

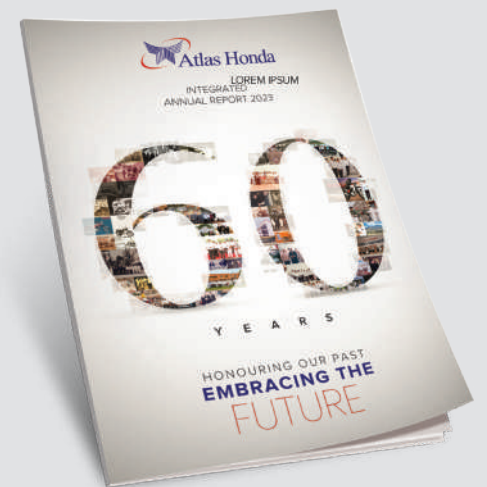


## INTEGRATED ANNUAL REPORT 2023



Y E A R S

HONOURING OUR PAST  
**EMBRACING THE**  
FUTURE



### About the Cover

Throughout the journey of 60 years, Atlas Honda Limited has seen many milestones which were dreamed as a journey of long term success by great minds of Mr. Yusuf H. Shirazi (late), the Chairman and Mr. Soichiro Honda (late), founder of Honda Motor Company.

This journey of pursuit, drive and dedication began with humble stride and eventually became the nation's largest motorcycle manufacturer. Throughout its history, the company has been a leader in innovation, constantly pushing the boundaries of what is possible in design and engineering. With products of highest quality, state of the art manufacturing facilities, largest dealership network and impeccable after sale service, the Company today is considered the benchmark and flag bearer of the motorcycle industry in Pakistan.

On the completion of 60 years, Atlas Honda Limited would like to reminisce through its past achievements and honour the moments which have transformed a dream into reality. Being the first choice of consumers for six decades reflects the company's commitment to building a sustainable and innovative future. The road to the future may be challenging but the past exhibits that the Company will remain a driving force in its purpose to give customers an unparalleled riding experience. The Company is determined to embrace the opportunities and challenges that lie ahead and enter a new decade with sheer optimism and excitement thus "Honouring our Past and Embracing the Future."

Organisation  
development  
through  
self development



1

2

3

**Company Overview****Messages for Stakeholder****Financial Highlights**

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Contents

# 1963 - 1974

## An Era of Progress

Pakistan had won its first Olympic Hockey Championship, built its first Steel Mill and launched its first weather rocket. Just like Pakistan, it was a time of many firsts for Atlas Honda, which also saw great technical progress and achievement.



Mr. Yusuf H. Shirazi and Mr. Soichiro Honda, sign the first technical collaboration agreement.



1965 - Following the success of Honda C 50. The Company launches Honda C 90 and S 90.



1965 - Atlas Autos Limited becomes the first two wheeler company in Pakistan to get listed on stock exchange.

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

1963

1965

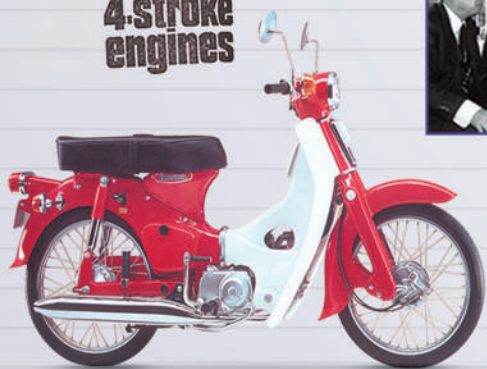
1967

1964

1966

1968

All other motorcycles have 2-stroke engines  
**only HONDA offers 4-stroke engines**



**Double the Strokes  
More the Advantages**



1966 - The Company builds Pakistan's first gas operated paint shop.



President Ayub Khan joins celebrations at Atlas Autos.



1969 - Atlas Autos sets up its first in-house workshop.



Atlas East Pakistan established.



After the war of 1971, Atlas East Pakistan was lost.



1973 - After the loss of Atlas East Pakistan, Atlas overcomes the difficulties.

1969

1971

1973

1970

1972

1974



"You meet the nicest people on a Honda".



President Zulfikar Ali Bhutto visits Atlas Autos.



Pakistan Delegation visits Japan.



# 1975 - 1986

## An Era of Efficiency

The aftermath of 1971 war and the following Industry-wise nationalization and regulatory changes led privately owned companies to face many challenges during this era, in Pakistan. However, demand for Atlas Honda's economical and reliable motorcycles was ever-growing.



1975 - The Company initiates rapid acceleration in localization of imported components.



1979 - The Company implements modernization of the manufacturing environment.

1979 - The Company organizes and sponsors the first training seminars on motorcycle technology in Pakistan.



1979 - Key engineers and dealers are sent to Japan for advanced training. The Company launches new CD 70 and CG 125 models.

1975

1977

1979

1976

1978

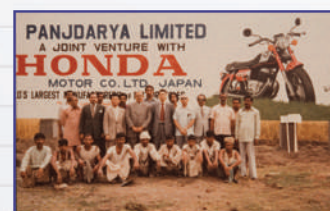
1980



1976 - Full production capacity of 18,000 units is utilized for the first time.



"Organizational development through self development" at Harvard Business School.



1979 - Panjdarya Limited is incorporated in Sheikhupura. Atlas Autos Limited signs second technical assistance agreement with Honda Motor Company Limited.





1985 - Atlas Honda crosses  
50% localization.



President Zia-ul-Haq awards  
Atlas Autos.



1983 - The Company completes its  
first major expansion project  
costing Rs. 132 million.

The new Honda CD 70  
Econopower Model is launched.



Prime Minister Muhammad Khan  
Junejo visits Atlas Autos.

1981

1983

1985

1982

1984

1986



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

Panjdarya Limited commences  
commercial production at its  
Sheikhupura plant.



1986 - The first-ever Vendor  
Conference takes place.



# 1987 - 1998

## An Era of Innovation

For the nation, this era witnessed many technological advancements. Pakistan received its first three F-16 jets. This was also a very prosperous time for the people of Pakistan and the private sector, with an average GDP growth rate of 7.1%, the highest ever in Pakistan's history. Anticipating greater demand and foreseeing new consumer trends Atlas Honda increases technological investment.



1987 - The engine parts manufacturing plant is installed with an investment of Rs. 73 million.



President Ghulam Ishaq Khan at Atlas Autos, Karachi Plant.



Name of the Company is changed to Atlas Honda Limited.

**1987**

**1989**

**1991**

**1988**



1988 - Honda Motor Co. acquires 10% shares in Atlas Autos Limited.



**1990**



Mr. Soichiro Honda's last meeting with Atlas Honda.

**1992**



Prime Minister Benazir Bhutto in discussion with the Chairman.



1991 - CG 125 parts manufacturing plant is installed at Sheikhpura. A new CG 125 model is launched.

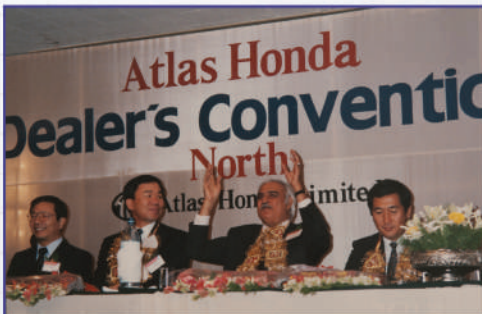
1990 - Merger of Panjdarya Limited into Atlas Autos Limited.



To strengthen its position, a new Honda CD 70 model with the latest CDi technology is launched.



1995 - Atlas Honda signs an export agreement with Honda Motor Company Japan and initiates its first exports to Nepal, Bangladesh, Sri Lanka, Middle East and Central Asia.

**1993****1995****1997****1994****1996****1998**

1998 - The new CD 70 and CG 125 models are launched.





# 1999 - 2010

## An Era of Competition

At the end of the 90s, Pakistan underwent a significant shift in its economic policies, opening the market to foreign services and products, bringing a renewed sense of competition for Atlas Honda. Driven by Pakistan's successes on the global stage, such as becoming a nuclear state and winning the T20 Cricket World Cup, Atlas Honda rose to the occasion and demonstrated a champion spirit. Through innovation and determination, Atlas Honda gained a dominant market share during this era of fierce competition.



**1999**

1999 - The Company receives ISO 9002 certification for both Karachi and Sheikhpura plants.

**2001**

2001 - The Company holds the first ever dealer convention of the motorcycle industry in Pakistan.

**2003**

2003 - The Company crosses the 100,000 units barrier by selling 117,209 units.

The company receives the 'Best Corporate Report' Award in the engineering sector from the Joint Committee of ICAP and ICMAP. Further, the Company also receives KSE Top 25 Companies Award.

**2000**



2000 - Atlas Honda is ranked among the Top Ten Employers by the Employer's Federation of

**2002**



President Pervez Musharraf welcomed by the Chairman.

**2004**



2004 - Atlas Honda enters the 100cc category with the launch of the Honda CD 100.

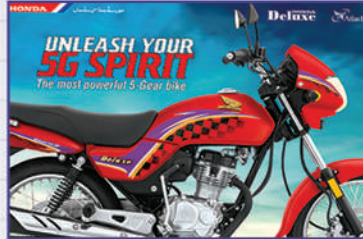
Prime Minister Shaukat Aziz visits Atlas Honda, Sheikhpura.



2004 - The Company once again receives 'Best Corporate Report' award in the engineering sector from the joint committee of ICAP and ICMAP.



2007 - Atlas Honda hosts Pakistan's first 15th NHC Asia Oceania Bloc convention.



2007 - The SAP ERP system is implemented.

Atlas Honda hosts Pakistan's first 15th NHC Asia Oceania Block convention.



2009 - Atlas Honda rolled out the CD 100 Euro II model.

The Company receives KSE Top 25 Companies Award for the second time.

2005

2007

2009

2006

2008

2010



2006 - The Company extends the production capacity at Sheikhpura plant up to 500,000 units.



2010 - The CG 125 Deluxe Euro II was launched.

The Company was awarded the Merit Certificate by SAFA for the Annual Report.



میں تے پسندای گئے ساں...



# 2011 - 2023 An Era of Growth

The most recent chapter of Atlas Honda journey unfolded amidst a renewed spirit of optimism and achievement in Pakistan. The media was liberated, the economy was getting stronger and the nation experienced many positive new developments like the initiation of the Diamer-Bhasha Dam, which will be the world's highest RCC dam once constructed. The company also went from strength to strength. During this period, Atlas Honda received a string of industry and national awards, and made great strides forward in terms of product innovation, annual production and overall company growth.



2011 - The Company surpassed the 90% localization record and crossed the annual sales benchmark of 500,000.

The Company once again is awarded the Merit Certificate by SAFA for the Annual Report.



2012 to 2013 - Company launches Pridor & CD70 Dream in 100cc and 70cc respectively. Also imported CBR 150 & CBR 500 are introduced.

2013 - Company receives Best Corporate Report Award in engineering sector from joint committee of ICAP & ICMAP.



2013 - Company celebrates its 50 years of existence.



2015 - Company provides CB500X units to Dolphin Force in Lahore.

2015 - Company wins a 1st position in ICAP & ICMAP's "Best Corporate Report Awards" in the engineering sector for the 2nd time in a row. Further, the Company is awarded 1st position in environmental reporting by ACCA and WWF Pakistan.

2011

2013

2015

2012



The Chairman, Mr. Yusuf H. Shirazi Receives Sitara-e-Imtiaz

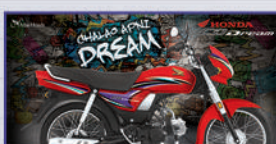
2014



2016



2016 - Capacity expansion of 1.35 million units per annum is inaugurated.



2012 - Launch of the brand new Pridor, the Euro II CD 70 and Euro I CG 125 models.



2014 - Company wins 1st position in "Best Corporate Report Awards" for the engineering sector hosted by joint committee of ICAP & ICMAP. Further, the Company wins the "Karachi Stock Exchange (KSE) Top 25 Companies" Award.



2016 - Company wins 1st position in ICAP & ICMAP's "Best Corporate Report Awards" in the engineering sector for the 3rd time in a row. Further, the Company wins PSX Top 25 Companies Award from Pakistan Stock Exchange.

2017 - Received awards for Best Corporate Report and Best Sustainability Report categories from the joint committee of ICAP and ICMAP. The Company also wins PSX Top 25 Companies Award from Pakistan Stock Exchange (PSX). Further, received awards on CSR hosted by NFEH.



2017 - Company launches CB150F to rave reviews.



2021 - The Company received 'Best Corporate and Sustainability Report Award' in engineering sector in the event organised by the Joint Committee of ICAP and ICMAP. The Company was also awarded on CSR by NFEH.



2017 - Signing of Joint Venture between Denso Corporation Japan & Atlas Group for incorporation of AHL for local manufacturing of electric components for two-wheeler.



2019 - Mr. Yusuf H. Shirazi (1929-2019) - Atlas Honda pays tribute to Mr. Yusuf H. Shirazi's legacy.

2019 - Company launches CB125F/CG125S, offering the ease of self-starting technology.



2019 - Tourism & fun bikes era starts.



2021 - AHL online is launched nationwide, company's first E-store providing digital ordering services.

2017

2019

2021

2023

2018

2020

2022

2018 - the Company receives award for best environmental and sustainability reporting from NFEH for 2nd year in a row.



2018 - Atlas Honda SKP Plant capacity expansion inauguration by Mr. Takahiro Hachigo - President & CEO Honda Motor Company Japan.

2018 - Sales of 1 million units in a year is achieved.

2020 - Received merit certificate for 'Best Corporate and Sustainability Report' Award in engineering sector by the Joint Committee of ICAP and ICMAP. Further, received Top 25 Companies Award by PSX. The Company was also awarded on CSR by NFEH.



**Pakistan**  
Celebrating 75th Year of Independence

2022 - Pakistan's 75th anniversary celebration.



2018 - Company introduces imported CB250F.



2022 - 1.5 million expansion completed.

2022 - Received 'Best Corporate and Sustainability Report Award' by Joint Committee of ICAP and ICMAP. Also, awarded merit certificate for 'Best Integrated Report' by SAFA. Further, the Company was also on CSR by NFEH.

 Vision.

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

 Mission.

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

 Core Values.

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

**Respect, Recognition & Reward**

We promote a culture of respect across the Company and reward exceptional performances.

**Education & Training**

We provide education & training opportunities to our employees for their professional growth.

**Value of Time**

We aim for optimum utilization of our time to increase productivity and improve work/life balance.

**Self Reliance**

We trust our abilities and talent to build a better, stronger and more dynamic organization.

**Meritocracy**

We foster meritocracies in hiring, rewarding and promoting the best people based on their merit.

**Excellence**

We deliver high-quality products to our customers.



## Code of Conduct

Directors and employees are required to comply with the Atlas Honda's Code of Conduct, which is intended to help them put the Company's ethical principles into practice. The Code of Conduct clarifies the basic principles and standards they are required to follow and the behaviour expected of them. The Code of Conduct can be found at [www.atlashonda.com.pk](http://www.atlashonda.com.pk).





## Strategic Goals.

### Customers

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

### Quality

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

### Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

### Technology

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

### Shareholders

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

### Employees

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

### Corporate Citizen

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



## Quality Policy.

- Commitment to provide high quality motorcycles and parts.
- Right work in first attempt and on time.
- Maintain and continuously improve quality.
- Training of manpower and acquisition of latest technology.
- Safe, clean and healthy environment.
- Market leadership and prosperity for all.





## About the Company & Group Structure

Atlas Honda Limited has a long and illustrious history of success which has redefined customers' riding experience over a period of more than six decades. The foundation of Atlas Group was laid in the year 1962 by Mr. Yusuf H. Shirazi when "Shirazi Investments (Private) Limited" was formed with an initial capital of Rs. 500,000 and 2 associates by his side. This marked the start of a remarkable journey that sparked a revolution within the two-wheeler industry in Pakistan. It was the beginning of a ride to glory, aiming to transform people's lives by providing simplistic mobility solutions. It was Mr. Shirazi's vision of empowering Pakistan by building institutions of excellence. This drove the nation's largest motorcycle manufacturing Company's chronicles, showcasing the "Power of Dreams, Generation after Generation."

Mr. Yusuf H. Shirazi signed a technical partnership agreement with Honda Motor Company Limited (HMC) in 1963, using funds generated by Shirazi Investments (Private) Limited, to make and market Honda motorbikes in Pakistan. The Company formed due to this venture was called "Atlas Autos Limited," whose manufacturing facility in Karachi proved to be equally influential.

With relentless focus on reaching new markets, Atlas Epak Limited was formed in 1968 with manufacturing facilities based in East Pakistan. However, calamity struck in 1971 as the war in East Pakistan resulted in the loss of the sister concern. Despite this massive financial impediment, Atlas Autos remained steadfast and recovered. Later in 1979, another new motorcycle manufacturing plant at Sheikhpura, namely "Panjdarya Limited," was established.

Atlas Autos continue to pioneer new approaches in manufacturing to enhance technological and production capabilities by entering a joint venture agreement in 1988 with HMC. Both Atlas Autos Limited and Panjdarya Limited operated separately until the two were merged in 1991 and "Atlas Honda Limited" (the Company) came into being. Today Atlas is a diversified group dealing in engineering, power generation, trading, and financial services. The Group embodies the spirit of development as it endeavours to fuel the growth of Pakistan's economy through 19 companies out of which four are quoted on the Pakistan Stock Exchange. Atlas shareholders' equity stands at over US\$ 2 billion, assets at over US\$ 2.5 billion and annual sales approaching US\$ 3 billion.

The Group has harmonized professional management and institutionalized the Group shareholding to build businesses that last generation after generation. Atlas has also been playing a leading role as a corporate citizen promoting professional education centers, contributing to health facilities, helping law enforcement agencies, and improving the standard of life.

Today, Atlas Honda Limited is an established market leader in two-wheeler segment with a reputation that precedes itself and have forged an incredible path for the forthcoming era. As we celebrate 60 years of success, our history serves as a beacon of our unwavering pursuit of perfection for our future, reflecting our relentless drive to exceed expectations and set new standards. The Company expresses gratitude and **Honour its Past** achievements and is determined to **Embrace the Future** by redefining the boundaries of excellence ensuring that every ride on the Company's motorcycle is a journey to remember.





## Group Shareholding



### Shirazi Investments

Shirazi Investments (Private) Limited [SIL] was incorporated in 1962 and is the holding company of Atlas Group. SIL holds 52.43% of the shares of Atlas Honda Limited. Besides being holding company of Atlas Group, it is engaged in the businesses of real estate, warehousing and investments in capital markets.



### Atlas Insurance

Atlas Insurance Limited is engaged in general insurance and takaful business. The company was founded by Sir Muhammad Iqbal in 1934 and was acquired by Atlas Group in 1980. Atlas Insurance holds 2.84% shares of Atlas Honda Limited.

### HONDA

Honda Motor Company Limited, Japan is the joint venture partner of Atlas Group and holds 35% shareholding of Atlas Honda Limited.



### Atlas Honda

Atlas Honda Limited is a joint venture between Atlas Group and Honda Motor Company Limited Japan



### Atlas Hitec

Atlas Hitec (Private) Limited is a joint venture between Atlas Honda Limited, Atlas Autos (Private) Limited and Denso Corporation, Japan engaged in the business of manufacturing automotive parts and components. Atlas Honda Limited holds 29.23% shares of Atlas Hitec (Private) Limited.



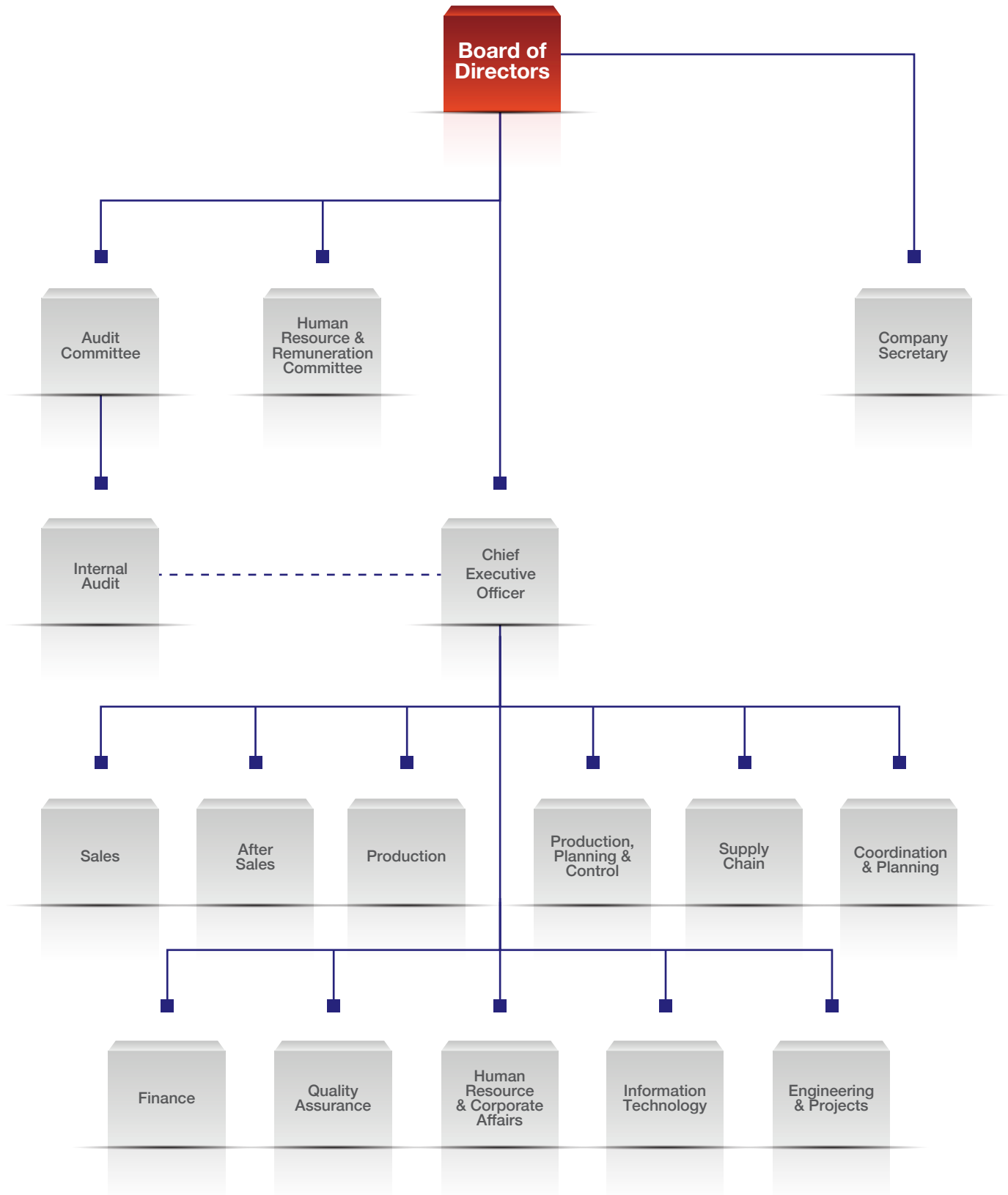
## Atlas Group Companies

*Year of Establishment /  
Acquisition\**

 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Global FZE	2015
 Atlas Energy	2016
 Atlas DID	2019
 Atlas GCI	2019
 Atlas Solar	2020








# Organization Chart





# Geographical Presence



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

## Dealerships & Distribution Network

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



# Company Information



## Board of Directors

Aamir H. Shirazi  
Chairman

Abid Naqvi  
Director

Mashmooma Zehra Majeed  
Director

Nurul Hoda  
Director

Masanori Kito  
Director

Shunsuke Miyazaki  
Director

Kazushi Yamanaka  
Director

Sauqib H. Shirazi  
Chief Executive Officer

Maheen Fatima  
Company Secretary



## Audit Committee

Mashmooma Zehra Majeed  
Chairperson

Abid Naqvi  
Member

Nurul Hoda  
Member

Muhammad Asim  
Head of Internal Audit

Maheen Fatima  
Secretary



## Human Resource & Remuneration Committee

Nurul Hoda  
Chairperson

Abid Naqvi  
Member

Sauqib H. Shirazi  
Member

Tahir Nazir  
Secretary



## Management

Sauqib H. Shirazi  
Chief Executive Officer

Afaq Ahmed  
Vice President Marketing

Shunsuke Miyazaki  
Vice President Technical

Kazushi Yamanaka  
General Manager Technical

Kashif Yasin  
Chief Financial Officer

Faisal Mahmud  
General Manager New Model Center

Hassan Mushtaq Cheema  
General Manager Production, Planning & Control

Muhammad Ammar  
General Manager Engineering & Projects

Muhammad Rashad Rashid  
General Manager Quality Assurance

Muhammad Zafar Iqbal  
General Manager After Sales

Mujahid-ul-Mulk Butt  
General Manager Sales

Rashid Ahmed  
General Manager Commercial & Planning

Syed Tanvir Hyder  
General Manager Supply Chain

Tahir Khan  
General Manager Information Technology

Tahir Nazir  
General Manager Human Resources & Administration

Zia Ul Hassan Khan  
General Manager Plants



## Auditors

Shinewing Hameed Chaudhri & Co.  
Chartered Accountants



## Legal Advisors

Mohsin Tayebaly & Co.



## Tax Advisors

EY Ford Rhodes,  
Chartered Accountants



## Shares Registrar

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



## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Habib Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Khushali Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited



## Registered Office

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



## Factories

F-36, Estate Avenue, S.I.T.E., Karachi-75730  
UAN: (92-21) 111-111-245  
Tel: (92-21) 32575561-65  
Fax: (92-21) 32563758

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



## Branch Offices & Customer Contact Centre

Azmat Wasti Road, Multan  
Tel: (92-61) 4570413-14  
(92-61) 111-112-411  
Fax: (92-61) 4541690

Islamabad Corporate Center,  
Plot No. 784/785, Golra Road, Islamabad  
Tel: (92-51) 5495921-7,  
Fax: (92-51) 5475928

Makhdoom Altaf Road, West Sadiq Canal  
Bank, Near City School, Rahimyar Khan  
Tel: (068) 5883415-19,  
Fax: (068) 5883414

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

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

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



## Showroom

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



## Customer Contact Centre

UAN: (92-42) 111-245-222  
Toll Free: 0800-245-22  
Email: contactcentre@atlashonda.com.pk  
(Within working hours from Monday to Friday)





## Board of Directors.



**Aamir H. Shirazi**

Chairman ▲



**Abid Naqvi**

Director ▲■◆



**Mashmooma  
Zehra Majeed**

Director ■■



**Nurul Hoda**

Director ■■◆

Mr. Aamir H. Shirazi is the President of Atlas Group. He graduated from Claremont McKenna College and attended the OPM at the Harvard Business School. He has over 35 years of corporate management experience. He has to his credit, work experience in Honda America, besides working at various positions in Atlas Group, including serving as the Chief Executive of Atlas Honda Limited for eleven years.

He is currently Chairman of Honda Atlas Cars, Atlas Honda, Atlas Engineering and Atlas Autos. He also serves on the Boards of Shirazi Investment (Group Holding Company), Shirazi Trading and Murree Brewery Company Limited.

He is a member of the Board of Governors, Lahore University of Management Science and member Syndicate, University of Engineering & Technology. He was also appointed as a Professional Director on the Board of Lahore Stock Exchange for two consecutive terms by the Securities & Exchange Commission of Pakistan.

He has been serving the Honorary Consul General of Japan in Lahore, since 2002 and is the Patron-in-Chief, Pakistan Japan Cultural Association, Lahore.

Mr. Abid Naqvi is the CEO of ACL Capital (Pvt.) Limited, a business development company affiliated with Associated Constructors Ltd. (ACL). Both companies are family owned private entities, and leading players in the construction industry and building materials market.

Mr. Naqvi serves on the Boards of Associated Constructors Ltd., ACL Capital (Pvt.) Ltd., Pie in the Sky (Pvt.) Ltd., and Geo Commerce (Pvt.) Ltd.

Mr. Naqvi has worked in the fields of Commercial and Development Banking and Stock Brokerage for a period of 22 years. He has served as the CEO of Taurus Securities Limited, a renowned name in the stock brokerage industry.

Mr. Naqvi is a graduate in Economics and Finance from University College London (University of London).

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 is currently working as Chief Executive Officer at Mutual Funds Association of Pakistan. She has a vast experience of over 21 years with Asset Management Industry and Capital Markets. She has played an instrumental role in launching the first Islamic open-end mutual fund in Pakistan as well as the launch of the voluntary pension scheme in Pakistan under the Voluntary Pension System Rules. She has previously worked in senior positions in Atlas Asset Management Ltd., JS Investments Ltd (formerly ABAMCO Ltd.) and Crosby Asset Management Pakistan Ltd. She started her career with M/s Hameed Majeed Associates (Pvt) Ltd.

Mr. Nurul Hoda was associated with Atlas Honda Limited since 1975 and has over 45 years of experience of the motorcycle industry. He is a graduate from N.E.D University in Mechanical Engineering and MBA from Institute of Business Administration. He has attended Management Development Program from Harvard Business School. He has served in various capacities in production and marketing departments of Atlas Honda Limited. He was an advisor to the CEO and a member of the board of Atlas Honda Limited since February 2003-February 2014.

**Masanori Kito**

Director ▲

**Shunsuke Miyazaki**

Director ●

**Kazushi Yamanaka**

Director ●

**Saquib H. Shirazi**

Chief Executive Officer ● ◆

Mr. Masanori Kito joined Honda Motor Company in April 1998. He has vast experience in the automobile sector especially in Motorcycle Sales, Business Planning & Marketing fields, having worked with Honda ventures in different capacities across the globe including, Honda Philippines in 2003 and Moto Honda da Amazonia in 2009. In 2016, he was transferred to Sundiro Honda Motorcycle (China) as Assistant President & Sales Director. In 2019, he came back to Headquarter of Honda Motor Co. Ltd. and worked as Department Manager in the Sales Division. Then, he assumed senior management roles in the Honda Motorcycle & Scooter India Pvt. Ltd. as Director Sales & Marketing. Currently, he is a General Manager of Asian Honda Motor Co. Ltd. and appointed as a member of the Board of Atlas Honda Limited in June 2022. Thus, he has diversified knowledge of Honda Products and has experience of working in different cultures.

Mr. Shunsuke Miyazaki joined Honda Motor Company in April 1998. He has a vast experience in automobile sector especially in Motorcycle Sales and Product Planning departments, having worked with Honda ventures in different capacities across the globe. In 2011, he was transferred to Honda Motor Southern Africa as Motorcycle Sales and Marketing Manager. In 2016, he came back to Headquarter of Honda Motor Co. Ltd. and worked as Africa & Middle East Division, Manager. Before being transferred to Pakistan, he assumed senior management role in the Sundiro Honda Motorcycles (China) as Sales Director from 2019. He has diversified knowledge of Honda Products and has experience of working in different cultures. He was appointed as a member of the Board of Atlas Honda Limited in April 2021.

Mr. Kazushi Yamanaka started his career in 1987 at Hamamatsu factory of Honda Motor Company Limited. Having worked at Honda factories around the globe, he has gained vast experience not only on engineering side but also on factory management side that has contributed to the growth of the company. In 2006, he was transferred to Honda of America Mfg., Inc. as Staff Engineer. He was transferred back to Kumamoto Factory of Honda Motor Company Limited in 2008 and worked there as Department Manager till 2016. Before being appointed to Pakistan, he was stationed in Thai Honda Manufacturing Co., Ltd. as Chief Officer of Production. He has diversified knowledge of Honda Products and different working conditions. He has been a member of the board of Atlas Honda Limited since April 2022.

Saquib Shirazi is a member of the Atlas Group. He is currently the President & Chief Executive Officer of Atlas Honda as well as the Chairman of Pakistan Auto Manufacturers' Association (PAMA).

He has previously served as Chairman, Harvard Business School's Global Alumni Board as well as Chairman, Pakistan Business Council.

He is currently on the Boards of Pakistan Mobile Communication (Jazz Pakistan), Tri-Pack Ltd and National School of Public Policy.

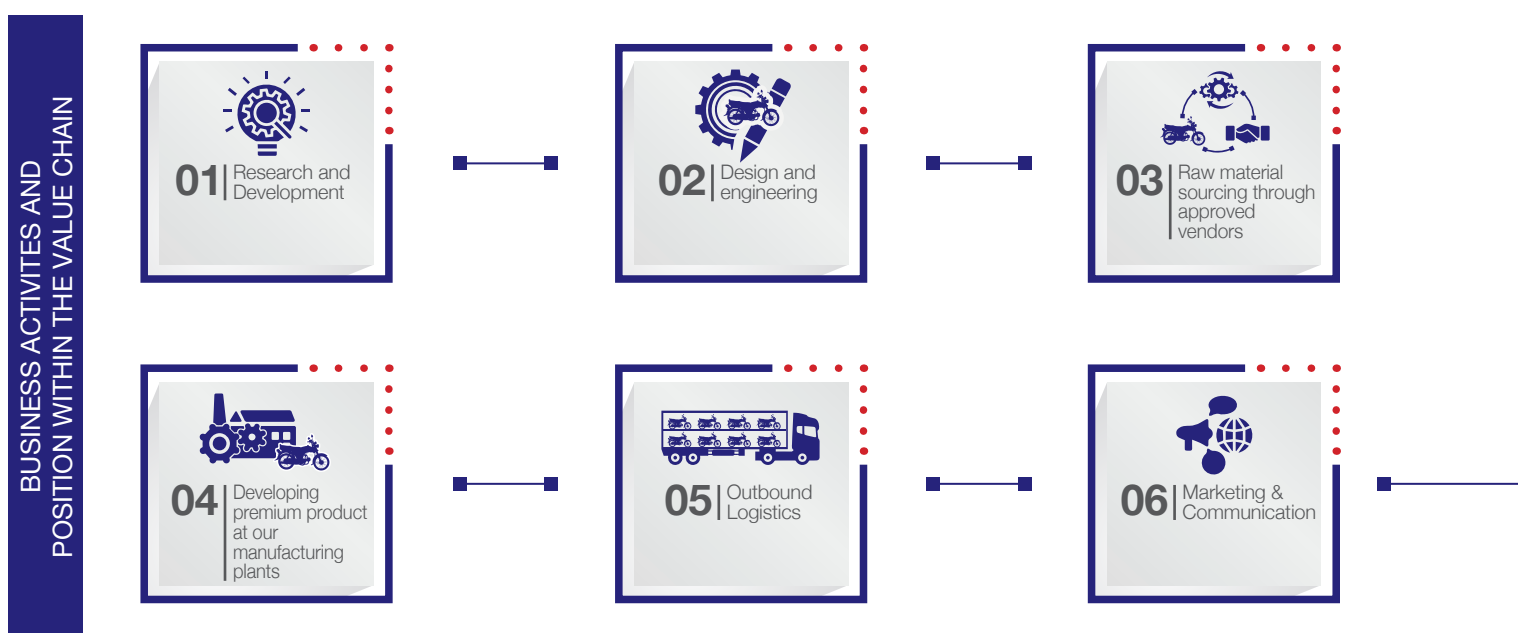
He also serves as an advisor to British International Investment (BII) for Pakistan. In the past, he has served on the Boards of leading national and multinational companies.

He graduated from the Wharton School of Finance and has an MBA from the Harvard Business School.



# Business Model

OUR SIX CAPITALS	FINANCIAL	HUMAN	MANUFACTURED
	Our share capital and retained profits underpin strong capital base that supports the operations and funds growth.	Atlas culture and our collective competencies, capabilities, experience and motivation to innovate.	Our state-of-the art manufacturing facilities, physical and digital infrastructure through which we conduct business activities. It includes our branches, dealership network and digital platforms.
INPUTS	Capital of <b>Rs. 1.2 billion</b>  Equity of <b>Rs. 21.5 Billion</b>	<b>2,461 Employees</b> Strong safety and wellbeing policies and procedures, including diversity and inclusion	State of the art Manufacturing Plants  Diversified Product Portfolio  Fully functional and enhanced sales platforms  Advanced ERP and MIS



OUTPUT	CUSTOMERS	INVESTORS	EMPLOYEES
	Glorious legacy of satisfied customers  <b>05</b> MMCs launched	Sustainable profit growth to our investors over the years  <b>22.8%</b> ROE <b>60.0%</b> Dividend payout	Respect, recognition and reward for performance  <b>6.49bn</b> Salaries and benefits <b>18.6K</b> Man hours of training <small>For details refer page no. 104 of sustainability report</small>
OUTCOME	 Creating maximum value for customers through high quality products	 Optimum returns for all stakeholders	 Highly motivated workforce

Our sustainable approach to sourcing, production, distribution and marketing helps us create value for a wide group of stakeholders, from suppliers to customers. We use our unique strengths and employ our resources and relationships to deliver sustainable growth in earnings for our shareholders. Applying the principles of "Atlas Way" to our business, strengthens our position as a market leader in Pakistan's two-wheeler industry. There is no material change in Company's business model during the year.

**INTELLECTUAL**

Our trusted brand, strategic partnerships and innovative capabilities and expertise.

Strong strategic partnership with Honda Motor

Technical know-how

Innovative culture underpinned by the right employee skillset

**SOCIAL AND RELATIONSHIP**

Our relationships with stakeholders, including deep ties with the communities we operate in.

