets turnover	Times	17.0	12.6	10.6	12.9	12.9	8.6	4.5	5.6	3.5	2.6
Stock turnover ratio	Times	10.9	10.1	7.1	7.0	8.9	8.0	5.3	7.6	6.1	6.1
Interest cover (BT)	Times	655.8	369.4	741.8	202.8	56.1	3.7	(2.3)	(0.6)	(1.2)	(1.8)
Interest cover (AT)	Times	449.6	262.7	509.6	170.4	29.2	2.3	(2.5)	(1.0)	(0.9)	(0.8)
Number of days stock	Days	33	36	51	52	41	45	69	48	60	60
Earning											
Return on capital employed	%	43.1	58.4	54.5	84.2	57.2	18.5	(28.0)	(10.0)	(21.8)	(10.0)
Return on equity (BT)	%	62.9	82.2	79.3	100.3	111.7	42.1	(35.6)	(13.4)	(41.1)	(20.5)
Return on equity (AT)	%	43.1	58.4	54.5	84.2	57.2	19.6	(37.9)	(16.3)	(35.5)	(13.3)
Earning / (loss) per share (BT)	Rs.	66.4	60.5	36.3	26.4	14.7	3.7	(3.5)	(1.7)	(6.9)	(4.4)
Earning / (loss) per share (AT)	Rs.	45.5	43.0	24.9	22.1	7.5	1.7	(3.7)	(2.1)	(6.0)	(2.8)
Price earning ratio (AT)	Times	10.5	17.5	10.1	8.3	7.3	17.1	(3.0)	(4.8)	(2.7)	(4.3)
Dividend per ordinary share	Rs.	26.9	13.0	7.0	5.0	3.0	0.3	-	-	-	-
Dividend pay out ratio	%	59.2	30.3	28.1	22.6	39.9	17.6	-	-	-	-
OTHER INFORMATION											
Break up value per share	Rs.	120	91	56	36	17	10	8	12	14	20
Market value per share	Rs.	477	752	252	183	55	29	11	10	16	12
Contribution to national exchequer	Rs in million	33,913	25,130	12,488	11,758	13,750	10,664	6,281	8,229	6,316	6,452
Units produced	Units	50,177	34,560	25,939	23,320	23,223	19,387	11,040	16,440	11,980	12,780
Units sold	Units	50,100	35,381	25,800	23,311	23,310	18,915	11,406	16,467	12,344	12,502
Manpower (permanent+contractual)	Nos.	2,280	2,033	1,256	1,160	1,122	1,003	934	975	857	955
Exchange rates at year end date											
¥ to \$	¥	106	112	113	120	104	94	82	83	94	98
Rs to \$	Rs.	115.60	104.95	104.85	101.94	98.53	98.57	90.75	85.50	84.18	80.45
Rs to ¥	Rs.	1.09	0.94	0.93	0.85	0.95	1.05	1.11	1.03	0.90	0.82

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Honda Atlas Cars (Pakistan) Limited (the 'Company') as at March 31, 2018 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 Act, 2017. Our responsibility is to express an opinion on these statements based on our audit.

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Act, 2017;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Act, 2017, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2018 and of the profit, 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 15, 2018

Engagement Partner: Khurram Akbar Khan

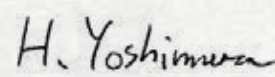
STATEMENT OF FINANCIAL POSITION

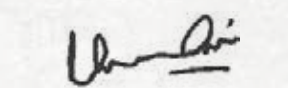
AS AT MARCH 31, 2018

Rupees in thousand	Note	2018	2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 200,000,000 (2017: 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 (2017: 142,800,000) ordinary shares of Rs 10 each	5	1,428,000	1,428,000
Reserves	6	9,706,000	5,506,000
Un-appropriated profit		5,939,492	6,130,847
		17,073,492	13,064,847
NON-CURRENT LIABILITIES			
Deferred liability	7	93,385	61,645
Deferred taxation	8	433,591	367,144
Deferred revenue		12,838	10,842
		539,814	439,631
CURRENT LIABILITIES			
Current portion of deferred revenue		3,026	4,480
Short term borrowings - secured	9	-	-
Accrued mark up	10	782	14,218
Income tax payable		-	305,126
Unclaimed dividend		22,600	14,582
Trade and other payables	11	41,169,065	37,654,150
		41,195,473	37,992,556
CONTINGENCIES AND COMMITMENTS			
	12		
		58,808,779	51,497,034

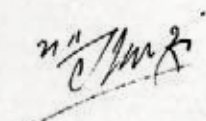
The annexed notes 1 to 44 form an integral part of these financial statements.

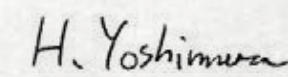

Yusuf H. Shirazi
Chairman

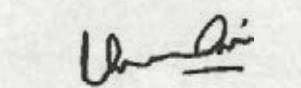

Hironobu Yoshimura
Chief Executive


Mr. Ahmad Umair Wajid
Chief Financial Officer

Rupees in thousand	Note	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	4,991,899	4,402,000
Intangible assets	14	305,124	373,092
Capital work-in-progress	15	76,348	199,194
Long term loans and advances	16	189,023	107,251
Long term deposits		4,042	4,042
		5,566,436	5,085,579
CURRENT ASSETS			
Stores and spares	17	138,779	134,569
Stock-in-trade	18	8,208,043	6,658,735
Trade debts	19	92,441	49,536
Loans, advances, prepayments and other receivables	20	13,135,180	9,088,890
Short term investments	21	20,674,900	20,943,345
Cash and bank balances	22	10,993,000	9,536,380
		53,242,343	46,411,455
		58,808,779	51,497,034


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive

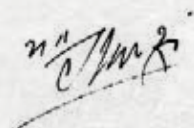

Mr. Ahmad Umair Wajid
Chief Financial Officer

PROFIT & LOSS ACCOUNT

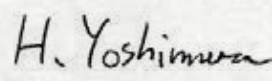
FOR THE YEAR ENDED MARCH 31, 2018

Rupees in thousand	Note	2018	2017
Sales	23	91,522,872	62,802,753
Cost of sales	24	(81,073,777)	(53,681,061)
Gross profit		10,449,095	9,121,692
Distribution and marketing costs	25	(916,906)	(542,321)
Administrative expenses	26	(677,602)	(497,269)
Other income	27	1,883,025	1,115,189
Other expenses	28	(1,244,569)	(537,523)
		(956,052)	(461,924)
Profit from operations		9,493,043	8,659,768
Finance cost	29	(14,476)	(23,443)
Profit before taxation		9,478,567	8,636,325
Taxation	30	(2,984,117)	(2,501,335)
Profit for the year		6,494,450	6,134,990
Earnings per share - basic and diluted (Rupees)	34	45.48	42.96

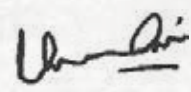
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Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



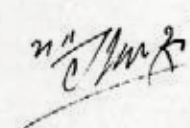
Mr. Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

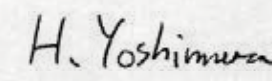
FOR THE YEAR ENDED MARCH 31, 2018

Rupees in thousand	Note	2018	2017
Profit for the year		6,494,450	6,134,990
Other comprehensive (loss) / income:			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement loss on net defined benefit liability	7.6	(46,429)	(16,655)
Income tax on remeasurement loss on net defined benefit liability	8	13,928	5,163
		(32,501)	(11,492)
Total comprehensive income for the year		6,461,949	6,123,498

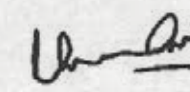
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Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



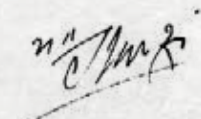
Mr. Ahmad Umair Wajid
Chief Financial Officer

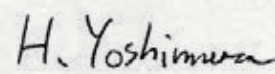
STATEMENT OF CHANGES IN EQUITY

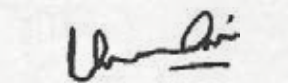
FOR THE YEAR ENDED MARCH 31, 2018

Rupees in thousand	Share capital	Capital Reserve	Revenue Reserves		Total
		Share premium	General reserve	Un-appropriated profit	
Balance as on April 1, 2016	1,428,000	76,000	2,880,000	3,556,949	7,940,949
Appropriation of reserves					
Transfer to general reserve	-	-	2,550,000	(2,550,000)	-
Total comprehensive income / (loss) for the year					
Profit for the year	-	-	-	6,134,990	6,134,990
Other comprehensive loss for the year	-	-	-	(11,492)	(11,492)
	-	-	-	6,123,498	6,123,498
Transactions with owners, recognised directly in equity					
Final dividend for the year ended March 31, 2016 @ Rs 7.00 per share	-	-	-	(999,600)	(999,600)
Balance as on March 31, 2017	1,428,000	76,000	5,430,000	6,130,847	13,064,847
Appropriation of reserves					
Transfer to general reserve	-	-	4,200,000	(4,200,000)	-
Total comprehensive income / (loss) for the year					
Profit for the year	-	-	-	6,494,450	6,494,450
Other comprehensive loss for the year	-	-	-	(32,501)	(32,501)
	-	-	-	6,461,949	6,461,949
Transactions with owners, recognised directly in equity					
Final dividend for the year ended March 31, 2017 @ Rs 13.00 per share	-	-	-	(1,856,400)	(1,856,400)
Additional dividend for the year ended March 31, 2017 @ Rs 4.18 per share	-	-	-	(596,904)	(596,904)
	-	-	-	(2,453,304)	(2,453,304)
Balance as on March 31, 2018	1,428,000	76,000	9,630,000	5,939,492	17,073,492

The annexed notes 1 to 44 form an integral part of these financial statements.


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive


Mr. Ahmad Umair Wajid
Chief Financial Officer

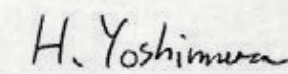
CASH FLOW STATEMENT

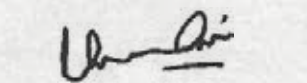
FOR THE YEAR ENDED MARCH 31, 2018

Rupees in thousand	Note	2018	2017
Cash flows from operating activities			
Cash generated from operations	31	10,069,905	28,054,827
Finance cost paid		(9)	(574)
Employees' retirement benefits and other obligations paid		(104,729)	(116,300)
Net increase in loans to employees		(126,198)	(35,989)
Income tax paid		(3,825,971)	(1,970,541)
Royalty paid		(2,029,241)	(745,859)
Increase in deferred revenue		5,279	6,487
Net cash inflow from operating activities		3,989,036	25,192,051
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,244,145)	(1,526,330)
Purchase of intangible assets		(21,717)	(172,821)
Proceeds from disposal of property, plant and equipment		40,392	81,608
Purchase of short term investments		(2,330,454)	(4,755,563)
Realised gain on short term investments		240,606	13,623
Proceeds from disposal of short term investments		-	250,000
Interest received		531,614	617,331
Net cash outflow from investing activities		(2,783,704)	(5,492,152)
Cash flows from financing activities			
Dividends paid		(2,445,286)	(995,796)
Net cash outflow from financing activities		(2,445,286)	(995,796)
Net (decrease) / increase in cash and cash equivalents		(1,239,954)	18,704,103
Cash and cash equivalents at the beginning of the year		25,412,597	6,708,494
Cash and cash equivalents at the end of the year	32	24,172,643	25,412,597

The annexed notes 1 to 44 form an integral part of these financial statements.


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive


Mr. Ahmad Umair Wajid
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Honda Atlas Cars (Pakistan) Limited (the 'Company') is a public limited company incorporated in Pakistan on November 4, 1992. The Company is a subsidiary of Honda Motor Co., Ltd., Japan. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-Mcleod Road, Lahore, and its manufacturing facility is located at 43 km, Multan Road, Manga Mandi, Lahore. Its principal activities are assembling and progressive manufacturing and sale of Honda vehicles and spare parts. The Company commenced commercial production from July 1994.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- ii) **Provisions of and directives issued under the Companies Act, 2017.**
Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

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

2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on April 1, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- International Accounting Standard ('IAS') 7, 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The Company's current accounting treatment is already in line with the requirements of this standard.
- IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The Company's current accounting treatment is already in line with the requirements of this standard.

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 IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after April 1, 2018 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, except for the following:

- IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of the standard.
- IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company is yet to assess the full impact of the standard.
- IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). However, this standard is yet to be notified by the SECP. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard.
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', (effective for periods beginning on or after January 1, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment.
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Company's financial statements.
- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

3. BASIS OF MEASUREMENT

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

3.2 Critical accounting estimates and judgements

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

a) Employees' retirement benefits - Gratuity

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations in respect of gratuity fund. 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 and intangible assets

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

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 service benefit 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 local permanent employees. Under the scheme, gratuity is payable on the basis of last drawn basic salary at the following rates:

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

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at the rate of 6.90% (2017: 6.80%) per annum of basic salary. The latest actuarial valuation for the scheme was carried out as at March 31, 2018.

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

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

Per annum	2018	2017
Discount rate	9.50%	9.25%
Expected increase in eligible pay	8.50% to 16%	8.25% to 14%
Expected rate of return on plan assets	9.50%	9.25%

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

The Company is expected to contribute Rs 46.46 million to the gratuity fund in the next year.

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

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 gross salary. These are charged to profit or loss.

4.1.3 Defined contribution plan

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

4.2 Taxation

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

Current

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 statement of financial position 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 recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

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

4.3 Property, plant and equipment

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

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

	Rate
Buildings on freehold land	5%
Plant and machinery	9% to 46%
Furniture and office equipment	20%
Vehicles	20%
Tools and equipment	20%
Computers	35%

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised 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 values and useful lives of its property, plant and equipment as at March 31, 2018 has not required any adjustment as its impact is considered insignificant.

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 profit or loss 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 amortisation and any identified impairment loss, mainly represent the cost of licenses for the right to manufacture Company's vehicles in Pakistan, technical drawings of certain components and software licenses.

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

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;

- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

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

Amortisation is charged to profit or loss on a straight line basis so as to write off the cost of an asset over its estimated useful life. Amortisation on additions is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off. Amortisation is charged at the annual rates given below:

	Rate
License fees and drawings	17% to 41%
Computer software	20% to 32%

The assets' useful lives are continually reviewed by the Company and adjusted if impact on amortisation is significant. The Company's estimate of the useful lives of its intangible assets as at March 31, 2018 has not required any adjustment as its impact is considered insignificant.

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 property, plant and equipment or intangible assets as and when these are available for use.

4.6 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.7 Leases

The Company is a lessee

Operating leases

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

4.8 Financial assets

4.8.1 Classification

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

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 assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the statement of financial position 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 statement of financial position.

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 off the investments within twelve months from the statement of financial position 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 amortised cost.

4.8.2 Recognition and measurement

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are 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 amortised cost using the effective interest 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 recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised 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 statement of financial position 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 recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.19.

4.9 Financial liabilities

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

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

4.10 Offsetting of financial assets and financial liabilities

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

4.11 Stores and spares

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

4.12 Stock-in-trade

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

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

4.13 Borrowings

Borrowings are recognised initially at fair value (proceeds received), net of transaction costs incurred. Borrowings are subsequently stated at amortised 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 statement of financial position date.

4.14 Borrowing costs

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

4.15 Foreign currency transactions and translation

a) Functional and presentation currency

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

b) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into Pak Rupees at 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 charged or credited to profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

4.16 Revenue recognition

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

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

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

4.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.18 Long term deposits

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

4.19 Trade debts and other receivables

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised 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 recognised 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. Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of receivables.

4.20 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognized initially at fair value and subsequently measured

at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.21 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at calls with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, bank overdrafts and short term borrowings. Bank overdrafts and short term borrowings are shown in current liabilities on the statement of financial position.

4.22 Dividend and other appropriations

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

4.23 Segment reporting

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

4.24 Share capital

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

4.25 Deferred revenue

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

4.26 Earnings per share

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

4.27 Contingent liabilities

Contingent liability is disclosed when:

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

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FOR THE YEAR ENDED MARCH 31, 2018

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2018		2017	
Number of shares		Rupees in thousand	
111,400,000	111,400,000	Ordinary shares of Rs 10 each fully paid in cash	1,114,000
31,400,000	31,400,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares	314,000
142,800,000	142,800,000		1,428,000

5.1 72,828,000 (2017: 72,828,000) ordinary shares of the Company which represent 51% (2017: 51%) of the issued, subscribed and paid up share capital of the Company are held by Honda Motor Co., Ltd., Japan, the holding company which is incorporated in Japan. The registered address of the holding company is 1-1, Minami-Aoyama, 2-Chome, Minato-ku, Tokyo, 107-8556, Japan. The holding company is engaged in the production and sales of automobiles, motorcycles, power products and financial services. Chief executive of the holding company is Takahiro Hachigo. The auditors of the holding company have expressed an unmodified opinion on its consolidated financial statements for the year ended March 31, 2017.

5.2 Ordinary shares of the Company held by related parties (on the basis of common directorship) as at year end are as follows:

Number of shares	2018	2017
Atlas Insurance Limited	850,000	850,000
Shirazi Investments (Private) Limited	43,119,650	43,119,650
	43,969,650	43,969,650

Rupees in thousand	Note	2018	2017
6. RESERVES			
Movement in and composition of reserves is as follows:			
Capital			
Share premium	6.1	76,000	76,000
Revenue			
General reserve			
- At the beginning of the year		5,430,000	2,880,000
- Transferred from un-appropriated profit		4,200,000	2,550,000
		9,630,000	5,430,000
- At the end of the year		9,706,000	5,506,000

6.1 This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

7. DEFERRED LIABILITY

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

Rupees in thousand	2018	2017
Present value of defined benefit obligation	474,310	396,551
Fair value of plan assets	(380,925)	(334,906)
Closing net liability	93,385	61,645
7.1 The movement in the present value of defined benefit obligation		
Opening net liability	61,645	82,824
Current service cost	30,905	25,875
Net interest on defined benefit obligation	5,701	7,869
Net remeasurements for the year	46,429	16,655
Contributions made during the year	(51,295)	(71,578)
Closing net liability	93,385	61,645
7.2 The movement in the present value of defined benefit obligation is as follows:		
Opening present value of defined benefit obligation	396,551	327,013
Current service cost	30,905	25,875
Interest cost	35,736	30,789
Benefits paid during the year	(20,427)	-5,845
Remeasurements on obligation:		
- Actuarial losses from changes in financial assumptions	29,200	18,611
- Experience adjustments	2,345	108
Closing present value of defined benefit obligation	474,310	396,551
7.3 The movement in the fair value of plan assets is as follows:		
Opening fair value of plan assets	334,906	244,189
Interest income on plan assets	30,035	22,920
Contributions made during the year	51,295	71,578
Benefits paid during the year	(20,427)	(5,845)
Remeasurements on fair value of plan assets	(14,884)	2,064
Closing fair value of plan assets	380,925	334,906
Plan assets are comprised as follows:		
Debt	83,050	152,068
Mutual funds	70,606	70,538
Cash	227,269	112,300
	380,925	334,906

The actual return on the plan assets during the year was Rs 15.87 million (2017: Rs 25.05 million).

7.4 Risks faced by the Company on account of gratuity obligation

- **Final salary risks** - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

- **Asset volatility** - Investments in equity instruments are subject to adverse fluctuations as a result of change in the market price.
- **Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.
- **Investment risks** - The risk of the investments underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.
- **Risk of insufficiency of assets** - This is managed by making regular contribution to the fund as advised by the actuary.

Rupees in thousand	2018	2017
7.5 Amounts recognised in the profit and loss account		
Current service cost	30,905	25,875
Interest cost	35,736	30,789
Interest income on plan assets	(30,035)	(22,920)
Net expense charged in the profit and loss account	36,606	33,744
7.6 Remeasurements charged to other comprehensive income ('OCI')		
Actuarial losses from changes in financial assumptions	29,200	18,612
Experience adjustments	2,345	107
Remeasurements on fair value of plan assets	14,884	(2,064)
Total remeasurements charged to OCI	46,429	16,655

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	2018	2017	2016	2015	2014
As at March 31					
Present value of defined benefit obligation	(474,310)	(396,551)	(327,013)	(228,461)	(193,099)
Fair value of plan assets	380,925	334,906	244,189	175,909	148,674
Deficit	(93,385)	(61,645)	(82,824)	(52,552)	(44,425)
Experience adjustment:					
- on obligation	7%	5%	9%	3%	4%
- on plan assets	-4%	1%	-1%	-1%	1%

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

Rupees in thousand	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1.00%	430,805	525,053
Salary growth rate	1.00%	525,449	429,686

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

Rupees in thousand	Note	2018	2017
8. DEFERRED TAXATION			
Deferred tax is calculated in full on temporary differences under the statement of financial position liability method			
Opening deferred tax liability		367,144	134,108
Credited to other comprehensive income		(13,928)	(5,163)
Charged to profit and loss account	30	80,375	238,199
Closing deferred tax liability		433,591	367,144
The deferred tax liability comprises of temporary differences arising due to:			
Accelerated tax depreciation		388,755	338,617
Unrealised gain on short term investments		54,487	38,177
Others		(9,651)	(9,650)
		433,591	367,144

9. SHORT TERM BORROWINGS - SECURED

Short term borrowings available from commercial banks under mark up arrangements amount to Rs 4,460 million (2017: Rs 4,460 million). These arrangements carry mark up ranging from 6.66% to 7.25% (2017: 6.62% to 7.12%) per annum. 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 2,308 million (2017: Rs 2,233 million) for opening letters of credit, the amount utilised as at March 31, 2018 was Rs 71 million (2017: Rs 242 million). The aggregate facility for opening letters of credit is secured by lien over import documents.

Of the aggregate facility of Rs 1,300 million (2017: Rs 900 million) for bank guarantees, which is available as a sub limit of the above mentioned facilities for short term borrowings, the amount utilised at March 31, 2018 was Rs 889 million (2017: Rs 394 million).

10. This principally represents accrued markup on advances from customers.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Rupees in thousand	Note	2018	2017
11. TRADE AND OTHER PAYABLES			
Creditors	11.1	1,791,626	1,418,617
Accrued liabilities		2,101,286	940,410
Bills payable	11.2	4,481,053	5,656,403
Deposits against display cars	11.3	1,622,357	1,452,357
Accumulating compensated absences	11.4	54,397	45,848
Advances from customers	11.5	28,408,049	26,572,808
License fee, technical fee and royalties	11.6	592,140	999,723
Provision for custom duties		32,169	32,169
Punjab sales tax payable		118,100	96,017
Withholding income tax payable		130,968	45,312
Workers' welfare fund	11.7	177,610	151,035
Workers' profit participation fund	11.8	-	-
Payable to provident fund		10,592	-
Security deposits	11.9	52,868	40,268
Custom duty payable		1,522,099	167,123
Others		73,751	36,060
		41,169,065	37,654,150

11.1 This includes amounts due to related parties based on common directorship aggregating Rs 17.39 million (2017: Rs 49.88 million).

11.2 This includes Rs 166.71 million (2017: Rs 665.35 million) due to the holding company and amounts due to group companies aggregating Rs 4,233.27 million (2017: Rs 4,940.06 million).

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

Rupees in thousand	2018	2017
11.4 Accumulating compensated absences		
Opening balance	45,848	43,914
Provision for the year	61,983	46,656
	107,831	90,570
Payments made during the year	(53,434)	(44,722)
Closing balance	54,397	45,848

11.5 These represent advances from customers against the sale of vehicles. Customers who have given these advances, are entitled to discount at the rate of Karachi Inter Bank Offered Rate ('KIBOR') (prevailing on the date of delivery) plus 2%, from the date of advance payment to the date of delivery in case the delivery is delayed over two months from the date of advance payment.

11.6 This includes Rs 563.46 million (2017: Rs 899.25 million) due to the holding company and amounts due to group companies aggregating Rs 13.76 million (2017: Rs 17.80 million).

Rupees in thousand	Note	2018	2017
11.7 Workers' welfare fund			
Opening balance		151,035	203,865
Provision for the year	28	174,952	49,285
		325,987	253,150
Payments during the year		(148,377)	(102,115)
Closing balance		177,610	151,035
11.8 Workers' profit participation fund			
Opening balance		-	278,262
Provision for the year	28	508,080	457,137
		508,080	735,399
Payments during the year		(508,080)	(735,399)
Closing balance		-	-

11.9 These represent interest free deposits from dealers and customers of scrap amounting to Rs 49.52 million (2017: Rs 36.92 million) and Rs 3.35 million (2017: Rs 3.35 million) respectively against spare parts sales and scrap sales respectively. These are repayable on demand and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. These have been kept in a separate bank account in accordance with the requirements of section 217 of the Companies Act, 2017.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

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

(ii) Bank guarantees of Rs 888.76 million (2017: Rs 394.32 million) have been issued in favour of third parties.

12.2 Commitments in respect of

(i) Letters of credit and purchases for capital expenditure aggregating Rs 13.74 million (2017: Rs 193.61 million).

(ii) Letters of credit and purchases, other than capital expenditure aggregating Rs 2,786.56 million (2017: Rs 2,711.94 million).

13. PROPERTY, PLANT AND EQUIPMENT

Rupees in thousand		2018						
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
At April 1, 2017								
Cost	417,319	2,015,925	7,114,514	198,867	428,626	147,551	156,426	10,479,228
Accumulated depreciation	-	(984,447)	(4,677,329)	(120,066)	(117,804)	(82,064)	(95,518)	(6,077,228)
Net book value	417,319	1,031,478	2,437,185	78,801	310,822	65,487	60,908	4,402,000
Year ended March 31, 2018								
Opening net book value	417,319	1,031,478	2,437,185	78,801	310,822	65,487	60,908	4,402,000
Additions at cost	-	228,726	809,494	38,613	198,500	35,253	55,595	1,366,181
Disposals								
Cost	-	134	353,406	4,922	61,615	10,137	16,282	446,496
Accumulated depreciation	-	(72)	(350,937)	(4,316)	(25,440)	(8,044)	(15,275)	(404,084)
	-	62	2,469	606	36,175	2,093	1,007	42,412
Depreciation for the year	-	(54,197)	(544,473)	(18,922)	(71,913)	(16,294)	(28,071)	(733,870)
Closing net book value	417,319	1,205,945	2,699,737	97,886	401,234	82,353	87,425	4,991,899
At March 31, 2018								
Cost	417,319	2,244,517	7,570,602	232,558	565,511	172,667	195,739	11,398,913
Accumulated depreciation	-	(1,038,572)	(4,870,865)	(134,672)	(164,277)	(90,314)	(108,314)	(6,407,014)
Net book value	417,319	1,205,945	2,699,737	97,886	401,234	82,353	87,425	4,991,899

Rupees in thousand		2017						
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
At April 01, 2016								
Cost	417,319	2,009,440	5,102,312	166,083	283,087	125,863	116,538	8,220,642
Accumulated depreciation	-	(930,418)	(4,418,197)	(106,117)	(108,268)	(70,852)	(74,893)	(5,708,745)
Net Book Value	417,319	1,079,022	684,115	59,966	174,819	55,011	41,645	2,511,897
Year ended March 31, 2017								
Opening net book value	417,319	1,079,022	684,115	59,966	174,819	55,011	41,645	2,511,897
Additions at cost	-	6,485	2,098,221	34,282	256,759	23,335	41,958	2,461,040
Disposals								
Cost	-	-	86,019	1,498	111,220	1,647	2,070	202,454
Accumulated depreciation	-	-	(85,173)	(861)	(51,515)	(1,272)	(1,714)	(140,535)
	-	-	846	637	59,705	375	356	61,919
Depreciation for the year	-	(54,029)	(344,305)	(14,810)	(61,051)	(12,484)	(22,339)	(509,018)
Closing net book value	417,319	1,031,478	2,437,185	78,801	310,822	65,487	60,908	4,402,000
At March 31, 2017								
Cost	417,319	2,015,925	7,114,514	198,867	428,626	147,551	156,426	10,479,228
Accumulated depreciation	-	(984,447)	(4,677,329)	(120,066)	(117,804)	(82,064)	(95,518)	(6,077,228)
Net Book Value	417,319	1,031,478	2,437,185	78,801	310,822	65,487	60,908	4,402,000

13.1 Plant and machinery includes dies and moulds having book value of Rs 131.05 million (2017: Rs 235.83 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.

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

13.3 The depreciation charge has been allocated as follows:

Rupees in thousand	Note	2018	2017
Cost of sales - own manufactured	24	651,356	442,121
Distribution and marketing costs	25	28,806	24,635
Administrative expenses	26	53,708	42,262
		733,870	509,018

13.4 Disposal of property, plant and equipment

Rupees in thousand		2018				
Particulars of assets	Sold to	Cost	Net book value	Sale proceeds	Profit/(loss) on disposal	Mode of disposal
Building	Retired as no longer usable	134	62	-	(62)	Scrapped
Plant and machinery	Items with net book value less than Rs 500,000	3,997	298	254	(44)	Negotiation
	Retired as no longer usable	349,409	2,171	-	(2,171)	Scrapped
Furniture and office equipment	Items with net book value less than Rs 500,000	1,474	209	142	(67)	Negotiation
	Retired as no longer usable	3,448	397	-	(397)	Scrapped
Tools and equipment	Retired as no longer usable	10,137	2,093	-	(2,093)	Scrapped
Vehicles	Chairman					
	Mr. Yousaf H. Shirazi	8,939	3,560	3,604	44	As per Company policy
	Directors					
	Mr. Muhammad Naeem Khan	2,698	2,179	2,411	232	As per Company policy
	Mr. Amir Shirazi	6,404	2,368	2,778	410	-do-
	Employees					
	Ghafoor Ahmed	1,548	660	688	28	As per Company policy
	Mirza Mahtab Baig	1,475	865	959	94	-do-
	Syed Waseem Hassan	2,231	1,896	1,963	67	-do-
	Basharat Ali Rana	2,310	1,604	1,704	100	-do-
	Muhammad Ajmal	2,314	1,606	1,703	97	-do-
	Aamir Nazir	2,313	1,606	1,704	98	-do-
	Muhammad Ali	2,230	1,548	1,602	54	-do-
	Hamood Ur Rehman	2,235	1,551	1,601	50	-do-
	Muhammad Arshad javed	2,226	1,545	1,602	57	-do-
	Aneel Anwar	2,231	1,549	1,602	53	-do-
	Mujahid Yasin	2,232	1,550	1,602	52	-do-
	Jamshaid Tahir	2,232	1,550	1,602	52	-do-
	Muhammad Afzal (ex employee)	2,315	1,836	1,933	97	-do-
	Muhammad Asghar (ex employee)	1,458	926	1,021	95	-do-
	Employees - Key management personnel					
	Ahmad Umair Wajid	2,313	1,966	2,088	122	-do-
	Ayyaz Hafeez (ex employee)	2,707	2,109	2,331	222	-do-
	Sohail Nawaz (ex employee)	2,708	1,880	2,090	210	-do-
	C/F	423,718	39,584	36,984	(2,600)	

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FOR THE YEAR ENDED MARCH 31, 2018

Rupees in thousand		2018				
Particulars of assets	Sold to	Cost	Net book value	Sale proceeds	Profit/(loss) on disposal	Mode of disposal
	B/F	423,718	39,584	36,984	(2,600)	
	Outsiders					
	Atlas Insurance Limited - related party (common directorship)	1,475	837	925	88	Insurance Claim
	-do-	1,454	792	910	118	-do-
	Items with net book value less than Rs 500,000	1,961	61	1,047	986	As per Company policy
	Retired as no longer usable	1,606	131	-	(131)	Scrapped
Computers	Items with net book value less than Rs 500,000	5,121	764	526	(238)	As per Company policy
	Retired as no longer usable	11,161	243	-	(243)	Scrapped
		446,496	42,412	40,392	(2,020)	

Rupees in thousand		2017				
Particulars of assets	Sold to	Cost	Net book value	Sale proceeds	Profit/(loss) on disposal	Mode of disposal
Furniture and office equipment	Retired as no longer usable	1,498	637	-	(637)	Scrapped
Vehicles	Director					
	Mr. Muhammad Naeem Khan	2,247	1,057	1,125	68	As per Company policy
	Employees					
	Tariq Rasheed (ex-employee)	1,619	934	961	27	As per Company policy
	Shafiq Ahmad	1,536	647	675	28	-do-
	Zulfiqar Ali	2,049	880	877	(3)	-do-
	Basharat Rana	2,180	937	973	36	-do-
	Imran Farooq	2,183	938	973	35	-do-
	Sami Shafi	2,183	938	973	35	-do-
	Abdul Waheed	1,536	636	661	25	As per Company policy
	Muhammad Ajmal	2,023	1,025	1,035	10	-do-
	Aneel Anwar	2,023	1,025	1,035	10	-do-
	Jamshaid Tahir	2,023	1,025	1,035	10	-do-
	Muhammad Waseem Hassan	2,023	1,025	1,035	10	-do-
	Ayaz Liaqat	1,548	785	813	28	-do-
	Hamood Ur Rehman	1,548	785	813	28	-do-
	Shahid Latif Khattak	1,548	785	813	28	-do-
	Muhammad Afzal	2,080	1,317	1,470	153	-do-
	Muhammad Nauman	1,956	1,239	1,327	88	-do-
	Muhammad Rafi	1,985	1,333	1,406	73	-do-
	Asia Saif Ali Rizvi	1,475	1,028	1,134	106	-do-
	Fayyaz Ahmad	1,475	1,028	1,134	106	-do-
	Mawiz Akhter	2,064	1,543	1,835	292	-do-
	Muhammad Aamer	1,925	1,555	1,682	127	-do-
	Imran Haider Rathore	1,923	1,553	1,682	129	-do-
	Noman Ali	1,923	1,553	1,682	129	-do-
	Mujahid Yasin	1,923	1,553	1,682	129	-do-
	Aslam Khan	1,927	1,556	1,682	126	-do-
	Amir Nazir	2,027	1,637	1,866	229	-do-
	Rao Arshad	1,913	1,545	1,682	137	-do-
	Muhammad Ali	1,912	1,604	1,752	148	-do-