Established relationships of trust with our stakeholders

Strong Sustainability framework

**NATURAL**

The use of, including the influence and impact of business activities, on natural resources.

Focus on low carbon and resource efficient investments

Integration of material climate related risks and opportunities into investment decisions

**07** Sales through our dealer network

**08** Premium-quality customer experiences

**09** After sales services

**How we differentiate in the market place?**

We are proud to be the first choice of customers for nearly six decades through our unmatched quality, fuel efficiency and after sales services.

**How we innovate?**

We have a dedicated research and development team, which is focussed on product innovation and improvements according to our customers' need. Our motorcycles are carefully designed to provide unparalleled riding experience to our customers.

**How has the business model been designed to adapt to change?**

Our business model is continuously evaluated to assess whether there is a need to change according to changing business dynamics.

**PARTNERS**

We collaborate with our vendors to provide utmost satisfaction to our customers

**121.5bn** spent on payments

**COMMUNITIES**

We uplift communities to enhance the living standards of underprivileged

**79.6mn** spent on communities

For details refer page no. 100 of sustainability report

**GOVERNING BODIES AND REGULATORS**

Contributing towards development of the country through direct and indirect taxes

**31.0bn** paid to exchequer

**1** NO POVERTY



**3** GOOD HEALTH AND WELL-BEING



**4** QUALITY EDUCATION



**5** GENDER EQUALITY



**6** CLEAN WATER AND SANITATION



**10** REDUCED INEQUALITIES



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**13** CLIMATE ACTION



**7** AFFORDABLE AND CLEAN ENERGY



Commitment to UN's Sustainability goals



## Significant Events

### During the Year 2022-23



#### April

Sponsorship event was held at Luckyone Mall to promote CB series and distribution of 30 bikes to lucky winners.

Board of Directors meeting for the year ended March 31, 2022 was held on April 29, 2022.



#### May

Nationwide Campaigns for product awareness were held.

Atlas Honda and Atlas Insurance signed MOU for Atlas Mehfoz Sawari.



#### June

Influencer activities of CB150F were carried out throughout Pakistan to strengthen brand positioning and awareness.

Annual General Meeting of the Company for the year ended March 31, 2022 was held on June 24, 2022.

## 1<sup>st</sup> Quarter

## 2<sup>nd</sup> Quarter



#### July

Atlas Honda Ltd sponsored Mr. Wajidullah Nagri to summit the 2nd highest peak K2.

Board of Directors meeting for the quarter ended June 30, 2022 was held on July 29, 2022



#### August

Celebration of 75 years of independence along with Hum Pakistan.

Launch of CD 70 and CB 125F MMC were carried.



#### September

Atlas Honda Limited won 1st position for 'Best Corporate Report 2021' in 'Engineering & Autos' sector and also won overall 2nd position for 'Best Sustainability Report 2021'

Launch of CG 125 and CG 125S MMC were carried.



#### October

Launch of CD 70 dream MMC was carried.

Board of Directors meeting for the quarter ended September 30, 2022 was held on October 28, 2022.



#### November

Special offer of CD 70 on 0% mark up for 12 months was provided through Alfa Mall & Faysal Bank

Social media engagement activities on ICC T20 World Cup Contest.



#### December

Awarded Merit Certificate for 'Best Integrated Report' by SAFA.

Atlas Honda launched lucky draw scheme on Daraz.

## 3<sup>rd</sup> Quarter

## 4<sup>th</sup> Quarter



#### January

Atlas Honda signed MOU with HBL Microfinance Bank to finance motorcycles to its employees and customers

Board of Directors meeting for the quarter ended December 31, 2022 was held on January 25, 2023.



#### February

Awarded 1st Prize at 14th International CSR Summit Awards 2021 by NFEH in the categories of "CSR Report, Research & Publications and Waste Management/Recycle"



#### March

QR Codes introduced to promote genuine parts and customer data collection.

Nationwide campaigns were carried out to promote genuine parts & oil consumption.

# Shareholders' Information

## Registered Office

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

## Exchange Listing

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

## Stock Symbol

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

## Listing Fees

The annual listing fee for the financial year 2022 - 23 was paid to the PSX and Central Depository Company of Pakistan Limited within the prescribed time limit.

## Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all relevant particulars / information as required under the Companies Act, 2017 and allied rules, the listing requirements and any other relevant laws, rules and regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP).

## Annual General Meeting

Date: June 21, 2023  
Time: 11:00 A.M.  
Venue: Avari Hotel, Mall Road, Lahore.

## Financial Calendar

June: Audited Annual Results for the year ended March 31st, 2023  
Mailing of Integrated Annual Reports  
Annual General Meeting

July: Unaudited first quarter financial results  
Corporate Briefing Session

October: Unaudited half year financial results

January: Unaudited third quarter financial results

## Dividend Announcement

The Board of Directors in its meeting held on April 28, 2023 is pleased to recommend a final cash dividend of Rs. 13.0 per share (130%) for the year ended March 31, 2023 subject to approval by shareholders of the Company at the forthcoming Annual General Meeting, taking the total distribution for the year to Rs. 24.0 per share i.e. a payout of 240%.

The total distribution for the last year was Rs. 27 per share i.e. a payout of 270%.

## Dates Of Book Closure

The register of the members and shares transfer books of the Company will remain closed from June 07, 2023 to June 21, 2023 (both days inclusive).

## Date Of Dividend Payment

The final dividend will payment of dividend, upon declaration by shareholders at the forthcoming Annual General Meeting, will be made on or after June 21, 2023.

Last year, the Company has transferred the final cash dividend on June 25, 2022 after approval from shareholders at the 58th Annual General Meeting.

## Circulation Of Integrated Annual Reports Through Cd/ Dvd/Usb

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017 and approved by the Shareholders in the Annual General Meeting of the Company held on June 19, 2017, the Company shall circulate Annual Report 2023 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2023 may send a request using a Standard Request Form placed on Company website.

## E-Dividend Mandate (Mandatory)

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

the Company, M/S Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan, in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/ participant/CDC account services. In case of non-receipt of IBAN detail, the Company will be constrained to withhold payment of dividend under Companies (Distribution of Dividends) Regulations, 2017.

## Withholding Of Tax & Zakat On Dividend

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, the withholding tax is deductible at source on the amount of dividend paid by the Company at the rate of 15% for filers and at the rate of 30% for non-filers.

In case of joint shareholder, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder as may be notified by the shareholders, in prescribed format, to our share registrar, or if no such notification is received each shareholder shall be assumed to have an equal number of shares. The required information must reach the shares registrar of the Company by the close of business on June 06, 2022 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

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

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

## Share Transfer System

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

Share transfers received at the Share Registrar of the Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects.

## Proxies

According to section 137 of the Companies Act, 2017 and Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at

a General Meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a General Meeting of the Company contains a statement that a shareholder entitled to attend, and vote is entitled to appoint a proxy, who ought to be a member of the Company.

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

## Annual General Meeting

In pursuance of section 132 of the Companies Act, 2017, the Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and advertised in at least one English and Urdu newspaper.

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

## Website Of The Company

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

## Change Of Address / E-Mail Address

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

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

## Capital Structure

The paid-up capital of the Company is Rs. 1,241 million represented by 124.1 million shares of Rs. 10/- each. The balance sheet footing stands at 70 Billion and net worth of Rs. 22.7 Billion.

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

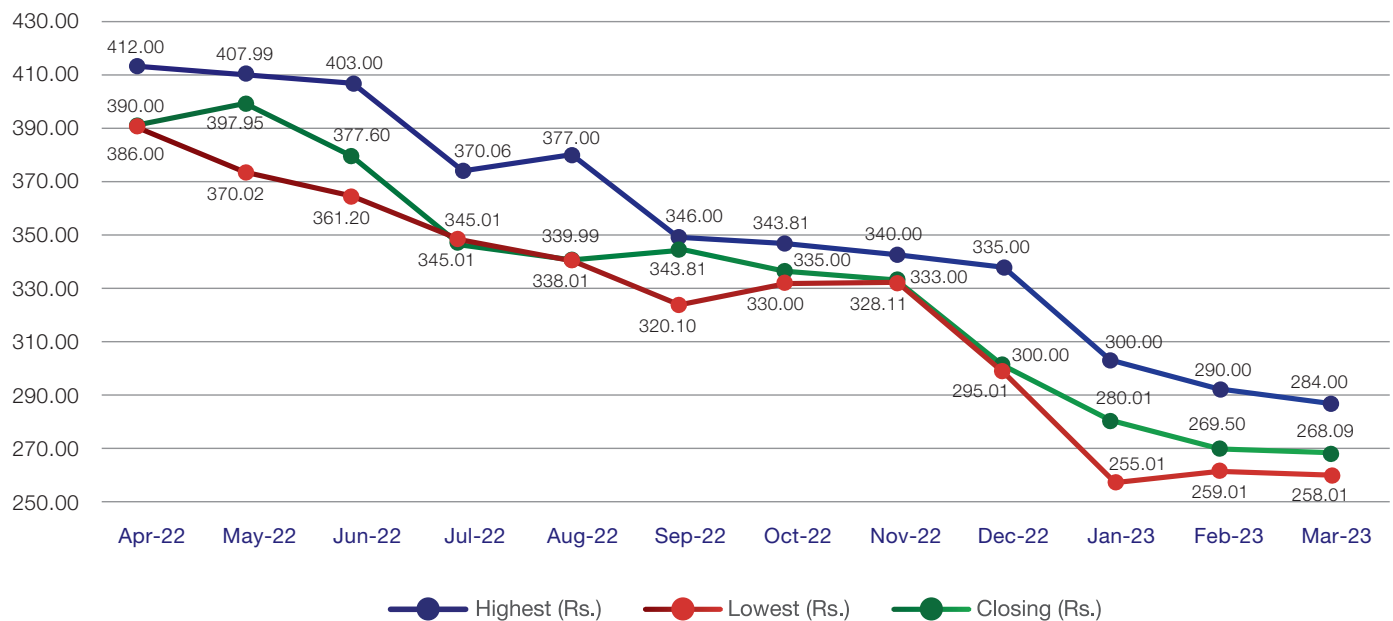
Details of shares held by Directors/Sponsors/Executives are given in the Pattern of Shareholding.

## Market Capitalization, Share Price And Volume Data

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Pakistan Stock Exchange Limited during the financial year ended March 31, 2023:

Months	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	No. of shares traded	Market Capitalization in Value* (Rs. in billion)
Apr-22	412.00	386.00	390.00	15,600.00	51.12
May-22	407.99	370.02	397.95	46,200.00	50.63
Jun-22	403.00	361.20	377.60	13,000.00	50.01
Jul-22	370.06	345.01	345.01	6,800.00	45.92
Aug-22	377.00	338.01	339.99	35,900.00	46.78
Sep-22	346.00	320.10	343.81	28,800.00	42.93
Oct-22	343.81	330.00	335.00	45,900.00	42.66
Nov-22	340.00	328.11	333.00	3,000.00	42.19
Dec-22	335.00	295.01	300.00	4,600.00	41.57
Jan-23	300.00	255.01	280.01	22,900.00	37.23
Feb-23	290.00	259.01	269.50	18,900.00	35.99
Mar-23	284.00	258.01	268.09	17,100.00	35.24

\*Based on highest price



# Chairman's Review

I am pleased to present the 59th Integrated Annual Report of the Company for the year ended March 31, 2023.

## MACROECONOMIC OVERVIEW

During the year under review, the economy remained subdued on account of low foreign reserves and rising inflation. Due to the effects of floods, rupee devaluation and revision in energy prices, inflation was recorded at an all-time high of 35%. Supply shortages of essential items and restriction on imports created further pressure on domestic prices. Overall deterioration in economic fundamentals has led to the revision in the GDP growth projection from 2% to 0.5% for the fiscal year under review.

On the external front, policy tightening and adoption of stabilization strategies has started to yield positive results. The current account deficit (CAD) has narrowed by 68% to USD 3.3 billion in Jul-March FY23. The improvement in CAD was mainly driven through the reduction in import bill from USD 47.3 billion to USD 37.3 billion. However, due to the slowdown in global demand and an exchange rate peg, exports and workers remittances declined by 8.65% and 10.8% respectively. Despite positive development in CAD and multilateral inflows, foreign exchange reserves held by the Central Bank dipped below USD 5 billion for the first time in ten years. The delay in the resumption of IMF program has also added pressure on the currency, which breached the 285 level. To maintain macroeconomic stability and regulate aggregate demand, the Central Bank increased the benchmark interest rate from 9.75% to 21%, representing an 11.25% increase during the year. On the fiscal front, due to the slowdown in economic activity, revenue collection remained short of target. PKR 5,156 billion was collected during the nine months against the projection of PKR 5,460 billion. Due to the deterioration of investors' confidence and political uncertainty, the PSX 100 index declined below 40,000 level.

The performance of agriculture sector was badly affected in the first half of 2023 due to torrential rains and severe floods. However, the Rabi crops is expected to perform better on account of favorable weather conditions, availability of high-quality seeds and fertilizers. Moreover, the increased disbursement of agriculture credit is expected to support the agri output, indicating a promising outlook for farmers and the agricultural sector. This will help to improve demand for consumer durables in rural areas.

The output of Large-Scale Manufacturing (LSM) remained strained and contracted by 4.4% when compared with the same period of last year. The decline is primarily attributed to the measures taken by monetary and fiscal authorities to slow down aggregate demand. Supply constraints and the rising cost of business also led to the reduction in production output of various industries such as textile, steel, consumer durables, and automobiles. The resumption of IMF program is a prerequisite for revival of the manufacturing sector. The accompanied foreign currency inflows from bilateral and multilateral institutions will help revive industrial growth.

## MOTORCYCLE INDUSTRY

The Motorcycle industry witnessed a decline of over 20 percent due to import restrictions, inflationary pressure and an overall slowdown in the economy. The supply side constraints greatly affected Chinese motorcycle manufacturers due to their higher dependency on imports. Going forward, better agricultural cashflows, continued foreign remittances and a need for a low cost, fuel-efficient mobility option should gradually revive the demand for two-wheelers. However, the availability of raw materials, critical inputs for manufacturing of parts, will remain a challenge for the entire eco system of OEMs and Auto Parts manufacturers.

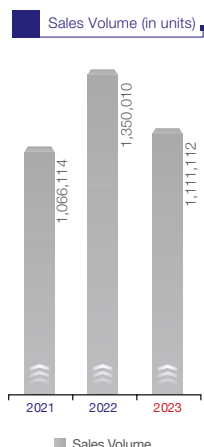
## THE COMPANY

For over six decades, the Company has been providing affordable and quality mobility solutions to its customers. The Company is consistently adopting new technologies to improve productivity to stay ahead of the competition. Its product line up and after sale services are continuously being upgraded to create a higher value proposition. The result is that the brand is trusted for reliability, durability and enduring value. During the year, the Company also celebrated 75th anniversary of the Country with a "HUM PAKISTAN" campaign. Special edition motorcycles, with green themed outlook, were launched to create new customers. With focus on operational excellence, quality, enhanced capacity and cost reduction, the Company was able to achieve record financial results.

## SEGMENT REVIEW

The 70cc motorcycle category, being the largest segment of the two-wheeler industry, remained at the forefront with sales of over 675K units. Launch of the green themed MMC created product differentiation which helped in maintaining sales volume. Attractive credit and exchange offers by dealers also ensured a stable customer flow.

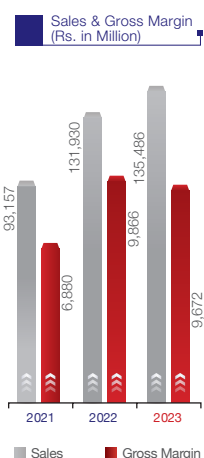
In the 100cc category, demand for "Pridor" remained promising. The model aims to provide customers with a product powered by "commuting with comfort and maximum fuel efficiency". It provides a step up option for customers from the entry level segment. During



the year, an additional blue colour was launched in this category to enhance options for the customer. Localized marketing campaigns and influencer activities are helping to create a more appealing proposition for Pridor customers. The Company is very optimistic in growing the annual customer base from 50,000 already achieved.

The 125cc category continues to gain share in the overall two-wheeler industry. There is a shift in customer's preference for higher engine displacements, especially in the urban segment. During the year, the company offered MMCs in 125cc category & special edition in CB125F as part of "Hum Pakistan Campaign" which received an overwhelming response. Credit offers, Exchange Galas and reinforcement activities helped to retain the sales momentum. Resultantly, sales volume of the category were recorded at nearly 400,000 during the year.

Spare parts division continues to provide encouraging results with sales now crossing Rs. 14 billion. The growth was supported through further penetration of 3S primary network and implementation of extensive product and place strategies. A strategic emphasis on tyre, oil and battery have ensured a strong foothold in the market. During the year, a strong effort was put on promoting dealer driven consumption of periodic maintenance parts, with focus on both wholesale and general repair parts. The dealer network was further expanded and now presence extends to over a hundred previously unserved locations. For online customers, the Company is also conducting inbound marketing by bringing the store to customers' doorstep via AHL online and portals like Daraz and Alfa Mall.



## FINANCIAL PERFORMANCE

Notwithstanding tough headwinds, the Company can look back on an overall positive business performance in the year ended March 31, 2023. Net sales for the year were recorded at Rs. 135.5 billion as compared to Rs. 131.9 billion last year, up by 3%. However, gross profit declined from Rs. 9.9 billion to Rs. 9.7 billion, down by 2.2%. Resultantly, gross profit percentage recorded at 7.1% as compared to 7.5% of last year. The decline in gross profit was due to lower sales volume, increase in material prices, rising energy cost and devaluation of Pak Rupee with a less than commensurate increase in selling prices. The key challenge is to improve this over the course of the next year. Sales and marketing expenses rose to Rs. 3.0 billion, an increase of 12.8%, which is attributable to promotional activities and an increase in fuel cost. Administrative expenses rose by 11.7% mainly due to effects of continued inflation. Other income, net of other operating expenses and financial charges, contributed an encouraging Rs. 2.3 billion to the bottom line, 68.8% higher than the comparative year. This is on account of efficient treasury operations and increase in policy rate. The above factors supported the Company in achieving ever-highest profit before tax of Rs. 8.1 billion, up by 3.6%. However, due to provision for super tax for the current and prior year, the profit after tax for the year ended registered at Rs. 5.0 billion, down by 10.4%. This translated into Earnings per Share (EPS) of Rs. 40.33 as against Rs. 45.01 for the last year.

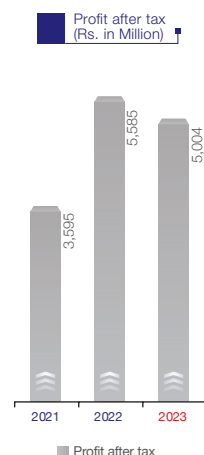
During the year, the Company contributed an amount of Rs. 31 billion to the Government and its agencies on account of various taxes and levies. The Atlas Group, of which the Company is a constituent member, contributed Rs. 75 billion towards the national exchequer. This makes Atlas Group one of the highest taxpayers in the country.

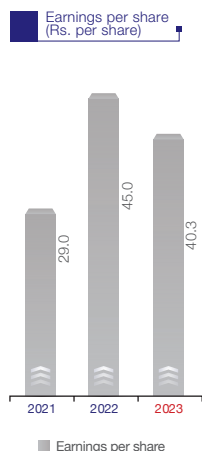
## DIVIDEND POLICY

The Company endeavors to be consistent with its approach regarding profit appropriation. Further, the conclusion of distributing dividends is drawn after considering a multitude of parameters including business needs, growth prospects and strategic views. For the year, the Board of Directors is pleased to propose final cash dividend of Rs. 13.0 per share. This is in addition to an interim dividend of Rs. 11.0 per share declared in October 2022, aggregating a total dividend of Rs. 24.0 per share.

## OPERATIONS REVIEW

During the year, the Company successfully completed the 1.5 million capacity expansion project. The new Stamping Plant in Sheikhpura was also commissioned on time. The plant has reduced transportation and material management cost. Rework & rejection cost is also being brought down through various quality assurance measures. With focus on localization, 20 High Pressure Die Casting (HPDC) dies and 14 Low Pressure Die Casting (LPDC) dies were also developed indigenously. Manpower productivity was also enhanced by optimizing shift operations, minimizing variable downtime and line balancing. The Company recognizes that development of resources across its supply chain is necessary for long term success. As a result, the Company continued to enhance vendor improvement partnerships (VIP) with its suppliers for optimum utilization of their resources.

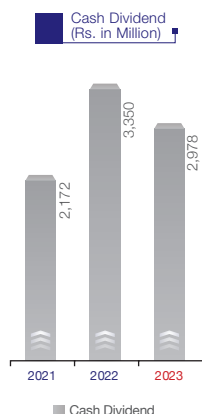




Periodic reviews of energy efficient equipment, re-sourcing, localization of cutting tools and expansion of solar energy projects have paved the way for sustainable development. The Company completed the third phase of its solar energy initiative. Cumulative installed base has now crossed 8.5 MW and greatly helping in reducing energy cost. Further, maintenance of 5-S and safety is being stressed upon through regular audits and evaluation of compliance. During the year, the Company successfully achieved ASH Fire & Explosion verifications, Self-Verification Audits including BAKKA and trainings on, ISO 14001 & 45001 standards, Risk Assessment, Fork Lifter Safety, Ergonomics & First Aid. The details of Company's sustainable practices and its impact on Company's financial performance are presented in 'Sustainability Report' which forms integral part of this annual report.

## FUTURE OUTLOOK

Over the last 75 years, the economy has shown strong resilience despite volatility and uncertainty. Moving forward, it is essential for the Country to sustain the reform momentum and focus on policies for sustainable growth. Macroeconomic adjustment measures, fiscal consolidation and export promotion will help relieve pressure on the currency. Managing the underlying risk necessitates articulating and effectively implementing a clear strategy for economic recovery. As the economy gradually returns to full capacity and recovery becomes durable, the two-wheeler segment is expected to resume its upward momentum. While the macroeconomic is currently challenging, your Company is well poised to carve out opportunity for further market penetration and share growth.



The Company has demonstrated its ability to handle adversity while building a long-term business proposition that increases stakeholder value. In this regard, the "Atlas Way" and "Atlas Systems" continue to remain the corner stone of our business philosophy.

عز جتھے پئی پب دھردی اتھے اگدا سَرُ وَا بُوٹا

(When one puts down the foot, it grows and grows)

## ACKNOWLEDGEMENT

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

Dated: April 28, 2023

Aamir H. Shirazi

# Directors' Report To Shareholders

The Directors of the Company are pleased to present their report together with the 59th Annual Report of the Company along with the Annual Audited Financial Statements for the year ended March 31, 2023.

## Operating Results

The operating results of the Company are summarized as follows:

	Year ended March 31, 2023	Year ended March 31, 2022
	-----Rupees in '000-----	
Profit before taxation	8,103,043	7,819,649
Taxation		
Current	1,975,529	1,947,594
Prior Years	1,035,162	272,427
Deferred	88,197	14,463
	3,098,888	2,234,484
Profit after taxation	5,004,155	5,585,165

## Dividends and Appropriations

The Directors have recommended a final cash dividend of Rs. 13 per share (2022: Rs. 15.00 per share final cash dividend).

Accordingly, the appropriation of profit will be as under:

	Year ended March 31, 2023	Year ended March 31, 2022
	-----Rupees in '000-----	
Profit available for appropriation	13,317,912	11,743,697
Appropriation:		
Transfer to General Reserves	-	-
Interim Cash Dividend 110% (2022: 120%)	1,364,967	1,489,056
Final Cash Dividend 130% (2022: 150%)	1,613,143	1,861,319
Bonus Shares 0% (2022: 0%)	-	-
	2,978,110	3,350,375
Un-appropriate profit carried forward	10,339,802	8,393,322

## Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 40.33 (2022 - Rs. 45.01).

## Holding Company

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

## Chairman's Review

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

## Board of Directors and its Committees

### The Board

The Board comprises of two independent Director, three executive and three non-executive Directors. The Directors of the Company were elected in Extraordinary General meeting of the Company held on March 13, 2023. On June 01 2022, Mr. Susumu Morisawa resigned as Director and Mr. Masanori Kito was appointed in his place respectively. The Board places on record its appreciation for the valuable contributions made by the outgoing Directors and welcomes the new Directors.

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

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The CEO of the Company and the Head of HR of Atlas Honda attended the Human Resource and Remuneration Committee meeting. The Committee met once during 2022 - 23.

## Board Audit Committee (BAC)

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met 4 times during 2022-23.

## Meetings of the Board and its Committees in 2022-23

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

Sr. #	Director	Directorship	Status	Committee		Attendance		
				BAC	HR&R	BOD	BAC	HR&R
1.	Mr. Aamir H. Shirazi	5	Re-elected on March 13, 2023	-	-	5/5	-	-
2.	Mr. Saquib H. Shirazi	4	-do-	-	✓	5/5	-	1/1
3.	Mr. Abid Naqvi	1	-do-	✓	✓	5/5	4/4	1/1
4.	Ms. Mashmooma Zehra Majeed	2	-do-	✓	-	5/5	4/4	-
5.	Mr. Shunsuke Miyazaki	1	-do-	-	-	5/5	-	-
6.	Mr. Masanori Kito	1	-do-	-	-	4/5	-	-
7.	Mr. Kazushi Yamanaka	1	-do-	-	-	-	-	-
8.	Mr. Sanaullah Qureshi	1	Re-elected on March 13, 2020 and Retired on March 13, 2023	-	-	5/5	4/4	1/1
9.	Mr. Nurul Hoda	1	Elected on March 13, 2023	✓	✓	-	-	-
10.	Mr. Susumu Morisawa	1	Co-opted on April 9, 2021 and Retired on 1 June, 2022	-	-	1/5	-	-

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

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

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

Annual evaluation questionnaire developed in conformity with the Code of Corporate Governance and Global best practices is circulated to the Directors for performance evaluation.

Strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. These are then evaluated to identify areas that require improvement and highlight differences of opinion, if any.

## Roles and Responsibilities of Chairman and CEO

To promote a culture of transparency and good governance, positions of the Chairman of the Board of Directors and the office of the Chief Executive Officer are held by separate incumbents with clear demarcation of roles and responsibilities.

Chairman represents the non-executive directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings.

Chief Executive Officer is an executive director who also acts as the head of the Company's Management. He is authorized for implementing the Board's policies within delegated limits besides the responsibilities which are annexed in this Annual Report.

### Review of CEO's Performance

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

### Directors' Remuneration

The Board has implemented a formal policy supported by transparent procedures for fixing directors' remuneration. In accordance with the code of corporate governance, no Director is involved in the determination of their own remuneration package. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2022-23, please refer notes to the Financial Statements.

### External Auditors

The retiring auditors M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2023-24.

### Internal Control Framework

The report on internal control Framework, is presented in the Annual Report.

### Internal Audit

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

### Material changes

There have been no material changes since March 31, 2023 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

### Principal Risks and uncertainties

The report on principal risks and uncertainties, is presented in the 'Risk and Opportunity Report', which forms a part of this Annual Report.

### Communication

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the Company are updated on its web site at [www.atlashonda.com.pk](http://www.atlashonda.com.pk), on timely basis. The directors endorse the contents of the review.

### Safeguarding of Records

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

### Business Continuity Plan

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

### Human Resource Management

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

## Health, Safety and Environment

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate. The impact of the Company's business on the environment are presented in the 'Sustainability Report' which forms an integral part of this Annual Report.

## Corporate Social Responsibility

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

## Statement of Value Addition

The 'Statement of Value Addition and its Distribution' is annexed to this Annual Report.

## Corporate and Financial Reporting Framework

The Company is committed to maintaining high standards of corporate governance without any exception. The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities and Exchange Commission of Pakistan and form a part of the Listing Regulations of the Pakistan Stock Exchange.

The Directors confirm that:

- The financial statements prepared by the management of the Company presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of the Companies Act 2017 have been duly followed in preparation of the financial statements. Any departure thereof has been adequately disclosed and explained.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations of the Pakistan Stock Exchange.
- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no significant doubts about the Company's ability to continue as a going concern.
- The Company operates a contributory provident fund scheme for all employees and Defined benefit gratuity fund scheme for its management/ non-management employees. The value of investments based as at March 31, 2023 are as follows (PKR in millions):

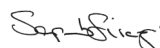
Fund Name	Audited March 2023	Audited March 2022
Provident Fund	768.26	791.68
Gratuity Fund – Management	345.23	315.17
Gratuity Fund – Non management	91.36	96.51

- Information regarding outstanding taxes and levies, as required by the listing regulations, is disclosed in the notes to the financial statements.
- Statements regarding the following are annexed in this Annual Report:
  - > Key financial data for the last six (6) years
  - > Pattern of shareholding
  - > Trading in shares of the Company by its Directors, CEO, CFO and Company Secretary

On behalf of the Board of Directors



Aamir H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer

Karachi: April 28, 2023

## صحت تحفظ اور ماحول

ہم صحت، تحفظ اور ماحول کے اعلیٰ معیار کو برقرار رکھنے پر مضبوط یقین رکھتے ہیں تاکہ ہمارے ساتھ کام کرنے والے لوگوں اور جن علاقوں میں ہم خدمات انجام دیتے ہیں وہاں موجود لوگوں کی فلاح و بہبود کو یقینی بناسکیں۔ کمپنی کے کاروباری ماحولیات کے اثرات کو sustainability report میں پیش کیا گیا ہے جو اس سالانہ رپورٹ کا ایک لازمی حصہ ہے۔

## کارپوریٹ سوشل ریسپانسیبلٹی

کمپنی مجموعی طور پر کاروباری حالات کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کے بارے میں غورخوض کرتی ہے۔ کمپنی اپنے تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لیے پرعزم ہے، خاص طور پر اس کیونٹی میں جس میں ہم رہتے ہیں اور جو ہمارے لیے کسٹمرز میں تشکیل دیتے ہیں۔ کارپوریٹ سوشل ریسپانسیبلٹی رپورٹ جس میں کمپنی کی ہیلتھ اینڈ سیفٹی، ہیومن ریسورس، سوشل، انوائرنمنٹل اور دیگر متعلقہ مسائل کی جانب سوچ کی عکاسی کرتی ہے۔ اسے sustainability report میں پیش کیا گیا ہے جو کہ سالانہ رپورٹ کا ایک اہم حصہ ہے۔

## اسٹیمٹ برائے ویلیو ایڈیشن

اسٹیمٹ برائے ویلیو ایڈیشن اور اس کی ڈسٹری بیوشن کا بیان اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

## کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

کمپنی کسی رعایت کے بغیر کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم ہے۔ ڈائریکٹرز یہ بتاتے ہوئے خوش محسوس کر رہے ہیں کہ کمپنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ضرورت کے مطابق کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کرتی ہے جو کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز کا ایک حصہ ہے۔

## ڈائریکٹرز تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیاری جانے والی مالیاتی اسٹیمٹ شفافیت کے ساتھ کمپنی کے اسٹیمٹ آف افیئرز، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو پیش کرتے ہیں۔
- کمپنی اکاؤنٹ کی کتب کو درستگی کے ساتھ قائم رکھتی ہے۔
- مالی اسٹیمٹ کی تیاری کے لیے درست اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ لاگو کی جاتی ہیں اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانه فیصلوں پر مبنی ہوتے ہیں۔
- کمپنی کے مالیاتی اسٹیمٹس کی تیاری میں پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور کنٹینر ایکٹ 2017 کی درکار ضروریات پر عمل درآمد کیا جاتا ہے۔ کسی بھی انحراف کا واضح انکشاف کیا گیا ہے
- کارپوریٹ گورننس کے بہترین طریقوں میں کوئی بڑا انحراف نہیں کیا گیا، جو کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشن میں تفصیلاً درج ہیں۔
- اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا، موثر انداز میں لاگو کیا گیا ہے اور ساتھ ساتھ اس کی باقاعدہ نگرانی بھی کی جاتی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل اس مقصد کے ساتھ جاری رہے گا کہ ان کنٹرولز کو مزید مضبوط اور بہتر بنایا جائے۔
- جاری و ساری منصوبوں اور امور کی انجام دہی کے لیے کمپنی کی بہترین صلاحیتوں پر کوئی شک نہیں کیا جاسکتا۔
- کمپنی تمام ملازمین کے لیے کنٹری بیوٹری پرووڈنٹ فنڈ اسکیم اور منجمنٹ / نان منجمنٹ ملازمین کے لیے ڈیفائنڈ پینشن گریجویٹ فنڈ اسکیم چلا رہی ہے۔ اس انویسٹمنٹ کی مالیت (روپے ملین میں) 31 مارچ 2023 کے لیے درج ذیل ہے۔

فند کا نام	ان آڈیٹڈ 31 مارچ 2023	آڈیٹڈ 31 مارچ 2022
پرووڈنٹ فنڈ	768.26	791.68
گریجویٹ فنڈ - منجمنٹ اسٹاف	345.23	315.17
گریجویٹ فنڈ - نان منجمنٹ اسٹاف	91.36	96.51

- لسٹنگ ریگولیشنز کے مطابق درکار واجب الادا ٹیکس اور لیویز کی معلومات فنانشل اسٹیمٹس کے نوٹس میں درج ہیں۔
- مندرجہ ذیل کے بارے میں بیانات سالانہ رپورٹ کے ساتھ منسلک ہیں؛
- گزشتہ 6 سالوں کا کلیدی مالیاتی ڈیٹا
- شیئرز ہولڈنگ کا پیٹرن
- ڈائریکٹرز، CEO، CFO اور کمپنی سیکریٹری کی جانب سے شیئرز کی ٹریڈنگ کی معلومات

بورڈ آف ڈائریکٹرز کی جانب سے

عامر ایچ شیرازی

چیرمین

Shahid Hussain

ثاقب ایچ شیرازی  
چیف ایگزیکٹو آفیسر

کراچی: 28 اپریل 2023

## سی ای او کی کارکردگی کا جائزہ

سی ای او کی کارکردگی کا باضابطہ طور پر تشخیصی نظام کے ذریعے جائزہ لیا جاتا ہے جو مقداری اور معیاری اقدار پر مبنی ہوتا ہے۔ اس میں کاروبار کی کارکردگی، منافع کے حوالے سے مقاصد کی تکمیل، تنظیم سازی، جانشینی کی منصوبہ بندی اور کارپورٹ کا مالیاتی شامل ہے۔

## ڈائریکٹرز کا مشاہرہ

بورڈ نے ڈائریکٹرز کے مشاہرے کو فکس کرنے کے لیے باقاعدہ پالیسی اور طریقہ کار مرتب کیا ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کا تعین خود نہیں کرے گا۔ کمپنی نان ایگزیکٹو ڈائریکٹرز کو مشاہرے کی ادائیگی نہیں کرتی۔ نیکلے انجلس اجلاس میں شرکت کی فیس ادا کی جاتی ہے۔ بہترین قابلیت اور صلاحیت یافتہ لوگوں کو کمپنی کے ساتھ منسلک رکھنے کے لیے کمپنی نے انڈسٹری میں جاری رجحانات اور کاروباری طور طریقوں کے مطابق اپنے مشاہرے مقرر کر رکھے ہیں۔ سال 2022-23 میں ڈائریکٹرز اور چیف ایگزیکٹو آفیسرز کے مشاہروں کی معلومات کے لیے فنانشل اسٹیٹمنٹ کے نوٹس کا جائزہ لیں۔

## ایکسٹرنل آڈٹرز

سکدوش ہونے والے آڈیٹرز میسرز شائن ونگ جمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنا پر خود کو دوبارہ تقرری کے لیے پیش کر دیا ہے۔ آڈٹ کمپنی نے کمپنی کے لیے سال 2023-24 کے لیے ان کی دوبارہ تقرری کی سفارش کی ہے۔

## انٹرنل کنٹرول فریم ورک

انٹرنل کنٹرول فریم ورک پر رپورٹ، سالانہ رپورٹ میں پیش کی گئی ہے۔

## انٹرنل آڈٹ

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

## اہم تبدیلیاں

31 مارچ 2023 سے رپورٹ کی تیاری تک کسی قسم کی کوئی بھی اہم تبدیلیاں نہیں کی گئی ہیں اور کمپنی نے اس مدت کے دوران ایسا کوئی وعدہ نہیں کیا ہے جس سے کمپنی کی مالیاتی پوزیشن پر کسی قسم کے منفی اثرات مرتب ہوں گے۔

## بنیادہ خطرات اور غیر یقینی صورتحال

بنیادی خطرات اور غیر یقینی صورتحال سے متعلق Risk and Opportunity Report پیش کی گئی ہے، جو اس سالانہ رپورٹ کا ایک حصہ ہے۔

## مواصلات

کمپنی شیئرز ہولڈرز کے ساتھ رابطہ قائم رکھنے کی اہمیت پر توجہ مرکوز رکھتی ہے۔ شیئرز ہولڈرز کو سالانہ، ششماہی اور سہ ماہی رپورٹس کمپنیز ایکٹ 2017 کے مطابق واضح کردہ وقت کے مطابق ارسال کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت ویب سائٹ [www.atlashonda.com.pk](http://www.atlashonda.com.pk) پر اپ ڈیٹ کی جاتی ہیں۔ ڈائریکٹرز رپورٹ کے مندرجات کی توثیق کرتے ہیں۔

## ریکارڈز کا تحفظ

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

## کاروبار کے تسلسل کا منصوبہ

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

## ہیومن ریسورس مینجمنٹ

ہیومن ریسورس پلاننگ اور مینجمنٹ کمپنی کی سینئر مینجمنٹ کی اہم توجہات میں سے ایک ہے۔ کمپنی نے ہیومن ریسورس اور ایمپلویمنٹ کی تشکیل دی ہے جو کہ اہم انتظامی اشخاص کے انتخاب، جانچ، مشاہرے اور متبادل منصوبہ بندی کے معاملات شامل ہے۔ یہ ہیومن ریسورس پالیسیوں اور طریقے کار میں بہتری کی سفارشات اور متواتر جائزے کے عمل میں شامل ہے۔ ہیومن ریسورس پالیسیوں کی تفصیلات sustainability report میں پیش کی گئی ہیں جو کہ سالانہ رپورٹ کا ایک اہم حصہ ہے۔

کمیٹی تنخواہوں، آرگنائزیشن اور سینئر ایگزیکٹوز کی ترقی سے متعلق مشاورتی پلیسیوں کا جائزہ لینے کے لیے ایگزیکٹوز اور انتظامی کمیٹی کے مشاہروں سے متعلق تمام اہم معاملات کی منظوری دینے کے لیے ملاقات کرتی ہے۔ کمیٹی کے چیف ایگزیکٹو آفیسر اور ایٹس ہنڈا کے ہیومن ریسورس ہیڈ نے انسانی وسائل اور مشاہرے کی کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی کا اجلاس سال 2022-23 کے دوران ایک بار منعقد کیا گیا۔

### بورڈ کی آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی کمیٹی کے بورڈ کو اس کی ذمہ داریاں پوری کرنے، بنیادی طور پر شیئر ہولڈرز کو مہیا کی جانے والی فنانشل اور نان فنانشل معلومات کا جائزہ لینے، اندرونی کنٹرول اور رسک منجمنٹ کے نظام اور آڈٹ کے طریقہ کار جیسے امور انجام دینے میں معاونت فراہم کرتی ہے۔ اس کے پاس انتظامیہ سے معلومات حاصل کرنے اور براہ راست بیرونی آڈیٹرز یا مشیروں کا یا جسے وہ مناسب سمجھیں، سے مشورہ کرنے کی خود مختاری ہے۔ چیف فنانشل آفیسر مدعو کیے جانے پر باقاعدگی کے ساتھ آڈٹ کمیٹی کے اجلاس میں شرکت کر کے اکاؤنٹس پیش کرتے ہیں۔ ہر اجلاس کے بعد کمیٹی کے چیئر مین بورڈ کو رپورٹ کرتے ہیں۔ سال 2022-23 کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔

### سال 2022-23 کے دوران بورڈ اور اس کی کمیٹیوں کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ اجلاس، بورڈ آڈٹ کمیٹی کے چار اجلاس، انسانی وسائل اور مشاہرے کا ایک اجلاس منعقد کیا گیا۔ تمام اجلاس پاکستان میں بذریعہ ویڈیو کانفرنس منعقد کیے گئے۔ ڈائریکٹرز کی حاضری اور لسٹڈ کمپنیوں، بشمول ایٹس ہنڈا لمیٹڈ میں ان کی ڈائریکٹرشپ کی تعداد ذیل میں دی گئی ہے۔

نمبر شمار	ڈائریکٹر	ڈائریکٹر شپ	ایٹس	کمیٹی		حاضری	
				بورڈ آڈٹ کمیٹی	انسانی وسائل کمیٹی	بورڈ آڈٹ کمیٹی	انسانی وسائل کمیٹی
1	جناب عامر ایچ شیرازی	5	13 مارچ 2023 کو منتخب ہوئے	-	-	5/5	-
2	جناب ثاقب ایچ شیرازی	4	-do-	-	✓	5/5	1/1
3	جناب عابد نقوی	1	-do-	✓	✓	5/5	1/1
4	محترمہ مشومہ زہرہ مجید	2	-do-	✓	-	5/5	4/4
5	جناب شنو کی میا زکی	1	-do-	-	-	5/5	-
6	جناب ماسانوری کیٹو	1	-do-	-	-	4/5	-
7	جناب کازو کی یامنا کا	1	-do-	-	-	-	-
8	جناب ثناء اللہ قریشی	1	دوبارہ منتخب 13 مارچ 2020 اور 13 مارچ 2023 کو مستعفی ہوئے	-	-	5/5	4/4
9	جناب نور الہدیٰ	1	13 مارچ 2023 کو منتخب ہوئیں	✓	✓	-	-
10	جناب سوسومو موریاوا	1	شریک منتخب 09 اپریل 2021 اور 1 جون 2022 کو مستعفی ہوئے	-	-	1/5	-

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

کمیٹی میں بورڈ کی نگرانی کے کردار اور اس کے موثر ہونے کا جائزہ ایک جاری عمل ہے جس کی انجام دہی خود بورڈ کی جانب سے دی جاتی ہے۔ جن کلیدی امور پر توجہ مرکوز کی جاتی ہیں وہ مندرجہ ذیل ہیں:

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

کوڈ آف کارپوریٹ گورننس کے ضابطہ اخلاق اور عالمی سطح پر بہترین رائج طریقوں کے مطابق تیار کردہ سالانہ تشخیصی سوالنامہ کارکردگی کی جانچ کے لیے ڈائریکٹرز کو بھیجا جاتا ہے۔ کمیٹی سیکریٹری کی جانب سے مکمل شدہ سوالنامے کی وصولی کے بعد رازداری کا انتہائی خیال رکھا جاتا ہے۔ اس کے بعد ان شعبوں کی نشاندہی کرنے کے لیے جائزہ لیا جاتا ہے جن میں بہتری کی ضرورت ہوتی ہے اور رائے کے اختلاف کو نمایاں کیا جاتا ہے (اگر کوئی ہے تو)۔

### چیئر مین اور چیف ایگزیکٹو آفیسر کی ذمہ داریاں

شفافیت اور گورننس کے کلچر کو فروغ دینے کے لیے، بورڈ آف ڈائریکٹرز کے چیئر مین اور چیف ایگزیکٹو آفیسر کے عہدے الگ الگ عہدے داروں کے پاس ہوتے ہیں جن میں کردار اور ذمہ داریوں کی واضح حد بندی کی جاتی ہے۔ چیئر مین بورڈ کے نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کرتا ہے اور اسے بورڈ کی کارروائیوں کی مجموعی نگرانی اور ہدایت کی ذمہ داری سونپی جاتی ہے، اور اسے ایجنڈا طے کرنے، ہدایات دینے اور بورڈ کے اجلاسوں کے منٹس پر دستخط کرنے کا اختیار حاصل ہے۔ چیف ایگزیکٹو آفیسر ایک ایگزیکٹو ڈائریکٹر ہے جو کمیٹی کے انتظامی سربراہ کے طور پر بھی کام کرتا ہے۔ وہ اس سالانہ رپورٹ میں شامل ذمہ داریوں کے علاوہ بورڈ کی پلیسیوں کو توثیق کردہ حدود میں لاگو کرنے کا مجاز ہے۔

## شیئر ہولڈرز کے لیے ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹر نہایت مسرت کے ساتھ اپنی رپورٹ بمعہ 31 مارچ 2023 کو ختم ہونے والے سال کے لیے کمپنی کی 59 ویں سالانہ رپورٹ اور پڑتال مالیاتی بیانات پیش کر رہے ہیں۔

آپریٹنگ نتائج

کمپنی کے آپریٹنگ نتائج مختصر اُمندرجہ ذیل ہیں:

سال کا اختتام 31 مارچ 2022	سال کا اختتام 31 مارچ 2023
(000 روپے میں)	
7,819,649	8,103,043
1,947,594	1,975,529
272,427	1,035,162
14,463	88,197
2,234,484	3,098,888
5,595,165	5,004,155

قبل از ٹیکس منافع

ٹیکس

موجودہ سال  
گزشتہ سال  
ماہوی / منوخر

بعد از ٹیکس منافع

منقسمہ اور تصرفات

ڈائریکٹرز نے فائیکل کیش ڈیویڈنڈ 13.00 روپے فی شیئر (15.00 روپے فی شیئر 2022)

سال کا اختتام 31 مارچ 2022	سال کا اختتام 31 مارچ 2023
(000 روپے میں)	
11,743,697	13,317,912
-	-
1,489,056	1,364,967
1,861,319	1,613,143
-	-
3,350,375	2,978,110
8,393,322	10,339,802

تصرفات کے لیے دستیاب منافع

تصرفات:

عام ذخائر کی منتقلی

عمومی کیش ڈیویڈنڈ 120% (2021: 40%)

فائل کیش ڈیویڈنڈ 150% (2021: 135%)

بونس شیئرز 0% (2021: 0%)

غیر تصرف شدہ منافع آگے لایا گیا

اس کے مطابق منافع کا تصرف حسب ذیل ہوگا

آمدنی فی شیئر

بنیادی اور diluted آمدنی بعد از ٹیکس فی شیئر 40.33 روپے (45.01 روپے: 2022) ہے۔

ہولڈنگ کمپنی

پاکستان میں قائم کی گئی شیرازی انویسٹمنٹس (پرائیویٹ) لمیٹڈ 52.43 فیصد حصص کے ساتھ اٹلس ہنڈل میڈنگ کمپنی ہے۔

چیز مین کا تجربہ

چیز مین کا تجربہ سالانہ رپورٹ میں دیگر امور کے ساتھ کاروبار کی نوعیت، کمپنی کی کارکردگی، گزشتہ سال سے اہم انحراف کی وضاحت، مستقبل کے امکانات اور غیر یقینی صورتحال پر مشتمل ہے۔ ڈائریکٹرز اس چیز مین کے جائزے میں موجود معنوجات کی تائید کرتے ہیں۔

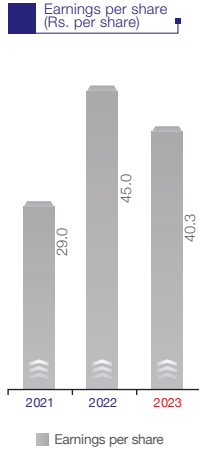
بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ:

انسانی وسائل اور مشاہرے کی کمیٹی

بورڈ خود مختار ڈائریکٹر، تین ایگزیکٹو اور تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے ڈائریکٹرز کا انتخاب 13 مارچ 2023 کو منعقدہ غیر معمولی اجلاس عام میں کیا گیا۔

انسانی وسائل اور مشاہرے کی کمیٹی

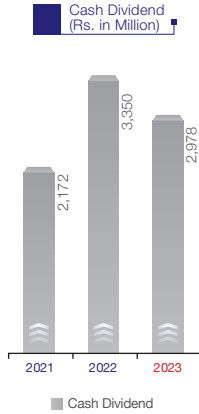


### آپریشنز کا جائزہ

موجودہ سال کے دوران کمپنی نے 1.5 ملین یونٹس کی سالانہ پیداوار کے لیے استعداد میں اضافے کے منصوبے کو کامیابی سے مکمل کیا۔ شیخوپورہ میں نیا سیٹپنگ پلانٹ کا بھی بر وقت شروع کیا گیا جس نے نقل و حمل اور خام مال کے انتظام کی لاگت کو کم کیا ہے۔ کوالٹی اشورنس کے مختلف اقدامات کے ذریعے ری ورک اور مسترد (rejection) کرنے کی لاگت کو بھی کم کیا ہے۔ لوکلائزیشن پر توجہ مرکوز رکھتے ہوئے، 20 ہائی پریشر ڈرائی کاسٹنگ (HPDC) ڈائیز اور 14 لو پریشر ڈرائی کاسٹنگ (LPDC) ڈائیز بھی مقامی طور پر تیار

کی گئیں۔ مزید یہ کہ شفٹ آپریشنز میں بہتری، ڈاؤن ٹائم میں کمی اور لائن بیلنسنگ کے ذریعے افرادی قوت کی پیداواری صلاحیت میں اضافہ کیا گیا۔ کمپنی کا ماننا ہے کہ اس طویل مدتی کامیابی کے لیے اس کے سپلائی چین کے وسائل کی ترقی اہم ہے۔ نتیجتاً، کمپنی نے مستقل اپنے سپلائرز کے ساتھ ان کی مہارت کے زیادہ سے زیادہ استعمال کے لیے وینڈر امپر وومنٹ پارٹنرشپ (VIP) کو بڑھانا جاری رکھا۔

توانائی کے کم خرچ ساز و سامان کے استعمال، کٹنگ ٹولز کی ریسورسنگ اور لوکلائزیشن اور سٹشس توانائی منصوبوں کی توسیع نے پائیدار ترقی کی راہ ہموار کر دی ہے۔ کمپنی نے اپنے سٹشس توانائی کے اقدام کی تنصیب کا تیسرا مرحلہ مکمل کیا۔ مجموعی انشال میں اب 8.5 میگا واٹ سے تجاوز کر گیا ہے اور توانائی کی اہم بچت کا باعث بنا ہے۔ مزید یہ کہ باقاعدگی سے آڈٹ اور تعلیمات کی جانچ کے ذریعے 5S برقرار رکھنے کو یقینی بنایا جا رہا ہے۔ سال کے دوران، کمپنی نے کامیابی کے ساتھ ASH فائبر اینڈ ایکسپلوزن کی تصدیق، خود کی تصدیق بشمول ہلکا اور تربیت، آئی ایس او 14001، 45001 معیارات، رسک ایسیسمنٹ، فورک لفٹر سیفٹی، ایرگونامکس اور ابتدائی طبی امداد حاصل کی۔



### مستقبل کے خدوخال

گزشتہ 75 سالوں میں، معیشت نے اتار چڑھاؤ اور غیر یقینی صورتحال کے باوجود مضبوط چلک دکھائی ہے۔ مزید برآں، ملک کے لیے یہ ضروری ہے کہ وہ اصلاحات کی رفتار کو برقرار رکھے اور پائیدار ترقی کے لیے پالیسیوں پر توجہ مرکوز کرے۔ میکرو اکنامک ایڈجسٹمنٹ کے اقدامات، مالیاتی استحکام اور برآمدات کے فروغ سے مقامی کرنسی پر دباؤ کم کرنے میں مدد ملے گی۔ بنیادی خطرے کے انتظام کے لیے معاشی بحالی کی خاطر واضح حکمت عملی کو بیان کرنے اور منوثر طریقے سے نافذ کرنے کی ضرورت ہے۔ جیسے جیسے معیشت پوری صلاحیت کی طرف پلٹتی ہے اور بحالی پائیدار ہو جاتی ہے، توقع ہے کہ دو پہیوں والی صنعت کی اپنی اوپر کی رفتار دوبارہ شروع ہو جائے گی۔ جب کے میکرو اکنامک فی الحال چیلنجنگ ہے۔ آپ کی کمپنی مارکیٹ میں مزید رسائی اور حصص کی نمو کے مواقع پیدا کرنے کے لیے تیار ہے۔

کمپنی نے طویل المدت پائیدار قیادت کی بنیاد رکھی ہے اور وسائل کے بہترین استعمال اور مینوفیکچرنگ کی عمدہ کارکردگی کے لیے کوشاں ہے جس کی وجہ سے اسٹیک ہولڈرز اور معاشرے کے لیے اہم قدر پیدا ہوئی ہے۔ اس سلسلے میں ”ٹلس وے“ اور ”ٹلس سسٹمز“ کے اصول ہمارے کاروباری فلسفے کے بنیادی ستون بنے ہوئے ہیں۔

### توثیقی بیان

ٹلس گروپ ہونڈا موٹر کمپنی سے اپنی شراکت داری پر فخر محسوس کرتا ہے اور اپنے ممتاز حیثیت کے اعلیٰ معیارات کو برقرار رکھنے میں ان کے مسلسل تعاون کا معترف ہے۔ میں اپنے کسٹمرز کے ہم پراعتماد، ہماری انتظامی ٹیم کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ثاقب ایچ شیرازی کو ان کی پرائیڈر شپ اور اپنے اسٹیک ہولڈرز، بینکریز، ڈیلرز، وینڈرز، ایسوسی ایٹس اور شیئرز ہولڈرز کا بے حد ممنون و مشکور ہوں کہ جن کی مدد سے ٹلس ہونڈا لمیٹڈ کا ایک ممتاز کمپنی کی حیثیت حاصل ہے۔

عامر ایچ شیرازی

بتاریخ: 28 اپریل 2023

کراچی

## سیگمنٹ کا جائزہ

70cc صنعت کا سب سے بڑا سیگمنٹ ہونے کی حیثیت سے 657,000 سے زائد یونٹس کی فروخت کے ساتھ سب سے آگے رہا۔ سبز تھیم والے ایم ایم سی کے آغاز سے مصنوعات میں تفریق دیکھنے میں آئی جس سے فروخت کے حجم کو برقرار رکھنے میں مدد ملی۔ ڈیلرز کی جانب سے کریڈٹ اور ایچ سی کی دلچسپی پیشکش نے بھی صارفین کی رغبت کو یقینی بنایا۔

کمپنی کی 100cc کی پیشکش Pridor کی فروخت امید افزا رہی۔ اس ماڈل کا مقصد صارفین کو ”آرام دہ اور ایندھن کی بہترین کارکردگی کے ساتھ سفر“ کے ذریعے پائیدار مصنوعات فراہم کرنا ہے۔ یہ اینٹری لیول سیگمنٹ کے

صارفین کے لیے ایک اسٹیپ اپ آپشن فراہم کرتا ہے۔ سال کے دوران، صارفین کے لیے اختیارات کو بڑھانے کی خاطر اس سیگمنٹ میں نیلے رنگ کا اضافہ کیا گیا ہے۔ مارکیٹنگ کی مقامی مہمات اور اثر انگیز سرگرمیوں سے Pridor کے صارفین کی توجہات کے حصول کو یقینی بنانے میں مدد مل رہی ہے۔ کمپنی پہلے سے حاصل کردہ 50,000 سے سالانہ کسٹمر میں کو بڑھانے کے لیے پُر امید ہے۔

125cc کیلگری مجموعی طور پر دو پہیوں کی صنعت میں اپنی جگہ بنا رہا ہے۔ بالخصوص شہری علاقے میں بڑے انجن کی منتقلی صارفین کی ترجیحات میں تبدیلی لائی ہے۔ سال کے دوران کمپنی نے ”ہم پاکستان“ مہم کے حصے کی طور پر 125cc کیلگری میں MMCs اور CB125F میں آپٹیمائزیشن کی پیشکش کی جس کو زبردست رسپانس ملا۔ کریڈٹ آفرز، ایچ سی گالا ز اور ری انفورسمنٹ سرگرمیوں سے فروخت کی رفتار کو برقرار رکھنے میں مدد ملی۔ نتیجتاً، سال کے دوران اس کیلگری کی فروخت کا حجم تقریباً 400,000 ریکارڈ کیا گیا۔

اسپیئر پارٹس ڈویژن حوصلہ افزا نتائج فراہم کر رہا ہے جس کی فروخت اب 14 بلین روپے سے تجاوز کر گئی ہے۔ ترقی کو 3S پرائمری نیٹ ورک کی مزید رسائی اور بیچ پروڈکٹ اور جگہ کی حکمت عملیوں کے نفاذ کے ذریعے معاونت ملی۔ کمپنی نے ٹائر، تیل اور بیٹری پرائمر ٹیک دباؤ نے مارکیٹ میں مضبوط قدم جمائے کو یقینی بنایا۔ سال کے دوران وقتاً فوقتاً میٹنٹس کرنے والے پرزوں کے ڈیلرز سے چلنے والی کپت کو فروغ دینے کے لیے کوششیں جاری رکھی گئیں جس میں ہول سیل اور عمومی مرمت کے حصوں پر توجہ دی گئی۔ ڈیلر نیٹ ورک کو مزید وسعت دی گئی اور اب ظاہری موجودگی 100 سے زائد مقامات تک پھیلی ہوئی ہے جہاں اس سے قبل ایسی خدمات کی فراہمی کا تصور نہیں تھا۔ آن لائن صارفین کے لیے کمپنی ایچ ایل آن لائن اور دروازہ اور انفالما جیسے پورٹلز کے ذریعے اسٹور کو صارفین کی دہلیز تک پہنچا کر ان باؤنڈ مارکیٹنگ میں بھی مصروف عمل ہے۔

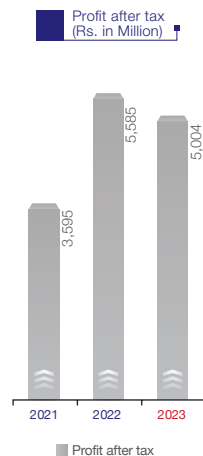
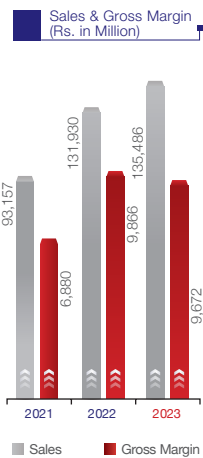
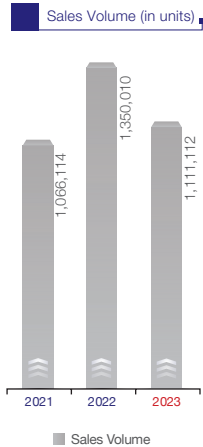
## مالی کارکردگی

مشکل حالات کے باوجود، کمپنی 31 مارچ 2023 کو ختم ہونے والے سال میں مجموعی طور پر مثبت کاروباری کارکردگی کی صلاحیت رکھتی ہے۔ سال کے لیے نیٹ سبز 135 بلین روپے ریکارڈ کی گئی جو گزشتہ سال کے 131.9 بلین روپے کے مقابلے میں 3 فیصد زیادہ تھی۔ تاہم، مجموعی منافع 2.2 فیصد کی کمی کے باعث 9.9 بلین روپے سے کم ہو کر 2.2 فیصد کم ہو کر 9.7 بلین روپے ہو گیا۔ نتیجتاً مجموعی منافع کی شرح 7.1 فیصد رہی جو گزشتہ سال 7.5 فیصد ریکارڈ کی گئی تھی۔ مجموعی منافع میں کمی فروخت کے کم حجم، خام مال کی قیمتوں میں اضافہ، توانائی کی بڑھتی قیمتوں اور فروخت کی قیمتوں میں غیر برابر اضافے کے ساتھ روپے کی قدر میں کمی کے باعث پیش آئی۔ اہم چیلنج اگلے سال کے دوران اس میں بہتری لانا ہے۔ سبز اور مارکیٹنگ کے اخراجات بڑھ کر 3 بلین روپے ہو گئے جو کہ 12.8 فیصد کا اضافہ ہے جس کی وجہ پر ویشل سرگرمیوں اور ایندھن کی لاگت میں اضافہ ہے۔ انتظامی اخراجات میں 11.7 فیصد اضافہ ہوا جس کی بنیادی وجہ مسلسل افراط زر کے اثرات ہیں۔ دیگر آمدنی، دیگر آپریٹنگ اخراجات اور مالیاتی چارجز نے بائیں لائن پر 2.3 بلین روپے کا حوصلہ افزا حصہ ڈالا جو تھالی سال کے مقابلے میں 68.8 فیصد زیادہ ہے۔ یہ بنیادی طور پر موثر ٹریڈری آپریشنز اور پالیسی ریٹ میں اضافے سے پیش آیا۔ مندرجہ بالا عوامل نے کمپنی کو 3.6 فیصد کے اضافے کے ساتھ 8.1 بلین روپے کا قبل از ٹیکس منافع حاصل کرنے میں مدد کی۔ تاہم موجودہ اور گزشتہ سال کے لیے سپرنٹیکس کی فراہمی کی وجہ سے ختم ہونے والے سال کے لیے بعد از ٹیکس منافع 10.4 فیصد کی کمی سے کم ہو کر 5 بلین روپے درج کیا گیا۔ اس کے باعث فی شیئر آمدنی (EPS) گزشتہ سال کے 45.01 روپے کے مقابلے میں 40.33 روپے رہی۔

سال کے دوران کمپنی نے مختلف ٹیکس اور محصولات کی مدد میں حکومت اور اس کی ایجنسیوں کو 31 بلین روپے ادا کیے۔ ٹیکس گروپ (کمپنی جس کا جزی ہے) نے قومی خزانے میں 75 بلین روپے جمع کروائے۔ جس سے ٹیکس گروپ حکومت کو سب سے زیادہ ٹیکس ادا کرنے والوں میں شامل ہو جاتا ہے۔

## ڈیویڈنڈ پالیسی

کمپنی منافع کی تخصیص کے حوالے سے اپنے مستقل نقطہ نظر کے مطابق رہنے کی کوشش کرتی ہے۔ مزید یہ کہ منافع کی تقسیم کا فیصلہ کاروباری ضروریات، ترقی کے امکانات اور اسٹریٹجک خیالات سمیت متعدد معیارات پر غور کرنے کے بعد اخذ کیا گیا ہے۔ موجودہ سال کے لیے، بورڈ آف ڈائریکٹرز نے۔۔۔ روپے فی شیئر کے حتمی منافع کی تجویز کی ہے جو کہ اکتوبر 2022 میں اعلان کردہ 11.0 روپے فی حصص کے عبوری ڈیویڈنڈ کے علاوہ ہے، لہذا کل ڈیویڈنڈ۔۔۔ روپے فی شیئر ہے۔



## چیرمین کا جائزہ

میں 31 مارچ، 2023 کو ختم ہونے والے سال کے لیے کمپنی کی 59 ویں کارکردگی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

### میکرو اکنامک جائزہ

زیر جائزہ مدت کے دوران، کم غیر ملکی ذخائر اور بڑھتی ہوئی افراط زر کے باعث معیشت پر دباؤ رہا۔ سیلاب کے اثرات، روپے کی قدر میں کمی اور توانائی کی قیمتوں میں اضافے کے باعث افراط زر 35 فیصد کی بلند ترین سطح پر ریکارڈ کی گئی۔ ضروری اشیاء کی ترسیل میں کمی اور درآمدات پر پابندی نے ملکی قیمتوں پر مزید دباؤ بڑھایا۔ معاشی بنیادوں پر بگاڑنے نے زیر جائزہ مالی سال کے لیے جی ڈی پی کی شرح نمو کے تخمینے میں 2 فیصد سے 0.5 فیصد تک نظر ثانی کی گئی ہے۔

بیرونی محاذ پر پالیسی کے سخت اقدامات اور استحکام کی حکمت عملی اپنانے کے مثبت نتائج نظر آنا شروع ہو گئے ہیں۔ کرنٹ اکاؤنٹ خسارہ (CAD) جولائی تا مارچ 2023 میں 68 فیصد کی سطح پر 3.3 بلین امریکی ڈالر رہ گیا ہے۔ CAD میں بہتری بنیادی طور پر درآمدی بل میں 47.3 بلین امریکی ڈالر سے 37.3 بلین امریکی ڈالر تک کمی کے باعث دیکھنے میں آئی۔ تاہم عالمی طلب میں سست روی اور شرح مبادلہ میں اضافے کے باعث برآمدات اور ملازمین کی ترسیلات زر میں بالترتیب 8.65 فیصد اور 10.8 فیصد کمی واقع ہوئی۔ CAD اور کثیرالجہتی رقوم میں مثبت پیش رفت کے باوجود مرکزی بینک کے پاس موجود زرمبادلہ کے ذخائر دس سالوں میں پہلی بار 5 بلین ڈالر سے کم ہو گئے۔ آئی ایم ایف پروگرام کے فعال ہونے میں تاخیر نے روپے کی قدر پر بھی دباؤ ڈالا ہے جو ایک ڈالر کے مقابلے میں 285 روپے کی سطح عبور کر گئی۔ میکرو اکنامک استحکام کو برقرار رکھنے اور مجموعی طلب کو منظم کرنے کے لیے مرکزی بینک نے شیخ مارک سود کی شرح کو 9.75 فیصد سے بڑھا کر 21 فیصد کر دیا جو کہ سال کے دوران 11.25 فیصد کے اضافے کو ظاہر کرتا ہے۔ مالیاتی محاذ پر معاشی سرگرمیوں میں سست روی کے نتیجے میں محصولات کی وصولی ہدف سے کم رہی اور نو ماہ کے دوران 5,460 بلین روپے کے تخمینہ کے مقابلے میں 5,156 بلین روپے اکٹھے کیے گئے۔ سرمایہ کاروں کے اعتماد میں کمی اور سیاسی غیر یقینی کی صورتحال کے باعث 100-PSX انڈیکس گراؤٹ کے ساتھ 40,000 کی سطح سے نیچے گر گیا۔

2023 کی پہلی ششماہی میں موسلا دھار بارشوں اور شدید سیلابی صورتحال کے باعث زرعی شعبے کی کارکردگی بڑی طرح متاثر ہوئی۔ تاہم موافق موسمی حالات، اعلیٰ قسم کے بیجوں اور کھادوں کی دستیابی کی وجہ سے رینج کی فصلوں کی بہتر کارکردگی کی توقع ہے۔ مزید برآں، زرعی قرضے کی بڑھتی ہوئی ترسیل سے زرعی پیداوار کو سہارا ملنے کی امید ہے جو کسانوں اور زرعی شعبے کے لیے ایک امید افزا اقدام ہے۔ اس کے نتیجے میں صارفین کی پائیدار اشیاء کی مانگ کو بہتر بنانے میں مدد ملے گی۔

بڑے پیمانے پر مینوفیکچرنگ (LSM) کی پیداوار گزشتہ سال کی اسی مدت کے مقابلے میں 4.4 فیصد تک کمی کو ظاہر کرتی ہے جو بنیادی طور پر مانیٹری اور مالیاتی حکام کی جانب سے مجموعی طلب کو کم کرنے کے لیے کیے گئے اقدامات سے منسوب ہے۔ سپلائی چین کی رکاوٹوں اور کاروبار کی بڑھتی ہوئی لاگت نے بھی مختلف صنعتوں جیسے ٹیکسٹائل، اسٹیل، کنزرویٹو اور آٹوموبائلز کی پیداواری میں کمی کا باعث بنی۔ مینوفیکچرنگ سیکٹر کی بحالی کے آئی ایم ایف پروگرام کی دوبارہ فعال ہونے سے مشروط ہے جو دو طرفہ اور کثیر القومی اداروں کے ساتھ غیر ملکی کرنسی کی آمد سے صنعتی ترقی کو بحال کرنے میں مدد ملے گی۔

### موٹر سائیکل صنعت

درآمدی پابندیوں، افراط زر کے دباؤ اور معیشت میں مجموعی طور پر سست روی کی وجہ سے موٹر سائیکل انڈسٹری میں 20 فیصد سے زائد کمی دیکھی گئی۔ درآمدات پر زیادہ انحصار کے باعث سپلائی چین کی رکاوٹوں نے چینی موٹر سائیکل مینوفیکچررز کو بہت متاثر کیا۔ مزید برآں، بہتر زرعی کیش فلو، مسلسل غیر ملکی ترسیلات اور ایندھن کی بچت کی نقل و حرکت کے اختیار سے آہستہ آہستہ دوپہیوں کی مانگ کو بحال کرے گی۔ تاہم، خام مال کی دستیابی، پزروں کی تیاری اور OEMs آؤٹ پائٹس مینوفیکچررز کے پورے ایکوسیستم کے لیے ایک چیلنج رہے گی۔

### کمپنی

گزشتہ چھ دہائیوں سے زائد عرصے سے کمپنی اپنے صارفین کو سستی اور معیاری نقل و حرکت کے حل فراہم کر رہی ہے۔ کمپنی مسابقت سے آگے بڑھنے کے لیے پیداواری صلاحیت کو بہتر بنانے کی خاطر مسلسل نئی ٹیکنالوجی کو بروئے کار لا رہی ہے۔ اس کی پروڈکٹ لائن اپ اور بعد از فروخت خدمات کو مسلسل اپ گریڈ کیا جا رہا ہے تاکہ قیمت کے اعلیٰ تناسب کی تجویز دی جاسکے۔ نتیجتاً، برانڈ قابل اعتماد، مستحکم اور پائیدار قدر کا اہل بنتا ہے۔ سال کے دوران کمپنی نے ”ہم پاکستان“ مہم کے ساتھ ملک کی 75 ویں سالگرہ کا جشن بھی منایا۔ اسٹیشل ایڈیشن موٹر سائیکل، ہزٹیم والے آؤٹ لک کے ساتھ نئے صارفین بنانے کے لیے پیش کی گئیں۔ اعلیٰ آپریشنل کارکردگی، معیار، بہتر وسعت، لاگت میں کمی پر توجہ مرکوز رکھنے کے ساتھ کمپنی ریکارڈ مالیاتی نتائج حاصل کرنے میں کامیاب رہی۔

# Report of the Board Audit Committee

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended March 31, 2023.

Composition of the Board Audit Committee

The Composition of the Board is as mentioned in the table below:

Name of Director	Status in Committee	Status as a Director
Ms. Mashmooma Zehra Majeed	Chairperson	Independent Director
Mr. Nurul Hoda	Member	Independent Director
Mr. Abid Naqvi	Member	Non-Executive Director

The Chairperson of the Committee is a seasoned professional having 21 years of experience in the Asset Management Industry. The incumbent members are qualified professionals and the Committee as a whole possesses significant economic, financial and business acumen.

The names and profiles of the Audit Committee members are given on Page No.129 of the Integrated Annual Report 2023.

The Chief Executive Officer and Chief Financial Officer of the Company attend the Committee meetings upon invitation. Internal auditors are present at all Committee meetings, while the attendance of External Auditors is based on the specific requirements of the meetings.

## Meetings of the Board Audit Committee

The Committee met four (4) times during the year, quarterly meetings were held primarily to review and recommend interim and annual financial statements to the Board of Directors (Board) for its considerations and approval.

The secretary of the Committee circulates either minutes or synopsis of meetings to all members, directors, head of internal audit and where required to CFO prior to the next meeting of the Board. The Chairperson provides updates of all significant matters discussed in the meeting to the Board.

## Financial Statements

The Committee has concluded its annual review, of the conduct and operations of the Company during the year ended March 31, 2023, and reports that:

- The financial statements of the Company for the year ended March 31, 2023 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- In line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP, the Auditors have issued unmodified audit reports in respect of the above financial statements for the year 2023.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- Accounting estimates are based on reasonable and prudent judgment.
- The Company in accordance with the Companies Act, 2017, has maintained proper and adequate accounting records and the external reporting is consistent with management process and adequate for shareholders' needs.
- The Chairperson of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company, while the Chief Executive Officer and Chairperson sign the Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards, establishment, and maintenance of internal controls and systems of the Company.
- The Committee has reviewed all related party transactions prior to approval by the Board.
- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive Officer and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

## Risk Management and Internal Controls

- The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function which is duly reviewed by the Committee for effectiveness.
- The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with the internal controls and other areas of operations of the Company.
- The Company's approach towards risk management and types and detail of risks along with mitigating measures are disclosed in relevant section of the Integrated Annual Report.

## Internal Audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.
- The Internal Audit department has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairperson of the Audit Committee. At year-end meeting, the Committee met HOIA without the presence of the management. The management supported internal audit activities and provided all the required information on timely basis in a transparent manner. The recommendations of the internal auditors were agreed for implementation in due course of time and there was no point of conflict between the management and the internal auditors.
- The Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## External Auditors

- The statutory auditors of the Company, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, have completed the audit of financial statements of the Company for the year ended March 31, 2023 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended March 31, 2023 and shall retire on the conclusion of the 59th Annual General Meeting.
- The Audit Committee has discussed the audit process and the observation, if any, of the External Auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.
- The External Auditors attended all the Audit Committee meetings where their reports were discussed. At year-end meeting, the Committee met the External Auditors without the presence of the management. The Committee discussed the audit process and any observation identified during audit of the financial statements and checking compliance with the applicable regulations or any other issues.
- The External Auditors also attended General Meetings of the Company during the year and have confirmed attendance of the 59th Annual General Meeting scheduled for June 21, 2023. The Auditors have also indicated their willingness to continue as auditors.
- The External Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company except that of External Auditors.
- Being eligible, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants have offered themselves to be re-appointed as auditors for the financial year 2024. The Committee being satisfied with the performance of external auditors has recommend them to the Board for reappointment for the year ending March 31, 2024.

## Integrated Annual Report 2023

- The Company has issued a very comprehensive Integrated Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information much in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Integrated Annual Report 2023 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

## The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with terms of reference approved by the Board, which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board performance, which also included members of the Audit Committee was carried out separately.



# Risk and Opportunity Report

Our business is exposed to internal risks and opportunities, as well as factors and events in our external environment. These can affect our ability to achieve strategic objectives and our ability to generate sustainable value for all stakeholders. By understanding the factors in our internal and external operating environments that create uncertainty and risk, as well as their interrelated dynamics, we are better able to manage these impacts and position ourselves to capitalise on opportunities, meet future challenges and deliver on our growth prospects.

## Our Approach to Risk Management

Our approach to risk management relies on continuously monitoring risk and related mitigation procedures and revisiting them whenever required. These procedures are embedded in our day-to-day activities and processes at operational level and in our governance structures. The Board of Directors is responsible for approving Company's risk management policy. The Board of Directors also provides guidelines on strategic matters and organizational objectives. The business units are responsible for managing risks at operational level. However, the Company-level risk management is the responsibility of the Risk Management Function (RMF). RMF reports its results / findings / observations to the Risk Management Committee. The Committee regularly reviews the business risk profile, risk management policy, risk assessment procedures, related counter strategies and also advice on future actions. The Committee then reports the outcomes of their reviews to the CEO. The Board of Audit Committee also reviews and assesses the adequacy of risk management for its effectiveness in risk mitigation.