Rupees in thousand		2017				
Particulars of assets	Sold to	Cost	Net book value	Sale proceeds	Profit/(loss) on disposal	Mode of disposal
	Employees - Key management personnel					
	Maqsood Ur Rehman Rehmani	1,640	1,143	1,228	85	As per Company policy
	Iqbal Ahmed	2,129	1,483	1,704	221	-do-
	Ahmad Umair Wajid	2,079	1,317	1,470	153	-do-
	Asif Mahmood	2,183	938	973	35	-do-
	Maqsood Ur Rehman Rehmani	2,238	962	1,022	60	-do-
	Ayaz Hafeez	2,238	962	1,022	60	-do-
	Muhammad Ashraf	2,238	962	1,022	60	-do-
	Sohail Nawaz	2,238	962	1,022	60	-do-
	Nadeem Azam	2,183	938	973	35	-do-
	Outsiders					
	Muhammad Ashfaq	2,170	834	1,512	678	Auction
	Farooq-e-Azam	2,126	1,421	1,722	301	-do-
	Muhammad Asghar	2,237	860	1,472	612	-do-
	Adnan Naseer	2,227	856	1,500	644	-do-
	Irfan Ahmad	2,227	856	1,436	580	-do-
	Adnan Naseer	2,227	856	1,396	540	-do-
	Riaz Mahmood Bhatti	1,888	1,261	1,636	375	-do-
	Atlas Insurance Limited - related party (common directorship)	7,339	5,125	7,085	1,960	Insurance Claim
	Atlas Honda Limited - related party (common directorship)	9,044	4,100	4,180	80	Negotiation
	Items with net book value less than Rs 500,000	5,792	403	3,645	3,242	Auction
Plant and machinery	Items with net book value less than Rs 500,000	73,064	-	9,592	9,592	Auction
	Retired as no longer usable	12,955	846	-	(846)	Scrapped
Tools and equipment	Retired as no longer usable	1,647	375	-	(375)	Scrapped
Computers	Items with net book value less than Rs 500,000	2,070	356	180	(176)	As per Company policy
	Total	202,454	61,919	81,608	19,686	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

14. INTANGIBLE ASSETS

Rupees in thousand	2018		
	License fees and drawings	Computer softwares	Total
At April 1, 2017			
Cost	713,796	61,554	775,350
Accumulated amortisation	(379,740)	(22,518)	(402,258)
Net book value	334,056	39,036	373,092
Year ended March 31, 2018			
Opening net book value	334,056	39,036	373,092
Additions	18,963	3,564	22,527
Disposals			
Cost	310,445	2,120	312,565
Accumulated amortisation	(310,445)	(2,120)	(312,565)
Amortisation for the year	(77,793)	(12,702)	(90,495)
Closing net book value	275,226	29,898	305,124
At March 31, 2018			
Cost	422,314	62,998	485,312
Accumulated amortisation	(147,088)	(33,100)	(180,188)
Net book value	275,226	29,898	305,124

Rupees in thousand	2017		
	License fees and drawings	Computer softwares	Total
At April 1, 2016			
Cost	364,822	60,184	425,006
Accumulated amortisation	(343,100)	(10,871)	(353,971)
Net book value	21,722	49,313	71,035
Year ended March 31, 2017			
Opening net book value	21,722	49,313	71,035
Additions	348,974	1,370	350,344
Amortisation for the year	(36,640)	(11,647)	(48,287)
Closing net book value	334,056	39,036	373,092
At March 31, 2017			
Cost	713,796	61,554	775,350
Accumulated amortisation	(379,740)	(22,518)	(402,258)
Net book value	334,056	39,036	373,092

Rupees in thousand	Note	2018	2017
14.1 The amortisation charge has been allocated as follows:			
Cost of sales	24	77,793	36,432
Administrative expenses	26	12,702	11,855
		90,495	48,287
15. CAPITAL WORK-IN-PROGRESS			
Plant and machinery [including in transit Rs 2.61 million (2017: Rs 57.38 million)]		38,469	106,450
Civil works		-	63,487
Other tangible assets		36,385	26,953
Intangible assets		1,494	2,304
		76,348	199,194
15.1 The reconciliation of the carrying amount is as follows:			
Opening balance		199,194	1,198,229
Additions during the year		1,265,867	1,812,349
		1,465,061	3,010,578
Transfers during the year		(1,388,713)	(2,811,384)
Closing balance		76,348	199,194
16. LONG TERM LOANS AND ADVANCES			
Loans to employees - considered good			
- Key management personnel	16.1	10,270	5,397
- Others		264,100	142,775
		274,370	148,172
Current portion shown under current assets			
- Key management personnel		(2,866)	(1,101)
- Others		(82,481)	(39,820)
	20	(85,347)	(40,921)
		189,023	107,251

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

Staff welfare loans carry interest at the rate of 7.0% per annum (2017: 7.0% 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 at the rate of Nil (2017: 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.

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

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16.1 These comprise loans to the following key management personnel: Nadeem Azam, Muhammad Sohail Nawaz, Maqsood Ur Rehman, Ahmad Umair Wajid, Iqbal Ahmad, Zia Ul Hassan Khan, Samina Naz and Muhammad Ali.

The maximum amount of loan outstanding at the end of any month during the year was Rs 15.16 million (2017: Rs 5.40 million).

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

17. STORES AND SPARES

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

Spares amounting to Rs 12.40 million (2017: Rs 13.75 million) are in the possession of various vendors which relate to the dies and moulds. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Rupees in thousand	Note	2018	2017
18. STOCK-IN-TRADE			
Raw materials [including in transit Rs 4,397.77 million (2017: Rs 3,894.19 million)]	18.1	6,659,408	5,328,519
Work-in-process		429,540	537,655
Finished goods			
- Own manufactured	18.2	467,021	240,812
- Trading stock [including in transit Rs 112.66 million (2017: Rs 88.63 million)]		652,074	551,749
		8,208,043	6,658,735

18.1 Raw materials amounting to Rs 133.66 million (2017: Rs 95.21 million) are in the possession of various vendors of the Company for further processing into parts to be supplied to the Company.

18.2 Finished goods amounting to Rs 157.54 million (2017: Rs 16.18 million) are in the possession of various dealers as consignment stock for display at dealerships.

Rupees in thousand	Note	2018	2017
19. TRADE DEBTS			
Considered good	19.1	92,441	49,536
Considered doubtful		16,142	16,142
Provision for doubtful debts		(16,142)	(16,142)
		-	-
		92,441	49,536

19.1 These include Rs 0.24 million (2017: Rs 0.39 million) receivable from Honda Access Asia Oceania Co. Limited, a related party (group company) against export sales made by the Company. During the year, the Company made export sales amounting to Rs 1.27 million (2017: Rs 3.53 million) to the related party through purchase order.

The maximum aggregate amount receivable from Honda Access Oceania Co. Limited at the end of any month during the year was Rs 0.79 million (2017: Rs 1.75 million).

Rupees in thousand	Note	2018	2017
20. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loans to employees	16	85,347	40,921
Advances - considered good:			
- to employees	20.1	229	371
- to suppliers and contractors	20.2	705,973	634,740
		706,202	635,111
Due from related parties - unsecured and considered good	20.3	111,852	13,364
Recoverable from government authorities:			
- Income tax		468,726	-
- Sales tax		5,498,580	3,508,785
- Custom duty		39,152	39,152
		6,006,458	3,547,937
Prepayments	20.4	107,851	22,149
Margin held against imports		6,025,777	4,701,200
Profit receivable on bank deposits		49,686	76,786
Other receivables - considered good	20.5	42,007	51,422
		13,135,180	9,088,890

20.1 Included in advances to employees is an amount of Rs 0.12 million (2017: Rs 0.02 million) due from director.

20.2 Includes advances against supplies to Atlas Insurance Limited, a related party (due to common directorship), amounting to Rs 1.03 million (2017: Nil). Also includes interest bearing advances to suppliers and contractors aggregating Rs 166.21 million (2017: Rs 210.36 million). Such advances carry markup at the rate of 3 months KIBOR plus 1.25%. Markup rate charged during the year on the outstanding balances was 7.37% (2017: 7.30% to 7.70%).

Rupees in thousand	2018	2017
20.3 Due from related parties - unsecured and considered good		
Holding company		
Honda Motor Co., Ltd., Japan	2,322	526
Group companies		
Asian Honda Motor Co., Limited., Thailand	86,561	-
Honda Automobile (Thailand) Company Limited	19,394	12,629
Honda Malaysia SDN. BHD. Malaysia	-	77
P.T Honda Prospect Motor Indonesia	1,027	26
Honda Cars Philippines Inc.	146	-
PT Honda Precision Parts Manufacturing Indonesia	2,229	-
Honda Trading Asia Co., Limited	173	106
	111,852	13,364

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

20.3.2 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 112.05 million (2017: Rs 15.15 million).

20.4 This represents prepaid insurance to Atlas Insurance Limited, a related party (on the basis of common directorship).

20.5 Other receivables include an amount of Rs 0.80 million (2017: Rs 0.63 million) due from Atlas Insurance Limited, a related party (on the basis of common directorship). It is in the normal course of business and is interest free. The

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maximum aggregate amount due from Atlas Insurance Limited at the end of any month during the year was Rs 1.13 million (2017: Rs 3.64 million).

Rupees in thousand	Note	2018	2017
21. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
- Units of mutual funds	21.1	7,495,257	5,067,128
- Treasury bills	21.2	13,179,643	15,876,217
		20,674,900	20,943,345
21.1 Units of mutual funds			
- Atlas Money Market Fund			
3,517,449 units (2017: 1,957,238 units)			
Cost: Rs 1,779 million (2017: Rs 1,000 million)	21.1.1	1,837,023	1,026,121
- Atlas Income Fund			
3,542,568 units (2017: 3,411,986 units)			
Cost: Rs 1,813 million (2017: Rs 1,750 million)	21.1.1	1,879,758	1,815,075
- ABL Income Fund			
5,316,212 units (2017: 5,103,162 units)			
Cost: Rs 53 million (2017: Rs 51 million)		55,199	53,391
- NAFA Money Market Fund			
299,306,409 units (2017: 149,866,589 units)			
Cost: Rs 2,962 million (2017: Rs 1,500 million)		3,071,213	1,545,469
- NAFA Income Opportunity Fund			
58,660,478 units (2017: 55,825,546 units)			
Cost: Rs 628 million (2017: Rs 604 million)		652,064	627,072
		7,495,257	5,067,128

21.1.1 Atlas Money Market Fund and Atlas Income Fund are managed by Atlas Asset Management Limited, a related party (on the basis of common directorship).

21.2 This represents investment in 3 and 6 months Government Treasury Bills which bear markup ranging from 5.97% to 6.29% (2017: 5.85% to 5.97%) per annum.

21.3 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Unrealised gain of Rs 363.25 million (2017: Rs 244.18 million) and realised gain of Rs 941.71 million (2017: Rs 132.90 million) was recorded in the current year in other income.

Rupees in thousand	Note	2018	2017
22. CASH AND BANK BALANCES			
At banks on:			
- Current accounts		73,060	60,496
- Deposit accounts	22.1	9,916,729	6,473,750
- Term deposits	22.2	1,000,000	3,000,000
		10,989,789	9,534,246
Cash in hand		3,211	2,134
		10,993,000	9,536,380

22.1 Balances in deposit accounts bear mark up which ranges from 4.00% to 5.99% (2017: 3.75% to 5.75%) per annum.

22.2 These bear mark up at the rate of 6.15% (2017: 5.75% to 6.25%) per annum.

Rupees in thousand	Note	2018	2017
23. SALES			
Sales - Own manufactured goods		107,851,605	73,049,582
Sales tax		(15,669,985)	(10,612,338)
Commission to dealers		(1,887,511)	(1,440,244)
Discount to customers	23.1	(1,047,986)	(179,274)
		89,246,123	60,817,726
Sales - Trading goods		2,525,956	2,216,532
Sales tax		(247,185)	(228,068)
Commission to dealers		(2,022)	(3,437)
		2,276,749	1,985,027
		91,522,872	62,802,753

23.1 This represents discount to customers from July 2016 as explained in note 11.5 to these financial statements.

Rupees in thousand	Note	2018	2017
24. COST OF SALES			
Raw material consumed		74,684,759	47,882,352
Stores and spares consumed		185,317	130,809
Salaries, wages and benefits	24.1	1,320,514	1,033,122
Fuel and power		227,563	170,024
Insurance		61,128	55,016
Travelling and vehicle running		193,230	133,113
Freight and handling		199,711	159,623
Repairs and maintenance		111,057	80,742
Technical assistance		46,759	32,615
Depreciation on property, plant and equipment	13.3	651,356	442,121
Amortisation on intangible assets	14.1	77,793	36,432
Royalty	24.2	1,991,614	1,358,524
Canteen subsidy		80,464	59,025
Other expenses		8,835	5,789
	24.3	79,840,100	51,579,307
Opening stock of work-in-process		537,655	330,953
Closing stock of work-in-process		(429,540)	(537,655)
		108,115	(206,702)
Cost of goods manufactured		75,948,215	51,372,605
Own work capitalized		(115,401)	(104,186)
Cost of damaged cars		(36,392)	(5,591)
		79,796,422	51,262,828
Opening stock of finished goods		240,812	1,323,386
Closing stock of finished goods		(467,021)	(240,812)
		(226,209)	1,082,574
Cost of sales - Own manufactured goods		79,570,213	52,345,402
Cost of sales - Trading goods		1,503,564	1,335,659
		81,073,777	53,681,061

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

Rupees in thousand	2018	2017
Current service cost	21,106	16,875
Net interest on defined benefit obligation	3,894	5,132
	25,000	22,007

In addition to above, salaries, wages and benefits include Rs 32.21 million (2017: Rs 26.93 million) on account of provident fund contributions.

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

Company Name	Address	Relationship with Company	2018	2017
(Rupees in thousand)				
Honda Motor Co., Ltd., Japan	No.1-1, Minami-Aoyama, 2-Chome, Minato-ku,Tokyo,107-8556,Japan	Holding company	1,788,281	1,219,019
Honda Lock Mfg. Co. Japan	3700, Shimonaka Sadowara-Cho Miyazaki City Miyazaki Pref, 880-0293 Japan	Group company	3,152	2,457
Honda Access Asia Ocenia Co. Limited	2754/1 Soi Sukhumvit 66/1, Sukhumvit Rd; Kwaeng Bangna, Bangkok 10260 Thailand	Group company	74	196
Other parties	Various	Outsiders	19,580	13,311
			1,811,087	1,234,983

24.3 Cost of sales includes certain inventory items written off amounting to Rs 100.95 million (2017: Nil).

Rupees in thousand	Note	2018	2017
25. DISTRIBUTION AND MARKETING COSTS			
Salaries, wages and benefits	25.1	257,819	158,337
Fuel and power		6,012	4,684
Insurance		10,563	8,543
Travelling and vehicle running		41,384	30,255
Freight and handling		22,123	17,597
Repairs and maintenance		9,323	10,424
Printing and stationery		16,858	12,158
Warranty costs		89,714	16,258
Advertising and sales promotion		371,243	212,033
Depreciation on property, plant and equipment	13.3	28,806	24,635
Training expenses		5,880	3,023
Canteen subsidy		9,740	6,264
Free service claims		9,939	7,577
Rent, rates and taxes	25.2	18,785	15,999
Other expenses		18,717	14,534
		916,906	542,321

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

Rupees in thousand	2018	2017
Current service cost	3,867	4,151
Net interest on defined benefit obligation	713	1,262
	4,580	5,413

In addition to above, salaries, wages and benefits include Rs 7.21 million (2017: Rs 5.65 million) on account of provident fund contributions.