## Our Risk Management Framework

Our Enterprise Risk Management (ERM) Framework is a comprehensive approach to identifying, assessing and mitigating risk within the context of our risk environment. Exposure to these risks is mitigated through the enterprise risk management process. The purpose of an ERM is to identify potential risks, and to define strategies to manage impact of those risks, as well as mechanism to effectively monitor and evaluate identified strategies. The highlighted risks are prioritized according to their impact and remedial actions are devised accordingly.

## Our Principal Risks

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



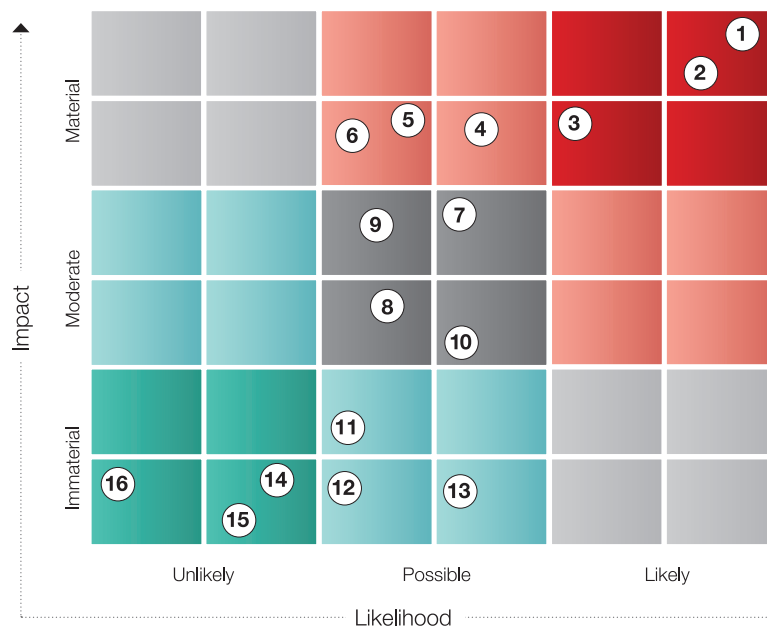
## Our Principal Risks

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

### Principal risks at a glance

Our principal risks		Current year's ranking
	Exchange rate fluctuations	1
	Economic and political environment	2
	Commodity price	3
	Information and cyber securities	4
	Intellectual Property (IP) rights protection	5
	Talent and Capability	6
	Change in Technology	7
	Regulations and compliance	8
	Dependence on vendors for success of our business	9
	Counterparty Default	10
	Market Competition	11
	Safe working environment	12
	Climate Changes	13
	Unethical and prohibited business practices	14
	Competitive business efficiency	15
	Product liability and recalls	16

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



#### Key

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

#### 1. Materiality Approach

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

#### 2. Key Source of Uncertainty

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

#### 3. Risk Category

- Strategic 
- Operational 
- Legal 
- Financial 

#### 4. Risk Source



Internal



External

Strategic Risks 

## 1. ECONOMIC AND POLITICAL ENVIRONMENT

Risk Source **About Risk**

Our expanding presence increases exposure to changes in the economic and political environment as well as other external factors (i.e. adverse law and order situations, natural disasters etc.) that may impact our business.

**Consequences**

Given our wide spread distribution of sales, changes in the external environment could have a significant impact on the demand for our products and supply chain.

**Mitigations**

We continue to closely monitor political and macroeconomic developments. Accordingly, we maintain a balanced retail sales profile across key sales regions. Further, In order to avoid the risk of disruption, we operate two production facilities and have a diversified vendor base.

**Opportunities** The continuous monitoring helps to ensure continuity in operations without disruptions in supply.

Current Year's Ranking

2

## 2. CHANGE IN TECHNOLOGY

Risk Source **About Risk**

The technological development together with scarcity of specialist resources could result in a significant change in the two wheeler industry

**Consequences**

Technology shift may render production process obsolete and cost inefficient. Delay in the launch of technologically intensive products, or if the technology in our products becomes relatively obsolete, could impact our sales.

**Mitigations**

We continue to invest substantially on expansion projects, modernization and up-gradation of our production facilities. Further, we continue to focus on investment in new and existing models to meet the latest standards.

**Opportunities** Timely investment on our production facilities brings efficiency in our processes. Substantial changes to the market enable us to focus on launching industry defining products as well as strengthening partnership with our global partner.

Current Year's Ranking

7

## 3. MARKET COMPETITION

Risk Source **About Risk**

There is increasing competition among market participants in the entry level segment. Further, new models are being introduced in the premium segment. Accordingly, product positioning is becoming increasingly important due to revised dynamics of the two-wheeler market.

**Consequences**

Inability to successfully maintain the position and strength of our products as well as failing to develop new products that meet customer preferences, could impact demand for our products.

**Mitigations**

We are committed to make quality products and meeting the demand of our customers while enhancing product innovation and ensuring customer satisfaction to maintain the competitive edge. The Company placed due emphasis on monitoring markets and competitors to be able to understand and pre-empt external dynamics and remain competitive.

**Opportunities** Strengthen our products by creating greater brand association into our expanding product portfolio and services.

Current Year's Ranking

11

Operational Risks 

## 4. INFORMATION AND CYBER SECURITIES

Risk Source **About Risk**

New and emerging technologies bring unprecedented threats of hacking and cyber attacks.

**Consequences**

Breach of IT security causing controlled or critical data to be lost, made inaccessible, corrupted or accessed by unauthorized users.

**Mitigations**

We strive to implement consistent security policies and procedures as well as educating our associates, vendors and suppliers to embed best practices by implementing internal tools to detect and mitigate cyber security threats.

**Opportunities** We aim to maintain a strong IT control environment, and by monitoring and reacting to emerging cyber and security threats, we strive to embed deeper, more intelligent controls over time.

Current Year's Ranking

4

Operational Risks 

## 5. TALENT AND CAPABILITY

Risk Source **About Risk**

The expanding scenario requires us to recruit competent personnel and properly incentivize existing staff to achieve Company's strategy.

**Consequences**

Inability to attract and retain the critical capabilities and skills needed in sufficient numbers will have a significant impact over our business strategy, operations and market presence.

**Mitigations**

We attract, reward and retain the right people with the right skills in a planned and targeted way, including regular benchmarking of remuneration and continuing a strong focus on individual development and succession planning.

**Opportunities** Hiring competent associates and their continuous personnel development and training helps to generate ideas and suggestions that make significant contributions to our success. Further, it is enabling us to secure sufficient number of qualified young workforce with the potential to become the next generation of highly skilled specialists and executives.

Current Year's Ranking

6

6. DEPENDENCE ON VENDORS FOR  
SUCCESS OF OUR BUSINESSRisk Source **About Risk**

Our expanding trend increases the risk of capacity and financial bottlenecks caused by supplier delivery failures and insufficient utilization of production capacities at suppliers' end.

**Consequences**

Failure of, or weaknesses in, vendors' financial condition, production and distribution capabilities, and lack of alignment with vendors' B2B systems impairs our investments and prevents us from achieving our production goals.

**Mitigations**

We maintain close contact with vendors and seeks to ensure that targets are communicated, understood and aligned. Furthermore diverse vendor base avoids dependence on any single vendor.

**Opportunities** Our focus on diversified vendors base and their performance maintains our reputation as a quality leader in the two wheeler industry.

Current Year's Ranking

9

## 7. SAFE WORKING ENVIRONMENT

Risk Source  **About Risk**

Provision of a safe working environment is necessary to ensure well being of our associates and all of those who may be impacted by our operations.

**Consequences**

Failure to provide safe working environment may lead to loss of working time, illness, injury and civil claims.

**Mitigations**

We have a Health & Safety "Plan, Do, Check, Act" framework for managing risk in the workplace and ensure compliance with local and international regulations, guidelines and best practices.

**Opportunities** A safe working environment ensures protection of human rights and increases the satisfaction and commitment of our associates, supply chain partners and all those impacted by our operations.

Current Year's Ranking

12

## 8. CLIMATE CHANGES

Risk Source  **About Risk**

Global warming, depleting air quality index, excessive use of non-renewable natural resources and rapid urbanisation are causing climate changes.

**Consequences**

Climate changes may result in loss of agriculture output and productivity, supply chain disruptions pushing up food inflation. In 2022, Pakistan was adversely affected by the massive floods caused by climate change. Such calamities could adversely impact the demand of our products.

**Mitigations**

We continuously strive to reduce our environmental footprint by developing products with higher efficiency that reduces the CO<sub>2</sub> Emissions. Further, the Company focusses on environmental protection through plantation drives across the country. For more information, please refer environmental section of our sustainability report page no.

**Opportunities** Improving production processes to reduce CO<sub>2</sub> emissions and investing in greener technologies helps us to reduce our environmental footprint and improves our position of a responsible corporate citizen.

Current Year's Ranking

13

Operational Risks 

## 9. PRODUCT LIABILITY AND RECALLS

Risk Source 

Current Year's Ranking

16

**About Risk**

Potential defects and quality deficiencies could increase our exposure to risks associated with product liability.

**Consequences**

Inability to monitor quality of our products can impact our related costs and warranty claims as well as our reputation and sales in the longer-term. In addition, we could be the subject of class actions or other large-scale lawsuits as a consequence.

**Mitigations**

We regularly monitor the service data of products in order to minimize warranty claims. We also issue technical updates to dealer network to manage identified faults and defects.

**Opportunities** Enhanced product quality helps us to maintain our market leadership and customer loyalty. It also helps to identify and take remedy against potential faults more efficiently.

Legal and Compliance Risks 

## 10. INTELLECTUAL PROPERTY (IP) RIGHTS PROTECTION

Risk Source 

Current Year's Ranking

5

**About Risk**

Protection of IP rights is necessary in order to prevent its infringement and unauthorized use by third parties.

**Consequences**

Failure to protect IP increases the risk that third parties could copy features of our products from which we derive competitive advantage.

**Mitigations**

We have a dedicated team of in-house specialists who manage matters relating to IP to ensure that robust processes are followed to protect our IP, by means of patents, registered designs, trademarks and copyrights.

**Opportunities** The development of IP protection enables additional revenue by preventing counterfeiters to grab our market share while enhancing our profile as a leader in the two-wheeler industry.

## 11. REGULATIONS AND COMPLIANCE

Risk Source 

Current Year's Ranking

8

**About Risk**

We are subject to a rapidly evolving regulatory landscape with associated laws, regulations and policies including environmental regulations.

**Consequences**

We may incur additional compliance costs, including incremental investments to avoid facing significant civil and regulatory penalties

**Mitigations**

We have developed a team of qualified and experienced professionals in the management team to ensure compliance with all applicable laws, rules and regulations. Further, we actively participate in various government level forums for recommending appropriate measures.

**Opportunities** It enables smooth and stable operations with least volatility and low occurrence of unforeseen events.

## 12. UNETHICAL AND PROHIBITED BUSINESS PRACTICES

Risk Source 

Current Year's Ranking

14

**About Risk**

Our continuing expansion exposes it to increased diversity and complexity of legal and other frameworks and, as such, it becomes subject to maintaining legal and ethical standards across all locations in which it operates.

**Consequences**

Non-compliance with ethical and/or legal practices may materially impact our reputation and could result in restrictions being placed on operations, causing business disruption.

**Mitigations**

Our code of conduct sets out the behaviors that is expected from associates, including conforming to the highest moral and ethical standards and complying with applicable laws, including anti-bribery, corruption and competition laws, sanctions and export controls.

**Opportunities** We are committed to conduct business in an ethical manner to instill a reputation of trust and reliance. Such qualities foster greater business relationships with the supplier base, governments and partnerships with other third parties.

Financial Risks 

## 13. EXCHANGE RATE FLUCTUATIONS

Risk Source **About Risk**

Devaluation of Pak Rupee against foreign currencies may adversely affect our financial performance.

**Consequences**

Generally, a stronger Yen and Dollar adversely impacts our earnings because the value of overseas raw material is eroded.

**Mitigations**

We continuously monitor foreign currency forecasts and manage it through forward buying and hedging policy as approved by the Board of Directors.

Current Year's Ranking

1

**Opportunities** We continue to investigate further opportunities to develop our global footprint, which may result in greater natural hedging of our currency exposures by aligning the currency profile of cost with sales.

## 14. COMMODITY PRICE

Risk Source **About Risk**

Commodity price risk poses financial risk on our performance and profitability. This may occur due to fluctuations in the prices of commodities that are out of the control of the entity.

**Consequences**

Sharp fluctuations in commodity prices are creating significant business challenges as they affect production costs, product pricing and earnings. This price volatility makes it imperative for an entity to manage the impact of commodity price fluctuations across its value chain to effectively manage its financial performance and profitability.

**Mitigations**

We have agreements in place with suppliers to counter short term fluctuations in material prices. Further, appropriate protection is carried out through forward buying and multiple resourcing.

Current Year's Ranking

3

**Opportunities** We continue to investigate further opportunities for localisation of our key input materials.

## 15. COUNTERPARTY DEFAULT

Risk Source **About Risk**

Counterparty defaults possess risk of impairment of assets.

**Consequences**

Payment defaults of counter parties may leave us with inadequate resources for discharging our obligations

**Mitigations**

Counterparty risk management procedures are carried out continuously in order to monitor credit worthiness of business partners

Current Year's Ranking

10

**Opportunities** We maintain a strong financial position and performance which is reflective of our scale of operations and expectations of all stakeholders.

## 16. COMPETITIVE BUSINESS EFFICIENCY

Risk Source **About Risk**

We continuously tend to optimize operating efficiency. However, there is a risk that these programmes do not deliver projected efficiencies and anticipated benefits may not accrue as expected.

**Consequences**

If we are unable to deliver the desired benefits from these programmes, the business results may be adversely impacted and our ability to compete successfully over the longer term could be affected.

**Mitigations**

We have launched certain initiatives to reduce product and business complexity, to benefit from economies of scale, and we have robust project management processes in place to ensure set targets are met.

Current Year's Ranking

15

**Opportunities** We are focused on developing business tools to realize greater degrees of efficiency. Furthermore, our expansion plans present opportunities to invest in world class facilities and enhanced capabilities.

# Additional Information

## Strategy and Resource Allocation

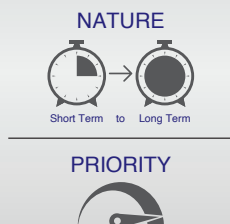
Based on the analysis of risk and opportunities identified in the report, the relationship between the Company's objectives, strategy along with priority and performance indicators (financial & non financial) used by the management to evaluate actual results are summarized below in the table:

### 01 Objective

To abide by all the laws and regulations, as a responsible corporate citizen.

#### STRATEGY

We maintain a team of qualified and experienced professionals to ensure compliance with all applicable laws, rules and regulations.

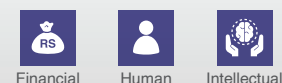


#### KPI MONITORED

Number of non compliances and reporting awards

**RELEVANCE IN FUTURE**  
Yes

#### RESOURCE ALLOCATED



### 02 Objective

To expand sales in two wheeler industry.

#### STRATEGY

We continue to expand customer reach through enhanced dealership network, providing online sales platforms, availability of financial solutions, high quality after sales service.



#### KPI MONITORED

Sales and profitability

**RELEVANCE IN FUTURE**  
Yes

#### RESOURCE ALLOCATED



### 03 Objective

To maintain market leadership in the two wheeler industry.

#### STRATEGY

We continuously focus on upgradation of production facilities considering and ensure compliance with international standards and latest technology.



#### KPI MONITORED

Capital expenditure, market share and production efficiency ratio

**RELEVANCE IN FUTURE**  
Yes

#### RESOURCE ALLOCATED



### 04 Objective

To ensure continuity of operations without disruptions in supply chain.

#### STRATEGY

In order to ensure uninterrupted supplies of raw materials and supplies, continuous monitoring of deliveries is carried out through B2B portal. Also, more than one supplier is inducted to reduce dependency on single source. Further, backup plans are in place to mitigate any operational interruptions which are audited regularly.

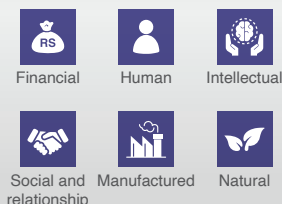


#### KPI MONITORED

Current ratio and idle days

**RELEVANCE IN FUTURE**  
Yes

#### RESOURCE ALLOCATED



## Significant Changes in Objectives and Strategies

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

### 05

#### Objective

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

#### STRATEGY

We have developed comprehensive and well-structured procedures for recruitment, training, compensation, periodic appraisals and succession planning in order to ensure staff development and retention.



PRIORITY



#### KPI MONITORED

Workforce related ratios

#### RELEVANCE IN FUTURE

Yes

#### RESOURCE ALLOCATED



Financial



Human

### 06

#### Objective

To ensure health and safety of associates in workplaces.

#### STRATEGY

We focus on continuously monitoring our health and safety policies and procedures. Regular risk assessment exercises are carried out by our HSE department to analyse and address potential risks. HSE department is also responsible for regular audits of workplace. Further, extraction and evacuation drills are conducted regularly and staff is frequently trained for crisis management.



PRIORITY



#### KPI MONITORED

Number of accidents

#### RELEVANCE IN FUTURE

Yes

#### RESOURCE ALLOCATED



Financial



Human



Manufactured



Social and relationship

### 07

#### Objective

To ensure environment friendly products and processes.

#### STRATEGY

Our defined policy for the protection of environment from emissions and hazardous discharges, ongoing monitoring and maintenance activities coupled with investment in new technology, efficiency enhancing measures, continuous measurements, follow ups and reporting are carried out to ensure that we achieve our desired goals. Solid hazardous waste is disposed-off through Environmental Protection Agency's legitimate contractors. Recycling is also carried out, to the maximum extent, where possible.



PRIORITY



#### KPI MONITORED

Carbon emission, water usage

#### RELEVANCE IN FUTURE

Yes

#### RESOURCE ALLOCATED



Financial



Human



Manufactured



Social and relationship

### 08

#### Objective

To ensure optimum cost level.

#### STRATEGY

We keep our cost at an optimum level through continuous cost reduction measures, buying and manufacturing efficiencies, conservation of resources and relentless efforts towards localisation.



PRIORITY



#### KPI MONITORED

Profitability ratios

#### RELEVANCE IN FUTURE

Yes

#### RESOURCE ALLOCATED



Financial



Human



Manufactured

# Future Outlook

## Analysis of prior period's forward-looking disclosures / Status of Projects

2022-23 was foreseen as a challenging year in the backdrop of political uncertainties and economic downturns. Despite positive development in CAD and multilateral inflows, foreign exchange reserves held by the Central Bank dipped below USD 5 billion for the first time in ten years. PKR depreciated by more than 50% during the year as compared to USD. Moreover, inflation remained in double-digits throughout the year. The output of Large Scale Manufacturing contracted by 4.4% as compared to same period last year due to fiscal tightening measures and supply constraints. Resultantly, the motorcycle industry witnessed a decline of over 20 percent during the year. Notwithstanding the tough headwinds, the Company continuously adopted new technology to improve productivity and stay ahead of the competition. Further, the increase in treasury income and controlled operating expenses provided much needed support to the company in achieving sustainable margins.

During the year, the Company completed localization projects of various parts with the support of our global partners.

## Forward looking statement

2023-24 is expected to be another challenging year amid the political uncertainty and delays in resumption of IMF program. Also, the availability of imported raw material for large scale manufacturing may have also affect the production targets of manufacturing industries. On the demand side, rising fuel cost, high interest rates and surging inflation may adversely affect the buying power of consumers. However, being a low cost, fuel-efficient and private means of transport the two-wheeler segment is expected to remain the preferred choice for daily commuting.

Keeping the above factors in mind, the Company is well positioned for sustainable growth on the back of its leading products and services. We are increasingly succeeding in addressing new targets, utilizing market potential and strengthening our market position nationwide. We will consistently implement our strategy, thus creating the basis for further growth.

In FY 2023-24, the Company will continue to invest in Balancing, Modernization and Replacement (BMR) of manufacturing equipment and localization of critical parts. However, the actual outcome will be dependent on availability of equipment from outside Pakistan.

## Source of Information and assumptions used for projections / forecasts

The Company prepares annual budgets and forecasts to manage business more effectively. The forecasting is done keeping in view the historical data and figures. Projections are developed based on macro and micro economic indicators, markets trends & research, international and local material price forecasts, data from regulatory & taxation authorities, seasonal variations and competitors' actions etc. Internal capacities are reviewed based on available data and alignment is planned to achieve desired results.

Information is also generated internally from critical functions of the Company including Marketing, Manufacturing & Operations, Technology & Engineering, Human Resources, Finance etc., and the information so collected is collaborated with the data compiled from the sources mentioned earlier for preparation of meaningful and practical forecasts which are adopted as formal plans for the Company after approval by the Board.

## BUSINESS RATIONALE FOR MAJOR CAPITAL EXPENDITURE

Atlas Honda Limited has been growing steadily. During the last few years, the Company has expanded and enhanced its production capacity to 1.5 million units per annum.

We have a systematic procedure for evaluating the requirements of capital expenditure. The capital expenditure is primarily focused on capacity expansion, BMR, safety and sustainability for continued production of premium products while focusing on energy conservation and environment protection. Before undertaking any capital expenditure, exhaustive financial evaluation is also carried out which includes payback period, NPV / IRR, cash flow requirements and other financial analysis techniques.

## SIGNIFICANT PLANS & DECISIONS

Atlas Honda Limited has a long history of continuous investment in its facilities. The Company believes in step by step investments for capacity expansion and BMR. These investments prove our commitment to provide our customer with unmatched quality products. In the next year, the Company will focus on sustainable growth through structured reinforcement with futuristic approach to drive long-term and sustainable progress. The Company is committed to identify new markets and expands its dealerships which provides avenues for business growth and provide our shareholders the desired return on investment. For customers to feel "Joy of buying", the Company launches new models and minor model changes in existing line-up.

The Company's focus on localization has always helped to successfully deal with challenges of devaluation. Accordingly, it will continue to identify various opportunities for localization of parts, material and dies & jigs. This, in turn, will help to save our country's valuable exchange reserves. Controlling plant cost, improvement in its productivity and business process improvements will remain another significant area of focus. The Company has plans to invest in energy conservation and health and safety projects.

# Striving for Excellence in Corporate Reporting

## Unreserved Compliance of IFRS issued by the IASB

Company's financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

## Certifications Acquired and International Standards Adopted

We take pride in adhering to the best corporate and governance practices including achieving excellence in all aspects of compliance and transparent reporting. The Company has acquired following certifications and adopted following standards:

### ISO Certification

ISO certifications relating to Environment and Health and Safety (ISO 9001:2008 Quality Management System, ISO 140001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Assessment Series (OH&S Management System)

### International Integrated Reporting Framework

Annual report has been prepared as per the guidelines of the International Integrated Reporting (IR) framework. The fundamental concept is to provide its stakeholders transparent and quality information on the Company's business insights, strategy and environment, governance, performance and its expertise to create sustainable value for its stakeholders.

### Global Reporting Initiative (GRI) Standards

Sustainability report is integrated with the annual report of the Company which is prepared on the basis of Global Reporting Initiative (GRI) standards. The GRI standards provide information about adherence to the principles of inclusivity, materiality, responsiveness and impact. The GRI content index for the users of this report is mentioned on page numbers 121 to 125.

# Notice of the 59th Annual General Meeting

Notice is hereby given that the Fifty Ninth (59th) Annual General Meeting of the shareholders of Atlas Honda Limited will be held on Wednesday June 21, 2023, at 11:00 A.M. at the Avari Hotel, Mall Road, Lahore, to transact the following business.

## ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary Meeting held on March 13, 2023.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2023, together with the Directors' and Auditor's Reports thereon and Chairman's Review Report.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company has been uploaded on the website of the Company, which can be downloaded from the following link/QR code:

<https://www.atlashonda.com.pk/financial-reports/>



3. To appoint Auditors and to fix their remuneration. The shareholders are hereby notified that the Board and the Board Audit Committee have recommended the name of M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, for re-appointment as auditors of the Company.
4. To consider and approve the payment of final cash dividend for the year ended March 31, 2023 @ 130% i.e. Rs. 13 per share as recommended by the Board. This is in addition to 110% i.e. Rs. 11.00 per share interim cash dividend already paid.

## OTHER BUSINESS

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

By Order of the Board

Maheen Fatima  
Company Secretary

Karachi: May 31, 2023

## NOTES:

### i. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from June 07, 2023 to June 21, 2023 (both days inclusive). The transfers received at Company's Share Registrar namely M/S Hameed Majeed Associates (Private) Limited, H.M House, 7-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan by the close of business on June 06, 2023 will be considered in time for determination of entitlement of shareholders to cash dividend, bonus shares and to attend and vote at the meeting.

### ii. Participation in the Annual General Meeting (AGM):

The Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. For this, shareholders are required to email their Name, Folio Number, Cell No., and Number of Shares held in their name with subject "Registration for Atlas Honda Limited AGM" along with valid copy of CNIC (both sides) at [investor.relations@atlashonda.com.pk](mailto:investor.relations@atlashonda.com.pk). Video link and login credentials will be shared with only those shareholders whose emails, containing all the required particulars, are received by close of office on June 18, 2023. Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

All shareholders entitled to attend, speak and vote at this AGM shall be entitled to appoint another person, as a proxy to attend and vote on his / her behalf. A corporate entity, being shareholder, may appoint any person, regardless whether they are a shareholder or not, as its proxy. In case of corporate entities, a resolution of the board of directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form.

The instrument appointing Proxy must be received at the Registered Office or Share Registrar of the Company not less than 48 hours before the time of the meeting.

For the convenience of the shareholders, a Proxy Application Form is dispatched with the Annual Report 2023.

CDC account holders will further have to follow the under mentioned guidelines as laid down by the SECP.

#### A. For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by his/her original valid CNIC or the original passport at the above mentioned email address at least 48 hours before the AGM.
- (ii) In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the nominee shall be shared on the above mentioned email address at least 48 hours before the AGM (unless it has been provided earlier).

#### B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce original valid CNIC or original passport at the above mentioned email address at least 48 hours before the meeting.
- (iv) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted on the email address mentioned above at least 48 hours before the meeting (unless it has been provided earlier) along with proxy form to the Company.
- (v) Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address [investor.relations@atlashonda.com.pk](mailto:investor.relations@atlashonda.com.pk).

#### iii. E-Voting

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

#### iv. Change / Update of Shareholders' Particulars:

Shareholders holding physical shares are requested to notify any change in their addresses immediately to the Company's Share Registrar.

All those individual shareholders holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to our Share Registrars. Shareholders while sending CNIC must quote their respective folio numbers. As per SECP directives the dividend of shareholders whose valid CNICs are not available with the Share Registrar could be withheld.

The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificates to our Share Registrar. The corporate shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

#### v. Transmission of Annual Report 2023:

The Financial Statements of the Company for the year ended March 31, 2023 along with reports have been placed on the website of the Company and can be viewed through the above link/ QR Code.

Pursuant to S.R.O 470(1)/2016 dated May 31, 2016, the shareholders of the Company have accorded approval in general meeting for transmission of annual reports including annual audited financial statements, notices of AGMs and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. Therefore, the Annual Report 2023 of the Company is dispatched in form of DVDs to all the shareholders whose particulars are updated.

The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: [www.atlashonda.com.pk](http://www.atlashonda.com.pk)

## vi. Dividend Mandate

Under the second proviso of Section 242 of the Companies Act, 2017, listed companies are required to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

Accordingly, the Shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website i.e. <http://www.atlashonda.com.pk> and send the duly signed form along with a copy of CNIC / NTN to our Share Registrars in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/ participant/CDC account services.

In case of non-receipt of IBAN detail, the Company will be constrained to withhold payment of dividend under Companies (Distribution of Dividends) Regulations, 2017.

## vii. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividends / shares, if any, are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend/shares, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

## viii. Withholding Tax on Dividend

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

'Filer' of Income Tax Return	15.0%
'Non - filer' of Income Tax Return	30.0%

The 'Filer' is defined as a taxpayer whose name appears in the Active Tax-payers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

To enable the Company to withhold tax @ 15% for filers, all the shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted @ 30% for non-filers.

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

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

The required information must reach the shares registrar of the Company by the close of business on June 06, 2023 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

As per FBR's clarification, the valid exemption certificate under section 156 of the ordinance is mandatory to claim exemption of withholding tax under clause 47B of part IV of 2nd Schedule of the Income tax Ordinance, 2001. Those who fall in the category mentioned in the aforesaid clause must provide valid tax exemption certificate to our share registrar, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Income tax Ordinance, 2001.

#### ix. Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

#### x. Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the share (Rs. 07 each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declaration under Zakat and Ushr Ordinance, 1680 and Rule 4 of Zakat (Deduction and Refund) Rules, 1681, CZ-50 Form with our Share Registrar. Physical shareholders are requested to submit the said declaration to our Share Registrar in the proper manner. The Shareholders must write Atlas Honda Limited's name and their respective CDS A/C # or Folio numbers on Zakat Declarations at relevant place.



# Key Financial & Non-Financial Performance Measures

## FINANCIAL CAPITAL

<b>SALES</b> Rs. 135.5 Billion 2.7%	<b>GROSS PROFIT</b> Rs. 9.7 Billion -2.2%	<b>PROFIT AFTER TAX</b> Rs. 5.0 Billion -10.4%	<b>EARNING PER SHARE</b> Rs. 40.33 -10.4%	<b>MARKET VALUE PER SHARE</b> Rs. 268.09 -32.0%
<b>RETURN ON EQUITY</b> 22.8% -19.1%	<b>BREAKUP VALUE PER SHARE</b> Rs. 183.6 8.3%	<b>CAPITAL EXPENDITURE</b> Rs. 3.33 Billion 83.7%	<b>DIVIDEND PER SHARE</b> Rs. 24.00 -11.1%	<b>WEALTH DISTRIBUTED</b> Rs. 43.95 Billion 8.7%

## HUMAN CAPITAL

<b>EMPLOYEES</b> 2,461	<b>TRAINING HOURS</b> 18,640	<b>JOINERS</b> 36	<b>REVENUE PER EMPLOYEE</b> Rs. 55.1 Million	<b>PRODUCTION PER EMPLOYEE</b> 449 units
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## MANUFACTURED CAPITAL

<b>NO. OF PLANTS</b> 2	<b>PRODUCTION CAPACITY</b> 1.5 Million Units	<b>PRODUCT PORTFOLIO</b> 8 Models	<b>GOVERNANCE</b> Strong	<b>BRAND</b> Superior	<b>MANUFACTURING EXPERIENCE</b> 60 Years
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## INTELLECTUAL CAPITAL

## SOCIAL & RELATIONSHIP CAPITAL

<b>DEALERS</b> 850+	<b>VENDORS</b> 120+	<b>DONATION</b> Rs. 79.6 Million	<b>RAW MATERIAL USED</b> 84,117 Tons	<b>ENERGY USAGE</b> 414,988 GJ	<b>WATER INTAKE</b> 596,872 m3
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## NATURAL CAPITAL

### Methods & Assumptions Used in Compiling The Indicators

Key performance indicators effectively reflect the Company's performance. The Company analyses its market positioning, competitors and general market conditions while compiling its indicators. The Company analyses sales, gross profit, profit after tax and earning per share on regular basis to gauge its performance. These are basic indicators of Company's financial performance and profitability. Market price is the measure of perception of the Company in the market. The difference between Book Value and Market Value shows investors' confidence on script.

The Company manages its dividend policy with the purpose of increasing shareholders' wealth. Dividend identifies the amount allocated out of profit for paying cash dividends to shareholders. **The dividend payment is an indicator of how well earnings support the dividends. The Company takes its decisions of cash or stock dividend based on market conditions, share price and governing laws and regulations.**

### Changes in the Indicators

There were no significant changes in the financial and non financial indicators as compared to previous years.

### Explanation of Changes in Performance over the Period

There were no significant changes in the financial and non financial indicators as compared to previous years.

# Six Years Analysis of Financial Statements

## Financial Ratios

Particulars		2023	2022	2021	2020	2019	2018
<b>Profitability Ratios</b>							
Gross profit margin	%	7.1	7.5	7.4	7.2	8.0	10.7
Profit before tax margin	%	6.0	5.9	5.5	5.2	5.6	8.1
Net profit margin	%	3.7	4.2	3.9	3.6	3.9	6.0
Return on capital employed	%	35.3	37.4	27.7	26.2	27.9	40.4
Return on equity - after tax	%	22.8	28.2	20.4	19.3	20.5	31.9
Shareholders' funds	%	32.5	44.3	43.3	53.4	48.1	50.3
Return on Shareholders' funds	%	22.0	26.6	19.3	18.6	20.9	29.1
Return on assets	%	8.5	12.3	9.7	9.8	10.1	16.2
Earnings before interest, tax, depreciation and amortization (EBITDA)	Rs. In million	9,566.7	9,123.8	6,481.9	5,769.1	5,723.6	7,174.0
EBITDA margin	%	7.1	6.9	7.0	6.8	6.9	9.3
Operating leverage ratio	%	141.2	122.7	169.1	(129.7)	(411.2)	113.9
<b>Equity / Investment Ratios</b>							
Cash dividend per share (declared)	Rs.	24.00	27.0	17.5	15.0	20.0	27.0
Stock dividend per share (declared bonus share)	Rs.	-	-	-	-	2.00	-
Earning per share	Rs.	40.3	45.0	29.0	24.8	25.9	37.6
Price earning ratio	Times	6.6	8.8	15.9	14.9	14.6	14.0
Price to book ratio	Times	0.7	1.0	1.3	1.5	1.2	1.7
Market price per share for the year	Rs.	268.1	394.0	460.0	370.0	378.0	525.0
- maximum value	Rs.	412.0	540.0	530.0	409.0	640.0	657.0
- minimum value	Rs.	258.0	385.0	340.0	285.0	360.0	470.0
Break up value per share / Net Assets per share	Rs.	183.6	169.5	150.1	133.6	123.8	128.9
Dividend yield	%	9.0	6.9	3.8	4.1	5.3	5.1
Dividend cover	Times	1.7	1.7	1.7	1.7	1.2	1.4
Dividend pay out	%	59.5	60.0	60.4	60.5	70.9	59.9
<b>Efficiency Ratios</b>							
Assets turnover	Times	2.3	2.9	2.5	2.7	2.6	2.7
Fixed assets turnover	Times	12.0	13.1	9.3	8.8	9.6	10.3
Inventory turnover	Times	15.1	20.0	16.8	13.8	16.8	23.4
Debtors turnover	Times	140.8	100.4	80.4	87.9	83.4	104.4
Creditors turnover	Times	3.6	5.1	4.8	5.4	5.0	5.3
Capital employed turnover	Times	5.9	6.3	4.9	5.0	4.9	5.0
<b>Operating Cycle</b>							
Period of inventory holding	Days	24	18	22	26	22	16
Period of collection from debtors	Days	3	4	5	4	4	3
Period of payments to creditors	Days	(103)	(72)	(76)	(67)	(73)	(70)
Operating cycle	Days	(76)	(50)	(50)	(36)	(47)	(50)
<b>Liquidity / Leverage Ratios</b>							
Current ratio	Times	1.2	1.5	1.4	1.5	1.4	1.6
Quick ratio	Times	1.1	1.2	1.2	1.1	1.1	1.4
Debt to equity / financial leverage ratio	Ratio	Debt Free	0.01	0.02	----- Debt Free -----		
Weighted average cost of debt	%	1%	1%	1%	-	-	-
Total liabilities to equity	Times	2.07	1.26	1.31	0.87	1.08	0.99
Interest cover	Times	107.58	132.08	82.90	78.78	179.76	276.68
Cash to current liabilities	Times	0.8	0.7	0.6	0.5	0.5	0.7
Cash flow from operations to sales	%	16.56	4.68	15.51	2.73	(0.02)	10.1
Cash flow to Capital Expenditure	Times	6.74	3.41	13.38	1.06	(0.01)	3.3
Cash flow Coverage Ratio	Times	Debt Free	32.92	33.02	----- Debt Free -----		
<b>Others</b>							
Spare inventory as % of assets costs	%	1.9	2.1	1.5	2.2	2.3	2.0
Maintenance cost as % of operating expenses	%	0.5	0.5	0.7	0.7	0.6	1.4

# Six Years Analysis of Financial Statements

## Financial Ratios

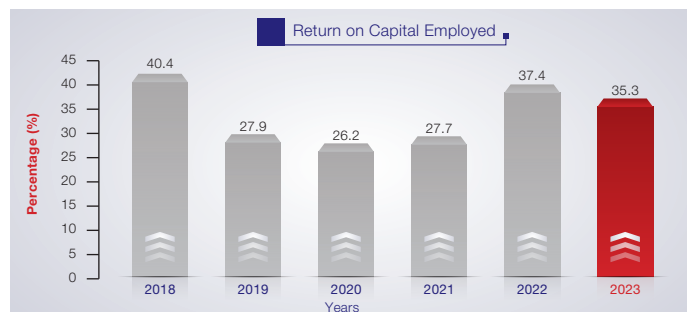
### Profitability Ratios

Despite the economic challenges in Pakistan, the company has managed to increase its sales revenue from Rs. 131.9 billion in 2022 to Rs. 135.5 billion in 2023. This can be attributed to the Company's strong market position and its ability to offer competitive pricing to customers.

The Company has recorded a gross profit of Rs. 9.7 billion in 2023, which is slightly lower than the Rs. 9.9 billion recorded in 2022. Major challenges include high inflation rate in Pakistan and higher input costs which has led to an increase in the cost of sales from Rs. 122.1 billion in 2022 to Rs. 125.8 billion in 2023. Resultantly, causing a decrease in Company's gross profit margin from 7.5% in 2022 to 7.1% in 2023.

However, this is offset by an increase in other income from Rs. 2.1 billion in 2022 to Rs. 4.6 billion in 2023, which has helped the Company to maintain its profitability. The increase in other income can be attributed to its short-term investments due to higher interest rate as increase by the government time to time during the year. As a result, the Company's profit from operations has increased from Rs. 7.9 billion in 2022 to Rs. 8.2 billion in 2023.

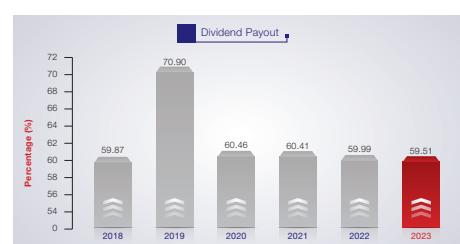
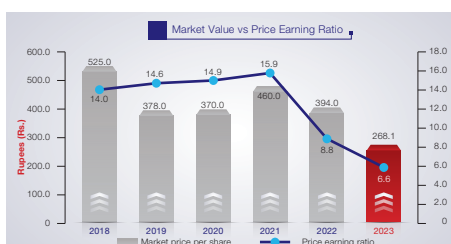
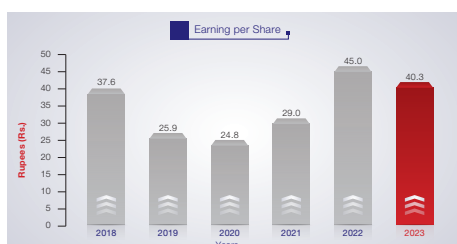
Due to these challenges together with increase in tax rates, the Return on Equity (ROE) for the current year stands at 22.8% as compared to 28.2% last year. Similarly, the Return on Capital Employed (ROCE) for the current year is 35.3% as compared to 37.4%.



### Investment / Market Ratios

Due to decrease in profitability as detailed above, the Company registered a decrease of 10.5% in earnings per share which was recorded at Rs. 40.3 as compared to Rs. 45.01 in preceding year. Similarly, market value of shares also declined from Rs. 394 to Rs. 268. This resulted in price earning ratio of 6.6 in the current year.

Based on above factors, the breakup value per share was recorded at Rs. 183.6 in line with increasing equity base. The Company endeavors to be consistent with its approach regarding profit appropriation after considering a multitude of parameters including business needs, growth prospects and strategic views. The Company maintained a dividend payout ratio approximately 60% distributing a cumulative cash dividend (interim and final) of Rs. 24 per share in the year 2023 as compared to cash dividend of Rs. 27 per share of last year.



# Six Years Analysis of Financial Statements

## Financial Ratios

### Activity / Turnover Ratios

Asset turnover ratio decreased from 2.9 times in 2022 to 2.3 times in 2023 on account of lower sales volume by 18% in 2023 as compared to 2022. Also the asset base of the Company have increased on account of availability of highly liquid assets i.e. Cash & Bank balances and Short term investments than previous year.

Inventory turnover observed a decrease from 20.0 times in 2022 to 15.1 times in 2023. The decrease is attributable to higher cost of sales which has increased due to higher input costs. Accordingly, inventory turnover has been recorded at 24 days in current year.

The debtor turnover days have decreased to 3 days in 2023 as compared to 4 days in 2022. However, debtor turnover increased to 140.8 from 100.4 in 2022.

The creditor turnover days have increased to 103 days compared to 72 days in 2022, in line with increasing cost of sales and restrictions on royalty remittance.

The Company was able to maintain overall operating cycle at negative 76 days which was better than prior year.



### Liquidity Ratios

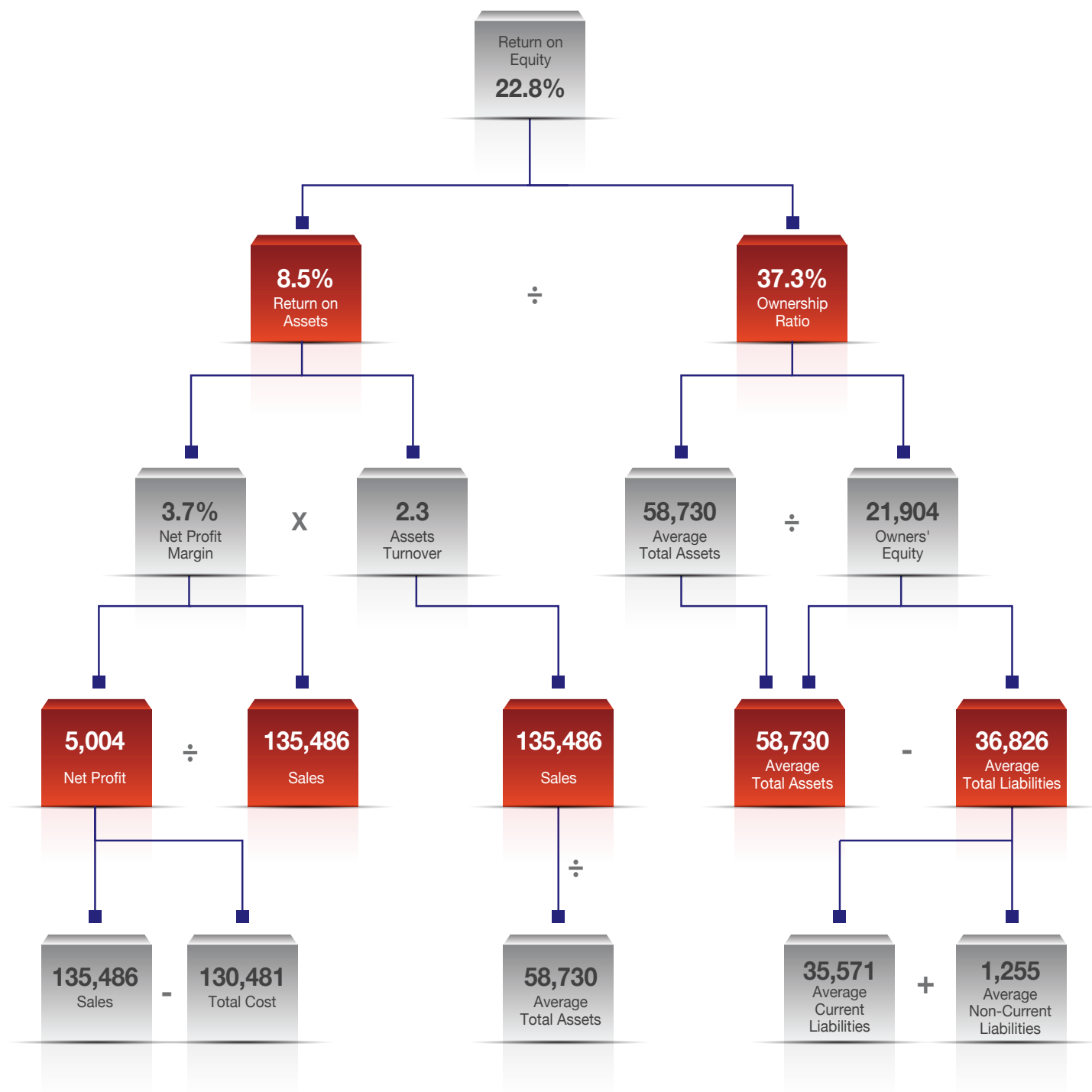
The current ratio remained healthy in the current year at 1.25 times although slightly lower than last year of 1.5 times due to increase in current liability base on account of outstanding royalty remittance. Quick Ratio was recorded at 1.05 times, maintaining an average of 1.2 times over six years period.

Cash to current liabilities improved to 0.8 times from previous year's 0.7 times due to better liquidity position of the Company.





# DuPont Analysis



Net Sales remained strong with an increase of 3%. Although sales volumes were lower as compared to previous year but necessary price increases were made to neutralise exchange rate devaluation, inflation and affects of high input costs.

Further, the total assets of the Company increased significantly by 56% as compared to last year. The rise was mainly attributable to increase in asset base on account of increase in cash & bank and short-term investment balances which was partly offset by reduction in trade debts. This resulted in return on assets ratio of 8.5%.

Dupont Analysis	2023	2022
Tax Burden	38.24%	28.58%
Interest Burden	0.94%	0.76%
EBIT	6.04%	5.97%
Asset Turnover	2.3	2.9
Debt/Equity Ratio	67.47%	55.66%
<b>ROE</b>	<b>22.8%</b>	<b>28.2%</b>

# Six Years Analysis of Financial Statements

## Statement of Financial Position

Particulars	2023	2022	2021	2020	2019	2018
----- Rupees in '000 -----						
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, plant & equipment	12,158,765	10,251,485	9,788,162	10,041,495	8,950,633	7,976,101
Intangible asset	35,311	56,255	101,813	135,121	168,924	44,905
Long term investments	340,816	343,534	329,669	322,240	323,497	324,899
Long term loans and advances	75,469	64,159	48,253	36,671	33,467	31,481
Long term deposits	41,662	14,077	12,071	13,025	13,882	22,573
<b>Total non current assets</b>	<b>12,652,023</b>	<b>10,729,510</b>	<b>10,279,968</b>	<b>10,548,552</b>	<b>9,490,403</b>	<b>8,399,959</b>
<b>Current Assets</b>						
Stores,spares and loose tools	1,083,666	998,612	647,035	683,123	725,754	650,160
Stock in trade	8,005,452	6,541,711	4,026,612	4,888,616	5,069,836	2,599,530
Trade debts	797,382	1,126,808	1,501,925	813,980	1,116,000	861,224
Loans and advances	94,502	59,889	47,429	42,752	43,794	40,107
Trade deposits and prepayments	2,242,128	1,491,756	1,388,594	686,517	1,007,128	137,663
Short term investments	10,114,241	8,819,083	10,063,915	5,248,268	5,261,724	8,400,246
Accrued mark-up/interest	343,803	19,540	14,657	22,392	37,614	15,557
Other receivables	1,874	2,583	1,754	329,021	573,080	15,528
Taxation-net	-	208,547	770,419	1,487,667	1,149,424	725,750
Bank balances	34,702,516	17,424,657	14,288,180	6,308,616	7,480,159	9,981,615
<b>Total current assets</b>	<b>57,385,564</b>	<b>36,693,186</b>	<b>32,750,520</b>	<b>20,510,952</b>	<b>22,464,513</b>	<b>23,427,380</b>
<b>Total assets</b>	<b>70,037,587</b>	<b>47,422,696</b>	<b>43,030,488</b>	<b>31,059,504</b>	<b>31,954,916</b>	<b>31,827,339</b>
<b>Equity &amp; Liabilities</b>						
<b>Equity</b>						
Share capital	1,240,879	1,240,879	1,240,879	1,240,879	1,034,066	1,034,066
Reserves	21,539,063	19,786,759	17,389,648	15,339,529	14,331,698	14,966,654
<b>Total equity</b>	<b>22,779,942</b>	<b>21,027,638</b>	<b>18,630,527</b>	<b>16,580,408</b>	<b>15,365,764</b>	<b>16,000,720</b>
<b>Non Current Liabilities</b>						
Lease liabilities	148,102	151,561	168,616	209,148	-	-
Long term borrowings	-	-	187,382	-	-	-
Deferred income - government grant	-	-	3,525	-	-	-
Retirement benefits	559,591	484,855	393,569	342,594	296,409	262,882
Deferred taxation	633,022	533,022	528,062	604,200	700,024	698,042
<b>Total non current liabilities</b>	<b>1,340,715</b>	<b>1,169,438</b>	<b>1,281,154</b>	<b>1,155,942</b>	<b>996,433</b>	<b>960,924</b>
<b>Current Liabilities</b>						
Trade and other payables	45,813,308	25,014,674	22,832,604	13,292,920	15,592,719	14,865,695
Current portion of lease liabilities	53,617	23,446	39,610	30,234	-	-
Current portion of long term borrowings	-	183,975	226,135	-	-	-
Current portion of deferred income - government grant	-	3,525	20,458	-	-	-
Taxation - net	50,005	-	-	-	-	-
<b>Total current liabilities</b>	<b>45,916,930</b>	<b>25,225,620</b>	<b>23,118,807</b>	<b>13,323,154</b>	<b>15,592,719</b>	<b>14,865,695</b>
<b>Total equity and liabilities</b>	<b>70,037,587</b>	<b>47,422,696</b>	<b>43,030,488</b>	<b>31,059,504</b>	<b>31,954,916</b>	<b>31,827,339</b>

# Six Years Analysis of Financial Statements

## Statement of Financial Position

Particulars	Horizontal Analysis						Vertical Analysis					
	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2023	2022	2021	2020	2019	2018
-----Rupees in '000-----												
<b>Assets</b>												
<b>Non Current Assets</b>												
Property, plant & equipment	19	5	(3)	12	12	15	17	22	23	32	28	25
Intangible asset	(37)	(45)	(25)	(20)	276	121	0	0	0	0	1	0
Long term investments	(1)	4	2	(0)	(0)	11	0	1	1	1	1	1
Long term loans and advances	18	33	32	10	6	5	0	0	0	0	0	0
Long term deposits	196	17	(7)	(6)	(39)	30	0	0	0	0	0	0
<b>Total non current assets</b>	<b>18</b>	<b>4</b>	<b>(3)</b>	<b>11</b>	<b>13</b>	<b>15</b>	<b>18</b>	<b>23</b>	<b>24</b>	<b>34</b>	<b>30</b>	<b>26</b>
<b>Current Assets</b>												
Stores,spares and loose tools	9	54	(5)	(6)	12	21	2	2	2	2	2	2
Stock in trade	22	62	(18)	(4)	95	22	11	14	9	16	16	8
Trade debts	(29)	(25)	85	(27)	30	38	1	2	3	3	3	3
Loans and advances	58	26	11	(2)	9	3	0	0	0	0	0	0
Trade deposits and prepayments	50	7	102	(32)	632	14	3	3	3	2	3	0
Taxation-net	(100)	(73)	(48)	29	58	19	-	0	2	5	4	2
Short term investments	15	(12)	92	(0)	(37)	(28)	14	19	23	17	16	26
Accrued mark-up/interest	1,659	33	(35)	(40)	142	134	0	0	0	0	0	0
Other receivables	(27)	47	(99)	(43)	3,591	(1)	0	0	0	1	2	0
Bank balances	99	22	126	(16)	(25)	42	50	37	33	20	23	31
<b>Total current assets</b>	<b>56</b>	<b>12</b>	<b>60</b>	<b>(9)</b>	<b>(4)</b>	<b>28</b>	<b>82</b>	<b>77</b>	<b>76</b>	<b>66</b>	<b>70</b>	<b>74</b>
<b>Total assets</b>	<b>47.7</b>	<b>10.2</b>	<b>38.5</b>	<b>(2.8)</b>	<b>0.4</b>	<b>24</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Equity &amp; Liabilities</b>												
<b>Equity</b>												
Share capital	-	-	-	20	-	-	2	3	3	4	3	3
Reserves	9	14	13	7	(4)	22	31	42	40	49	45	47
<b>Total equity</b>	<b>8</b>	<b>13</b>	<b>12</b>	<b>8</b>	<b>(4)</b>	<b>21</b>	<b>33</b>	<b>44</b>	<b>43</b>	<b>53</b>	<b>48</b>	<b>50</b>
<b>Non Current Liabilities</b>												
Lease liabilities	(2)	(10)	(19)	100	-	-	0	0	0	1	-	-
Long term borrowings	-	(100)	100	-	-	-	-	-	0	-	-	-
Deferred income - government grant	-	(100)	100	-	-	-	-	-	0	-	-	-
Retirement benefits	15	23	15	16	13	15	1	1	1	1	1	1
Deferred taxation	19	1	(13)	(14)	0	4	1	1	1	2	2	2
<b>Total non current liabilities</b>	<b>15</b>	<b>(9)</b>	<b>11</b>	<b>16</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>
<b>Current Liabilities</b>												
Trade and other payables	83	10	72	(15)	5	29	65	53	53	43	49	47
Current portion of lease liabilities	129	(41)	31	100	-	-	0.1	0.0	0.1	-	-	-
Current portion of long term borrowings	100	(19)	100	-	-	-	-	0	1	-	-	-
Current portion of deferred income	-	-	-	-	-	-	-	-	-	-	-	-
- government grant	100	(83)	100	-	-	-	-	0.0	0	-	-	-
<b>Total current liabilities</b>	<b>82</b>	<b>9</b>	<b>74</b>	<b>(15)</b>	<b>5</b>	<b>29</b>	<b>66</b>	<b>53</b>	<b>54</b>	<b>43</b>	<b>49</b>	<b>47</b>
<b>Total equity and liabilities</b>	<b>47.7</b>	<b>10.2</b>	<b>38.5</b>	<b>(2.8)</b>	<b>0.4</b>	<b>24</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

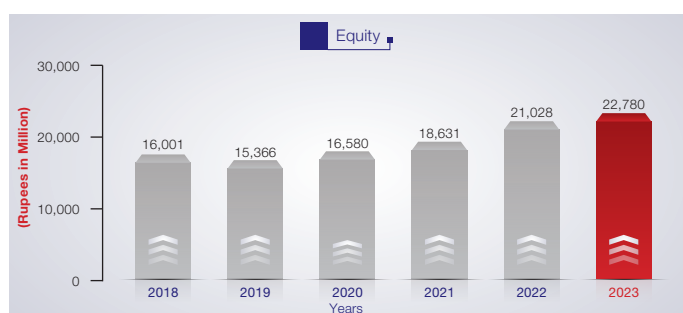
# Six Years Analysis of Financial Statements

## Statement of Financial Position

### HORIZONTAL ANALYSIS

#### EQUITY

During the past six years, the Company's share capital primarily remained unchanged except for bonus share issuance in 2020 amounting to Rs. 206.8 million which increased the share capital of the Company to Rs. 1.24 billion. The reserves of the company have gradually increased over the period of 6 years primarily due to profit retention to finance capital expenditure and future development. Resultantly, the total shareholders' equity stood at Rs.22.8 billion with an increase of 42% since 2018.



#### NON-CURRENT LIABILITIES

Non-current liabilities comprise of lease liabilities, deferred taxation and retirement benefits. They have increased by 40% since 2018 primarily due to recognition of lease liabilities against right of use assets as per IFRS 16 and accumulation of leave balances.

#### CURRENT LIABILITIES

Current liabilities increased from Rs. 14.9 billion in 2018 to Rs. 45.9 billion in 2023 primarily due to increase in customer advances and trade and other payables, which are in line with the increasing sales and production trend, respectively.



#### NON-CURRENT ASSETS

Non-Current Assets of the Company mainly comprise of property, plant & equipment, intangible assets and long term investments. The non-current assets of the Company have increased by 51% from Rs. 8.4 billion in 2018 to Rs. 12.7 billion by 2023 mainly due to additional capital expenditure for enhancing production capacity to meet market demand in addition to BMR and localisation projects.

#### CURRENT ASSETS

Current assets mainly constitute stores and spares, stock in trade, trade debts, short term investments and cash & bank balances. Stock levels

surged from Rs. 3.3 billion in 2018 to Rs. 9.1 billion in 2023, in line with increasing in production levels and rise in material prices due to devaluation of exchange rate. However, trade debts decreased from Rs. 0.86 billion in 2018 to Rs. 0.8 billion in 2023 on account of efficient debtor recovery measures. Further, short term investments and cash balances increased from Rs. 18.3 billion in 2018 to Rs. 44.8 billion in 2023. Resultantly, the total current assets increased from Rs. 23.4 billion in 2018 to Rs. 57.4 billion in 2023.



### VERTICAL ANALYSIS

#### TRADE & OTHER PAYABLES

Trade and other payables increased by Rs. 20.8 billion as compared to last year on account of restrictions on royalty remittance and increase in customer advances.

#### PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment increased by Rs. 1.9 billion due to capacity expansion, BMR and dies and jigs for new model.



#### STORES & STOCK IN TRADE

Stores and stock in trade increased by Rs. 1.5 billion as compared to last year due to devaluation of exchange.

#### TRADE DEPOSITS & PREPAYMENTS

Trade deposits and prepayments increased by Rs. 0.7 billion due to increase in cash margin held by commercial banks on letter of credit established for imported raw material.

#### TRADE DEBTS

Trade debts decreased by Rs 0.3 billion from last year due to better recovery from institutional customers.

# Six Years Analysis of Financial Statements

## Statement of Profit or Loss

Particulars	2023	2022	2021	2020	2019	2018
-----Rupees in '000-----						
<b>Profit and Loss Account</b>						
Sales	135,485,652	131,930,193	93,156,958	84,775,972	82,412,548	77,478,845
Cost of sales	(125,813,871)	(122,045,479)	(86,277,404)	(78,660,040)	(75,856,677)	(69,188,101)
<b>Gross Profit</b>	<b>9,671,781</b>	<b>9,884,714</b>	<b>6,879,554</b>	<b>6,115,932</b>	<b>6,555,871</b>	<b>8,290,744</b>
Sales and marketing expenses	(3,032,096)	(2,688,082)	(1,936,861)	(2,001,683)	(1,924,062)	(1,852,057)
Administrative expenses	(860,548)	(770,535)	(681,124)	(632,161)	(640,209)	(634,594)
Other income	4,555,670	2,065,562	1,392,482	1,370,948	1,097,636	877,908
Other operating expenses	(2,156,059)	(629,260)	(448,068)	(388,968)	(463,793)	(445,038)
Share of profit of an Associated Company - net of tax	322	16,905	9,329	4,443	15,698	50,607
<b>Profit from operations</b>	<b>8,179,070</b>	<b>7,879,304</b>	<b>5,215,312</b>	<b>4,468,511</b>	<b>4,641,141</b>	<b>6,287,570</b>
Finance cost	(76,027)	(59,655)	(62,913)	(56,718)	(25,818)	(22,725)
<b>Profit before taxation</b>	<b>8,103,043</b>	<b>7,819,649</b>	<b>5,152,399</b>	<b>4,411,793</b>	<b>4,615,323</b>	<b>6,264,845</b>
Taxation	(3,098,888)	(2,234,484)	(1,557,601)	(1,333,393)	(1,406,664)	(1,601,211)
<b>Profit after taxation</b>	<b>5,004,155</b>	<b>5,585,165</b>	<b>3,594,798</b>	<b>3,078,400</b>	<b>3,208,659</b>	<b>4,663,634</b>

Particulars	Horizontal						Vertical					
	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2023	2022	2021	2020	2019	2018
-----%												
<b>Profit and Loss Account</b>												
Sales	2.7	41.6	9.9	2.9	6.4	20.1	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	3.1	41.5	9.7	3.7	9.6	19.8	(92.9)	(92.5)	(92.6)	(92.8)	(92.0)	(89.3)
<b>Gross Profit</b>	<b>(2.2)</b>	<b>43.7</b>	<b>12.5</b>	<b>(6.7)</b>	<b>(20.9)</b>	<b>22.3</b>	<b>7.1</b>	<b>7.5</b>	<b>7.4</b>	<b>7.2</b>	<b>8.0</b>	<b>10.7</b>
Sales and marketing expenses	12.8	38.8	(3.2)	4.0	3.9	13.6	(2.2)	(2.0)	(2.1)	(2.4)	(2.3)	(2.4)
Administrative expenses	11.7	13.1	7.7	(1.3)	0.9	5.4	(0.6)	(0.6)	(0.7)	(0.7)	(0.8)	(0.8)
Other income	120.6	48.3	1.6	24.9	25.0	(4.2)	3.4	1.6	1.5	1.6	1.3	1.1
Other operating expenses	242.6	40.4	15.2	(16.1)	4.2	10.0	(1.6)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)
Share of profit of an Associated Company - net of tax	(98.1)	81.2	110.0	(71.7)	(69.0)	(17.2)	0.0	0.0	0.0	0.0	0.0	0.1
<b>Profit from operations</b>	<b>3.8</b>	<b>51.1</b>	<b>16.7</b>	<b>(3.7)</b>	<b>(26.2)</b>	<b>22.8</b>	<b>6.0</b>	<b>6.0</b>	<b>5.6</b>	<b>5.3</b>	<b>5.6</b>	<b>8.1</b>
Finance cost	27.4	(5.2)	10.9	119.7	13.6	(12.1)	(0.06)	(0.05)	(0.07)	(0.07)	(0.03)	(0.03)
<b>Profit before taxation</b>	<b>3.6</b>	<b>51.8</b>	<b>16.8</b>	<b>(4.4)</b>	<b>(26.3)</b>	<b>23.0</b>	<b>6.0</b>	<b>5.9</b>	<b>5.5</b>	<b>5.2</b>	<b>5.6</b>	<b>8.1</b>
Taxation	38.7	43.5	16.8	(5.2)	(12.1)	19.5	(2.3)	(1.7)	(1.7)	(1.6)	(1.7)	(2.1)
<b>Profit after taxation</b>	<b>(10.4)</b>	<b>55.4</b>	<b>16.8</b>	<b>(4.1)</b>	<b>(31.2)</b>	<b>24.3</b>	<b>3.7</b>	<b>4.2</b>	<b>3.9</b>	<b>3.6</b>	<b>3.9</b>	<b>6.0</b>

# Six Years Analysis of Financial Statements

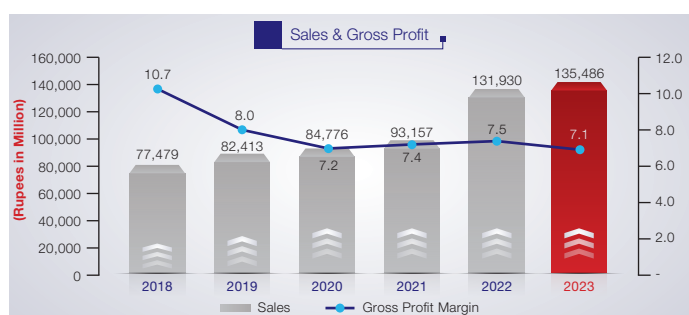
## Statement of Profit or Loss

### HORIZONTAL ANALYSIS

#### SALES & COST OF SALES

The Company remained focused towards delivering objective of sustainable growth through value creation. The momentum of sales growth continued over the period of six years on account of positive market demand. Resultantly, cumulative average growth of 12% was achieved over six years period.

The cost of sales recorded cumulative average growth rate of 13% since 2018, on account of volume growth, continuous devaluation of exchange rate, increase in raw material prices and other inflationary factors. The Company achieved Gross profit margin of 7.1% in 2023.



#### SELLING GENERAL AND ADMINISTRATIVE EXPENSES

SG&A increased from Rs 2.5 billion in 2018 to Rs. 3.9 billion in 2023 with a cumulative average growth rate of 9% over six years period owing to higher volumes, spending on marketing campaigns and other inflationary factors. However, the Company has effectively managed its constitution as percentage of selling, general and administrative expenses to sales declined from 2.8% to 2.6%.

#### OTHER OPERATING EXPENSES

Other operating expenses increased from Rs. 0.45 billion in 2018 to Rs. 2.15 billion in 2023 over the period of six years with cumulative average growth rate of 37%. These mainly comprises of devaluation of exchange rate impact on outstanding royalty remittance and provision for workers' welfare funds and workers' profit participation funds that are directly related to profits.

#### OTHER OPERATING INCOME

Other operating income increased from Rs. 0.93 billion in 2018 to Rs. 4.55 billion in 2023 over the period of six years with cumulative average



growth rate of 37%. This is on account of increase investment of surplus funds in bank deposits, government securities and mutual funds.

### TAXATION

The variation in taxation charge remained in line with profitability of the Company.

### VERTICAL ANALYSIS

#### GROSS PROFIT

Although the revenue has increased from Rs. 131.9 billion to Rs. 135.5 billion as compared to last year, the gross profit has decreased from Rs. 9.9 billion to Rs. 9.7 billion because of increase in raw material prices, currency devaluation and inflationary factors. Resultantly gross profit margin decreased from 7.5% to 7.1% as compared to last year.



#### PROFIT AFTER TAX

Net profit after tax decreased from Rs. 5.6 billion to Rs. 5.0 billion due to increase in tax rates.



# Six Years Analysis of Financial Statements

## Statement of Cash Flow

Particulars	2023	2022	2021	2020	2019	2018
-----Rupees in '000-----						
<b>Cash Flow Statement</b>						
Cash flows from operating activities	22,438,316	6,171,564	14,444,377	2,313,045	(12,804)	7,803,002
Cash flows from investing activities	(2,818,103)	415,164	(5,301,626)	(1,585,723)	1,308,414	(2,970,748)
Cash flows from financing activities	(2,342,354)	(3,450,251)	(1,163,187)	(1,898,865)	(3,797,066)	(1,904,423)
Net increase / (decrease) in cash & cash equivalent	17,277,859	3,136,477	7,979,564	(1,171,543)	(2,501,456)	2,927,831

Particulars	Horizontal						Vertical					
	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2023	2022	2021	2020	2019	2018
-----%												
<b>Cash Flow Statement</b>												
Cash flows from operating activities	263.6	(57.3)	524.5	(18,165.0)	(100.2)	21.3	129.9	196.8	181.0	(197.4)	0.5	266.5
Cash flows from investing activities	(778.8)	(107.8)	234.3	(221.2)	(144.0)	12.4	(16.3)	13.2	(66.4)	135.4	(52.3)	(101.5)
Cash flows from financing activities	(32.1)	196.6	(38.7)	(50.0)	99.4	27.5	(13.6)	(110.0)	(14.6)	162.1	151.8	(65.0)
Net increase / (decrease) in cash & cash equivalent	450.9	(60.7)	(781.1)	(53.2)	(185.4)	27.4	100.0	100.0	100.0	100.0	100.0	100.0

Particulars	2023	2022	2021	2020	2019	2018
-----Rupees in '000-----						
Profit before taxation	8,103,043	7,819,649	5,152,399	4,411,793	4,615,323	6,264,845
Adjustment non cash items	1,020,775	663,310	468,906	439,094	514,399	544,432
Changes in working capital	16,061,320	(651,544)	9,864,810	(1,233,335)	(3,424,484)	2,435,753
	25,185,138	7,831,415	15,486,115	3,617,552	1,705,238	9,245,030
Less: Capital expenditure	(3,217,425)	(1,722,697)	(1,027,728)	(2,118,516)	(2,041,487)	(1,924,438)
Free Cashflows	21,967,713	6,108,718	14,458,387	1,499,036	(336,249)	7,320,592

# Six Years Analysis of Financial Statements

## Statement of Cash Flow

### Analysis of Cash Flows, Liquidity & Financing Arrangements

#### Cash Flows from Operating Activities

Cash flows from operating activities have witnessed significant fluctuations since 2018. The net cash generated from operations stood at Rs. 22.4 billion in 2023 against Rs. 7.8 billion of 2018, with the cumulative average rate of 24%. This is mainly driven by changes in working capital of the business.

#### Cash Flows from Investing Activities

The cash flows generated from investing activities were Rs. -2.8 billion in 2023 as compared to Rs. -2.9 Billion utilised in 2018 with cumulative average reduction of -1%. Sale and purchase of short term investment and necessary capital expenditures were the main constituents that affected cash inflow from investing activities.

#### Cash Flows from Financing Activities

The net cash flows from financing activities mainly comprise of lease rental payments recorded as per IFRS-16, dividend payments and repayment of loan obtained under SBP's 'Refinancing Scheme for Payment of Wages and Salaries'. Resultantly, the cash outflows increased from Rs. 1.9 billion to Rs. 2.3 billion at cumulative average rate of 4.2%.

#### Liquidity Management and Repayment of Financial Liabilities

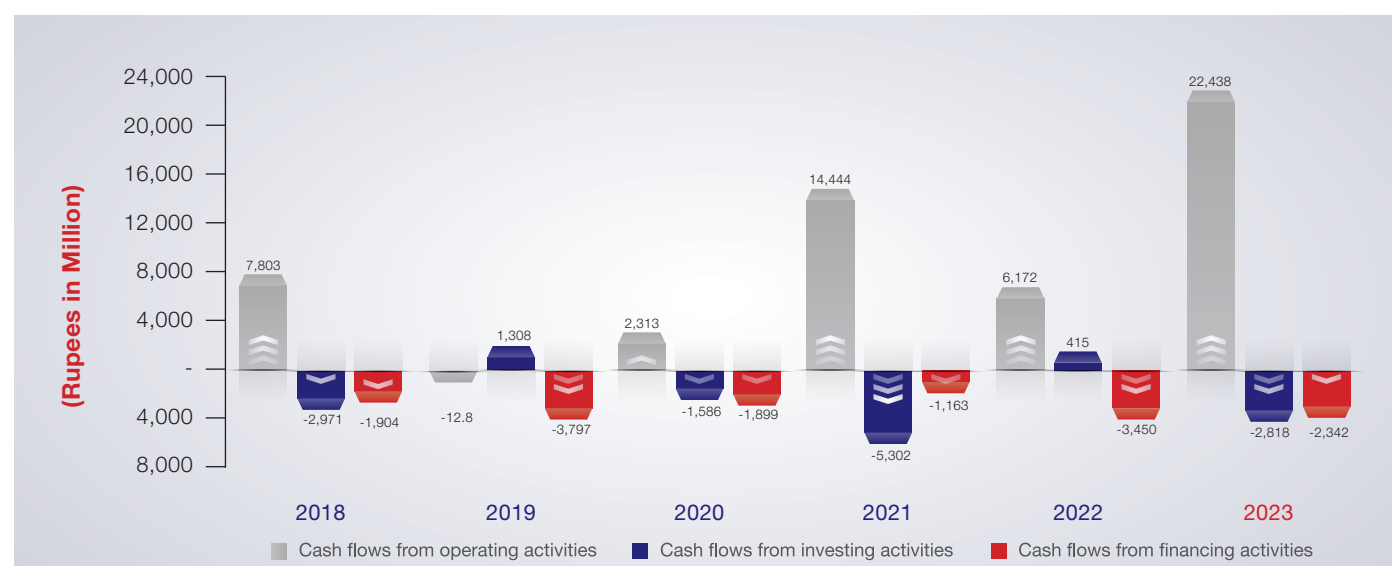
The Company has a robust treasury function in place which ensures effective and efficient working capital management. Treasury function has a system of periodical forecasting of estimated inflows and planned outflows which is continuously monitored and proactive decisions are made to optimize treasury income. Further, long term financing needs of the Company is planned by doing extensive market research keeping in view the monetary environment to make reliable decisions for financing of capital expenditures according to long term business strategies.

The Company is self-sufficient for liquidity needs as cash is primarily generated from bookings against sales. As at year end, the Company is sufficiently liquid with cash and cash equivalents amounting to Rs 34.7 million. The Company has settled all financial liabilities within the agreed timelines.

Surplus funds are invested in short and long term government securities, various mutual funds, Term Deposit Receipts (TDRs) and other investment schemes at the most competitive rates.

#### Liquidity and Financing Arrangements

During the year, Rs. 187.5 million was repaid in respect of loan obtained under SBP's 'Refinancing Scheme for Payment of Wages and Salaries' being full and final payment. For details of liquidity and financing arrangements, please refer above.



# Share Price Sensitivity Analysis

The Market Capitalisation of the Company at the end of the year was Rs. 35.24 billion. There are many factors which affect the Company's market share price. Some of these factors are mentioned below

## Agriculture:

The agricultural sector serves as backbone in Country's economy and employs majority of the population either directly or indirectly in agriculture related activities. The well-being of this sector is crucial for the country's overall economic performance. The growth of this sector is influenced by various factors, including crop acreage, weather conditions, availability of irrigation water and farm inputs, and government policies on crop prices and support. The years when these factors are favorable Company's Sales boost due to increase in the farmer's income

## Material Price Volatility:

The production of motorcycles requires major raw materials such as steel, aluminum, paints, and others, which constitute a significant portion of the Company's total annual expenses. A rise in major input prices can cause a negative impact on margins, therefore lowering the EPS, which further lowers the share price.

## Sales Volume:

Sales volume is driven by various factors including plant production capacities, demand and supply situation, farm economics and natural calamities.

## Exchange Fluctuations:

The volatility in exchange rate can also impact market share price as export or import may affect the Company's margins. Financial assets and liabilities denominated in foreign currency and foreign business transactions are exposed to foreign exchange.

## Regulations and Government Policies:

The share price is also sensitive to any changes in policies by the Government or regulatory authorities, both specific to Two-wheeler industry and overall business.