25.2 This represents operating lease rentals.

Rupees in thousand	Note	2018	2017
26. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	26.1	358,992	283,845
Fuel and power		5,488	5,517
Insurance		9,405	8,160
Travelling and vehicle running		50,474	35,267
Repairs and maintenance		56,685	34,858
Printing and stationery		10,230	7,486
Communications		25,963	16,513
Postage		1,157	1,116
Auditors' remuneration	26.2	9,421	6,086
Legal and professional charges		23,687	11,268
Depreciation on property, plant and equipment	13.3	53,708	42,262
Amortisation on intangible assets	14.1	12,702	11,855
Fees and subscription		5,338	1,755
Canteen subsidy		12,214	9,826
Security expenses		4,008	3,211
Other expenses		38,130	18,244
		677,602	497,269

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

Rupees in thousand	2018	2017
Current service cost	5,932	4,849
Net interest on defined benefit obligation	1,094	1,475
	7,026	6,324

In addition to above, salaries, wages and benefits include Rs 10.01 million (2017: Rs 8.22 million) on account of provident fund contributions.

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Rupees in thousand	2018	2017
26.2 Auditors' remuneration		
The charges for professional services consist of the following in respect of auditors' services for:		
Statutory audit	1,804	1,639
Half yearly review	532	484
Taxation services	5,014	2,318
Certifications and audits required by various regulations	1,462	1,078
Out of pocket expenses	609	567
	9,421	6,086

26.3 Administrative expenses includes operating lease rentals of Rs 1.36 million (2017: Rs 3.27 million).

Rupees in thousand	Note	2018	2017
27. OTHER INCOME			
Income from financial assets:			
Profit on bank deposits		488,312	643,692
Interest on loans to employees		3,792	4,722
Gain on financial assets at fair value through profit or loss			
- Realised		941,709	132,898
- Unrealised		363,246	244,189
		1,304,955	377,087
		1,797,059	1,025,501
Income from non-financial assets:			
Profit on disposal of property, plant and equipment	13.4	-	19,686
Markup on advances to suppliers		12,410	16,725
Liabilities no longer payable written back		14,123	654
Freight income		45,985	42,102
Others		13,448	10,521
		85,966	89,688
		1,883,025	1,115,189
28. OTHER EXPENSES			
Workers' welfare fund	11.7	174,952	49,285
Workers' profit participation fund	11.8	508,080	457,137
Exchange loss - net		559,517	31,101
Loss on disposal of property, plant and equipment	13.4	2,020	-
		1,244,569	537,523
29. FINANCE COST			
Markup on advances from customers		696	14,123
Bank charges		13,780	9,320
		14,476	23,443

Rupees in thousand	Note	2018	2017
30. TAXATION			
Current			
- For the year		2,411,040	2,108,765
- Prior years		492,702	154,371
		2,903,742	2,263,136
Deferred	8	80,375	238,199
		2,984,117	2,501,335

(Percentage)	2018	2017
30.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate as per Income Tax Ordinance, 2001	30.00	31.00
Tax effect of:		
- change in prior years' tax	5.20	1.78
- change in tax rate	(0.57)	(0.53)
- tax credit	(0.89)	(2.46)
- lower tax rates and final tax regime	(2.26)	(0.83)
	1.48	(2.04)
Average effective tax rate charged to profit and loss account	31.48	28.96

30.2 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

Rupees in thousand	2017	2018	2017
Tax assessed as per most recent tax assessment	2,333,456	1,540,251	698,849
Provision in accounts for income tax	2,333,456	1,466,049	643,597

As at March 31, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

30.3 By virtue of amendments introduced through Finance Act 2017, the provisions of section 5A of the Income Tax Ordinance, 2001 were amended to the effect that a listed company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year through cash or bonus shares, shall be liable to pay tax at the rate of 7.5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. The Company has distributed 40% of its after tax profits for the Tax Year 2017.

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Rupees in thousand	Note	2018	2017
31. CASH GENERATED FROM OPERATIONS			
Profit before taxation		9,478,567	8,636,325
Adjustments for:			
Depreciation on property, plant and equipment	13.3	733,870	509,018
Loss / (profit) on disposal of property, plant and equipment	28	2,020	(19,686)
Profit on bank deposits	27	(488,312)	(643,692)
Markup on advances to suppliers	27	(12,410)	(16,725)
Interest on loans to employees	27	(3,792)	(4,722)
Gain on short term investments		(338,281)	(170,788)
Liabilities no longer payable written back	27	(14,123)	(654)
Finance cost	27	696	14,123
Provision for employees' retirement benefits and other obligations		98,589	80,400
Amortisation on intangible assets	14.1	90,495	48,287
Amortisation of deferred revenue		(4,737)	(6,194)
Royalty		1,811,088	1,234,983
Working capital changes	31.1	(1,283,765)	18,394,152
		10,069,905	28,054,827
31.1 Working capital changes			
(Increase) / decrease in current assets			
- Stores and spares		(4,210)	(11,615)
- Stock-in-trade		(1,549,308)	(2,648,910)
- Trade debts		(42,905)	68,383
- Loans, advances, prepayments and other receivables		(3,560,238)	(8,114,148)
		(5,156,661)	(10,706,290)
Increase in current liabilities			
- Trade and other payables		3,872,896	29,100,442
		(1,283,765)	18,394,152
32. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise of the following statement of financial position amounts:			
- Cash and bank balances	22	10,993,000	9,536,380
- Short term investments - Treasury bills	21	13,179,643	15,876,217
		24,172,643	25,412,597

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Rupees in thousand	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2018	2017	2018	2017	2018	2017	2018	2017
Managerial remuneration	789	753	1,114	1,078	12,774	11,206	126,071	106,430
House rent and utilities	3,256	3,336	3,258	3,328	7,023	6,160	69,122	58,329
Bonus	-	-	-	-	8,249	7,236	77,868	68,568
Reimbursement of medical expenses	-	-	-	14	-	-	2,015	2,395
Employees' retirement benefits	-	-	-	-	3,108	3,027	28,821	23,506
Other allowances and expenses	9,294	7,586	8,407	2,164	1,968	1,554	57,444	15,343
	13,339	11,675	12,779	6,584	33,122	29,183	361,341	274,571
Meeting fee	-	-	-	-	480	120	-	-
	13,339	11,675	12,779	6,584	33,602	29,303	361,341	274,571
Number of persons	1	1	1	1	3	2	61	59

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

34. EARNINGS PER SHARE

	2018	2017
34.1 Basic earnings per share		
Profit for the year	Rupees in thousand	6,494,450
Weighted average number of ordinary shares	Number in thousand	142,800
Basic EPS	Rupees	45.48

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2018 and March 31, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

35. OPERATING SEGMENTS

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

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

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

(a) Manufacturing

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

(b) Trading

This segment relates to the trading of CBUs and parts.

35.2 Segment information

Rupees in thousand	Manufacturing		Trading		Total	
	2018	2017	2018	2017	2018	2017
Segment revenue	89,246,123	60,817,726	2,276,749	1,985,027	91,522,872	62,802,753
Segment expenses						
- Cost of sales	(79,570,213)	(52,345,402)	(1,503,564)	(1,335,659)	(81,073,777)	(53,681,061)
Gross profit	9,675,910	8,472,324	773,185	649,368	10,449,095	9,121,692
Distribution and marketing costs					(916,906)	(542,321)
Administrative expenses					(677,602)	(497,269)
Other income					1,883,025	1,115,189
Other expenses					(1,244,569)	(537,523)
Finance cost					(14,476)	(23,443)
Profit before taxation					9,478,567	8,636,325
Taxation					(2,984,117)	(2,501,335)
Profit for the year					6,494,450	6,134,990

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

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

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

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

(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'), Thai Baht ('THB'), Euro ('EUR'), Singapore Dollar ('SGD') and Great Britain Pound ('GBP'). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Company's exposure to currency risk is as follows:

in thousand	2018	2017
Cash and bank balances - USD	479	688
Other receivables - USD	786	75
Trade debts - USD	2	-
Trade and other payables - USD	(34,878)	(48,147)
Net exposure - USD	(33,611)	(47,384)
Other receivables - JPY	2,010	494
Trade and other payables - JPY	(184,507)	(769,440)
Net exposure - JPY	(182,497)	(768,946)
Other receivables - THB	5,092	931
Trade and other payables - THB	(77,501)	(24,556)
Net exposure - THB	(72,409)	(23,625)
Other receivables - EUR	-	9
Trade and other payables - EUR	(14)	(37)
Net exposure - EUR	(14)	(28)
Other receivables - SGD	-	-
Trade and other payables - SGD	-	(55)
Net exposure - SGD	-	(55)
Other receivables - GBP	-	-
Trade and other payables - GBP	-	(63)
Net exposure - GBP	-	(63)

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD, JPY, THB, EUR, SGD and GBP with all other variables held constant, the impact on post tax profit for the year would have been Rs 30.23 million (2017: Rs 40.23 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments.

(ii) Other price risk

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

(iii) Interest rate risk

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

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

Rupees in thousand	Note	2018	2017
Fixed rate instruments			
Financial assets			
Long term loans and advances		41,117	56,961
Short term investments - treasury bills	21.2	13,179,643	15,876,217
Cash at bank		10,916,729	9,473,750
		24,137,489	25,406,928
Financial liabilities			
		-	-
Net exposure		24,137,489	25,406,928
Floating rate instruments			
Financial assets			
		-	-
Financial liabilities			
		-	-
Net exposure		-	-

Fair value sensitivity analysis for fixed rate instruments

As at March 31, 2018, if market interest rates had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been higher / lower by Rs 173.41 million (2017: Rs 110.91 million).

Cash flow sensitivity analysis for variable rate instruments

As at March 31, 2018, 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	2018	2017
Long term deposits	4,042	4,042
Trade debts	92,441	49,536
Loans, advances and other receivables	6,229,322	4,842,772
Short term investments	20,674,900	20,943,345
Balances with banks	10,989,789	9,534,246
	37,990,494	35,373,941
As of March 31, age analysis of trade debts was as follows:		
Neither past due nor impaired	-	-
Past due but not impaired - 1 to 180 days	92,441	49,536
Past due and impaired	16,142	16,142
	108,583	65,678

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

(ii) Credit quality of financial assets

The credit quality of financial assets (mainly bank balances and investments in mutual funds) 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	2018	2017
	Short term	Long term		Rupees in thousand	
Citibank N.A.	P-1	A1	Moody's	95,663	156,904
Deutsche Bank A.G.	P-2	Baa2	Moody's	22,103	33,000
Faysal Bank Limited	A1+	AA	PACRA	1,021,460	2,030,769
Habib Bank Limited	A-1+	AA+	JCR-VIS	4,216	6,009
MCB Bank Limited	A1+	AAA	PACRA	5,107,905	464,218
National Bank of Pakistan	A-1+	AAA	JCR-VIS	716	716
Soneri Bank Limited	A1+	AA-	PACRA	3,847,145	6,266,140
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	841,866	518,326
The Bank of Tokyo - Mitsubishi UFJ, Limited	P-1	A1	Moody's	20,494	47,811
United Bank Limited	A-1+	AAA	JCR-VIS	28,221	10,353
				10,989,789	9,534,246
Mutual Funds					
ABL Income Fund	Not applicable	A(f)	PACRA	55,199	53,391
NAFA Income Opportunity Fund	Not applicable	A(f)	PACRA	652,064	627,072
NAFA Money Market Fund	Not applicable	AA(f)	PACRA	3,071,213	1,545,469
Atlas Money Market Fund	Not applicable	AA(f)	PACRA	1,837,023	1,026,121
Atlas Income Fund	Not applicable	AA(f)	PACRA	1,879,758	1,815,075
				7,495,257	5,067,128

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 on some of the CKD material supplies. At March 31, 2018, the Company had Rs 4,460 million available borrowing limits from financial institutions and Rs 10,993 million cash and bank balances.

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

Rupees in thousand	Carrying amount	Less than one year	One to five years	More than five years
At March 31, 2018				
Accrued mark up	782	782	-	-
Unclaimed dividend	22,600	22,600	-	-
Trade and other payables	9,914,159	9,914,159	-	-
	9,937,541	9,937,541	-	-
At March 31, 2017				
Accrued mark up	14,218	14,218	-	-
Unclaimed dividend	14,582	14,582	-	-
Trade and other payables	10,288,400	10,288,400	-	-
	10,317,200	10,317,200	-	-

36.2 Fair value estimation

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

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

The following table presents the financial assets and liabilities that are measured at fair value at March 31, 2018:

Rupees in thousand	Level 1	Level 2	Level 3	Total
Assets				
At fair value through profit or loss				
Short term investments	7,495,257	13,179,643	-	20,674,900
Liabilities	-	-	-	-

The following table presents the financial assets and liabilities that are measured at fair value at March 31, 2017:

Rupees in thousand	Level 1	Level 2	Level 3	Total
Assets				
At fair value through profit or loss				
Short term investments	5,067,128	15,876,217	-	20,943,345
Liabilities	-	-	-	-

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and

regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Company has no such type of financial instruments as on March 31, 2018.

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.

36.3 Financial instruments by categories

Rupees in thousand	At fair value through profit or loss	Loans and receivables	Total
As at March 31, 2018			
Assets as per statement of financial position			
Long term loans and advances	-	189,023	189,023
Long term deposits	-	4,042	4,042
Trade debts	-	92,441	92,441
Loans, advances and other receivables	-	6,314,669	6,314,669
Short term investments	20,674,900	-	20,674,900
Cash and bank balances	-	10,993,000	10,993,000
	20,674,900	17,593,175	38,268,075
As at March 31, 2017			
Assets as per statement of financial position			
Long term loans and advances	-	107,251	107,251
Long term deposits	-	4,042	4,042
Trade debts	-	49,536	49,536
Loans, advances and other receivables	-	4,883,693	4,883,693
Short term investments	20,943,345	-	20,943,345
Cash and bank balances	-	9,536,380	9,536,380
	20,943,345	14,580,902	35,524,247

Rupees in thousand	Financial liabilities at amortized cost	
	2018	2017
Liabilities as per statement of financial position		
Accrued mark up	782	14,218
Unclaimed dividend	22,600	14,582
Trade and other payables	9,914,159	10,288,400
	9,937,541	10,317,200

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36.4 Offsetting financial assets and financial liabilities

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

36.5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to members, issue new shares and other measures commensurate to the circumstances. The Company monitors the capital structure on the basis of gearing ratio. However as at March 31, 2018, and March 31, 2017, there are no borrowings and the entire capital is represented by equity as shown in the statement of financial position.

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

37. TRANSACTIONS WITH RELATED PARTIES

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

Rupees in thousand	Holding Company	Other related parties	Total
For the year ended March 31, 2018			
Purchase of goods	6,617,209	38,615,446	45,232,655
Purchase of property, plant and equipment	1,485	299,029	300,514
Purchase of intangible assets	1,698	-	1,698
Sale of goods	-	147,157	147,157
Insurance premium	-	544,954	544,954
Insurance claims	-	73,734	73,734
Technical assistance and training charges	49,052	33,497	82,549
Key management personnel remuneration	-	221,693	221,693
Dividend paid	1,251,185	740,795	1,991,980
For the year ended March 31, 2017			
Purchase of goods	5,456,508	25,702,424	31,158,932
Purchase of property, plant and equipment	74,516	701,670	776,186
Purchase of intangible assets	16,017	11,156	27,173
Sale of goods	-	155,242	155,242
Insurance premium	-	361,566	361,566
Insurance claims	-	34,322	34,322
License fee	209,802	-	209,802
Technical assistance and training charges	23,592	18,074	41,666
Key management personnel remuneration	-	158,267	158,267
Dividend paid	509,796	307,788	817,584

37.2 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year and whose names have not been disclosed elsewhere in these financial statements are as follows:

Name	Basis of relationship
Atlas Autos (Private) Limited	Common directorship
The Atlas Foundation	Common directorship
Atlas Metals (Private) Limited	Common directorship
Atlas Power Limited	Common directorship
Honda Motor (China) Co., Ltd.	Group company
Honda Parts Manufacturing Corporation - Philippines	Group company
Honda R&D Asia Pacific Co., Ltd.	Group company
Honda Trading China Co., Ltd.	Group company
Shanghai Honda Trading Co., Ltd.	Group company
Shirazi Trading Company (Private) Limited	Common directorship
Honda Autoparts Manufacturing M. Sdn. Bhd. - Malaysia	Group company

38. PLANT CAPACITY AND ACTUAL PRODUCTION

Number	Capacity		Production	
	2018	2017	2018	2017
Motor vehicles	50,000	50,000	50,177	34,560

The Company has a capacity of producing 50,000 motor vehicles per annum. Due to overwhelming demand of certain products, during the current year, the Company has commenced double shift for the whole year that has resulted in over utilisation of the plant and consequently, production has exceeded normal capacity.