## Capital and money markets:

The Company holds short-term investments worth Rs. 10.1 billion, primarily consisting of investments in open-ended mutual funds. These funds predominantly invest in the capital and money markets. The performance of these markets directly influences the Net Asset Value (NAV) of these funds, which in turn impacts the financial performance of the Company

## Interest rate:

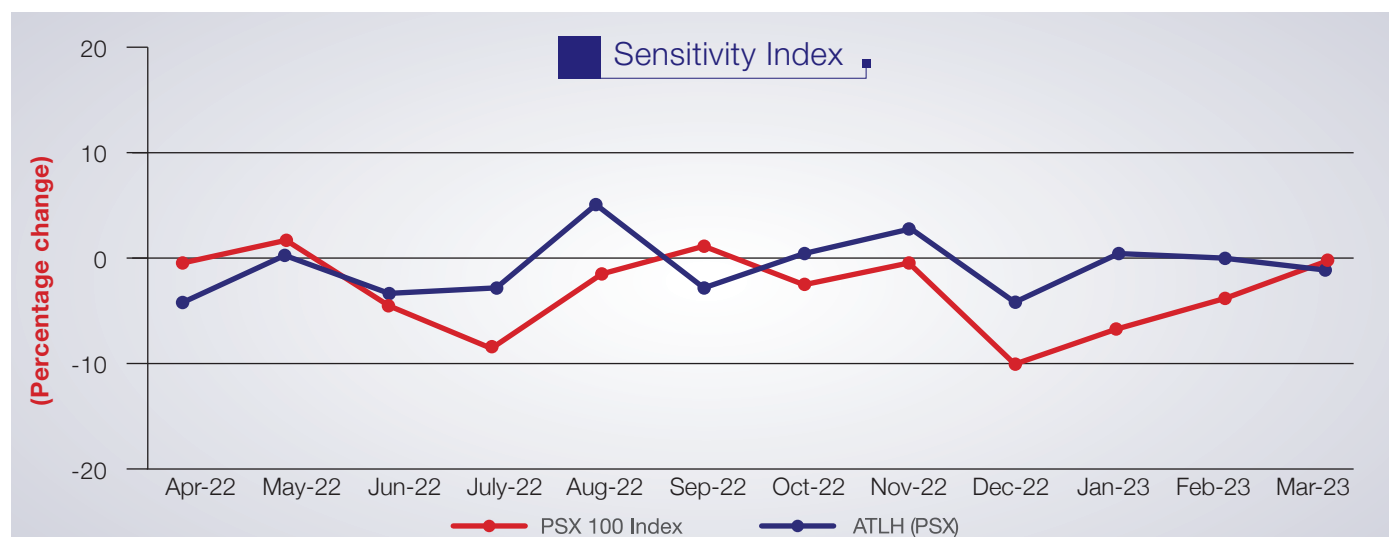
The Company has maintained a strong liquidity position through effective and efficient treasury management, with funds of approximately Rs. 41 billion invested in bank savings accounts, term deposit receipts, treasury bills, and Pakistan investment bonds, generating treasury income. Throughout the year, the Central Bank has raised the policy rate by a cumulative 665 basis points, reaching 20 percent, which has had a positive impact on income. However, it may also have a direct impact on the sale of motorcycles through consumer financing.

## Law and Order:

Favourable and consistent political system provides ideal environment for the business to thrive. On the other hand, unstable law and order jeopardize the business growth. Law and order situation directly impacts the performance of the company. Political instabilities, volatile government policies, protests and hindrance in supply chain affect Company's sales.

## Energy Crises:

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



# Statement of Value Addition and its Distribution

## Value Addition

Net sales including sales tax

Other operating income

Bought in materials and services

Value Added

## Value Distribution

### To Government

Income tax, sales tax, custom & excise duties, workers funds, EOBI & social security contribution and local taxes

### To Employees

Remuneration & benefits

### To Society

Donations

### To Providers of capital

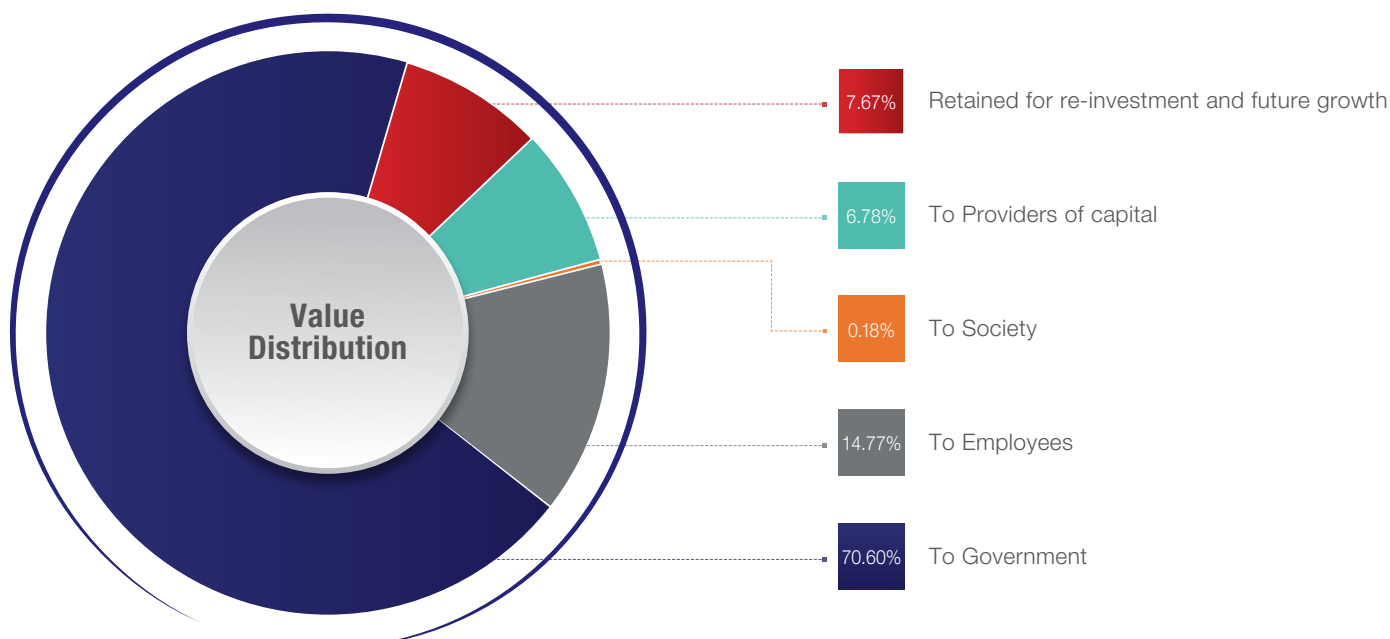
Financial charges on borrowed funds

Dividends for shareholders

Retained for re-investment and future growth

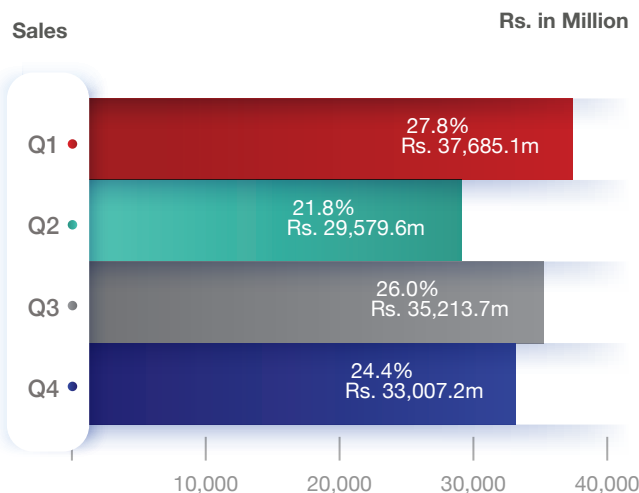
Total Value Distributed

	%	Year ended March 31, 2023	%	Year ended March 31, 2022
----- Rupees in '000 -----				
Net sales including sales tax	97.25%	160,934,299	98.68%	156,156,743
Other operating income	2.75%	4,555,992	1.32%	2,082,467
	100.00%	165,490,291	100.00%	158,239,210
Bought in materials and services	-73.44%	(121,535,812)	-74.46%	(117,820,671)
Value Added	26.56%	43,954,479	25.54%	40,418,539
To Government	70.60%	31,029,588	68.08%	27,517,043
To Employees	14.77%	6,493,308	15.01%	6,067,680
To Society	0.18%	79,565	0.13%	51,940
To Providers of capital	0.00%	469	0.01%	3,882
Financial charges on borrowed funds	0.00%	469	0.01%	3,882
Dividends for shareholders	6.78%	2,978,110	8.29%	3,350,375
Retained for re-investment and future growth	7.67%	3,373,439	8.48%	3,427,619
Total Value Distributed	100.00%	43,954,479	100.00%	40,418,539



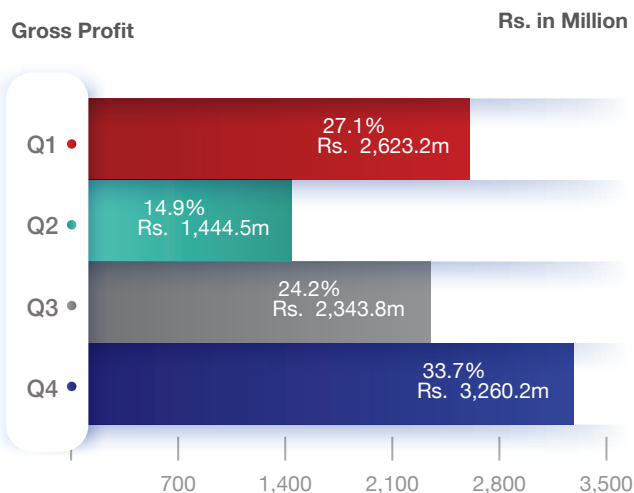


# Quarterly Performance Analysis

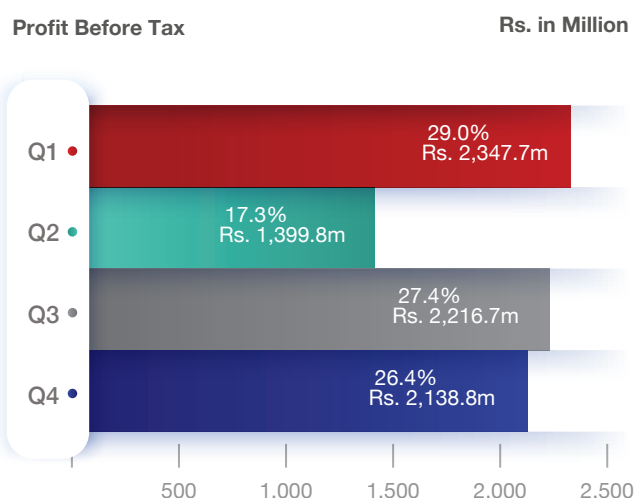


The Company started the year with positive sales momentum gained from last year. However, from start of second quarter, due to extreme weather conditions and inflationary pressures the Company faced a dip in demand therefore reducing the sales.

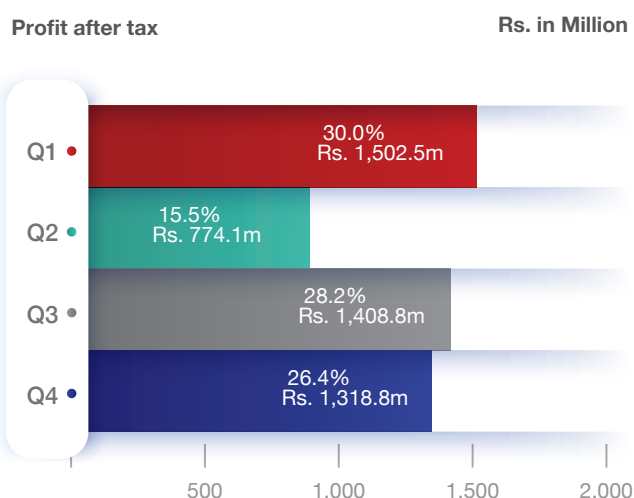
The third and fourth quarters were affected by import restrictions. However, with successful marketing strategies and efforts the sales gained momentum in third and fourth quarter which improved the company's volumes and market positioning. Accordingly, the Company, despite tough economic & political conditions closed the year with sales at 1,111,112 units.



The Gross Profit followed the movement of sales revenue in the first quarter. However, gross profit margin started to decline from the start of second quarter due to devaluation of exchange rate, increase in raw material prices and other inflationary factors. The above affects were neutralised through volume growth, model mix, cost reduction activities and price increase, hence achieving the Gross Profit for the year of 7.1%.



Profit Before Tax followed the trajectory of sales revenue and gross profit. Sales, marketing and general expense slightly increased as a percentage of sales while higher treasury income supported to neutralize the impact of devaluation loss. Accordingly, profit before tax increased by 4% from previous year to arrive at Rs. 8.1 billion with a profit margin ratio of 6.0%.



Profit After Tax (PAT) reduced as compared to last year despite an increase in PBT due to the imposition of super tax. This caused an increase in effective tax rate to 38.2% as compared to 28.6% last year. This translated into Earning per share of Rs. 40.33 for the year.

## Analysis of Variation in Interim Results with Final Accounts

The Company earned a gross margin and net margin of 6.0% and 5.6% during the first half of the financial year, respectively. However, with improved sales mix and gradual recovery from cost pressures through price increase, gross profit margin increased from 6.0% to 7.8% in the second half. Also, the Company was able to maintain net margin at 6.4% in second half as compared to 5.6% in first half due to improved treasury income (net of exchange loss).

# Sustainability Report 2023

- About the Report
- Sustainability Highlights 2023
- General Information
- CEO's Message on Sustainability
- Sustainable Development Goals
- Sustainability Targets
- Sustainability Strategy
- Environmental Protection
- Product Responsibility
- Corporate Citizenship
- Vendor Management
- Employee Management
- Definition, Methodology and Scope
- Independent Assurance Statement
- GRI Content Index





# About the Report

1

**Reporting Period**

Financial year 2023 (April 01, 2022 to March 31, 2023)

2

**Reporting Cycle**

Annual

3

**Date of Publication**

June 04, 2023

4

**Available Version**

Online and printed versions are available in English. Online version can be accessed from [www.atlashonda.com.pk](http://www.atlashonda.com.pk)

5

**Report Content**

The contents of this report are based on the results of our engagement with stakeholders and requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Standards. All material topics which are important to our business strategy, represent impacts on economy, environment and society and are of interest to various stakeholders & the company are included in this report.

6

**Global Reporting Initiative**

This report has been prepared in accordance with the GRI Standards 2021. The GRI content index is available on page 121.

7

**Assurance**

The report was externally reviewed by Corporate Social Responsibility Center Pakistan (CSRCP), an independent reviewer, in compliance with GRI Standards and ISAE 3000 (2003) standard. The statement of the independent external reviewer describing the activities carried out and the expression of opinion is provided on the page 119.

8

**Contact for Feedback**

We value feedback and welcome comments on our reporting. For any questions or suggestions, please get in touch with our sustainability team.

Address: 1-Mcleoad Road, Lahore-54000

Phone: +92-42-37225015-17, 37233515-17

Email: [ahl.suggestions@atlashonda.com.pk](mailto:ahl.suggestions@atlashonda.com.pk)



# Sustainability Highlights 2023



## Award by NFEH

1st Awards in the Categories of "CSR Report, Research & Publications and Waste Management/ Recycle"



**Rs. 79.6**

Million Donated



**18,640**

Hours spent on Employees' Training



**390,000**

Plus Customers Served for free checkups



**2.5%**

Reduction in water consumption per bike



**6.4%**

Reduction in effluents and waste per bike



**500**

Women trained for bike riding



**1<sup>st</sup>**

Prize by Spring Festival 2023 Sheikhupura Horticulture Society, in 3 Categories



**45,268**

Participants attended safety riding trainings and lectures

# General Information

## Ownership and Legal form

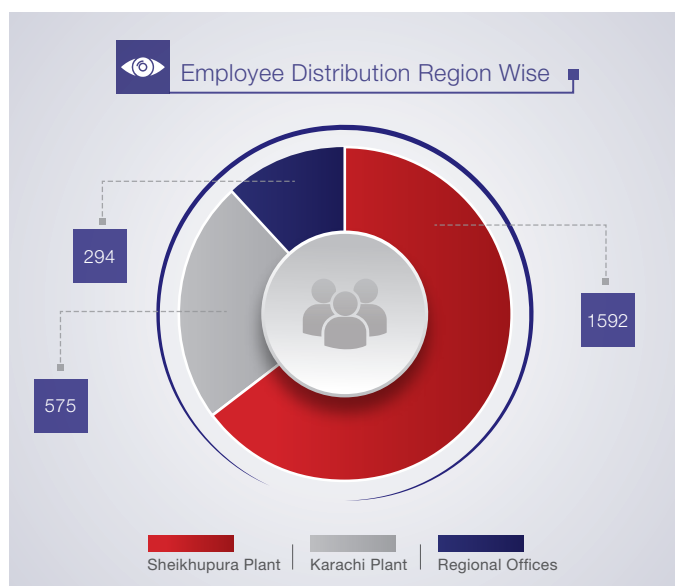
Atlas Honda Limited is a public limited company listed on the Pakistan Stock Exchange. It is a joint venture between Shirazi Investments (Private) Limited (SIL) and Honda Motor Company Limited, with SIL holding 52.43% of issued, subscribed and paid-up capital as at March 31, 2023.

## Headquarters and Operations

The Company operates in Pakistan and is engaged in manufacturing and marketing of motorcycles, spare parts and engine oil. The registered office of the Company is located at Lahore whereas its manufacturing & assembly facilities are located at Karachi and Sheikhupura with branches, customer care centers, warranty & training center and other offices located at Karachi, Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Islamabad.

## Scale of the Company

During the year ended March 31, 2023, net sales of the Company amounted to Rs. 135.5 billion, with sales of more than One Million One Hundred Eleven Thousand One Hundred and Twelve motorcycles. Net profit for the year amounted to Rs. 5.0 billion with total assets amounting to Rs. 70.0 Billion with equity of Rs. 22.8 billion, as at the said date. The workforce of the Company comprised of 2,461 permanent employees as at March 31, 2023. The Company does not hire employees on part-time or temporary basis and no portion of the organization's activities are performed by workers who are not employees of the Company.



## Supply Chain

The supply chain of the Company spans from procurement of machinery, raw materials, semi-finished & finished parts, services and other inputs from local and foreign vendors to delivery of finished motorcycles and parts to customers through a country-wide network of dealers. The Company's supply chain is both labor and capital intensive. During the year, the Company paid Rs. 121,535 million to its supply chain partners on account of purchases of goods and services.

## Activities, Brands, Products & Services and Markets Served

The Company serves the needs of automotive sector in Pakistan. The Company's customers mainly include dealers and institutions. The Company manufactures and sells various types of motorcycles in the categories of 70cc, 100cc, 125cc and 150cc through a nation-wide network of dealers. The Company also markets motorcycle parts & engine oil and offers after-sale services through its dealer network. Atlas Honda does not sell any product that is banned in any market.

## Memberships and external initiatives

Atlas Honda is a member of the following major associations:

1. Pakistan Automotive Manufacturers Association
2. Pakistan Business Council
3. Federation of Pakistan's Chambers of Commerce and Industry
4. Chambers of Commerce and Industry of:
  - Karachi
  - Lahore
  - Sheikhupura
  - Overseas Investors
5. Management Association of Pakistan
6. Marketing Association of Pakistan

The Company does not provide any funding to these associations. However, it takes part, through sponsorship or otherwise in events, such as exhibitions, seminars and workshops organized by these associations.

Further, in addition to the Company's internally developed charters, code of conduct and guidelines, the Company is committed to various externally developed initiatives, charters and principles. Please refer page 15 for more details.

## Significant changes

There were no major changes in the Company's supply chain, locations, operations and organizational structure during the year. However, it continued to make significant investments as per plan on account of capacity building, localization and process improvement.

# CEO's Message on Sustainability

**“At Atlas Honda, sustainability is more than a goal; a profound conviction. It is our resolute belief that establishing a delicate equilibrium between business objectives, the well-being of people and the planet is not just desirable, but fundamentally essential. We adopt a holistic approach to measure our impact and success while creating value for our stakeholders.”**

I am pleased to present Atlas Honda's 11th Sustainability Report which highlights our commitment to sustainability over the years and our future aspiration. The report presents sustainability as the cornerstone for our corporate strategy, while optimizing growth and preserving the environment.

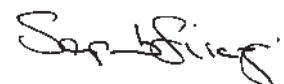
Over decades, our commitment to sustainable business practices has augmented which are reflected in our efforts designed to create sustainable solutions for driving growth for all of our stakeholders. Sustainability presumes that resources are finite, and should be used conservatively and wisely with a view to long-term priorities. Our sustainability strategy encompasses the environmental, social, and economic impacts of our operations and our value chain partners.

During the year, the national economy remained under pressure on account of devastation caused by floods, rupee devaluation, upward revision in energy prices and rising inflation. Supply shortages of essential items and restriction on imports further escalated domestic prices. Despite the challenging business environment, the Company remained unwavering in its commitment towards a sustainable future that not only ensures our continued success but also positively impacts the world around us.

As we move forward, we are committed to upholding these principles that benefit the society, our stakeholders and the communities we serve. The challenges we face today require innovative approach. This is why we are embarking on a transformative journey, integrating sustainability into every facet of our operations, fostering social inclusivity, diversity and equality within our organization and across our supply chain.

We firmly believe that on this journey towards a sustainable future, our organization will lead the way. The journey presents challenges and opportunities and by staying true to our values, overcoming the challenges and embracing the opportunities, we will secure a prosperous future for our organization and contribute to a thriving world.

At the end, I would like to sincerely thank our partner, Honda Motor, for its contribution and constant guidance throughout Atlas Honda's pursuit of value creation for all its stakeholders.



Chief Executive Officer

Karachi: April 28, 2023

# Sustainable Development Goals

At the United Nations General Assembly in September 2015, the Sustainable Development Goals (SDGs) were adopted for the purpose of establishing a sustainable society across the world through community development, environmental protection and inclusive economic growth. The timeline for these UN SDGs runs from 2016 until 2030. As a responsible corporate citizen, we aim to take account of the SDGs in how we run our business.

Initiatives such as the SDGs contribute to knowledge creation, advancing regulation and technological development, which ultimately lead to changed market demands.

We are committed to all 17 goals, as they all have some connection to our business. However, we are prioritizing actions on the goals where our business activities can have the biggest impact.



# Sustainability Targets

The Company has established the following targets for continued sustainability approach to be followed to ensure sufficient and effective use of resources:

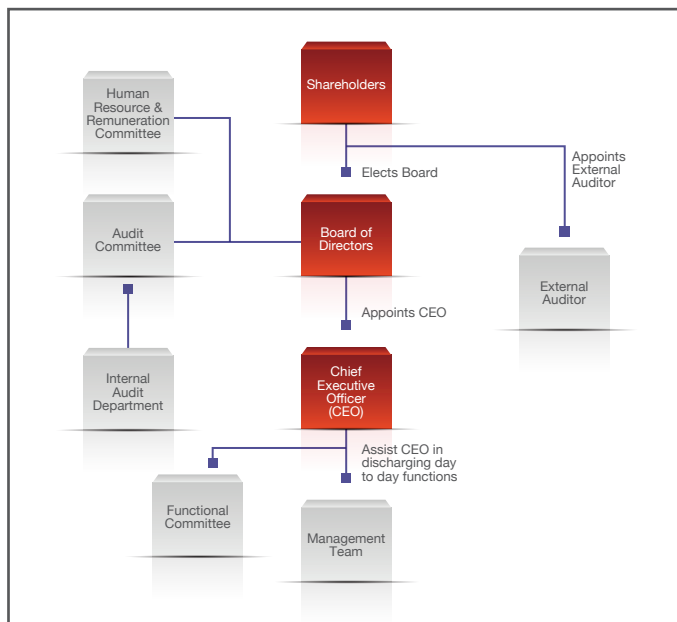
SUSTAINABILITY AREA	NEW TARGETS	TARGET YEAR
To reduce per unit consumption of plastic material	<b>Material</b> 1% reduction in material consumption from current year. Since 2015, 27% reduction in plastic consumption has been received through recycling and process optimizations, with 0.75% reduction during the current year.	2024
Reduction in per unit energy consumption	<b>Energy</b> 5% reduction in energy consumption from 2023. Energy savings initiatives taken by the Company have resulted in 42.5% per unit reduction since 2014, with 7.5% reduction during the current year.	2024
Reduction in CO <sub>2</sub> emissions per unit	<b>Emissions</b> 2% reduction in CO <sub>2</sub> emissions over the next 2 years as compared to 2023. From 2017, emissions have been restricted by 7.7% per unit, with 1% reduction during the current year.	2025
Minimize water consumption per unit	<b>Water</b> 3% reduction in water consumption from 2023. Since 2018, 15.5% reduction has been achieved, with 2.5% reduction in the current year.	2024
Zero Injury	<b>Health &amp; Safety</b> Zero Injury	2024



# Sustainability Strategy

## Governance Structure

Atlas Honda's governance framework provides a sound structure for effective and responsible decision-making within the organization. The highest decision-making is carried out at the shareholders' meetings, supported by the Board of Directors. The Board has an oversight of the risks and opportunities arising from the Company's activities and is responsible for identifying the direction, strategies & objectives and for monitoring the implementation of the same by management.



## Board of Directors

The Company has an experienced and dynamic Board with the right blend of skills to develop strategies. Presently, the Board comprises of eight Directors, including three non-executive Directors, three executive Directors and two independent Directors. Non-executive Directors are elected to enhance objectivity. The existing board members were appointed by the shareholders in the Extraordinary General Meeting (EOGM) of the members of the Company, held on Monday, 13 March, 2023. These existing board was elected for a period of three years commencing from 14 March, 2023, in accordance with the provisions of section 159 of the Companies Act, 2017.

The Chairman of the Board of Directors is selected from within the Board. The statute requires the Board to formulate Audit Committee and Human Resource & Remuneration Committee. Additionally, the Board may from time to time establish committees, to assist it by

focusing on specific responsibilities in greater detail than is possible for the Board as a whole, reporting to the Board and making any necessary recommendations.

AHL is an equal opportunity employer and members of the board are selected based on merit. AHL has not introduced any specific quotas for specific nationalities, ethnic minorities, or special age groups for the Board. AHL has, on its Board, highly competent and committed personnel with vast experience, expertise, integrity, and a strong sense of responsibility required for safeguarding stakeholders' interests. The Board is comprised of qualified directors with diverse backgrounds in the field of business, finance, economics, engineering, and other disciplines. The Chairman is responsible for the overall discharge of the Board's duties. The office of the Chairman and the Chief Executive Officer (CEO) are separate, and the Chairman is a non-executive Director.

All the matters including election, appointment and disclosure of interest are governed by the statutory requirements and regulations laid down by SECP and PSX. There were no non-compliances identified during the year. Further details about the Directors and matters carried out during the year can be found in the Director's Profile and Statement of Compliance with the Code of Corporate Governance on page 26-27 and 128-129 respectively.



## Representation of Female Director on the Board

In compliance with the requirement of The Code of Corporate Governance for listed companies, to have representation of female directors on Board, the Company elected a female member on its board in the election of Directors.

## Roles and Responsibilities of the Board

The Board provides leadership to the Company in a manner that promotes its long-term success, thereby maximizing value for the stakeholders. It also sets the direction for the Company's values, ethics & business policies and practices. The Board exercises all powers granted to it by the Companies Act, 2017 with responsibility, diligence, and in compliance with the legal framework after due deliberations in its meetings. These include, but are not limited to, appointment of key management positions, approval of annual budgets including capital expenditures, investments in new ventures and approval of related party transactions. Financial statements of the Company, including interim and final dividends and review of internal / external audit observations regarding the overall control environment including effectiveness of the control procedures, are also approved by the Board. An independent Internal Audit department ensures continuous compliance and

monitoring of formal policies and effectiveness of the internal control framework, designed by the Board for the conduct of the Company's business. The Audit Committee is tasked to report compliance thereof to the Board, at least once every quarter of the year.

### Formal Orientation and Director's Training Program

On appointment, Directors take part in an "Induction Program" which is aimed at broadening their knowledge and understanding regarding the Company's business. The orientation program is designed to apprise the Directors regarding the expectations of the majority shareholders and their responsibilities. The Directors are also encouraged to attend courses which provide information and training relating to their duties, responsibilities, powers and potential liabilities. The Chairman, in

collaboration with the Company Secretary and senior management, is responsible to ensure that the Board members are provided, at all times, with the information necessary for them to effectively discharge their duties and responsibilities. The Company Secretary also arranges an appropriate Director's Training Program in line with the mandatory requirements of the Code of Corporate Governance.

### Committees of the Board and Terms of Reference

Each committee of the Board has a written 'Terms of Reference' outlining their duties and responsibilities. The committees report on their activities and results to the Board. The table below summarizes the terms of reference, number of members and frequency of meetings of the committees.

Committee	Roles and responsibilities of committee	Number of members	Frequency of meeting
Audit Committee	<ul style="list-style-type: none"> <li>Monitors the integrity of the financial statements and reporting and makes recommendation to the Board for its approval</li> <li>Oversight of external auditor: to consider findings and recommendations arising from the external audit process</li> <li>Review of compliance procedures to ensure adherence to applicable legal and regulatory standards and internal policies</li> <li>Monitoring the effectiveness of the internal control processes and the internal audit function</li> <li>Oversight of risk management</li> </ul>	Three	Quarterly
Human Resource and Remuneration Committee	<ul style="list-style-type: none"> <li>Recommending Human Resource Management policies to the Board</li> <li>Recommending to the Board about selection, evaluation, compensation and succession planning of CEO, VP, CFO, Company Secretary and Head of Internal Audit</li> <li>Consideration and approval of recommendations for key management positions who report directly to CEO and VP</li> <li>Recommending to the Board a policy framework for determining remuneration of directors</li> <li>Undertaking annual evaluation of the Board of Director's performance</li> </ul>	Three	Once a year

### Remuneration of Executive, Non-Executive and Independent Directors

The Company has a comprehensive policy for fixing executive Directors' remuneration. In order to attract well qualified and experienced Directors, the Company's remuneration policies are structured in line with prevailing industry trends, business practices and the results of the Board's performance appraisal. As per the applicable legal and regulatory requirements, the remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding their own remuneration.

The Company does not pay remuneration to non-executive Directors including independent directors except a fee for attending meetings of the Board. For information on remuneration of the Directors and CEO in 2022-23, please refer note 36 to the Financial Statements on page 167.

### Policy for Retention of Fee Earned by Executive Directors for Services in Other Companies as Non-Executive Directors

The Company's CEO is treated as an executive Director on the Board by virtue of the Companies Act, 2017. In addition, he holds position as a non-executive Director on the Boards of Pakistan Mobile Communications, Tri-Pack Limited, National School of Policy and eleven private companies of Atlas Group. Fee paid, if any, by these companies are approved by their Board of Directors. Executive directors other than CEO of the Company do not hold directorship position in any other company.

### Security Clearance of Foreign Directors

Every foreign Director who is nominated for election on the Board of Directors of the Company is required to furnish documents which are then submitted to the Ministry of Interior for security clearance.

## Board's Performance Evaluation

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

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

The Human Resource and Remuneration Committee of the Board, evaluates on an annual basis, the degree to which objectives of the company as a whole and particularly those of the Executive Committee have been met. Based on the evaluation of the performance against operational and sustainability-related goals, recommendations are made for review and approval of the Board. The members of the Board and especially the Executive Committee have expertise in managing economic, environmental, and social issues. To ensure that they keep abreast of current trends and developments in the aforementioned areas, AHL ensures the participation of its management and staff in relevant training and involvement in international and national conferences. The results of the performance evaluation are also taken into account for setting remuneration of the Board members. The Company does not have a policy to involve an external consultant to carry out an evaluation of the Board's performance.

## Chairman's Review on the Performance of the Board

Review by the Chairman on the Company's performance, which is derived through the guidance received by the management from the Board of Directors, has been outlined in Chairman's Review. Further detailed explanations have been covered throughout the Annual Report.

## Roles & Responsibilities of Chairman and CEO

The Chairman's role is primarily to guide long-term strategic planning for Atlas Honda including:

- Presiding over the Board and ensuring that all relevant information has been made available to the Board;
- Defining the Company's philosophy and objectives;
- Safeguarding shareholders' interest in the Company;
- Responsible for building the Company's image nationally and globally;
- Ensuring the appropriate recording and circulation of the minutes of the meeting to the Directors and officers entitled to attend the Board meetings;
- Major spokesman of the Company, responsible for liaison with the senior most levels of the Federal and Provincial Governments;
- Overseeing the Company's macro approaches and public relations in the broad sense, including its relations with public organizations and other companies; and
- Commitments and de-commitments of strategic investments.

The CEO is responsible for reporting the Company's performance to the Board of Directors. He is also responsible for all matters pertaining to operations of the Company under direction of the Board of Directors. His responsibilities include:

- To plan, formulate and implement strategic policies;
- To build and maintain amicable relations with government departments, trade associations and regulatory bodies;
- To ensure the achievement of productivity and profitability targets

and that the Company operates efficiently;

- To ensure that the chain of command in the Company is clear to facilitate the maintenance of discipline, the roles and duties of all managers clearly define their functions to ensure accountability;
- To maintain a regular review of duties and functions of the staff to ensure that there are no duplications of efforts in office methods and procedures and that all operations are carried out efficiently and economically;
- To chalk out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- To ensure that proper succession planning for all levels of hierarchy exists in the Company and is constantly updated;
- To ensure welfare and training of the staff in accordance with the Company's policy and government regulations which are applicable from time to time;
- To ensure that open and progressive atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best;
- To ensure that every employee is treated equally as an individual regardless of his designation; career development is on merit basis and each employee is helped to develop its performance through continuous study and training so as to form a team in which all levels of employees work together with common goals to strengthen the position of the Company;
- To ensure that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- To ensure that technical information made available to the Company under Technical Service or Royalty Agreements are used solely in the manufacturing of approved products and the staff of the Company maintains strict confidentiality of such information;
- To ensure that the Company's interests and assets are properly protected & maintained and all the required Government obligations are complied with in a timely manner;
- To maintain close liaison with the Government, customers, suppliers and sales offices;
- To pay all Government dues on or before due date and obtain all refunds due from the Government;
- To ensure proper functioning of the Management Committees of the Company of which he is the Chairman;
- To prepare and present personally to the Board of Directors the following reports/details;
  - Annual business plan, cash flow projections and long term plans.
  - Budgets including capital, manpower and overhead budgets along with variance analysis;
  - Quarterly operating results of the company in terms of its operating divisions & segments;
  - Promulgations or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company;
  - Reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personnel and other matters of importance to the Company;
- To always keep the line of communication open with the competitors for taking joint actions for mutual benefits;
- To be responsible for publicity of the Company's products consistent with the Company's image and with a view to maximizing sales; and
- To ensure that the Company operates with minimum staffing and paperwork.

## Committees Reporting to the Highest Governance Body

The members of the highest governance body are supported by committees that facilitate them in the performance of their duties.

These committees meet frequently and ensure implementation of sustainability framework in various aspects of Atlas Honda's operations. The implementation of the framework is ensured by various departmental heads who report the activities and progress to these committees. Input is also acquired from associated third

parties through the Company's process of stakeholders' engagement. The implementation of sustainability framework is frequently monitored by Internal Audit function along with the annual assurance from an independent expert before reporting the results to the stakeholders.

Committee	Roles and responsibilities of committee	Number of members	Frequency of meeting
Management Committee	<ul style="list-style-type: none"> <li>Reviewing and forwarding long term plans, capital and expense budget, development and stewardship of business plans</li> <li>Maintaining healthy environment</li> <li>Providing advice to CEO in normal course of business</li> </ul>	Thirteen	Monthly
Business Ethics Committee	<ul style="list-style-type: none"> <li>Effective communication and reinforcement of ethical values &amp; best practices in the business</li> <li>Ensuring compliance with the Company's 3R principles (Respect, Reward and Recognition)</li> </ul>	Nine	Twice a year
Treasury Committee	<ul style="list-style-type: none"> <li>Oversight of day to day treasury &amp; investment matters</li> <li>Approval of short term investment decisions</li> <li>Ensuring subsequent approval of all the decisions by Board</li> </ul>	Three	Monthly
Risk Management Committee	<ul style="list-style-type: none"> <li>Identifies and propose strategies to mitigate risks, on a timely basis, in accordance with a well-structured risk management process</li> </ul>	Three	Monthly
Environment, Health, Safety and Security Committee	<ul style="list-style-type: none"> <li>Ensures compliance with applicable Environmental, Health, Safety and Security (EHS&amp;S) laws and regulations</li> </ul>	Six	Monthly
Corporate Social Responsibility Committee	<ul style="list-style-type: none"> <li>Ensures compliance with Social Performance Governance Framework</li> </ul>	Five	Quarterly

### Governance Practices Exceeding Legal Requirements

The Company's commitment to the highest levels of moral and ethical values is demonstrated by voluntary adoption of best business practices in addition to the stipulated regulatory requirements. Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best reporting practices recommended by ICAP/ICMAP;
- Adoption of Pakistan Stock Exchange criteria for selecting top companies;
- Disclosure of various financial analysis including ratios, reviews, risk matrix and graphs etc., and
- Implementation of aggressive Health, Safety and Environment strategies to ensure safety of employees and equipment.

### Related Parties

The Company maintains a comprehensive and updated list of all related parties. Names of all such related parties along with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 37.1 of the Financial Statements.

As per the requirements of fourth schedule of the Companies Act 2017, detailed disclosure regarding related party transactions have been presented in note 37.2 to the Financial Statements.