Number	2018	2017
39. NUMBER OF EMPLOYEES		
Total number of employees (including contractual labour) as at March 31	2,278	2,033
Total number of factory employees (including contractual labour) as at March 31	2,023	1,847
Average number of employees during the year (including contractual labour)	2,143	1,620
Average number of factory employees during the year (including contractual labour)	1,935	1,430

Rupees in thousand	2018	2017
40. DISCLOSURES RELATING TO PROVIDENT FUND		
(i) Size of the Fund	457,995	394,135
(ii) Cost of investments made	382,913	326,132
(iii) Fair value of investments	421,601	358,856
(iv) Percentage of investments made	92.05%	91.05%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

40.1 Breakup of fair value of investments out of Provident Fund

Particulars	2018		2017	
	Rupees (in thousand)	% of Investment	Rupees (in thousand)	% of Investment
Mutual funds	139,854	33.17%	133,994	37.34%
Government securities	79,143	18.77%	117,212	32.66%
Bank balances	199,049	47.21%	103,204	28.76%
Term Finance Certificates	3,555	0.85%	4,446	1.24%
	421,601	100.00%	358,856	100.00%

The figures for 2018 are based on the unaudited financial statements of the employees' provident fund. The investments in collective investment schemes, listed equity and listed debt securities out of aforementioned fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

41. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

All significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

42. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made, except for the following:

Rupees in thousand

Custom duty payable' previously included in 'Others' under 'Trade and other payables' now separately presented under 'Trade and other payables'	167,123
'Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position	14,582
Receivable from dealers against sale of spare parts previously offset in 'Trade and other payables' now included in 'Trade debts'	31,677

43. DATE OF AUTHORISATION FOR ISSUE

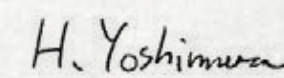
These financial statements were authorised for issue on May 15, 2018 by the Board of Directors of the Company.

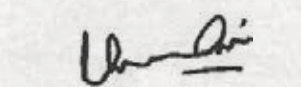
44. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

44.1 The Board of Directors of the Company have proposed a final cash dividend for the year ended March 31, 2018 of Rs 22.75 per share amounting to Rs 3,248.70 million and a transfer of Rs 2,600 million from 'Un-appropriated profit' to 'General reserve' at their meeting held on May 15, 2018 for approval of the members at the Annual General Meeting to be held on June 28, 2018. 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.

44.2 Through the Finance Bill 2018 announced on April 27, 2018 that is subject to Parliament's approval and President's assent, the rate of tax on undistributed profits referred to in note 30.3 has been proposed to be reduced from 7.5% to 5% for Tax Year 2019. Moreover, minimum distribution for the levy of this tax has been proposed to be reduced from 40% to 20% and for this purpose, bonus shares will not be considered as part of distribution. Further, super tax has been proposed to be extended for the Tax Years 2018 to 2020. In the Company's case, the super tax for Tax Year 2018 amounts to Rs 267.50 million that will be accounted for in the subsequent period when it is enacted.


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive


Mr. Ahmad Umair Wajid
Chief Financial Officer

NOTICE OF ANNUAL GENERAL MEETING

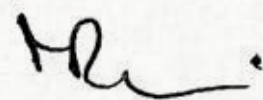
Notice is hereby given that 26th Annual General Meeting of shareholders of Honda Atlas Cars (Pakistan) Limited will be held on Thursday, June 28, 2018 at 10:30 a.m. at Faletti's Hotel, 24-Egerton Road, The Mall, Lahore to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on April 26, 2018,
2. To approve and adopt the annual audited financial statements for the year ended March 31, 2018 together with the Directors' and Auditors' reports thereon,
3. To approve 41.8% (Rs 4.18 per share) cash dividend paid in July 2017 for the year ended March 31, 2017,
4. To approve cash dividend @ 227.5% (Rs 22.75 per share) for the year ended March 31, 2018,
5. To appoint Auditors for the next financial year and fix their remuneration.

SPECIAL BUSINESS:

6. To approve remuneration of Chairman & Executive Directors for the year 2018-19 and adopt the following resolution:
 "The remuneration of Chairman (Non-executive Director) amounting to Rs. 40.6 million (2017-18: Rs. 33.55 million) which includes allowances and other benefits be and is hereby approved for the year ending March 31, 2019."
 "The remuneration of President/CEO amounting to Rs. 14.4 million (2017-18: Rs. 14.4 million) and one full-time director for Rs. 14.1 million (2017-18: Rs. 15.1 million) which includes allowances and other benefits, be and is hereby approved for the year ending March 31, 2019"
7. To consider and approve the transactions carried out with related parties in the normal course of business and approve the following resolutions:
 "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in respective notes to the audited financial statements for the year ended March 31, 2018 be and are hereby ratified and approved."
 "FURTHER RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions to be carried out in normal course of business with associated companies during the ensuing year ending March 31, 2019 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents indentures as may be required in this regard on behalf of the Company."
8. To transact any other business with permission of the Chairman.

By order of the Board



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

Lahore: June 06, 2018

NOTES:

1. The share transfer books of the company will remain closed from June 18, 2018 to June 28, 2018 (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.
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 and 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.
5. The shareholders residing in a city and collectively holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the company at the address given hereinabove at least 7 days prior to the date of the meeting.

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

REMUNERATION OF DIRECTORS

Item 7 of the Agenda, authorization in being sought for the transactions carried out and to be carried out with related parties during the ensuing year ending March 31, 2019 in the ordinary course of business. The transactions with holding company & its subsidiary companies were carried out during the year, therefore, these transactions have been placed before the members of the Company for their approval.

TRANSACTIONS WITH RELATED PARTY

Item 6 of the Agenda, authorization in being sought for the transactions carried out and to be carried out with related parties during the ensuing year ending March 31, 2019 in the ordinary course of business. The transactions with holding company & its subsidiary companies were carried out during the year, therefore, these transactions have been placed before the members of the Company for their approval.

The Company shall continue to carry out transactions with the related parties in its ordinary course of business till next annual general meeting. Therefore, such transactions with related party have to be approved by the shareholders. The shareholders may authorize the Chief Executive to approve such transactions till the next annual general meeting when the same shall be placed before the shareholders for their approval/ratification.

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

AUTHORIZED SALES, SERVICE & SPARE PARTS 35 DEALERS

KARACHI

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

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

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

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

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

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

HYDERABAD
Honda Palace
Shahbaz Town,
Jamshoro Road.
Tel: (0223) 6671789, 667032
Fax: (0223) 667519

RAHIM YAR KHAN
Honda Rahim Yar Khan
Shahbazpur Road, Cantt. Chowk.
Tel: (068) 5674446-8
Fax: (068) 5674445

SAHIWAL
Honda Montgomery
Sahiwal Bypass Lahore Road near PSO
Tel: 0304-111-45-45
Fax: (40) 4502082

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

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

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

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

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

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

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

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

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

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

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

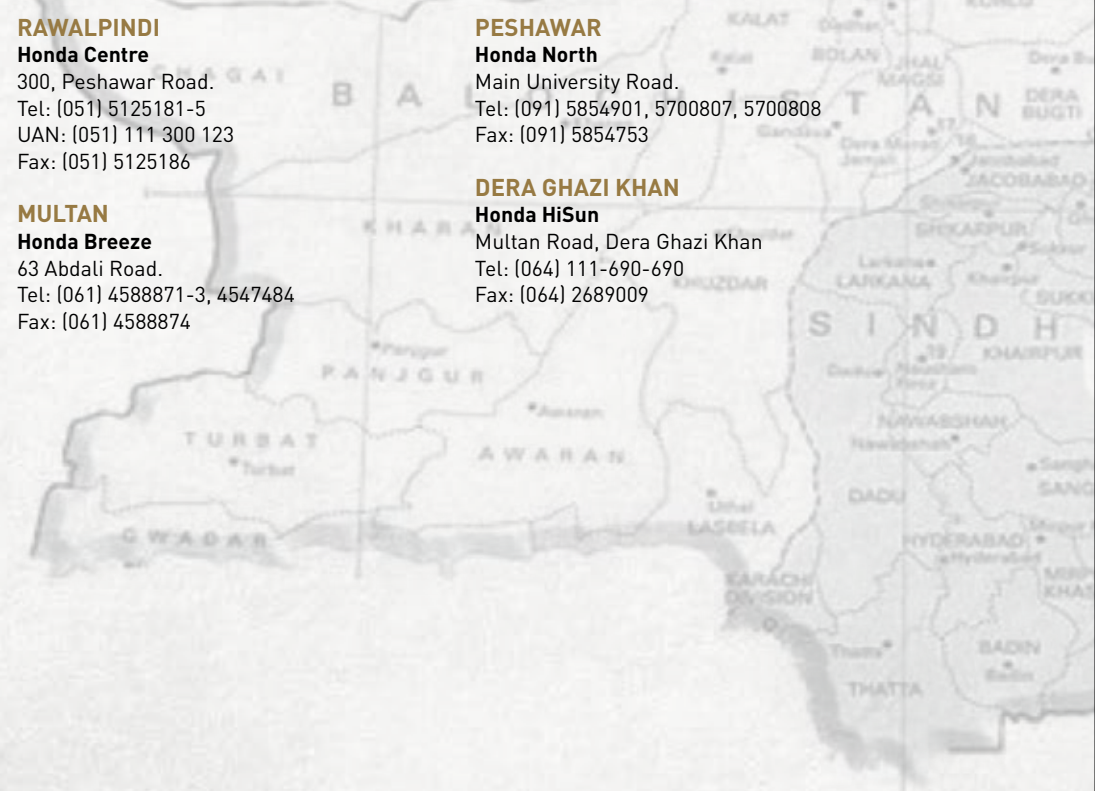
GUJRANWALA
Honda Gujranwala
G.T. Road.
Tel: (055) 3415401-3
Fax: (055) 3415407

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

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

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

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



AUTHORIZED SERVICE & SPARE PARTS 25 DEALERS

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

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 Samanabad.
Tel: 042-37530563 , 37530579
Fax: 042-37522099

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

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

MIRPURKHAS
Mirpurkhas Honda
Plots # A-3 & A-4, Mustafa Town,
Hyderabad Ring Road.
Tel: 0334-3301575

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

RAWALPINDI
Royal Honda
445-Meherabad,
Peshawar Road.
Tel: 051-5462464
Fax: 051-5480990

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

BAHAWALPUR
Horizon Honda
Near Zam Zam PSO Petrol Pump,
Multan Road.
Tel: 062-2886900
Fax: 062-2886900

ISLAMABAD
Margalla Honda
Service Road, E 11/4, Block B-2,
Near Aura Grand Marquee.
Tel: 0512318051-52 0512318059

MULTAN
Prime Honda
1- Irshad Colony,
Industrial Estate Road,
Tel: 061-6538112, 8130005
Fax: 061-6536311

OKARA
Modern Autos Honda
Near Depalpur Chowk,
Depalpur Road.
Tel: 0300-7530400 (Babar)

GUJRAT
River Edge Honda
Near Edhi Center, G.T. Road.
Tel: 053-3523511, 0300-6202195
0314-4545450

AUTHORIZED SPARE PARTS 15 DEALERS

KARACHI
Sugoi Parts Center
Shop No. 1&2 Amber Electronics
Market, M.A Jinnah Road, Karachi No. 3,
Tel: 021-32778211 & 2

Sugoi Sunset Parts Center
Plot No. 12-C, 12th Commercial Street,
Phase II, Extension D.H.A.
Tel: 021-35312766 & 68 / 0300-2000727

LAHORE
Sugoi Parts Center
Shop No. 4-6, Shaml Center,
4-Montgomery Road.
Tel: 042-36370121 & 042-36375900

Sugoi Defence Parts Center
Shop No. 1 Corner 26/26
Main Walton Road. Lahore Cantt.
Tel: 042-36626987 & 89/0300-9404774

RAWALPINDI
Sugoi Potohar Parts Center
3 Rahim Plaza Opp. Chaklala
Cantonment Board Main Murree Road.
Tel: 051-5130340-41/ 0321-5552656

MULTAN
Sugoi Multan Parts Center
103/9 Iqbal Plaza Opp. RTO Office,
Near Feasta Garden, LMQ Road.
Tel: 061-4586160-61 / 0303-6666712

افراد قوت اور تنخواہ و مراعات کی کمیٹی

بورڈ نے افرادی قوت اور تنخواہ و مراعات کی ایک کمیٹی (HR&R) تشکیل دی ہے جو پانچ ارکان پر مشتمل ہے۔ HR&R کمیٹی کا چیئرمین ایک نان ایگزیکٹو ڈائریکٹر ہے۔ گزشتہ سال، کمیٹی نے کمیٹی کے زیر غور نکات و مراحل کے تحت آنے والے معاملات پر گفتگو اور منظوری کے لیے ایک اجلاس منعقد کیا۔

چیئرمین کا جائزہ

منسلک چیئرمین کا جائزہ، 31 مارچ، 2018 کو اختتام پذیر ہونے والے سال میں کمیٹی کی کارکردگی اور مستقبل کا منظر نامہ پیش کرتا ہے۔ ڈائریکٹرز کی جانب سے اس جائزے کے مندرجات کی توثیق کی جاتی ہے۔

ملکیتی کمیٹی

میسرز ہیٹا امونر کمیٹی لمیٹڈ 51 فیصد حصص کے ساتھ ملکیتی کمیٹی ہے اور جاپان میں تشکیل یافتہ ہے۔

ضابطہ برائے کاروباری عملداری کا تفصیلی اعلامیہ

کمیٹی، لسٹڈ کمپنیز (ضابطہ برائے کاروباری عملداری) کے قواعد و ضوابط، 2017 کے لوازمات پر پوری طرح عمل پیرا ہے۔ اس حوالے سے ایک اعلامیہ اس رپورٹ کے ساتھ منسلک ہے۔

حصص برداری کا مثالی طریقہ کار

31 مارچ، 2018 کو حصص برداری کا مثالی طریقہ کار اور اس کا اظہار اس رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے۔ ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنی میعاد مکمل کر چکے ہیں اور اہل ہونے کی بناء پر، برائے اختتام سال 31 مارچ، 2019 کے لیے اپنی دوبارہ تقرری کے خواہشمند ہیں۔ آڈٹ کمیٹی کی جانب سے ان کی دوبارہ تقرری کی سفارش کی گئی ہے۔

برائے اور مخاطب:
بورڈ آف ڈائریکٹرز

H. Yoshimura

ہیرونوبو یوشیمورا

صدر ای ای او
کراچی، 15 مئی 2018

نمبر شمار ڈائریکٹر کا نام	حاضری
جناب مقصود الرحمان (کمپنی سیکریٹری)	5
جناب احمد عمیر واجد (CFO)	5

بورڈ کے اجلاسوں میں شریک نہ ہونے والے اراکین کی غیر حاضری کی درخواست منظور کر لی گئی تھی۔

آڈٹ کمیٹی

آڈٹ کمیٹی، پانچ نان ایگزیکٹو ڈائریکٹرز بشمول ایک خود مختار ڈائریکٹر پر مشتمل ہے۔ دوران سال، آڈٹ کمیٹی نے چار اجلاس منعقد کیے، جن میں سے ہر اجلاس، بورڈ آف ڈائریکٹرز کے اجلاس سے پہلے منعقد کیا گیا تاکہ مالیاتی گوشواروں، داخلی آڈٹ رپورٹس، درکار کاروباری عملداری کے بہترین طریقہ کار پر عمل درآمد اور دیگر متعلقہ معاملات کا جائزہ لیا جاسکے۔ ان اجلاسوں میں 31 مارچ، 2018 کو اختتام پذیر ہونے والے سال کے آڈٹ کی تکمیل سے قبل اور بعد، بیرونی آڈیٹرز کے ساتھ اجلاس اور قانونی طور پر درکار دیگر دستوری اجلاس شامل تھے۔

آڈٹ کمیٹی کے اجلاس

دوران سال، آڈٹ کمیٹی کے چار اجلاس منعقد کیے گئے۔ ان اجلاسوں میں حاضری کی تعداد درج ذیل ہے:

نمبر شمار ڈائریکٹر کا نام	حاضری
1 جناب عامر ایچ شیرازی	4
2 جناب ایم نعیم خان	4
3 جناب آکیر امورایاما	3
4 جناب شکیب ویا مازاکی	-
5 جناب ستوشی سوزوکی (جناب یامازا کی جگہ آئے)	1
6 جناب ندیم ارشد الہی	1
7 محترمہ مشومہ زہرا جمید (جناب ندیم کی جگہ آئیں)	3

اجلاسوں میں شریک نہ ہونے والے اراکین کی غیر حاضری کی درخواست منظور کر لی گئی تھی۔

حصص کی منتقلی

دوران سال، ڈائریکٹرز کے لیے درکار حصص کی کم از کم تعداد (qualification) (shares) کی تکمیل کے لیے جناب کازوپسا ہیرونوبو اور جناب ٹوچی اشی یاما میں سے ہر ایک کی جانب سے 525 حصص منتقل کیے گئے، اس کے علاوہ جناب شکیب ویا مازا کی نے بالترتیب جناب آکیر امورایاما، جناب ہیرونوبو یوشی مورا اور جناب ستوشی سوزوکی کے نام 500 حصص منتقل کیے۔

ڈائریکٹرز، کمپنی سیکریٹری، چیف فنانس آفیسر اور ان کے شریک حیات یا ناہانغ بچوں کی جانب سے زیر جائزہ مدت کے دوران کمیٹی کے حصص کی فروخت یا خریداری کی کوئی اور ٹرانزیکشن سامنے نہیں آئی۔

بورڈ نے چیئرمین (نان ایگزیکٹو ڈائریکٹر) کی تنخواہ و مراعات کی برائے اختتام سال 31 مارچ 2019 کے لیے 40.6 ملین روپے (2017-18 : 33.55 ملین روپے) پر منظوری دی ہے، جس میں الائنسز اور دیگر فوائد شامل ہیں۔

برائے اختتام سال 31 مارچ 2019 کے لیے، صدر ای ای او کو 14.4 ملین روپے (2017-18 : 14.4 ملین روپے) اور ایک گھنٹہ ڈائریکٹر کو 14.1 ملین روپے (2017-18 : 15.1 ملین روپے) برائے فی ڈائریکٹر ادا کیے جائیں گے، جس میں الائنسز اور دیگر فوائد شامل ہیں۔

بورڈ کی تشکیل پذیری

بورڈ آف ڈائریکٹرز کی تشکیل پذیری درج ذیل ہے:

ڈائریکٹرز کی مجموعی تعداد:	مرد	خواتین
9	8	1

تفصیل:	الف) خود مختار ڈائریکٹر	ب) دیگر نان ایگزیکٹو ڈائریکٹر	ج) ایگزیکٹو ڈائریکٹر
9	1	6	2

بورڈ کے اجلاس

زیر جائزہ سال کے دوران، یکم اپریل 2017 سے 31 مارچ 2018 تک بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ان اجلاسوں میں بورڈ اراکین کی حاضری درج ذیل رہی:

نمبر شمار ڈائریکٹر کا نام	حاضری
1 جناب یوسف ایچ شیرازی	4
2 جناب ٹوچی اشی یاما	3
3 جناب ہیرونوبو یوشی مورا (جناب اشی یاما کی جگہ آئے)	2
4 جناب عامر ایچ شیرازی	5
5 جناب کنتیچی مائسو	4
6 جناب ایم نعیم خان	5
7 جناب آکیر امورایاما	3
8 جناب شکیب ویا مازا کی	1
9 جناب ستوشی سوزوکی (جناب یامازا کی جگہ آئے)	1
10 جناب یاسوتا کاودا	5
11 جناب ندیم ارشد الہی	2
12 محترمہ مشومہ زہرا جمید (جناب ندیم کی جگہ آئیں)	3

میں کوئی شک و شبہ نہیں ہے:

g. لسٹنگ قواعد و ضوابط میں بیان کردہ، بہترین کاروباری عملداریوں سے کوئی حقیقی انحراف نہیں پایا گیا؛

h. 31 مارچ، 2018 کو ایپلائز پروویڈنٹ فنڈ اور ایپلائز گریجویٹ فنڈ کی ملکیت میں موجود سرمایہ کاروں کی اندراجی مالیت بالترتیب 457.99 ملین روپے اور 380.92 ملین روپے تھی۔

i. گزشتہ دس برسوں کی عملی اور مالیاتی تفصیلی معلومات اس رپورٹ میں دی گئی ہیں۔

لسٹڈ کمپنیز (ضابطہ برائے کاروباری عملداری) کے قواعد و ضوابط، 2017

نئے ضابطہ برائے کاروباری عملداری کی جانب سے مقامی کمپنیوں کی عملداری کو بین الاقوامی معیارات سے ہم آہنگ کرنے کے لیے متعدد تبدیلیاں عمل میں لائی گئی ہیں۔ کمیٹی نے نئے ضابطے میں ترامیم کے نفاذ کے لیے اقدامات اٹھائے ہیں۔ خود مختار ڈائریکٹرز کی نمائندگی کو ڈائریکٹرز کے انتخاب کے وقت بورڈ کی تنظیم نو سے منسلک کر دیا گیا ہے۔

بورڈ آف ڈائریکٹرز (ایگزیکٹو، نان ایگزیکٹو اور خود مختار ڈائریکٹرز) کے لیے مشاہرے و مراعات کی پالیسی مرتب کی گئی ہے۔ بورڈ، اپنی کاروباری سرگرمیوں میں شفافیت کے حصول کے لیے، عمدہ کاروباری عملداری کی شمولیت اور اس پر عمل درآمد کی ضرورت پر خاص زور دیتا ہے، تاکہ اسٹیک ہولڈرز کے اعتماد میں اضافہ کیا جاسکے۔ اس پالیسی کا مقصد اس بات کو یقینی بنانا ہے کہ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ایسے جامع انعامی اصول کے زیر انتظام رکھا جائے جس کی بنیاد، کمیٹی کی کامیابی اور بنیادی اہمیت کی حامل رہنمائی کے لیے ان کے مثبت اقدامات اور قیمتی خدمات پر ہو۔

بورڈ آف ڈائریکٹرز

کمیٹی کے ڈائریکٹرز کی موجودہ میعاد یکم مئی 2018 کو مکمل ہو چکی ہے اور حصص مالکان نے 26 اپریل 2018 کو منعقدہ غیر معمولی عمومی اجلاس میں نئے ڈائریکٹرز کو منتخب کر لیا ہے۔ ضابطے کے تحت درکار، بورڈ کی تنظیم نو کی منظوری دی جا چکی ہے۔

بورڈ آف ڈائریکٹرز مختلف کٹیگری کے ڈائریکٹرز کی قانونی نمائندگی کے ساتھ ڈائریکٹرز پر مشتمل ہے، جن میں لسٹڈ کمپنیز (ضابطہ برائے کاروباری عملداری) کے قواعد و ضوابط، 2017 کے تحت درکار خود مختار ڈائریکٹرز، نان ایگزیکٹو ڈائریکٹرز اور ایگزیکٹو ڈائریکٹرز شامل ہیں۔

بورڈ، اہم انتظامی امور بشمول اہم کاروباری سرگرمیوں کی تکمیل اور قانون کے تحت بیان کردہ دیگر معاملات کے حوالے سے بنیادی اہمیت کے حامل فیصلے کرنے کا ذمہ دار ہے۔ یہ فیصلے، ان معاملات پر متعین شدہ اصول کے مطابق، ہمہ خطرات کے تجربے اور خصوصی غور و خوض کے بعد کیے جاتے ہیں۔ بورڈ، طرز عمل کے حوالے سے طے شدہ ہدایات کے انتظام اور نگرانی کا بھی ذمہ دار ہے۔

ڈائریکٹرز 31 مارچ 2018 کو ختم ہونے والے سال کے لیے سالانہ آڈٹ کردہ مالیاتی اسٹیٹمنٹ بعد آڈیٹرز رپورٹ نہایت مسرت کے ساتھ پیش کرتے ہیں۔ اس سال کے لیے مالیاتی نتائج درج ذیل ہیں:

روپے ملین میں	31 مارچ 2018 برائے اختتام سال	31 مارچ 2017 برائے اختتام سال
سال کا منافع قبل از ٹیکس	9,478.57	8,636.32
عائد شدہ ٹیکس	(2,984.12)	(2,501.33)
سال کا دیگر جامع خسارہ - کل	(32.50)	(11.49)
غیر مختص شدہ منافع	6,461.95	6,123.50
تخصیصات: *		
عمومی ذخائر میں متغلی	(2,600.00)	(4,200.00)
اضافی ڈیویڈنڈ % 41.8 (2017: 0%)	(596.90)	-
پیشکش کردہ ڈیویڈنڈ % 227.5 (2017: 130%)	(3,248.70)	(1,856.40)
فی شخص منافع - بیسک اور ڈیویڈنڈ	45.48	42.96

* بورڈ آف ڈائریکٹرز نے ان تخصیصات کی تجویز دی ہے، جو کمپنیز ایکٹ 2017 کے تحت مالیاتی گوشواروں میں ظاہر نہیں ہیں۔

مالیات

کمپنی نے اس سال ایک مرتبہ پھر 6,494.45 ملین روپے کا ریکارڈ سا خالص منافع حاصل کیا، جو کہ گزشتہ سال کے 6,134.99 ملین روپے کے مقابلے میں 5.9 فیصد زیادہ تھا۔ فی شخص منافع گزشتہ سال کے 42.96 روپے کے مقابلے میں بڑھ کر 45.48 روپے ہو گیا۔

ڈیویڈنڈ

ہم، حصص مالکان کے منافع کو اپنی اہم ترین انتظامی ذمہ داریوں میں سے ایک سمجھتے ہوئے منظم رکھتے ہیں۔ تاہم، اس کے ساتھ ساتھ، ہم دیگر کاروباری پہلوؤں جیسے کہ مستقبل کی ترقی کی ضروریات، بیلس شیٹ کے استحکام اور کسی بھی غیر متوقع کاروباری صورتحال کے پیش نظر ذخائر کی تشکیل پر بھی خصوصی توجہ دیتے ہیں۔ لہذا بورڈ آف ڈائریکٹرز نے 31 مارچ، 2018 کو اختتام پذیر ہونے والے سال کے لیے 227.5 فیصد (22.75 روپے فی شخص) ڈیویڈنڈ کی تجویز پیش کی ہے، جس کی شرح ادا ہوگی 50 فیصد ہوگی۔

سرگرمیاں

ہم ایک ایسی "کمپنی جس کی بقا کا معاشرہ خواہشمند ہے" بننے کا عزم رکھتے ہیں۔ اس مقصد کے لیے ہم مختلف اقدامات کے ذریعے ایسی پُرکشش مصنوعات و خدمات کی فراہمی عمل میں لاتے ہیں جو ہمارے کاروبار میں ہر پہلو کے لحاظ سے صارفین اور معاشرے کے لیے مسرت کا باعث بنتی ہیں۔

کمپنی نے صحت، تعلیم اور بنیادی تعمیراتی ڈھانچے کی ترقی و فروغ کے لیے مقامی معاشرے کے لیے اپنی خدمات انجام دی ہیں۔ دوران سال، کمپنی نے سماجی فروغ و ترقی کے لیے درج ذیل اقدامات کیے:

مفت طبی کیمپ

کمپنی نے یہ دیرینہ قدم تقریباً چار سال قبل اٹھایا اور تب سے اب تک فیکٹری کے آس پاس موجود مختلف دیہاتوں میں مسلسل مفت طبی کیمپ لگاتے جا رہے ہیں۔ دوران سال، کمپنی نے منگا منڈی، تالاب سرائے، گاؤں بھٹ، سندھ اور کوٹ اسد اللہ میں چھ طبی کیمپ قائم کیے۔ کمپنی کے ڈاکٹر اور معاون لیڈی ڈاکٹر نے مریضوں کو مفت طبی مشورے اور ادویات فراہم کیں۔ ان علاقوں میں رہنے والے لوگ دیہاڑی دار مزدور، کسان اور عارضی ملازمین ہیں جنہیں معیاری طبی سہولیات تک بہت کم رسائی حاصل ہے۔ اب ایک بڑی تعداد میں لوگ ان کیمپوں میں آتے ہیں۔ پچھلے سال مجموعی طور پر 3,827 مریضوں کو مفت طبی علاج مہیا کیا گیا۔ اس سہولت کے آغاز سے لے کر اب تک، 11,000 سے زائد مریض ان کیمپوں سے فائدہ پانچے ہیں۔

پینے کا صاف پانی

پینے کے صاف پانی کی دستیابی تمام دیہی علاقوں کا ایک بڑا مسئلہ ہے۔ پانی کے دستیاب وسائل زیادہ تر آلودہ ہوتے ہیں جو بے شمار بیماریاں پیدا کرنے کا باعث بنتے ہیں۔ مانگا منڈی اور اس کے اطراف کے علاقوں میں موجود سرکاری اسکولوں میں پینے کا صاف پانی نایاب ہے اور طلباء کو آلودہ پانی پر ہی انحصار کرنا پڑتا ہے جس سے وہ مختلف دیرینہ امراض کا شکار ہو جاتے ہیں۔ گزشتہ سال کے دوران، کمپنی نے مانگا منڈی اور سندھ کے تین مختلف اسکولوں میں پینے کے صاف پانی کے پمپس نصب کروائے۔ بچوں کے لیے پینے کے صاف پانی کی فراہمی یقینی بنانے کے لیے گہری کھدائی کے حامل پانی کے پمپس اور آبی ذخائر نصب کیے گئے۔

مقامی اسکولوں کی تعمیر نو

دوران سال، مانگا منڈی اسکول کا ایک حصہ دوبارہ تعمیر کیا گیا۔ گریز پرائمری اسکول کی عمارت پرانی ہونے کے باعث خطرناک حد تک خراب تھی جس کی فوری مرمت کی ضرورت تھی۔ کمپنی نے اس کا ایک حصہ گرا کر عمارت کی دوبارہ تعمیر کی اور تعمیر ڈھانچے میں بنیادی سہولیات کا بھی اضافہ کیا۔ سندھ کے علاقے میں ایک اور اسکول میں طلباء کے لیے موجود سہولیات کو بہتر بنایا گیا۔

محفوظ ڈرائیونگ کی تربیت

کمپنی نے اپنی اسٹرا کی کمپنی کے ساتھ مل کر باقاعدگی سے ٹریفک سیفٹی کے تعلیمی و تربیتی سیشنز منعقد کیے۔ کمپنی کے کونٹر ڈرائیورز اور معاونین کے لیے بھی تربیتی سیشنز منعقد کیے گئے۔ ان حفاظتی تربیتی سیشنز کے آغاز کے بعد سے کمپنی کو حادثات میں کمی لانے میں خاصی مدد ملی ہے۔

ہنڈا ضابطہ اخلاق

کمپنی، اپنے بنیادی اصولوں کی بنیاد پر، اپنی مینجمنٹ کے لیے اہم ترین امور میں سے

ایک، کاروباری عملداری میں اضافے کے لیے کوشاں ہے تاکہ ہم پر قائم اپنے حصص مالکان، صارفین اور معاشرے کے اعتماد کو مضبوط کیا جائے اور مستحکم ترقی و فروغ اور کاروباری قدر و قیمت میں اضافے کے حصول کو ممکن بنایا جائے۔

دوران سال، ہنڈا موٹر، جاپان کی آڈٹ اور گراں کمپنی نے ہنڈا ضابطہ اخلاق پر عمل درآمد کے نگران آڈٹ کے لیے ہماری کمپنی کا دورہ کیا۔ اس کمپنی نے ہنڈا ضابطہ اخلاق کے تناظر میں ہماری کارکردگی کی عملی موثر پینڈیری، مضبوطی اور داخلی کنٹرولز کا جائزہ لیا۔ آڈٹ کے نتائج اطمینان بخش تھے۔

مکمل خطرات سے نمٹنا

کمپنی نے، ہنڈا موٹر، جاپان کی جانب سے جاری کردہ گلوبل رسک مینجمنٹ پالیسی کی بنیاد پر خطرات سے نمٹنے کا مرکزی نظام تشکیل دیا جس کا مقصد مکمل خطرات کی باآسانی پیش بندی اور خاتمے کے ذریعے کمپنی کی مستحکم ترقی کو مزید فروغ دینا اور مینجمنٹ کو مضبوط تر بنانا ہے۔