### Risk Management

The Company has an entity-wide risk management processes for identifying, evaluating and managing the principal risks. The Board is

responsible for the systems of internal control and risk management and for reviewing each year the effectiveness of those systems. The key features of the Company's entity-wide risk management and internal control process include:

- The Audit Committee, on behalf of the Board, considers the effectiveness of the internal control procedures during the financial year. It reviews reports from the internal and external auditors and reports its conclusions to the Board.
- Risk Management Committee is responsible for reviewing the key risks and the strategies to mitigate/ counter these risks.
- The Company's Internal Audit function carries out the continuing assessments of the quality of risk management and control, reports to the management and the Audit Committee on the status of specific areas identified for improvement and promotes effective risk management in the lines of business processes.

During the year, the Committee discharged its responsibilities and reported the matters in Report of the Audit Committee.

### Corporate Policies and Commitments

The Company's Code of Conduct (the Code) provides guidelines on ethical standards. It covers issues such as bribery and corruption, fraud, insider trading, legal compliance, conflicts of interests, human rights and discrimination. The Code includes a commitment to conduct the Company's business with due regard to the interests of all stakeholders and the environment. The Code requires compliance with all applicable laws and regulations as a minimum standard. In

essence, the guidelines to the Code outline the Company's approach to ethics management, which includes all elements recognized as best practices in ethics management. The Code guides interactions with all the stakeholders, including employees, vendors and customers. The Company provides regular trainings to its stakeholders to ensure for keeping them abreast of the developments. In addition to this, annual survey for the employees' understanding of Company's code of conduct and other policies, is conducted. All of the Policies adopted and implemented by the Company stipulate applying the precautionary principle and these apply to all the organization's activities and to all its business relationships.

The overall responsibility for embedding, implementing, and reviewing the policy commitment rests with the Board. AHL's policy commitments follow a centralized system and all department heads ensure the implementation of their respective policies. However, HSEQ policy commitments are aligned with risk management and responsibilities are location-based. Regular trainings are provided to employees for keeping them abreast of development and refresh their knowledge. Compliance with the policies and commitments is ensured through internal reviews, audits, and external certification. The Code is reviewed annually and any changes therein are approved by the Board. The same is communicated to all the employees, vendors, service providers and customers and is available on the Company's website.

### Whistleblower Policy

The Company's purpose and values set the standard for how it does business and actively encourage openness, integrity and accountability. The Company's Whistleblower Policy has been developed to ensure that concerns are raised regarding actual or suspected contraventions of the Company's ethical and legal standards freely and without fear of repercussions. The policy provides a number of avenues for disclosure including internally through managers and Business Ethics Committee. Matters reported are investigated by the Internal Audit function and it is determined whether there is evidence to support the matter raised or to refute it. Information regarding any incident is reported to the Audit Committee. The reports include details of the matter, measures taken and the status of any investigation. During the year, no such incidences were reported.

### Privacy and Data Protection

The stakeholders are understandably concerned about how their personal information is used and shared and they want to feel confident that data communicated or stored online is secure. The Company works regularly to enhance robust processes and systems that protect customers' and employees' data and to raise awareness about the importance of data protection and privacy through the Company's IT Governance Policy which is summarized below:

- The members of Management Committee are responsible for required compliance in their respective functional areas, at all locations.
- The General Manager Systems is responsible for its implementation, maintenance, compliance and for suggesting new areas as per technology enhancement.

### Conflict of Interest Policy

The Company has a policy in place to ensure that any conflict of interest is properly disclosed, recorded and addressed, upholding the interests of the company. In line with the provisions of Companies Act, 2017, every Director is required to disclose his interest in writing to the Company Secretary, in respect of any contract/appointment, etc.

Such disclosures are circulated to the Board. Interested Directors do not participate in voting on the said resolution and it is properly recorded in the minutes of the Board meeting and also entered in the statutory register maintained for this purpose.

### Insider Trading

The Company has a clearly defined policy relating to insider trading which requires all the relevant employees to maintain confidentiality of inside information at all times. The purpose of this policy is to set forth guidelines on purchase or sale of securities while in possession of inside information. The Company is in compliance with the requirements issued by SECP relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

### Anti-corruption and Anti-competitive behavior

Analysis of risks related to corruption is a continual process at Atlas Honda and no corrupt practices are tolerated. The Company has a strict Code of Conduct which contains explicit requirement about Business Integrity and Anti-corruption. The code is supported by an effective risk management system to identify corruption risk. The Company has a dedicated internal audit department to implement the risk management systems. The department directly reports the findings to Audit Committee for taking appropriate action. Risk assessment for corruption risk covering all of our major operations was carried out during the year and no significant risk or incidence related to corruption or anti-competitive behavior was identified and reported. Furthermore, a survey of Code of Conduct was carried out during the year to evaluate employees understanding of company's Code of Conduct. Based on the results of the survey no training needs were identified. Therefore, no specific training for anti-corruption policies and procedures was conducted during the year. The anti-corruption policies and procedures are communicated to all directors and employees at all locations of company's operations. New employees receive orientation at the time of joining which includes a briefing about anti-corruption policies and procedures. Moreover, the anti-corruption policies and procedures are also communicated to all business partners at the time of engagement. During the year, there was no violation of laws, regulations, and voluntary codes of practice in the economic or social areas. Moreover, no fines were paid and no non-monetary penalties for failure to comply with legal regulations were levied.

### Grievance/Feedback System

The Company believes in protecting interests of its investors, shareholders and other stakeholders. AHL understands its responsibility to mitigate and remediate the negative impacts of its activities and operations for which various grievance reporting mechanisms are in place. The shareholders give their feedback in General Meetings and are encouraged to do so. It allows the Company to have a good understanding of their views on operations and decisions. Accordingly, a "Grievance/ Feedback System" has been established that provides an avenue for reporting and resolution of all complaints/queries on timely basis.

A designated e-mail address has been created which is investor.relations@atlashonda.com.pk to facilitate investors for submission of queries/grievances and feedbacks. In addition, complaints and suggestions can also be received in writing, duly addressed to Company Secretary. All grievances/queries are resolved and communicated to the investors on timely basis after due verification procedures.

AHL places great importance on fair interactions with competitors, suppliers, customers, and communities and for which it has a grievance reporting system at its plants and other offices where communities and stakeholders can ask questions, provide suggestions, or submit complaints. Plant management and the administrative departments at underlying locations investigate these grievances with assistance from the relevant departments. The findings are then shared with the stakeholders and management for resolution and appropriate action. The matters that are highlighted through communication with the stakeholders, reported to the Company through the grievance reporting mechanisms, raised by the suppliers and customers through B2B communication platforms and raised by the members in the general meetings of the Company are evaluated on regular basis to assess whether any revision in Company's policies and its commitments is required for managing the impact of its operations. Such matters are reported to the members of highest governance body through CSR Committee. Throughout the year, there were no complaints from interest groups or institutions at the relevant locations concerning public or social issues.

### Board's Role in Shaping Sustainability Policy

The Board provides direction on sustainability policy and initiatives to enhance the positive impacts and reduce the negative impacts on the economy, environment and society. The board is responsible for developing, approving and updating organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development. The execution of the Board's directives and policies is carried out by CSR Committee and underlying the respective management teams and performance is reviewed by the Board. The Board also oversees operating & financial performance, risk management & internal controls and compliance with legal requirements CSR Committee is chaired by head of CSR. The committee is responsible for approval of the sustainability initiatives and activities covering Environmental, Social & Governance and approval of annual sustainability report, ensuring that these are in line with guidelines of the highest governance body. CSR committee is also responsible to recommendation to Board, for the appointment of independent external

reviewer for the review of the annual sustainability report. The current report was reviewed by Corporate Social Responsibility Center Pakistan (CSRCP). The assurance is conducted in accordance with the requirements of International Standard on Assurance Engagement (ISAE) 3000. CSR Committee is responsible to ensure that requirements of ISAE – 3000 are complied with.

### Sustainability Strategy Framework

The Company's sustainability strategy focuses on crafting long-term value and providing a level playing field for future generations to meet their needs. This goal can only be attained through the efficient use of available resources, commitment to creating sustainable products and solutions and treating the environment and people equitably and with respect. The commitment of doing business in a sustainable way sets the Company apart from its competitors, leading to customer satisfaction, appreciation, brand recognition and increasing product demand. The Company's Sustainability Strategy Framework supports its business strategy and is aligned with the Company's purpose. The framework has five key areas of focus:

- Environmental Protection
- Product Responsibility
- Corporate Citizenship
- Employee Management
- Vendor Management

The Company is guided by its sustainability framework while making efforts for creating sustainable value for all its stakeholders. This framework is a product of Atlas Group's fundamental business doctrine - the "ATLAS WAY". It comprises of the principles of the "ATLAS CULTURE" and the "ATLAS SYSTEMS". The principles of the Atlas Way cover all departments, operations, activities and aspects of business and provide ideal guidelines for their progressive development. The ultimate goal is to obtain excellence in operations and quality in products without compromising on protection of environment and interest of society at large.

## Atlas Way

### Atlas Systems

- Management by Objectives (MBO) to align activities towards agreed company goals
- Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared values) for the company
- Inducting and retaining competent and skilled staff – right man for the right job
- Using BCG model for strategic direction
- Creating values through implementations of internal controls (SOPs and policy manuals)
- Management development to produce performers, organization builders and strategists
- Active participation in management meetings for continuous performance improvements
- Ensuring accuracy and control of information / data through efficient MIS
- Judicious sharing of profitability between employee bonuses, dividend payout and profit retention

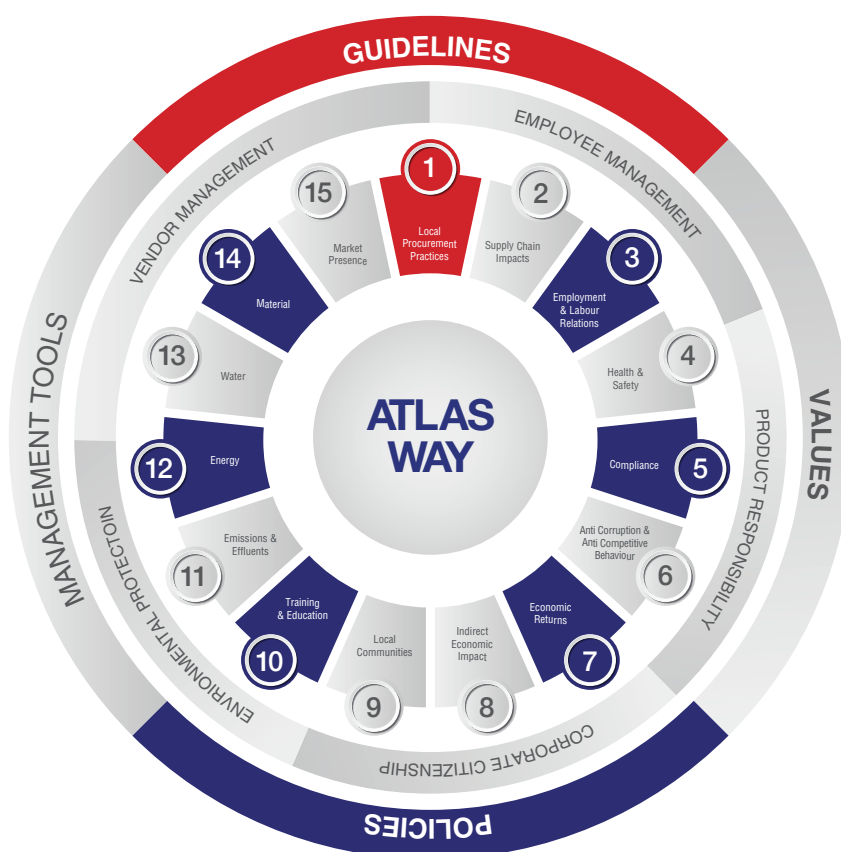
### Atlas Culture

- Corporate Governance
- The 3 Rs – Respect, Recognition and Reward
- Value of time
- Recruitment and career advancement based on integrity, merit, experience and skills
- Education and training of staff and descendants
- Self-reliance
- Leading by example
- Humility and Excellence
- Living within one's means, saving for the future and donating for good cause
- To be happy and healthy

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**We Look Beyond Horizons**

The following diagram summarizes the Company's framework and approach to sustainability:



### Stakeholder Engagement

Being the largest manufacturer of motorcycles in the country, both the Company's manufacturing activities and its products have significant effect on the environment as well as on diverse groups of stakeholders. Simultaneously, the views, decisions and actions of these groups have an impact on the success of the Company's business. The Company, therefore, engages in an ongoing dialogue regarding sustainability topics with its stakeholders in relevant markets and at all locations. This allows the Company to understand the issues, formulate strategies and deliver according to their expectations.

The engagement process starts with the identification of stakeholders. The Company defines stakeholders as those who

are potentially affected by the Company's operations or who have an interest in or influence on the Company's business. Stakeholders are identified and then prioritized on the basis of nature of relationship, influence, responsibility, dependency proximity and willingness & ability to engage. Consultation is then carried out with the identified stakeholders to gain input on topics which are of interest to stakeholders or which can significantly affect us. The results of the stakeholder engagement are quarterly communicated to the Board through CSR Committee for Board's consideration. List of stakeholders, processes, frequency of consultations with stakeholders, topics identified and the Company's responses to the same are as follows:

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
Shareholders / Investors	Individuals, corporate and other organizations that have invested capital	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Dedicated webpage for investors</li> <li>Notices, circulars, announcements and interim reports</li> </ul> <b>Annual</b> <ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>Sustained good return on investment through strategic and organic growth</li> <li>Exemplary governance practices</li> <li>Sound risk management</li> </ul>	<ul style="list-style-type: none"> <li>Strong leadership, commitment to growth &amp; value creation</li> <li>Focus on good corporate governance and ethics</li> </ul>

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
Employees	Core assets who implement all of management's decisions, strategic and operational	<b>Ongoing</b> <ul style="list-style-type: none"><li>• Communication through immediate supervisors, management, intranet</li><li>• Newsletters and other communications</li><li>• Whistle blowing mechanism</li><li>• Training and development programs</li></ul> <b>Bi-Annual</b> <ul style="list-style-type: none"><li>• Performance Appraisals</li></ul>	<ul style="list-style-type: none"><li>• Remuneration and benefits, personal development, training and health &amp; safety</li><li>• Clearly defined roles, responsibilities &amp; goals, performance management and development</li></ul>	<ul style="list-style-type: none"><li>• Provision of competitive remuneration and benefit packages as per industry benchmarks</li><li>• Enforcement of stringent safety measures, on-going training and education programs, open communication</li></ul>
Customers	End-users of the Company's products	<b>Ongoing</b> <ul style="list-style-type: none"><li>• Communication through sales service &amp; warranty centers, conferences, exhibitions, events and seminars</li><li>• Dedicated customer care section on the Company's website and call center</li></ul>	<ul style="list-style-type: none"><li>• Product/service quality and availability</li><li>• Safe product use</li><li>• Correct product information</li><li>• Transparent communication</li></ul>	<ul style="list-style-type: none"><li>• Production of high quality products</li><li>• Efficient supply chain</li><li>• Capacity expansion to meet demand</li><li>• Focus on after-sale service</li></ul>
Dealers	Distributors of the Company's products	<b>Ongoing</b> <ul style="list-style-type: none"><li>• B2B links connecting us with dealers</li><li>• Dealer training and education programs</li></ul> <b>Annual</b> <ul style="list-style-type: none"><li>• Dealer's convention</li></ul>	Return on investment, equal business opportunities & transparent communication	Nurture and protect partnerships that result in mutually beneficial outcomes
Vendors	Businesses that provide raw materials and services which are key to the Company's manufacturing process	<b>Ongoing</b> <ul style="list-style-type: none"><li>• Audits and visits for vendor development and compliance with quality standards</li><li>• B2B links connecting us with vendors</li></ul> <b>Annual</b> <ul style="list-style-type: none"><li>• Vendor convention and Vendor Excellence Awards (ALAMAYAR)</li></ul>	<ul style="list-style-type: none"><li>• Shared development</li><li>• Supply chain sustainability</li><li>• Contract terms that are reasonable and as per market norms</li><li>• Timely payment</li><li>• Opportunity for discussion and negotiation</li></ul>	<ul style="list-style-type: none"><li>• Opportunity to compete for business on the basis of clear and transparent procedures &amp; evaluation criteria</li><li>• Mutually beneficial relationships where all parties integrate talent, resources and efforts to exceed expectations</li></ul>
Local community	Local society and neighborhood	<b>Ongoing</b> <ul style="list-style-type: none"><li>• Seminars, rallies and other awareness campaigns on various issues including road safety, healthy livelihood, education and welfare</li><li>• Internships, management trainee programs and factory visits of members including students from the local community</li></ul>	Creation of employment and business opportunities, investment in infrastructure, environmental protection initiatives	<ul style="list-style-type: none"><li>• Undertake community development programs</li><li>• Support sports, cultural, art and other events and create opportunities for employment and business</li><li>• Undertake environmental protection initiatives</li></ul>
Government & regulators	Federal & provincial governments, Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange	<b>Ongoing</b> <ul style="list-style-type: none"><li>• Filing of statutory forms, documents, prescribed returns, assessments and other information as per applicable laws and regulations</li><li>• Participation in government initiatives, regulation and policy working groups</li></ul>	Compliance with legal and regulatory requirements and adherence to policies and guidelines	<ul style="list-style-type: none"><li>• Ensure compliance with legal and regulatory requirements</li><li>• Contribute to the economy through taxes and other payments</li></ul>

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
Industry associations & representative bodies	Auto sector specific association and various business councils	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Representations in activities of local trade and industry associations, meetings, visits and training programs etc.</li> <li>• Providing periodical operational data</li> </ul>	Compliance with regulations and protection of interest of members of associations and representative bodies	Ensure compliance and actively participate in key business and industry initiatives within the constraints of legal frameworks and requirements
Media	Representatives from print, online broadcast and social media	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Media releases, briefings, presentations, interviews and information on social media page</li> </ul>	Information on the operations, growth prospects and sustainability practices & economic contribution	Timely communication of information on relevant subjects

### Matters Raised in the last AGM of the Company

The Annual General Meeting of the Company was attended by shareholders of the Company including minority shareholders. The meeting was also attended by the Chairman of the Audit Committee to answer any queries and matters within the scope of the audit committee's responsibilities. During the meeting, there were no significant matters / issues raised except for discussion on the agenda items.

### Efforts to Engage Minority Shareholders

The Company values all shareholders equally and consider them an integral part of the Company. Atlas Honda facilitates all shareholders including minority shareholders to attend and take part in Annual general meetings. Ever since the Company has made arrangements to participate annual general meeting through video conferencing, minority shareholders' participation has further improved, as they can conveniently attend through video link. The notice of Annual General Meeting is sent to all shareholders at least 21 days before the date of meeting. During the meeting, input from all shareholders is encouraged and their concerns and suggestions are recorded as a part of continuous improvement process.

### Corporate Briefing Session of the Company

Corporate Briefing Session is held annually to brief investors regarding the performance of the Company and future outlook. This year, corporate briefing session was held on Wednesday, 20th July 2022. During the meeting the management briefed the following matters about the Company:

- Shareholding structure and geographical presence of the Company
- Macro-Economic environment
- Auto industry's performance
- Annual performance of the Company along with six years analysis of key financial ratios
- Sustainability highlights

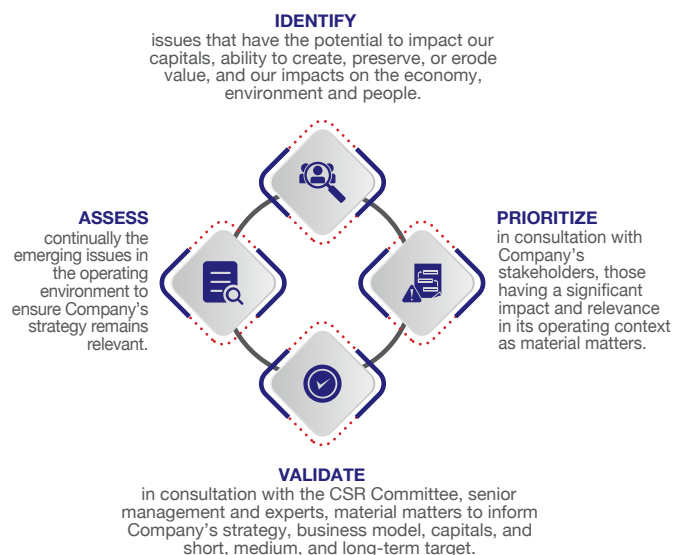
Thereafter a Question and Answer Session was held.

For more details on corporate briefing session, please refer the presentation delivered during the meeting, placed on our website link: <https://www.atlashonda.com.pk/wp-content/uploads/2022/07/Corporate-Briefing-Session-20-July-2022.pdf>

### Process to determine Material Topics

Company's approach to assessing materiality offers a comprehensive perspective on the impacts both within and outside the organization. This report concentrates on the issues, opportunities, and risks that significantly affect its resources, its ability to conduct sustainable business, and its impact on the economy, environment, and people, including their human rights.

To identify these issues, the Company analyzes the risks and opportunities present in its operating environment, review industry-specific concerns, engage with stakeholders, and consider issues brought forth through our grievance mechanism system. Through the process of materiality analysis, the Company evaluates the significance of both negative and positive impacts, taking into account their severity, likelihood, scale, and scope. This assessment helps the Company in establishing relative levels of importance, guiding its efforts in mitigation and enhancement activities. Adherence to the Company's laws, international standards, internal regulations, and its Code of Conduct forms the fundamental requirements for all its activities, as part of Company's precautionary approach.



The material matters outlined in this report inform and shape Company's strategy, the evolution of its business model, and its short, medium, and long-term targets. We continuously assess the list of material matters to ensure that our strategy remains relevant in the constantly changing external environment. The

most recent evaluation, conducted in 2022-2023 with input from stakeholders, resulted in no changes to the list of material topics, except for the removal of the material topic "compliance." Compliance with laws is now covered under the General Disclosures 2021 section of the Global Reporting Initiative (GRI).

Material Topic	Why is the topic material?
Economic returns	Critical for economic contribution and ability to deliver value to stakeholders
Energy	Impact on depleting finite resources and environmental impact of use of non-renewable sources
Emissions	Environmental impact due to emissions
Materials	Depleting raw material resources affecting finite resources
Effluents & Waste	Environmental impact through incineration, dumping and discharge of waste
Water	Environmental impact due to depleting water reserves leading to water scarcity
Anti-corruption and anti-competitive behaviour	Impact on competition, negation of competition and equal opportunity rights as per applicable laws and regulations
Human rights	Impact on the basic rights of people defined in charters and conventions
Local communities	Impact of operational activities and developments around plant site for economic development
Indirect economic impacts	Impacts on the surrounding communities and socio-economic development
Health & Safety	Impacts on health of workforce affecting productivity and consumers concerns
Employment and labour relations	Diversified workforce for better productivity and compliance with applicable laws and regulations
Training & Education	Impact on workforce ability to effectively contribute to operational success affecting organization's ability to create value
Marketing & Labelling	Provision of customer centric product information and compliance with applicable laws and regulations
Supply chain impacts	Impact due to activities of supply chain partners
Market presence	Economic contribution and job opportunities for local community
Procurement practices	Economic contribution and creation of business opportunities through local sourcing



## Environmental Protection

### Management Approach

Environmental protection is fundamental to the Company's sustainability strategy. In view of challenges such as climate change, pollution and scarcity of resources, Atlas Honda aims to be the most resource-efficient mobility solution provider in Pakistan. The Company's focus lies on increasing the energy and resource efficiency of its production processes and on reducing emissions and waste. These measures allow the Company to minimize impacts on the environment, make a contribution towards achievement of Honda's environmental vision and reduce costs. Environment related issues arising from energy & resource consumption, emissions, effluents & waste and water are managed by the Company's Production & HSE departments in coordination with other departments. Necessary procedures are defined and implemented to achieve targets. The Company has a continuously evolving Environmental Management

System (EMS) in place which is supported by the Company's Environmental Policy to ensure effectiveness of processes, monitoring and continual improvement in the Company's environmental performance. The Company also engages with local communities on regular basis to assess environmental impact of its operations. Company also publishes its Annual sustainability at its website to make public disclosure of its environmental assessment.

Green practices are being implemented at all locations of the Company and those of its business partners. Awareness is being raised by the Company through continuous training and development programs for its suppliers as well as employees. In recognition of its efforts for protection of environment, the Company has been presented with Awards by National Forum for Environment & Health (NFEH), for the year 2020, in the category of Environment & Waste Management.

### Environmental Policy

The Company's Environmental Policy covers every aspect of the Company's operations, whether they are directly or indirectly related to designing, engineering, manufacturing, distribution and service:

<b>Compliance</b>	Comply with requirements of environmental legislation and local regulations as a responsible corporate citizen.
<b>Energy and Resource Conservation</b>	Establish and implement management programs to encourage energy conservation and reduce consumption of resources.
<b>Prevention and Reduction</b>	Prevent, where possible, and reduce generation of emissions and waste throughout the production processes & ensure safe disposal.
<b>Knowledge and Education</b>	Promote relevant environmental protection knowledge and activities through education and training.
<b>Kaizen - Continuous Improvement</b>	Initiate and extend environmental protection activities from our own operations and to those of our business partners including parts manufactures, general suppliers and dealers.

### Environment Management System (EMS)

EMS is intended to formalize procedures for managing and reducing environmental footprint. It helps the Company organize and analyze, in a timely manner, the environmental impacts that result from its business operations. It also helps the Company in developing solutions to address those impacts. The Company's EMS is based on relevant legislation such as the Pakistan Environmental Protection Law, international standards and Honda's guidelines, as well as best practices. The management system is certified in accordance with ISO 14001:2015, an international certification for EMS.

The Company conducts internal and external audits of its EMS and strives for further improvement. During the year, the Company identified tasks as a result of in-house reviews and made improvements accordingly. Periodic visits by representatives from Environmental Protection Agency (EPA) are also facilitated to ensure compliance with regulatory requirements.

No non-compliances have been reported during the year. Further, no environment-related complaints were received through the Company's formal grievance mechanism during the reporting period.

## Life Cycle Assessment

The Company applies a product life cycle approach for management of environmental impacts, which considers the entire life cycle - from product development to purchasing, manufacturing, sales & service, use, recycling and administration. This approach makes it easier to identify opportunities, minimize or enhance impacts and understand

boundaries in every aspect of the Company's business. It also helps the Company understand how its actions and impacts are interrelated. The Company also applies the precautionary principle, whereby it acts responsibly despite not having the full scientific knowledge of negative impacts, to ensure the Company stays ahead of potential risks.

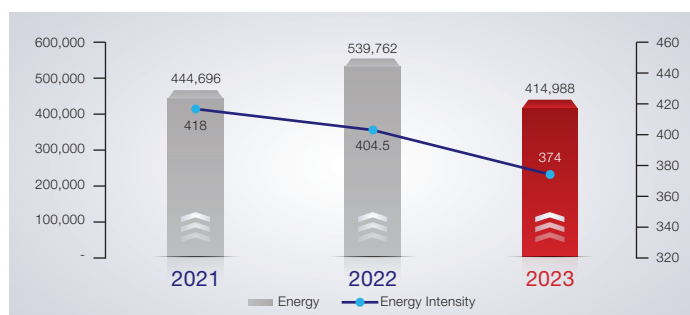
Life Cycle Stages	Major initiatives in each domain based on impacts identified
Development	<ul style="list-style-type: none"> <li>• Environment friendly product design</li> <li>• Efficient use of raw material, energy and other resources</li> <li>• Focus on reduced waste and emissions</li> <li>• Integrate future requirements into development plans</li> </ul>
Purchasing	<ul style="list-style-type: none"> <li>• Purchase of raw material from environmental friendly sources</li> <li>• Increased use of renewable raw materials and materials with sustainable characteristics</li> <li>• Implementation of environmental standards within the supply chain</li> <li>• Promotion of transparency and resource efficiency</li> <li>• Training and improvement programs</li> </ul>
Manufacturing	<ul style="list-style-type: none"> <li>• Environmental management system</li> <li>• Improved resource efficiency</li> <li>• Reduced wastewater and emissions initiatives</li> <li>• Reuse of water</li> </ul>
Sales and Service	<ul style="list-style-type: none"> <li>• Promotion "green dealers"</li> <li>• Dealers with 5S certification</li> <li>• Efficiencies in transportation</li> <li>• Efficient use of packaging</li> <li>• Use of returnable containers</li> </ul>
In-use	<ul style="list-style-type: none"> <li>• Fuel efficient products</li> </ul>
End-of-life	<ul style="list-style-type: none"> <li>• Increased parts collection, reuse and recycling</li> <li>• Eliminating harmful materials to enable higher quality recycled materials</li> <li>• Promoting proper recycling and providing technical support</li> </ul>
Administration	<ul style="list-style-type: none"> <li>• Environmental management</li> <li>• Energy and resource conservation</li> <li>• Promotion of "Green Building" design</li> </ul>

## Energy Consumption

The Company monitors energy consumption and emissions on regular basis to identify and incorporate best practices and to improve the Company's energy management. Both the Company's manufacturing plants are located away from protected areas to minimize the effects of CO<sub>2</sub> and other greenhouse gases on such areas. The Company's primary sources of energy are grid based electricity, natural gas and diesel. Other sources include solar energy. Currently only a small part of the total energy is being derived from solar panels. However, AHL endeavors to explore possibilities of renewable energy generation and increase the share of energy generated from renewable sources on an ongoing basis. Accurate data on energy consumption and emissions is obtained from management systems. The conversion factors are sourced from U.S. Energy Information Administration. The Company uses

previous year as base year to measure energy consumption and emissions. This enables the Company to address irregularities and implement necessary measures to ensure the Company's performance is on track. Collecting comprehensive data helps in understanding not only the energy savings, but also the economic benefits that can be achieved through specific measures.

The energy consumption during the year was 414,988 GJ of which 16,379 GJ has been generated from renewable sources. Compared to 2022, the total energy consumption during the year under review decreased by 23% primarily on account of decrease in production levels. However, energy consumption per motorcycle has been brought down to 374 KJ/Motorcycle 7.5% decrease from last year, owing to new energy initiatives and process optimizations adopted as part of our green practices.



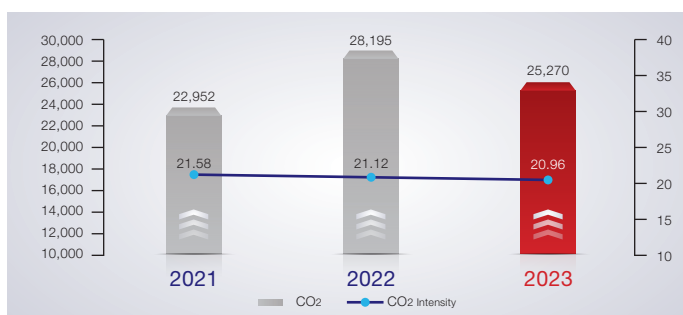
The Company operates two manufacturing facilities. The energy consumption only includes the energy that is consumed by the Organization. Energy consumption data is recorded in relevant conventional unit, for instance, MMSCF for natural gas and kWh for electricity. These units are converted into consolidated unit, gigajoules (GJ), to obtain mean energy content and as a standard measure for representing energy consumption. The heating values are based upon standard values for natural gas. The energy consumption and sources in this report have been determined from data provided by production sites of Company and present a consolidated picture of AHL's energy consumption in manufacturing operations.

### GHG Emissions

The Company's products are in compliance with requirements of Pakistan Standards for Quality Control Authority (PSQCA) in respect of CO<sub>2</sub> emissions, noise levels and smoke. Further, all products of the Company comply with EURO II standards of carbon emission. During the year, there has been no direct reduction in the energy requirements of the Company's products. The emissions of GHGs are subject to control limits laid down by Environmental Protection Agency and the company ensures compliance with these limits by determining total emissions for each plant site at regular intervals and is moving further to reduce the emissions up to maximum possible limit. The Company has set both short-term and long-term targets to reduce GHG emissions. Opportunities are being explored to expedite the shift to the low carbon economy.

The direct CO<sub>2</sub> emissions are the result of combustion processes for the generation of heat electricity and steam. Emissions of CO<sub>2</sub> and other GHG are measured at each production facility and integrated into consolidated calculation of GHG emissions. The GHG figures only include the emissions caused by the Company. The global warming potential of the respective gaseous emissions was sourced from United Nations Framework Convention on Climate change (UNFCCC).

Furthermore, AHL does not have any significant Scope-II emissions. The only scope-II emissions result from purchased electricity at marketing offices and warranty centers of the Company. Moreover, AHL identified that scope-III emissions are insignificant in the overall context except the emissions resulting from products transportation and selling. AHL is working with the transporters to apprise them of the emissions, effects of climate change and encourage them to upgrade their fleets to reduce emissions. The emissions of other inorganic pollutants such as NOX are insignificant in comparison to the overall emissions reported by the Organization for the current year. The company uses the previous year's results for comparison as a general practice.



The emissions during the year were 25,270 tons mainly comprising of CO<sub>2</sub>. However, emissions per bike have been brought down to 20.96 kg/motorcycle: 1% reduction from 2022. There were no significant emissions of ozone-depleting substances during the year. The company is committed to the non-use of ozone-depleting substances as a part of its environmental management policy. The company is in process of replacing its old air conditioners with air conditioners which use 410 gas and do not harm the ozone layer.



### Energy Conservation and Emission Reduction Initiatives

Lack of access to energy supplies and transformation systems is a constraint to human and economic development. Increased use of fossil fuels without actions to mitigate greenhouse gases will have climate change implications. Energy efficiency and increasingly use of renewables contribute to climate change mitigation and disaster risk reduction. To reduce the Company's energy consumption and emissions, primarily CO<sub>2</sub>, investments have been made and energy efficiency measures have been implemented at the Company's production facilities and offices. During the year, energy conservation of 38,468 GJ and emission reduction of 2,138 tons were achieved through following initiatives:



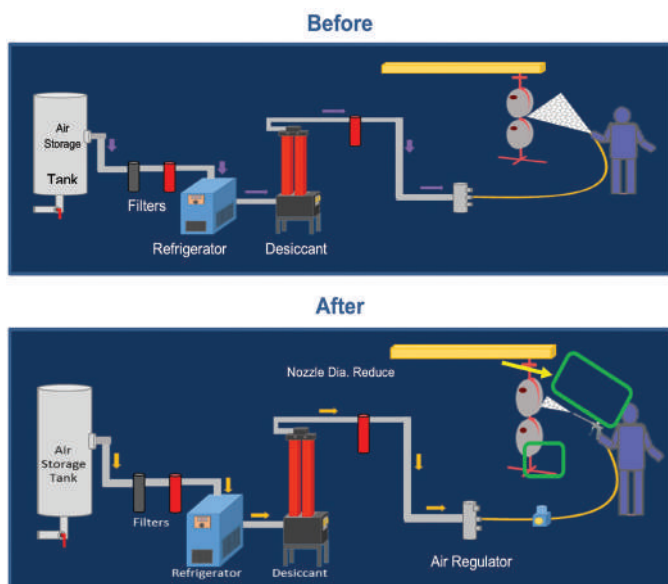
### Solar Panels

The Company is determined to extend its use of renewable sources for energy. Installation of solar power systems is one of the major projects under the efforts in this area. This is aimed to derive clean & affordable energy to reduce greenhouse gas emissions and Atlas Honda's dependence on fossil fuel or

grid-based electricity. This year, the Company increased solar energy utilization from 3,955 to 8,500 KW during the year. This initiative will help to generate 16,379 GJ of energy from renewable resources and reduce CO<sub>2</sub> emissions by 2,138 tons every year.

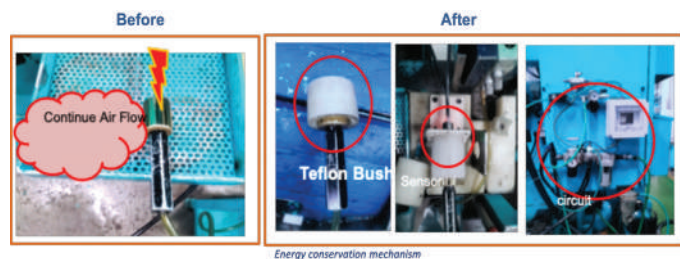
### Energy Optimization at paint line through reduction in operating air pressure

Previously nozzles with diameter of 8 mm with air pressure of 6 bar were used to clean parts. The Company during the current year replaced these with nozzles of diameter 5 mm with 5 bar air pressure without compromising over the quality. This reduced the compressed air consumption by 54,864 m<sup>3</sup> which resulted in energy conservation of 1,500 GJ and reduction in CO<sub>2</sub> by 177 Tons per annum.



### Energy Conservation at manufacturing plant through efficient Usage of Compressed Air in Air Micrometers

Previously there was continuous air flow to the gauges at fine boring machines for 17 hours every day. For efficient air utilization, Teflon bushes have been designed with two wire sensors along with a new pneumatic circuit with solenoid valve to cut-off the continuous flow when needed. This has resulted in 70% reduction in compressed air consumption which decreased the energy consumption by 1700 GJ and CO<sub>2</sub> emission by 695 Tons per annum.