کاروبار سے متعلق مکمل خطرات سے نمٹنے کے لیے، رسک مینجمنٹ پالیسی میں ہر اس ڈپارٹمنٹ کا کردار واضح کر دیا گیا ہے جس پر مناسب اقدامات بروئے کار لانے اور خطرات سے نمٹنے کے لیے اپنی آزادانہ سرگرمیوں کے فروغ کی ذمہ داری عائد ہوتی ہے۔ مزید یہ کہ، اثرات اور تسلسل کے لحاظ سے مکمل خطرات کے تجزیے کے لیے، ایک گلوبل ایمرجنسی ہیڈ آوارٹز قائم کیا گیا جو نتائج و اثرات کی متوقع وسعت و کیفیت کے تناسب سے حادثات پر رد عمل فراہم کرتا ہے۔

کاروباری اور مالیاتی رپورٹنگ کا دائرہ عمل

اسٹاک ایکس چینج کے لسٹنگ قواعد و ضوابط کی شتوں پر عمل پیرا ہوتے ہوئے، بورڈ کے اراکین فخریہ طور پر درج ذیل اعلامیے پیش کرتے ہیں:

- مالیاتی گوشوارے برائے اختتام سال 31 مارچ، 2018 اپنی موجودہ صورتحال، سرگرمیوں کے نتائج، کش قلوں اور ایکٹیوٹی میں ہونے والی تبدیلیوں کی کیفیات کو شفاف انداز میں پیش کرتے ہیں؛
- بیس آف اکاؤنٹس کو موثر انداز میں برقرار رکھا گیا ہے؛
- مالیاتی گوشوارہ برائے اختتام سال 31 مارچ، 2018 کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلہ سازی پر مبنی ہیں؛
- مالیاتی گوشواروں کی تیاری میں، پاکستان میں قابل اطلاق، بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر عمل کیا گیا ہے؛
- داخلی کنٹرول کے نظام مستحکم و مضبوط بناوٹ کے حامل ہیں اور ان کا موثر انداز میں نفاذ اور نگرانی کی جارہی ہے؛
- کمپنی کی کاروباری سرگرمیاں آئندہ بھی کامیابی کے ساتھ جاری رہنے کی اہلیت

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

خدا رحمت کند ایں عاشقان پاک طینت را
[God bless the blissful]

اعتراف نامہ

میں اپنے گراں قدر صارفین کا، اُن کی مسلسل حمایت اور ہماری مصنوعات پر اعتماد کے باعث تہ دل سے شکر یہ ادا کرتا ہوں۔ میں سال کے اتنے شاندار نتائج کے حصول پر جناب ہیرو نو بو یوشی مورا اور ان کی ٹیم کو مبارکباد پیش کرتا ہوں۔ میں اپنے ڈیلرز، وینڈرز، بینکاروں، سرکاری اداروں، حصص مالکان اور ہنڈا موٹرز۔ اٹلس گروپ کا بھی ان کی مسلسل حمایت اور تعاون پر شکر یہ ادا کرتا ہوں۔ میں آئندہ برسوں میں بھی کمپنی کے لیے ڈھیر ساری کامیابیوں کے لیے دعا گو ہوں۔



یوسف ایچ شیرازی
چیئر مین

تاریخ: 15 مئی، 2018

مستقبل کا منظر نامہ

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

ڈیپو (DBM) میں حصہ لیا۔ اس سٹیج میں پراڈکشن، آپریشنز اور دفتری شعبوں سے تعلق رکھنے والے افراد نے شرکت کی تاکہ وہ اپنی معلومات میں اضافہ کریں اور باہمی طور پر یکجا کاروباری افعال و سرگرمیوں کو اچھی طرح سمجھ سکیں۔ تین شرکاء کے ایک اور سٹیج نے انٹیلیٹیوٹ آف بزنس ایڈمنسٹریشن (IBA)، کراچی سے ایک سالہ DBM میں شرکت کی۔

ایک اور قدم اٹھاتے ہوئے، کمپنی نے اپنی اعلیٰ سطحی مینجمنٹ کے افراد کو، ہنڈا موٹر، جاپان اور بیرون ملک افرادی قوت اور انڈسٹری ڈیولپمنٹ ایسوسی ایشن (HIDA)، جاپان کی ضمنی کمپنیوں کی جانب سے منعقدہ جدید کاروباری اور تکنیکی تربیتی پروگرامز میں شرکت کے لیے روانہ کرنے کا آغاز کیا۔ دوران سال، چھ شرکاء نے HIDA میں منعقد ہونے والے مختلف تربیتی پروگرامز میں شرکت کی جن میں کارپوریٹ مینجمنٹ، اشیاء کی نقل و حمل، معیار، پیداواری مینجمنٹ، افرادی قوت اور لیڈرشپ ڈیولپمنٹ پروگرامز شامل ہیں۔ اس کے علاوہ، شرکاء کی ایک کثیر تعداد کو آزادانہ اندراجی تربیتی پروگرام میں بھیجا گیا اور ملازمین نے ترقی و فروغ کے لیے اندرون خانہ اور خاص طور پر مرتب کردہ تربیتی سیشنز میں شرکت کی۔

آخر میں یہ کہہ مستقبل کے قائدین تیار کرنے کے لیے دو شرکاء کا رکوڈو سالہ MBA پروگرام میں شرکت کے لیے لاہور یونیورسٹی آف مینجمنٹ سائنسز (LUMS) بھیجا گیا۔

بورڈ میں تبدیلیاں

یکم اپریل، 2017 کو ہنڈا موٹر، جاپان کے حسب روایت عالمی تبادلوں کے بعد جناب کازوہیسا ہیرونا کی جگہ جناب اکیرا مورایاما نے لی۔ یکم جولائی، 2017 کو جناب ندیم ارشد عالمی نے بورڈ سے استعفیٰ دے دیا اور ان کی جگہ کو محترمہ مشومہ ہرا مجید نے پُر کیا۔

یکم نومبر، 2017 کو سابق صدر اور چیف ایگزیکٹو آفیسر جناب ٹوچی اشی یاما ڈھائی سال سے زائد عرصے تک کمپنی کے لیے خدمات انجام دینے کے بعد واپس آ گئے۔ جناب اشی یاما نے مارچ 2015 میں اپنا عہدہ سنبھالا اور نئے صدر اور سی ای او جناب ہیرو نو بو یوشی مورا کے جانشین مقرر ہوئے۔

جنوری، 2018 میں جناب شکییر ویاما زاک کی تقرری ان کے نئے اسائنمنٹ پر کی گئی اور جناب ستوشی سوزو کی بورڈ میں ان کے جانشین مقرر ہوئے۔ بورڈ، مستعفی ہونے والے اراکین کی گراں قدر خدمات کو سراہتا ہے اور نئے آنے والے اراکین کو اپنے

روپے ہو گیا۔

آٹو انڈسٹری ڈیولپمنٹ پالیسی (AIDP) کی جانب سے درکار لوازمات کی تکمیل کرتے ہوئے، کمپنی نے اُن صارفین کو 1,047.02 ملین روپے کی رعایت فراہم کی جنہیں دو ماہ بعد کارفرماہم کی گئی تھی۔

کمپنی نے زبرد جائزہ سال کے دوران، سیلز ٹیکس، کسٹم ڈیوٹی، انکم ٹیکس اور دیگر سرکاری محصولات کی مد میں حکومتی خزانے میں 33.91 ملین روپے کی ادائیگی کی۔ کمپنی کو کسٹم اتھارٹیز کی جانب سے، پنجاب کے خطے میں اس کی کمگاری میں سب سے زیادہ ٹیکس ادا کرنے والی کمپنی کی حیثیت سے پہلی پوزیشن کا اعزاز بھی دیا گیا۔ اب تک کمپنی 175.61 ملین روپے کے ٹیکسز قومی خزانے میں جمع کروا چکی ہے۔

سرمایہ کاری

کمپنی نے اس سال 1,266 ملین روپے کی سرمایہ کاری کی، اسے بنیادی طور پر پیداوار بڑھانے کے لیے تمام رکاوٹوں کو ختم کرنے کی غرض سے نئی 3500 ٹن کی مشین کی تنصیب اور پینٹ شاپ کی توسیع کے ساتھ ساتھ، گوداموں کی توسیع اور پیداواری گنجائش میں اضافے اور نئی پلاسٹک انجکشن شاپ کی تعمیر کے لیے استعمال کیا گیا۔ یہ سرمایہ کاری، مقامی اہلیت میں اضافے کی غرض سے، بڑھتی ہوئی پیداواری ضروریات اور اندرون خانہ پلاسٹک پارٹس کی تخلیق کے لیے مزید CKD اور پارٹس کو ذخیرہ کرنے کی ہماری گنجائش میں بہتری لائے گی۔

وینڈرز کا نفرنس

اکتوبر 2017 میں ایک وینڈرز کانفرنس کا انعقاد کیا گیا جس میں موجودہ اور آئندہ مقامی حکمت عملی، ہنڈا کے موجودہ عمدہ طریقہ کار، ماحولیاتی بہتری کے لیے سرگرمیوں اور وینڈرز کی جائے فروخت پر ہنڈا کے معیار کی روایت کا نفاذ پر غور لایا گیا۔ کمپنی کے ترقی کے سفر کو جاری رکھنے اور فنکشنل و جدید ٹیکنالوجی کے حامل پارٹس پر توجہ مرکوز کرتے ہوئے، مستقبل قریب میں مقامی توسیع کی بھی نشاندہی کی گئی جہاں کمپنی مقامی وینڈرز میں علم اور مہارت کی منتقلی اور اضافے کی کوششیں بروئے کار لائے گی۔ معیار، لاگت، ترسیل، مینجمنٹ، سسٹم اور سیفٹی (QCDMSS) کی بنیاد پر وینڈرز کے درمیان اعزازات تقسیم کیے گئے۔

تربیت و ترقی

کمپنی نے مارکیٹ میں مسابقتی فوجیت کے حصول کے لیے تربیت و ترقی پر اضافی توجہ مرکوز کر رکھی ہے۔ اس حوالے سے اس نے درمیانی اور اعلیٰ سطحی مینجمنٹ کے لیے بین

کہ وہ بھی اپنی آمد کے منصوبوں کا اعلان کرتے ہوئے مقامی معاصرین کے ساتھ مشترکہ کاروباری سرگرمیوں کا آغاز کریں، جبکہ انڈسٹری کے بعض کہنے مشن افراد بھی اپنی واپسی کے لیے تیار ہیں۔ نئے کاروباری افراد کی آمد سے سابقہ فضا کو فروغ ملے گا، معیار میں بہتری آئے گی، خصوصیات میں اضافہ ہوگا اور قیمتوں کے حوالے سے بھی باہمی مسابقت ہوگی جس سے بالآخر صارفین کو فائدہ حاصل ہوگا۔ نئی جسمیں استعداد کی جانب سے کام کا آغاز ہوتے ہی، حکومت کو چاہیے کہ وہ ری کنڈیشنڈ کاروں کی درآمد پر مکمل پابندی لگائے تاکہ تمام OEMs اور تجارتی صنعت کے فروغ و ترقی کے لیے زیادہ گنجائش اور مواقع مل سکیں۔

صنعتی پیداوار میں اپریل 2017 سے مارچ 2018 تک بارہ ماہ کی مدت کے دوران، گزشتہ سال کی اسی مدت کے مقابلے میں 17.4 فیصد کا اضافہ ہوا۔ مجموعی پیداوار، 186,080 پونش کے مقابلے میں 218,423 پونش رہی جبکہ سیزل میں بھی گزشتہ سال کے 183,506 پونش کے مقابلے میں 216,680 پونش کے ساتھ 18.1 فیصد کا اضافہ ہوا۔ 800cc اور 1000cc کی چھوٹی کاروں کے شعبے میں بالترتیب 11.7 فیصد اور 42.6 فیصد کی ترقی ہوئی جبکہ 1300cc اور اس سے بڑے ماڈلز کی کاروں کا شعبہ پچھلے سال کے مقابلے میں 12.1 فیصد پروان چڑھا۔

کمپنی کی کاروباری سرگرمیاں

زیر جائزہ مارچ 2018 کو اختتام پذیر ہونے والے سال کے دوران کمپنی کی پیداوار، 45.2 فیصد سے بڑھ کر 50,177 پونش ہوئی جو کہ گزشتہ سال 34,560 پونش تھی، جبکہ سیزل گزشتہ سال کے 35,381 پونش کے مقابلے میں 41.6 فیصد سے بڑھ کر 50,100 پونش ہو گئیں۔ نئی ہنڈا سوک اپنی کمپنی میں اولین مقام کی حامل رہی اور اس میں 28.9 فیصد کی ترقی ریکارڈ کی گئی، گزشتہ سال اس کے فروخت ہونے والے 15,592 پونش کے مقابلے میں اس سال 20,092 پونش فروخت ہوئے۔ ہنڈا سٹی میں 5.9 فیصد کی ترقی دیکھنے میں آئی اور 17-2016 میں اس کے فروخت ہونے والے 19,712 پونش کے مقابلے میں 20,866 پونش فروخت ہوئے۔ BR-V نے ہمارے صارفین کو مزید وراثی فراہم کی اور پہلے ہی سال میں اس کے 9,098 پونش فروخت ہوئے۔

نیماڈل

ماہ اپریل میں انتہائی دلکش اور مکمل طور پر نئے انداز کی حامل ہنڈا BR-V کو متعارف کرایا گیا، جو کہ مقامی طور پر تخلیق کردہ پہلی درمیانے سائز کی SUV ہے۔ اس میں 1.5 لیٹر VTEC-i انجن ہے جو نئے مستقل متغیر تراسمیشن (CVT) سے مزین ہے اور اسے ہنڈا کی اترھ ڈریم ٹیکنالوجی کے تحت تیار کیا گیا ہے۔ LED پوزیشن لیپ کے ساتھ پروجیکٹر ہیڈ لائٹس، LED ٹیل لائٹس اور چھت کے اسٹائش جینگے، دونوں

طرح کی گاڑیوں میں ایک ہی معیار کے مطابق ہیں۔ اندرونی حصہ ایک کشادہ کمپن کی صورت میں ہے جس میں 3 نظاروں میں ترتیب وار نشستیں ہیں اور 7 مسافر پاسانی بیٹھ سکتے ہیں اور ان نشستوں کو مختلف نوعیت کے سفر، بار برداری اور ایشیاء کی نقل و حمل کی ضروریات کے لحاظ سے ایڈجسٹ کیا جاسکتا ہے۔ گاڑیوں کے دونوں نمونے، پچھلی سمت میں ایئر کنڈیشننگ سسٹم کے حامل ہیں اور ہوا کے ہر جانب بہاؤ کے لیے ان کے آزادانہ کنٹرولز پہلی اور دوسری نشست کے درمیان دیے گئے ہیں۔

ہنڈا میں مسافروں کے تحفظ کو اولین فوجیت دی جاتی ہے۔ BR-V کو G-force کنٹرول (G-CON) تصادم سے تحفظ کے حامل بیرونی ڈھانچے کے ساتھ تخلیق کیا گیا ہے جو تصادم کی G-forces کو منتشر کر کے تصادم کے دھچکے کو گاڑی میں موجود فرد سے دور رکھ کر منتشر کرتا ہے۔ ڈرائیور کی طرف موجود SRS ایئر بیگز، اینٹی لاک بریکنگ سسٹم (ABS)، الیکٹرانک بریک فورس ڈسٹری بیوشن (EBD) اور اسپڈ سنسنگ آٹو ڈر لاک دونوں طرح کی گاڑیوں کی یکساں معیاری خصوصیات ہیں۔

نئی BR-V متعارف کیے جانے کے بعد سے صارفین کی جانب سے ایک حوصلہ افزا ردعمل دیکھنے میں آیا اور اس کے 9,000 سے زائد پونش فروخت ہوئے۔ اس نئے ماڈل نے ہماری مارکیٹ پوزیشن کو مزید مستحکم کر دیا ہے اور ساتھ ہی ہمارے صارفین کے لیے بھی انتخاب کے لیے مصنوعات کی وسیع رینج فراہم کی ہے۔

قیمتوں میں اضافہ

سال کے آغاز سے لے کر اب تک، تجارتی خسارے کے وسیع ہونے اور فوریکس ذخائر کے گھٹنے کے باعث، مساوی شرح مبادلہ پر بڑھتا ہوا باؤ موجود رہا۔ گزشتہ سال دسمبر میں، اسٹیٹ بینک نے پاکستانی روپے کی قدر میں 5.4 فیصد سے کمی کی تھی اور مارچ 2018 میں مزید 4.8 فیصد کمی کی۔ لہذا قدر میں مجموعی طور پر 10 فیصد سے زائد کمی اور اس کے ساتھ ساتھ افراط زر کے باعث ہمارے لیے لاگت میں اضافہ ناقابل برداشت تھا۔ چنانچہ کمپنی نے ہنڈا سوک اور ہنڈا سٹی کے مختلف ماڈلز کی ریٹیل قیمت میں 150,000 سے 160,000 کا اضافہ کیا، جبکہ ہنڈا BR-V کی قیمت میں 20,000 کا اضافہ کیا گیا۔

پیداوار میں اضافہ

اپنی مصنوعات کی مسلسل شدید طلب کو پورا کرنے کے لیے، کمپنی رفتہ رفتہ مختلف مراحل میں پیداواری گنجائش میں اضافہ کر رہی ہے۔ گزشتہ سال دسمبر میں، یومیہ پیداوار میں مزید اضافہ کیا گیا اور گزشتہ ڈیڑھ سال میں، پیداوار گنی ہو چکی ہے۔ اب، کمپنی 50,000 پونش سالانہ کی مکمل جسمیں گنجائش کے ساتھ کاروباری سرگرمیاں انجام دے رہی ہے۔ مزید برآں، کمپنی آئندہ سال کے اہداف کی تکمیل کے لیے اضافی اوقات میں کام کر رہی ہے اور اپنے پیداواری منصوبے میں مزید دنوں کا اضافہ کر رہی ہے۔

سال کی نمایاں کامیابیاں

یہ سال بہت سی وجوہات کی بناء پر کمپنی کے لیے ایک یادگار سال رہا۔ ان میں سے بعض کامیابیوں کا جائزہ ذیل میں پیش کیا جا رہا ہے:

- 50,000 پونش کی فروخت کا تاریخی ہدف!

ہماری مصنوعات کی جدید و منفرد بناوٹ اور اعلیٰ معیار، طلب میں مسلسل اضافے کا باعث بنتے رہے اور کمپنی نے اپنی تاریخ میں پہلی مرتبہ 50,000 کا پیداوار اور فروخت کا سنگ میل عبور کیا۔ اسی طرح، کمپنی نے ہنڈا سوک اور ہنڈا سٹی کی اب تک کی سب سے زیادہ پیداوار اور فروخت کا نیا ریکارڈ بھی بنایا۔ سال بھر میں پونش کی فروخت، کمپنی کے پہلے نو سال کی مجموعی فروخت سے بھی بڑھ گئی!

- 25 ویں یوم تاسیس کی تقریبات

فروری 2018 میں کمپنی نے پاکستان آٹوموبائل انڈسٹری میں اپنے کام کے 25 سال مکمل ہونے پر جشن منایا۔ 1994 میں کاروباری سرگرمیوں کا ایک عمدہ آغاز کیا گیا تھا جب اسی سال ہنڈا سوک کا پانچواں ماڈل متعارف کروانے کے بعد یومیہ 8 سے 10 کاریں تخلیق کی جاتی تھیں۔ کمپنی نے پہلے سال منافع حاصل کیا اور کاروباری سرگرمیوں سے بھرپور پہلے ہی سال میں ڈویڈنڈ کا اعلان کیا۔ تب سے لے کر آج تک، ہنڈا سوک، ہنڈا سٹی اور BRV کے دس نئے ماڈلز منظر عام پر آ چکے ہیں جو اپنی باکمال خصوصیات، منفرد بناوٹ اور بہترین معیار اور حفاظتی ٹیکنالوجی کے باعث اپنی مثال آپ ہیں اور پاکستان آٹوموبائل انڈسٹری کا منظر نامہ یکسر تبدیل کر چکے ہیں۔ مارچ 2018 تک، کمپنی 370,000 سے زائد صارفین کے لیے خدمات انجام دے چکی ہے جو انتہائی مطمئن اور خوش ہیں اور گزشتہ 25 برس سے پاکستان میں ہنڈا کاروں کا استعمال کر رہے ہیں!

- لاجواب ہنڈا سٹی کے شاندار 20 سال

کمپنی نے جنوری 1997 میں ہنڈا سٹی کی 1300cc کمپنی میں پیداوار کا آغاز کیا جو تب سے لے کر اب تک اس کی سب سے زیادہ فروخت ہونے والی پراڈکٹ ہے اور کمپنی اپریل 2017 کے آغاز تک، پاکستان میں اس کے 200,000 پونش تخلیق اور فروخت کر چکی ہے۔ وقت کے ساتھ ساتھ، ماڈل میں جدت آگیز تبدیلیاں کی جاتی رہی ہیں تاکہ صارفین کے لیے زیادہ سے زیادہ اطمینان بخش پراڈکٹ فراہم کی جاسکے، یہی وجہ ہے کہ آج یہ سیڈان خریدنے والوں کا پہلا انتخاب ہے۔

- بہترین معیار کا اعزاز

کمپنی نے تمام پیداواری اور متعلقہ شعبوں میں "اگلا مرحلہ میرا صارف ہے" کا اصول نافذ کیا ہے تاکہ ہمارے ہر اگلے تخلیقی مرحلے میں بہترین فراہمی کے طریقے عمل کو فروغ دیا

جائے۔ ان کوششوں کو سراہتے ہوئے، ہنڈا موٹر، جاپان نے کمپنی کو بہترین معیاری کمپنی میں گولڈ ایوارڈ سے نوازا ہے۔ ایوارڈ کی یہ تقریب ایک سالانہ ایونٹ ہے جسے ہنڈا موٹر، جاپان کی جانب سے معیار کے اعلیٰ ترین پیمانوں کو سراہنے کے لیے منعقد کیا جاتا ہے۔ آٹھ ایشیائی ہنڈا ATAI ممالک نے مقابلے میں شرکت کی جن میں پاکستان، بھارت، انڈونیشیا، ملائیشیا، تائیوان، تھائی لینڈ، ویتنام اور فلپائن شامل تھے۔

مالیاتی نتائج

کمپنی نے اپنی تاریخ میں پہلی مرتبہ مالی سال 2018 میں 100 ملین روپے کی خام فروخت کا ہدف عبور کیا۔ سیزلنگس، ڈیلرز کے لیے کمیشن اور کسٹمر ڈسکاؤنٹ کا لے لینے کے بعد، خالص فروخت منافع 45.7 فیصد کی شرح سے بڑھ کر 91,522.87 ملین روپے ہو گیا جو کہ مالی سال 2017 میں 62,802.75 ملین روپے تھا۔ پیداواری لاگت گزشتہ سال کے 53,681.06 ملین روپے کے مقابلے میں بڑھ کر 81,703.78 ملین روپے تک پہنچ گئی۔ خام منافع 14.5 فیصد کے اضافے کے ساتھ 9,121.69 ملین روپے کے مقابلے میں 10,449.09 ملین روپے ہو گیا۔ جی پی مارجن کم ہو کر 11.42 فیصد پر آ گیا جس کی بڑی وجہ سال کے آخری حصے میں شرح مبادلہ میں اتار چڑھاؤ کے اثرات تھے۔ روپے کی قدر آخری دوسرے ماہیوں میں، دو مراحل میں، 10 فیصد سے زائد گر گئی جس کا کمپنی کے منافع پر خاطر خواہ اثر ہوا۔ گرچہ کمپنی نے لاگت میں اضافے کے باعث اپنے ماڈلز کی قیمتوں میں اضافہ کیا، تاہم مکمل ناموافق اثرات صارفین تک نہیں پہنچے۔ ریکارڈ سیزل ہدف کو پورا کرنے کے لیے افرادی قوت اور ڈیلرز کو دی جانے والی فروخت کاری مراعات میں اضافے کے باعث، انتظامی اور فروخت کاری کے اخراجات بڑھ کر 1,594.50 ملین روپے تک جا پہنچے۔

دیگر آمدنی 1,115.19 ملین روپے کے مقابلے میں بڑھ کر 1,883.02 ملین روپے ہو گئی، گویا مختصر دورانیہ کی سرمایہ کاریوں اور بینک ڈپازٹس پر حاصل شدہ منافع کی بدولت اس میں 68.9 فیصد کا اضافہ ہوا۔ مالیاتی اور دیگر چارجز بھی مالی سال 2017 میں 560.96 ملین روپے کے مقابلے میں بڑھ کر 1,259.02 ملین روپے ہو گئے جس میں ورکرز پرافٹ پارٹنشیپس اور ورکرز ویلفیئر فنڈز کے لیے 34.9 فیصد زیادہ رقم کی فراہمی شامل تھی۔

کمپنی نے، 8,636.32 ملین روپے کے مقابلے میں اس سال 9,478.56 ملین روپے کا منافع قبل از ٹیکس حاصل کیا۔ ورکار ٹیکس کی ادائیگی کے بعد، خالص منافع، گزشتہ سال کے 6,134.99 ملین روپے کے مقابلے میں اضافے کے ساتھ 6,494.45 ملین روپے ریکارڈ کیا گیا جو کہ 25 سالہ کاروباری عرصے میں سب سے زیادہ ہے۔ فی حصص منافع گزشتہ سال کے 42.96 روپے سے بڑھ کر 45.48

چیرمین کا جائزہ

31 مارچ، 2018

زراعت

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

بڑے پیمانے کی پیداواریت (LSM)

FY18 کے ابتدائی آٹھ ماہ کے دوران، LSM میں گزشتہ سال کی اسی مدت کے مقابلے میں 6.2 فیصد کا اضافہ دیکھنے میں آیا۔ یہ شعبہ، موجودہ گنجائش سے بہتر استفادے اور صحیحی استعداد میں مسلسل اضافہ جات کی بدولت طلب کے دباؤ سے نمٹنے میں کامیاب رہا۔ یہ بہتری، خاص طور پر سینٹ، لوہے اور اسٹیل کی مصنوعات میں وسعت کا نتیجہ تھی جو عوامی انفراسٹرکچر کے منصوبوں میں زیادہ تعمیراتی طلب کی نشاندہی کرتی ہے۔ صارتی اشیاء جیسے کہ آٹوموبائلز اور الیکٹرونکس میں تیز رفتار وسعت کے باعث ملکی طلب میں اضافہ دیکھنے میں آیا۔ انجینئرنگ، پیٹرولیم مصنوعات اور برکے شعبوں میں آنے والی بہتری نے بھی ترقی و فروغ میں اپنا کردار ادا کیا، اور توقع ہے کہ آئندہ بھی یہ بہتری موافق طلب کے سبب جاری رہے گی۔

آٹوموبائل انڈسٹری

آٹوموبائل اور متعلقہ صنعتوں کے لیے، پاکستان ایک روز افزوں ترقی کی حامل مارکیٹ ہے، جو کہ معاشی ترقی کے حوالے سے بڑے پیمانے کے پیداواری شعبے میں مرکزی کردار ادا کرتی ہے۔ ”تمام صنعتوں کی ماں“ ہونے کے ناطے، اس کی ترقی، بہت سی ضمنی صنعتوں کی ترقی کا پیش خیمہ اور ملازمت کے مواقع کا ذریعہ بنتی ہے۔

گزشتہ دو دہائیوں میں، آٹوموبائل انڈسٹری نے، کم افراط زر اور شرح سود، زیادہ صارتی قرضوں اور شاندار نئے ماڈلز کی تخلیق کی مدد سے مستقل رفتار کے ساتھ ترقی کا سفر طے کیا ہے۔ سیڈان کاروں کی مجموعی پیداوار نے 200,000 کا ہدف پار کر لیا۔ تمام نمونوں اور ماڈلز کی زبردست طلب کے باعث پیداواری درجوں میں اضافہ ہوا ہے اور فی الحال تمام IOEMs اپنی پوری استعداد کے ساتھ کام کر رہے ہیں۔

آٹوموبائل ڈیولپمنٹ پالیسی (AIDP) اور پاکستان آٹوموبائل مارکیٹ کی ترقی و فروغ کے رجحان نے بڑی حد تک چینی، کوریائی اور فرانسیسی کمپنیوں کو اس بات پر مجبور کیا

میں نہایت مسرت کے ساتھ 31 مارچ 2018 کو مالی سال کے اختتام پر کمپنی کے سالانہ مالیاتی گوشوارے پیش کر رہے ہیں۔

معیشت

پاکستان کی معیشت خاصی حوصلہ افزا رفتار سے مسلسل ترقی کی جانب گامزن رہی لیکن ملکی معاشی میزانیے وسعت پارہے ہیں۔ توقع ہے کہ GDP، دہائی کی 5.6 فیصد کی اعلیٰ سطح تک پہنچ جائے گا۔ CPEC منصوبوں کے مسلسل نفاذ، توانائی کی نئی پیداواری گنجائش، زراعت کی مستحکم بحالی نو اور صرف میں زبردست اضافے جیسے عوامل حالیہ شاندار کارکردگی کے حصول میں نمایاں اہمیت کے حامل رہے۔ CPI افراط زر، 9M/FY18 کے دوران خصوصاً کم غذائی افراط اور ایندھن کی قیمتوں میں توقع سے کم اضافے کے باعث 4.0 فیصد کی اوسط پر مستحکم رہا۔ غیر ملکی براہ راست سرمایہ کاری میں 4.4 فیصد تک اضافہ ہوا جس پر بنیادی طور پر چین کے CPEC سے متعلقہ آمد زر کا غلبہ رہا۔ مالیاتی محاذ پر، FBR نے 9M/FY18 کے دوران 2,621 بلین روپے کی مالیت کے ٹیکس وصول کیے، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 16 فیصد زیادہ رہے۔ اسی طرح، ترقی کی رفتار برقرار رکھنے اور افراط زر کو قابو میں رکھنے کے لیے، اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی کی شرح کو مئی 2016 سے غیر متغیر رکھنے کے بعد، اس میں 0.25 bps کے معمولی اضافے سے بڑھ کر 6.0 فیصد کر دیا۔

حقیقی معیشت میں ترقی کے ساتھ ساتھ، پاکستان کی خارجی صورتحال مسلسل دباؤ کا شکار رہی۔ جس کا بنیادی سبب شدید مقامی طلب، درآمدات پر مبنی CPEC منصوبوں کے نفاذ اور تیل کی قیمتوں میں اضافے کے باعث درآمدات میں سال بہ سال بنیاد پر 15.7 فیصد کا اچانک تیز رفتار اضافہ تھا۔ اس کے برعکس، برآمدات میں مسلسل تین سال تک تنزلی کا رجحان رہنے کے بعد، حکومت کے معاون اقدامات کے نتیجے میں 13.1 فیصد سے اضافہ ہوا۔ اندرون ملک ترسیل زر کم رہی اور اس میں 3.6 فیصد کا معمولی اضافہ ہوا۔ اسی طرح 8M/FY18 کے دوران 10.8 بلین امریکی ڈالر زر کی مالیت کے اضافہ شدہ کرنٹ اکاؤنٹ خسارے اور بڑھتی ہوئی خارجی ذمہ داریوں نے بیرونی مالیاتی ضروریات میں اضافہ کیا ہے، جس سے زرمبادلہ کے ذخائر پر عالمہ محصول میں مزید اضافہ ہوا اور وہ 17.8 بلین امریکی ڈالر ہو گیا۔ اپنے ارتقاء پذیر بنیادی محرکات سے ہم آہنگ رہتے ہوئے، SBP نے دسمبر 2017 کے بعد سے امریکی ڈالر کے مقابلے میں روپے کی قدر میں 10.2 فیصد کمی کی اجازت دی۔ اسٹاک مارکیٹ کی کارکردگی بھی غیر متاثر کن رہی اور پی ایس ایکس 100 انڈیکس 16.8 فیصد سے گزر کر 45,560 پوائنٹس پر آ گیا جو کہ مئی 2017 میں 53,217 پوائنٹس تھا۔

FORM OF PROXY

FOR THE YEAR ENDED MARCH 31, 2018

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 26th Annual
General Meeting of the Company to be held on Thursday, June 28, 2018 at 10:30 a.m. at Faletti's Hotel, 24-Egerton Road,
The Mall, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2018.

Witness 1:

Signed: _____
Name: _____
Address: _____
CNIC / Passport No. _____

Witness 2:

Signed: _____
Name: _____
Address: _____
CNIC / Passport No. _____

NOTES:

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

Signature of Shareholder

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

Affix Rs. 5/-
Revenue
Stamp here

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, direct 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:

SHAREHOLDER DETAIL	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Code, Name & Address	
Cell number of shareholder	
Landline number of shareholder 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.

AFFIX
CORRECT
POSTAGE

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

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HONDA

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www.honda.com.pk