### Shifting of 250KVA Genset to HT Room at Component Plant

The Company has replaced the old 250KVA Genset with the updated technology and efficient generator which has reduced the annual fuel consumption for said by more than 70% and as a result of which energy consumption has been reduced by 5,117 GJ during the year and reduced the CO<sub>2</sub> emissions by 605 Tons per annum.



### Energy Consumption reduction via Reducing the air nozzles diameter

Previously at Hi-Tech plant of the Company, a total of 86 compressed air guns were used for machines cleaning, with a nozzle diameter of 3.0 mm. These have been replaced with compressed air guns with nozzle diameter of 1.5mm, without effecting machines efficiency. This has halved the energy consumption required for said process which has resulted in energy reduction by 1,800 GJ and reduced the CO<sub>2</sub> emissions by 605 Tons per annum.



### Material, Effluents & Waste

To ensure sustainable consumption and production practices necessarily entails to respect the biophysical boundaries of the planet and to reduce current consumption rates in order to fit with the biophysical capacity to produce ecosystem services and benefits. At Atlas Honda, environmental friendly use of raw materials is taken into account as early as the development phase through life cycle engineering. The Company's supply chain and material cycles have been shaped accordingly. Natural resources are being used in the most efficient manner with the objective to minimize depletion of the planet's resources. The Company is working to replace artificial materials with renewable materials wherever it makes technical, business and environmental sense and is socially viable. Consumption of raw materials, having substantial impact on the environment, is closely monitored and treated according to the Company's environment policy. The rejection percentage is less than 0.1% of the incoming parts, the rejected parts are reworked as per the quality standard to ensure minimum wastage of materials. Consumption of the materials and waste generation reported by the Company only include material consumed and waste generated by the Company. Following table shows the materials used:

Renewable / Non-renewable	Material	Unit	2021	2022	2023
Non-renewable	Ferrous casting	Ton	72,468	92,001	67,825
Non-renewable	non-Ferrous casting	Ton	8,365	10,130	7,337
Non-renewable	Oil paints	Ton	275	324	263
Non-renewable	Lubricants	KL	1,567	1,988	1,465
Both	Rubber	Ton	5,377	6,826	5,032
Non-renewable	Plastic	Ton	3,912	4,965	3,660

Waste resulting from the Company's production processes mainly includes waste water, metal, plastic & rubber scrap, packing & used oil. Considering water-related environmental impacts from our discharged water, waste water is treated through Waste Water Treatment Plant before it is released in sewerage drains to control the negative impacts and promote a healthy environment. The remaining waste and effluents are discharged through incineration, recycling, landfill and disposal to legitimate contractors at certified waste disposal facilities. During the year,

10,242 tons of waste was released. There were no significant spills during the year by the Company nor were any reported by the external stakeholders through the grievance reporting mechanism in place.

During the year, 8,373 tons of waste was released with the reduced intensity of 6.4% per motorcycle. Furthermore, there were no significant spills during the year.

Hazardous / Non-Hazardous	Waste by disposal method	Waste generated	Waste diverted from disposal	Waste Diverted to disposal
Non-Hazardous	Recycling/Reuse (metal scrap, packing, plastic)	7,727	7,727	0
Non-Hazardous	Landfill (waste sludge)	264	0	264
Hazardous	Incineration - mass burn (sludge, oil contaminated waste)	132	0	132
Non-Hazardous	On-site storage (in-house scrap yard)	250	0	250



## Recycling of aluminum waste

During the year the Company recycled 442 tons of aluminum waste which is generated as part of its various production processes. This has reduced from last year, however during the current year this has increased from 5% to 6% of total non-ferrous casting material consumed by the Company.

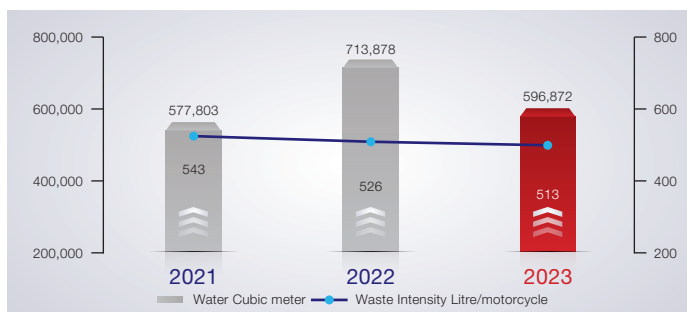


### Water

The Company seeks to reduce its water footprint by promoting water-saving practices amongst employees and adopting water-efficient technologies and equipment wherever possible. Sustainable management of water resources and access to safe water and sanitation are essential for unlocking economic growth and productivity, and provide significant leverage for existing investments in health and education. The natural environment e.g. forests, soils and wetlands contribute to management and regulation of water availability and water quality. The Company has special focus on this goal and clean drinking water and sanitation facilities are ensured at all the business offices. The majority of the Company's water use is attributable to its production processes, cooling and water consumed by employees. Main areas of action are thoughtful use and reuse of water and safe disposal of treated wastewater.

Water consumption and discharge is recorded through flow meters installed at tube wells, water tanks and water treatment plant which are used to monitor the water consumption by the organization. During the year, 596,872 cubic meters of water was consumed with a reduced intensity of 2.5 % as compared to the last year. More than 90% of the water used in the production processes, is extracted from ground water while remaining is obtained from sources of fresh water. Company assess its plant sites on regular basis for water-related risks and monitor water withdrawal, consumption, and discharges. Frequent studies are conducted to identify opportunities for reduced consumption and increased recycling to minimize requirements from freshwater sources. During the year, no non-compliance with the water withdrawal permit occurred.

The water is partially polluted during use in production processes and is treated to reduce the pollutants to acceptable limits, prescribed by National Environmental Quality Standards (NEQS), before using and discharging into the drain. After proper treatment, water used in manufacturing process is discharged in sewerage system. Such treatment removes pollutants from the water that contains chemical contaminants, nutrient pollution, oil



& grease, and suspended solids. This process makes the same suitable for safe drainage. No water bodies or related habitats were significantly affected by water discharges of the Company as these areas are not designated as protected areas.

During the year, 89,530 cubic meters (15%) of the water was recycled.



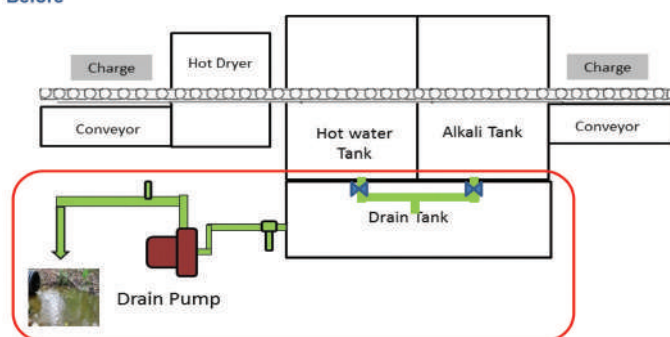
### Waste Water Treatment Plant

Water is used throughout the Company's production processes which results in wastewater. To prevent the wastewater from being discharged, waste water from all over the plant is collected and treated to remove the harmful pollutants, at two Waste Water Treatment Plants at manufacturing sites of the Company. The profile of the receiving waterbody is however, not considered due to safe drainage after treatment. The Company, as a responsible organization abides by the legal requirements of waste water treatment as well as meets "Punjab Environmental Quality Standards". This year, around 518,005 cubic meter of water was treated and safely drained into the sewerage.

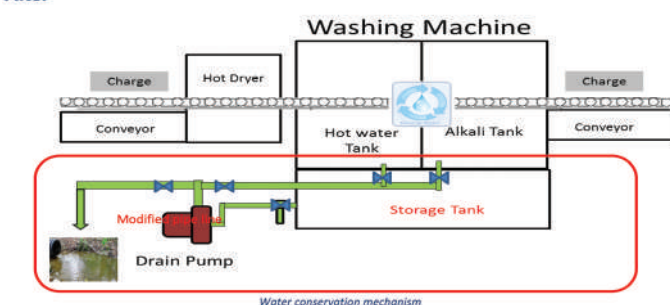
### Water Conservation through Recycling

Previously alkali water tank and hot water tank used in two washing machines were drained after every three months due to cleaning of nozzles and tank interior. To reduce the water consumption and water discharge, drain tank underneath the 2 water tanks, is now being used as storage tank to temporary store water and recycle to the 2 tanks after cleaning process. This has reduced the water discard cycle from 4 times to 1 time in a year reducing the annual water consumption by 72,000 liters.

#### Before



#### After





## Biodiversity

The Company has clear vision from the onset of its business related to environment protection, therefore both of the manufacturing plants have been located away from protected areas to minimize the effects of CO<sub>2</sub> and greenhouse gases on the protected areas.

With reference to the Environment statement, the Company considers biodiversity conservation initiatives as imperative part of our commitment to the preservation of the environment. The Company will work incessantly towards the harmony between the commitment and its activities. Following are the broad guidelines related to biodiversity:

- Company will continue to channelize efforts towards the development of technologies for fuel-efficient vehicles and other technologies for the reduction of environmental impacts;
- Environmental impacts will be minimized by the effective use of resources through efficiency improvements;
- Community-based activities will be implemented in cooperation with stakeholders; and
- Company will promote transparency of information related to the outcomes of its activities.



A view of flower exhibition



A view of flower exhibition

During the year the Company was awarded 1st in three different categories in prize for 164th Annual Spring Flower Show 2023 by Horticultural Society of Pakistan.



A view of trophies



A view of award distribution ceremony



## Plantation of Trees

Over the years, the Company has been undertaking initiatives such as tree plantation to negate the impact of greenhouses gases. These activities cover in-house plantation of trees as well as those planted at schools, government institutes and reservoirs in collaboration with Environmental Protection Agency. During the year, 3,000 trees were planted directly by the Company, and 5,500 trees were planted in collaboration with the Government departments.



A view of flower exhibition



## Product Responsibility



### Management Approach

The Company is committed to offer sustainable mobility solutions by maintaining the quality of products, ensuring customer safety, appropriate marketing and providing the best after-sale service. The Company is continuously expanding its business and providing customers with a diversified selection of quality products. In addition, the Company keeps expanding its sales and service network across Pakistan. To ensure customer satisfaction, the Company takes dealer training initiatives and encourages customer feedback. Further, Company provides safety training to customers throughout the year. The Company follows Honda's vision and takes into account the health and safety impacts of its products to ensure the safety of customers and other road users. Constant monitoring and regular reviews are carried out on all business aspects and processes in order to ensure they continue to comply with the Company's commitment to producing quality products.

### Product Quality

Atlas Honda aims to be a company trusted by its customers for its quality products. The Company focuses on quality at every

stage, from the planning of new products through development, manufacturing, distribution and sales to after-sales. The Company evaluates its products' performance and health & safety impacts. Information derived is used to develop and implement effective solutions. During the year, all products of the Company were in compliance with requirements concerning health and safety impacts.

### Honda's Quality Cycle

The Company's global partner, Honda Motor Company Limited follows a uniform quality strategy worldwide. To live up to the high-quality standards, quality assurance activities are governed by a central body at a cross band level. By applying and reflecting design and development expertise at the preparation and production stages, the Company can deliver enhanced quality through the creation of drawings designed to facilitate manufacturing, as well as develop manufacturing control techniques that limit process variability. Post-sale, improvements are made to product-quality based on analysis of customer's feedback. These improvements are reflected in our know-how for the next round of design and development.

## Honda Quality Cycle



### Design & Development

Implement quality assurance from the drawing stage by utilizing design and manufacturing expertise to facilitate manufacturing



### Production Conduct Rigorous

Conduct rigorous inspection of parts, completed vehicles and takes steps to ensure no damage occurs during transport



### Quality Information

Information from customers and markets throughout the country is collected and analysed with improvements quickly made to quality market quality improvement system)



### Production Preparation

Prepare quality assurance in production processes by building manufacturing controls that limit process variability



### Sales & Service

Market quality issues after sales are dealt with by dealerships, which collect quality information from customers in a timely manner

## Quality Improvement Programs

Program	Objective
Vendor Improvement Program (VIP)	To establish Quality Management System (QMS) at the vendor end to control process rejections and improve the quality management skills of suppliers.
Service Instructor Quality Program (SIQP)	To foster high quality, dedicated service staff and standardize training delivery across the company as per Honda standards. Future trainers are trained to achieve proficiency in training, communication skills and key instructional abilities
Training of service and dealers Staff	A one-day training program to improve their skills of judging the problem pertaining to a claim to ensure timely and efficient rectification.
Quality Control (QC) Foreman course	A two-day program to understand how to put into practice the quality control techniques and approaches needed in quality assurance activities in manufacturing.

## Marketing & After-Sale Service Product & Service Labeling

For product information and display, the Company does not only comply with strict local laws and regulations but also places a strong emphasis on safety, human rights, environmental issues and ethical standards. Product labelling is a key feature of the Company's products display which helps in marketing the product and contains detailed instructions for users. In order to convey product information, an Owner's Manual is provided to each customer with the purchase of each product; it contains all information relating to operation including safe use and maintenance and details on features of the respective models. However, there is no requirement for disclosure of auto parts sourcing and details, therefore no such information is disclosed by the Company. At the time of delivery, technical features are explained to the customer through demonstration. Moreover, no incidents of non-compliance with regulations and voluntary codes concerning the product and service labelling were reported as all of the Company's products were in compliance.



## Marketing Communication & Anti-Competitive Behaviour

The Company facilitates its customers by providing information and purchasing support services and staying connected through the website and social media including Facebook, Twitter, and Instagram. Online presence enables the Company:

- To stay connected with customers round the clock;
- To help customers in locating the nearest dealers;
- To provide customers with detailed information about product features and costs.

The Company makes sure that its advertisement content does not depict any anti-competitive behaviour & intentions and abstains from any kind of malicious, offensive or anti-social content in all its marketing communications at all levels. No incidents of non-compliance with regulations and voluntary codes concerning the provision and use of product and marketing communications, including advertising, promotion, and sponsorship have been reported during the year. Further, there was no legal action taken against the Company relating to any anti-competitive behaviour, anti-trust and monopolistic practices.

## Customer Confidentiality

The Company has implemented a B2B system to administer, control and store data centrally for the smooth functioning of its business. Stringent privacy guidelines are in place to ensure the security of the critical data of customers. The Company has also developed business continuity and disaster recovery plan to ensure business continuity. Owing to these measures, there has been no non-compliance or breach of customer privacy and loss of customer data during the year.

## Customer Feedback

The Company is aware that customer expectations and inputs are critical for bringing improvements in product quality and making it more user-friendly. Data on customer complaints and expectations is collected through external survey institutions, market surveys, and visits to dealerships. The Company also maintains a track of time taken to resolve complaints. During the year 2022-23, the customer contact center satisfactorily served a total of 77,471 customers regarding complaints, comments, and information about the Company's products. The contact centre also assist the sales, spare parts and service department for e-commerce customers. During the year the Company served 11,497 online customers. The contact center also conducted 7,546 DCSI (dealer customer satisfaction index) from customers who had received after-sales service from a dealer in order to ascertain levels of customer satisfaction in the after sales domain.

## Dealers Convention

Dealers are at the fore-front and each dealership is vitally important to the Company's continued success. Therefore, the Company only engages with dealers who have the ability to consistently represent its brand. The Company organizes various training sessions to further enrich their skills. During the year, 357 training camps were held which were attended by 2,125 trainees including Company's staff, mechanics and dealers.

The Company provides its dealers with information on mid and long-term strategies, products, and services in a timely manner. The Company strives to cultivate a relationship of trust and improve communication with dealers and between each other through various sales, service and parts dealer conventions. During the year, 202 dealer meetings were organized in which 5,693 dealers' representatives participated.



### Free Checkup, Oil Change & Test Rides

The Company organizes a number of customer relationship building activities such as free checkup camps, test rides and oil change activities at different locations throughout the year. This strengthens the Company's bond with its customers and addresses their concerns. In 2022-23, more than 390,000 customers were served during 6 service campaigns and 22 oil change campaigns. Mega free checkup camps were arranged in March, 2023, to serve customers through camps at over 760 dealerships covering over 300 cities.



### Customer Safety

The Company's safety vision is aligned with Honda's Global Safety Slogan. Further. The efforts to create a safe environment for road users are marked by the Company's education and awareness initiatives and campaigns.

### Safety Riding Training and Education

This year, the Company trained 501 safety advisors at dealerships across all regions. These trainings are aimed at improving users' riding skills, road signs knowledge and know-how regarding electrical & mechanical maintenance. Further, follow-ups were conducted covering all trained safety advisors throughout the network. Safety advisors then in turn imparted the knowledge to customers at dealerships. The company is also undertaking initiatives to empower women and

provide them with requisite skill-set to facilitate their mobility and secure their independence. Safety lectures are an important feature of the Company's road safety program. Every year the Company engages various institutes, universities and colleges to hold these lectures that impart useful information and help reduce chances of accidents. Following are the details of activities carried out during the year under the banner of safety education:

- Safety riding training & lectures to employees of law enforcement agencies and various organizations such as Pakistan Safe Cities Authority, SNGPL, Pakistan Air Force, Pakistan Navy, Honda Cars, TCS, M&P, Unilever, Rescue 1122 (5,183 Participants);
- Safety riding training & lectures to end customers at our dealerships nationwide (25,112 Participants);
- Safety lectures to students from various educational institutions (14,473 Participants); and
- Safety riding training to females from rapid response force and general public (500 Participants).



### Safety Riding Awareness Campaigns

The Company coordinates with the traffic police department to create awareness about the use of indicators, side mirrors and helmets. Under this campaign, the Company distributed 100,579 pamphlets nationwide. In the year 2022-23 more than 8,750 customers were served during 15 road safety campaigns (Helmet awareness, side mirrors, light & brake checking campaigns).



AHL continues to strive and make efforts to raise awareness regarding Separate Left Lane for Motorcyclists. This was done through left lane awareness campaigns and distribution of brochures, placement of standees, steamers & pylons and raising awareness through social media platforms also. 1,477 customers were served during the left lane awareness campaigns covering major cities of country.



## Corporate Citizenship

### Management Approach

The Company believes that its activities contribute in overcoming societal challenges while also creating added value for the Company. Atlas Honda is fulfilling its responsibilities as a good corporate citizen through ongoing involvement in socially beneficial activities tailored for well-being of local communities. The Company's approach is driven by the needs of communities at its locations identified through surveys, social media platforms, focal groups and meetings. The Company has integrated this perspective in to its development plans and overall strategy to garner the trust of and remain close to local residents. The Company regularly engages with local communities to highlight any potential negative impacts of its operations on the society as whole. During the year no such incidents were reported to the Company. All of the company's operations are frequently assessed for any environmental, social, health and safety impact on the society as a whole.

Implementation and monitoring of social activities at the Company's locations are routed through senior management of Admin & Corporate Affairs department who are also responsible for review and analysis of monthly progress of such initiatives. Progress is reported to the senior management on a continuous basis. The Company's commitments & initiatives for society mainly focus on health, education and other communal initiatives. During the year following activities were undertaken:

### Education & Training

An educated and skilled nation is critical for socioeconomic development of a country. The Company believes that improving access to education & training is one of the most long-lasting investments it can make for the society. In this regard, following activities were carried out to support education & training:

#### Paid Internships

The Company's internship program offers an opportunity to undergraduate students to help them in building their career foundations. Such programs give hands-on experience to interns which cannot be obtained in classrooms and is great way for them to acquaint themselves with the field of their interest. This also helps the Company to discover quality employees for future. During the year, 210 students from reputable universities including NED University, NUST, Quaid-e-Azam University, IoBM, SZABIST, Iqra University and LUMS completed their internships.



Internships at SKP Plant



Internships at KHI Plant

### SOS Training Institute

The SOS Technical Training Institute trains deserving boys and girls every year to help them break the cycle of poverty, earn decent and dignified living and develop themselves to become productive members of the society. Demand driven technical education and vocational training in the field of automobile and electrical engineering is provided by experienced instructors. To support the Institute's efforts, the Company sponsors training the students every year. Further, equipment/hardware support is also provided.



Views of vocational training sessions



Views of vocational training sessions

### Industrial Visits

The Company facilitates students and officials from various institutes and organizations to visit its Karachi and Sheikhupura plants. This year officials from Punjab Labour and Human Resource Department, Department of Horticulture, OSH team and students from various universities visited the plants and observed the process of production of motorcycles and parts. Visitors took keen interest in the assembly line and appreciated the precision exhibited by the workers.



A view of industrial visit of students from LUMS

### Communal Initiatives

The Company acknowledges that the community initiatives are an investment that works hand-in-glove with its overall business strategy and values. Therefore, the Company collaborates with various stakeholders to address social issues and carry out initiatives that matter to local people.



## Donation

The Company supports Atlas Foundation, a welfare and charitable organization formed with a mission of betterment of society with particular emphasis on health and education. It provides assistance to the needy and deserving without discrimination, directly and/or through organizations of repute in the field of health, education and general welfare. The Company recognizes the Foundation's role annually in improving quality of life of local communities and donates at least one percent of its profits to it. In 2022-23, the Company made a contribution of Rs. 78.1 million.

The Company does not make any contributions to any political party or for any political purpose to any individual or body.



## Flood Relief Activities

Atlas group has a strong commitment towards its social responsibility and always try to contribute its share whenever catastrophic situation arises in the Country. In this regard, for the flood relief activities Atlas Group and its venture partner Honda group of companies, together announced a support of Rs. 220 Million (Approximately 1 Million USD) as initial contribution of the flood relief. Provisions include supply of food boxes, shelters, tents, filtration equipment and medical equipment. The Activity was channeled through 10,000 touch points of Atlas Honda Limited dealers and community network, established in the country over a presence of 60 Years. Atlas Honda Limited contributed Rs. 25.5 Million to these flood relief activities as part of its share of the Atlas group's commitment.



Flood relief activities in the affected areas



## Women on Wheels

The Company has been undertaking initiatives to empower women and help them to be more independent and be able to contribute more effectively to the society. Such initiatives included training and distribution of motorcycles under project of Women on Wheels. The project was initiated by Government of Punjab in various districts.

Bike riding trainings have been provided to a total of 500 females from rapid response force and general public.



Views of women bike riding training campaigns for women empowerment



## Hiring Disabled Persons at Dealerships

The Company believes that to reduce inequalities, policies should be made while keeping in view the needs of disadvantaged and marginalized populations. Over the last two years, the Company has added hiring of special persons in the business score cards for dealers. In this regard 243 special persons have been employed at dealerships. Furthermore, the Company also organizes visits of such persons at its plants.



Pictures of disabled staff hired at dealerships



Pictures of disabled staff hired at dealerships



## Hiring Female Staff at Dealerships

Contributing towards sustainable development goal of gender equality and women empowerment, Atlas Honda Limited inspired its dealers to hire female staff. As a result, 140 female employees are hired to date at various dealerships nationwide. To spur motivation and encouragement, these employees are offered opportunity to visit Company plants, where they are given orientation regarding Atlas culture.

## Celebrating 75 Years of Independence of Pakistan

As the nation celebrates Pakistan's 75th year of independence, the Company reflects on the incredible journey it has undertaken through its presence of over 60 years in the country. Atlas Honda gathered to commemorate the past, celebrate the present, and envision the future. To celebrate the 75th independence of the country, the Company launched the limited edition of CB125F that draws inspiration from Pakistan's rich cultural heritage.



A view of new model launch to celebrate the event



A view of Independence Day celebrations



## Vendor Management

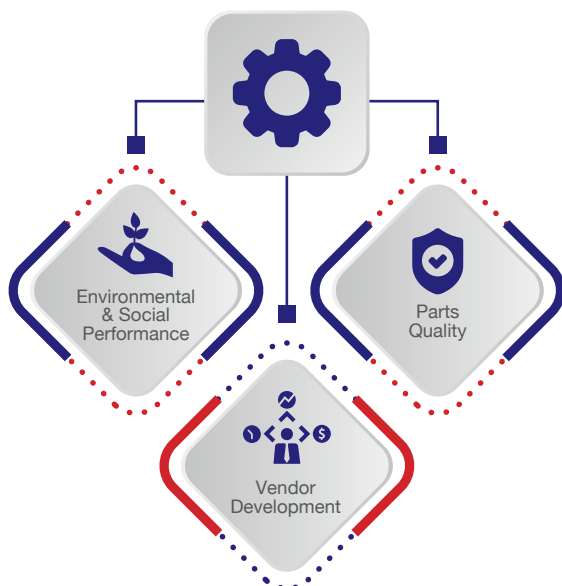
### Management Approach

Vendor interaction is a significant source of value development for the company. As a result, collaborating closely with them on matters such as sustainability is critical to achieving the Company's long-term objectives. The Company's supply chain comprises a large number of vendors, and it understands how difficult it is to meet sustainability requirements. Simultaneously, the Company sees tremendous potential in utilizing its knowledge and know-how to assist vendors in improving their performance.

The Company's supply chain is based on the philosophy of 3As which are:



We strive for sustainable growth based on mutual trust with our vendors. We work openly and transparently as an equal partner with our vendors to build and maintain collaborative and competitive relationships that enable the implementation of best practices. Vendor-related policies are continually reviewed and analyzed in the light of industry best practices to ensure that



vendor's meet the Company's core focus areas i.e. parts quality, vendor development & social and environmental health and safety.

The Company's relevant divisions, including Coordination & Planning, Procurement, Quality Assurance, and Logistics, are jointly responsible for guaranteeing long-term supply chain management. In order to maintain sustainability and ongoing progress, the Company focuses on controlling and mitigating vendor risks and maximizing vendor potential. To guarantee that the Company and its business partners are aware of local environmental, health, safety, and Labour laws, as well as legal obligations and worldwide sustainability principles, a variety of company-specific rules and policies have been established. These policies and guidelines allow the Company to go forward with its sustainability goals and ensure that they are met.

As far as it is qualitatively compatible, technically viable, and economically justified, the Company procures most of its essential materials from Pakistan, where its working facilities are located. Except for certain raw materials and parts that are not readily available in Pakistan, all raw materials and parts are sourced locally. However, it is ensured that all materials and parts are strictly aligned with Honda quality standards and are cost effective.

### Vendor Induction and Communication

#### Vendor Selection

The Company's vendor selection and approval procedure is based on a set of criteria that includes not only their capacity to deliver high-quality parts at reasonable rates, but also their commitment to environmental values. Decisions on sourcing are made in consultation with appropriate departments. The Company also seeks out and collaborates with businesses who have procurement and production standards that are similar to or identical to its own. All company's vendors must recognize and sign the company's Vendor Policy and Vendor CSR Guidelines.

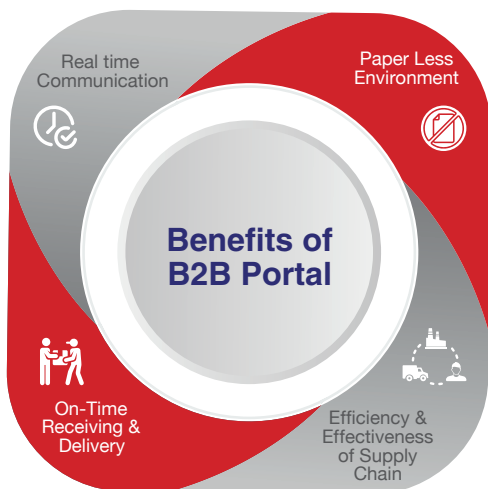
In line with the Company's selection criteria, all new vendors are screened and inducted only if they comply with sustainability principles detailed in 'environmental and social performance' section.

#### Vendor Diversity

A varied vendor base is an important aspect of the Company's growth and success. It is crucial to deliver the promise of providing the best mobility solutions. The Company is dedicated to partnering with and growing businesses by providing opportunities and initiatives that help a wide range of vendors become viable and long-term businesses. To meet the demands and expectations of its consumers, the Company continues to cultivate beneficial ties with entrepreneurs from various backgrounds.

## Business to Business Communication Portal

Establishing good and lasting relationships with the Company's vendors requires open and transparent communication as well as fair and consistent behavior. The Company has made available various forums for engagement at different levels, including regional vendor meetings, business unit reviews, quarterly business update calls and participation in events organized by vendors and industry associations. Furthermore, a Business to Business link has been established, allowing the Company's supply chain department and vendors to communicate with each other without delay. It has helped to achieve:



## Parts Quality

The Company aims to keep its customers' trust by emphasizing the importance of quality throughout its supply chain. To accomplish this, the Company requires its vendors to set up and operate a quality assurance system. In addition to the Company's goal of sourcing inspection-free components, its vendors ensure that parts delivered through their manufacturing processes properly match the drawings and meet the 300 ppm rejection thresholds for incoming parts. To attain these quality goals, the following steps were taken:

## Vendor Improvement Program (VIP)

Through numerous efforts, including the Company's VIP program, which was introduced a few years ago, the Company aids its vendors in enhancing quality and operations. This program focuses on the six core areas listed below:



Certificates are awarded to vendors at the time of completion of the program. Further, they are reviewed and audited each year for recertification. Continuous follow up is carried out by VIP designated team which comprises of the Company's employees from Supply Chain and Quality Assurance department. This year, 18 vendors were analyzed and assessed under this Program.

## Vendor Development

The Company encourages its vendors to invest in their facilities, including boosting manufacturing capacity and implementing new technology. The goal is to keep the Company's vendors well-equipped to satisfy business demands while also generating a good return on their investment.

On-site visits to our vendors assist in the identification of production bottlenecks and the formulation of process improvement strategies. We assure timely implementation of recommended actions through formal feedback and follow-up visits, resulting in improved engineering skills and job possibilities.

## Environmental and Social Performance

The Company applies the same level of scrutiny to its vendors with regards to labor rights, human rights, and health, social and environmental requirements as it does to its own operations. The Company's goal is to follow best practices and enable its vendors to replicate the same and be accountable for their sustainability performance.

## Guidelines to Vendors

Corporate Social Responsibility is clearly and practically integrated into the Company's day-to-day activities. All products and services are regularly assessed for their social and environmental impact. Given the rising demand for sustainability, the Company realizes the importance of sharing its sustainability strategy with its vendors. Vendors have been given the following guidelines in this regard. The Company believes that these guidelines help its vendors in maintaining a shared understanding of sustainability, to carry out initiatives proactively and to continue growing together.

- Create and maintain a social management system for the entire firm;
- Reduce GHG emissions to prevent climate change;
- Reduce waste disposal and transportation emissions by optimizing packaging and establishing efficient logistics operations.
- Prevent pollution and contamination of air, water, soil, etc;
- Enforce proper disposal of waste and implement optimum recycling of waste and disposals etc; and
- Compliance with laws and regulations along with commitment to protect human rights.

All vendors are monitored and evaluated against these principles on a continuous basis. During the year 38 vendors were evaluated for compliance and the Company has not found any major actual or potential negative impact of its supply chain or vendors on labour practices, human rights, or society that requires relationship termination.

## Emission Reduction Caravan

In 2014, the Company launched an effort for its vendors called "Emissions Reduction Caravan." Since then, the Company's supply chain associates have been working closely with significant vendors to reduce their environmental footprint as part of this

strategy. Process innovations that focus on production efficiency, energy conservation, material recycling, reuse, and CO<sub>2</sub> emission reduction are given technical assistance. 38 vendors from both plants participated, contributing for 79% of total purchases, and the goal of reducing CO<sub>2</sub> emissions by 1% was met.



### Logistics Operations

The Company's supply chain operations oversee the delivery of parts and components from vendors to manufacturing facilities ("inbound"), while logistics operations oversee the transfer of finished motorcycles from the Company's factories to dealerships ("outbound" freight). Designing and operating the transportation network, as well as creating high-quality and efficient packaging to safeguard products in transit, are all duties that are coordinated regionally. Freight emissions are influenced by a wide and complex range of inter-related factors, including the mode of transportation, the efficiency of the equipment used and the design of the freight network. The Company finds the most effective ways of achieving reductions through:

- Improving the design and operation of transportation networks
- Increasing vehicle utilization
- Increasing the use of more environmentally friendly means of transportation, such as the rail network

### Environmental Impact Assessment Survey

Every year, the Company takes part in a Honda Motor Japan-developed environmental impact assessment survey. The following criteria were used to evaluate 36 vendors this year:

- Direct & Indirect GHG Emissions
- Green Purchasing Guideline
- Chemical Substance Management
- Environmental Management System
- Energy Conservation Guidelines
- Water Resources Guidelines
- Pollution Prevention Guidelines
- Biodiversity Guidelines

None of the selected vendors were identified as having any significant actual and potential negative environmental impacts.

### Human Rights & Working Conditions

Respecting and protecting human rights - the fundamental and inalienable rights and freedoms to which all people are entitled - is at the core of the Company's Labour practices. The Company strives to guarantee that everything it creates or has made for it complies with local laws and the Company's commitment to human rights protection. To preserve employee rights, the Company has adopted strict requirements inside its operations and for vendors, as described in the following guidelines:

- Eliminate discrimination and ensure zero harassment at workplace in any aspect of employment based on race, ethnicity, nationality, religion, gender, or other characteristics;
- Avoid employment of workers who do not meet the legal minimum working age of each country and region;
- Avoid using forced Labour. Ensure that all Labour is voluntary and that employees have the freedom to leave their jobs;
- To comply with the laws & regulations regarding minimum wages, overtime, wage deductions, performance-based pay and other remuneration;
- To comply with the laws & regulations regarding the setting of employees' working hours (including overtime) and granting of scheduled days off and paid annual vacation time etc; and
- Ensure a safe and healthy working environment for all associates.

### Responsible Sourcing of Minerals

In procurement of certain raw materials, the Company has to comply with Dodd-Frank Act of United States which obligates companies to disclose the origin of certain raw materials to ensure that "conflict minerals", such as tin, tungsten, tantalum and gold from the Democratic Republic of Congo or neighboring states, do not enter their products through their supply chain. The Company, therefore, monitors all vendors to make sure they do not source raw materials from the affected regions. Using a structured survey process and by working closely with vendors for increased supply chain transparency, the Company obtains confirmation that its vendors and their upstream vendors are obtaining material free from conflict minerals. Furthermore, the Company provides clear guidelines for vendors and raises awareness on conflict mineral related issues through education and support. The Company also collaborates with a cross-industry group called Conflict-Free Sourcing Initiative (CFSI) in this regard. In order to be confirmed as conflict free, the smelters and refiners are required to pass an independent third-party audit. The results from this year's survey confirmed that our supply chain is based on conflict free sourcing.

# Employee Management

## Management Approach

The Company ensures long-term employee development by seeking out the right employees, making the most of their talents, developing potential and ensuring employability. The Company strives to unlock the potential of human resources management and resultantly, add value to its business. A corporate culture guided by the principles of the Atlas Way (as described in Sustainability Strategy) forms the basis of the Company's efforts in this area.

The Company has policies in place covering all aspects of employment, including employee relations, training, equal opportunity and health & safety of its workforce. The Company fully complies with applicable labour and health & safety laws and regulations that prohibit forced, compulsory and child labour. The Company is committed to the observance of fair working conditions and human rights. Gender equality and respect for diversity is deep rooted in the Company's culture to encourage talented individuals with diverse backgrounds to demonstrate their full potential and evolve into leaders. The Company is continuously working to upgrade its human resources expertise, practices, systems, and service quality. As part of the Company's talent management, performance appraisals are carried out which help in identification of career development and training needs. This also helps the Company in ensuring a fair reward system. Further, the Company's performance is constantly evaluated through surveys and awards.

## Recruitment and Retention

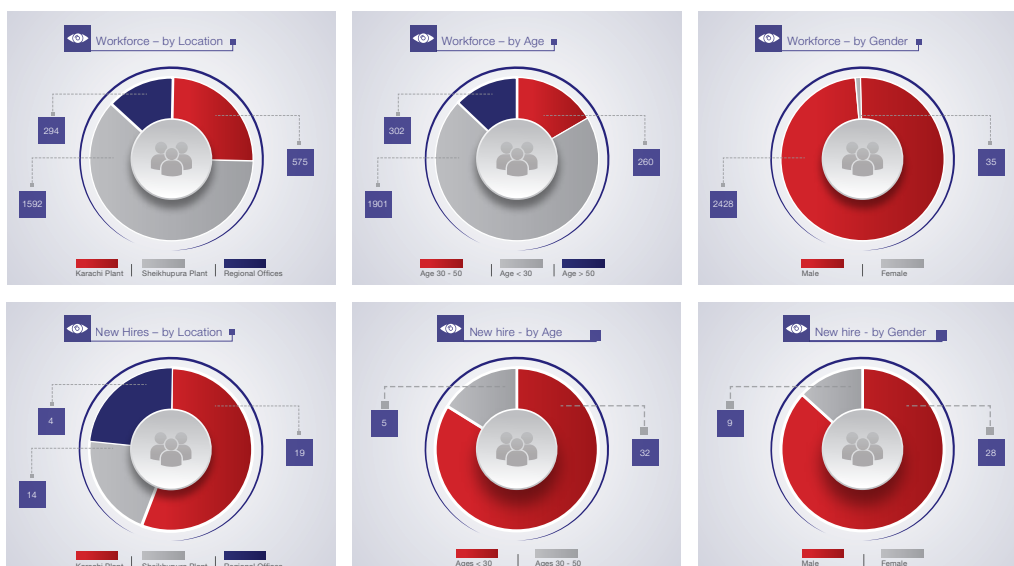
To sustain its market leadership, the Company aims to attract,

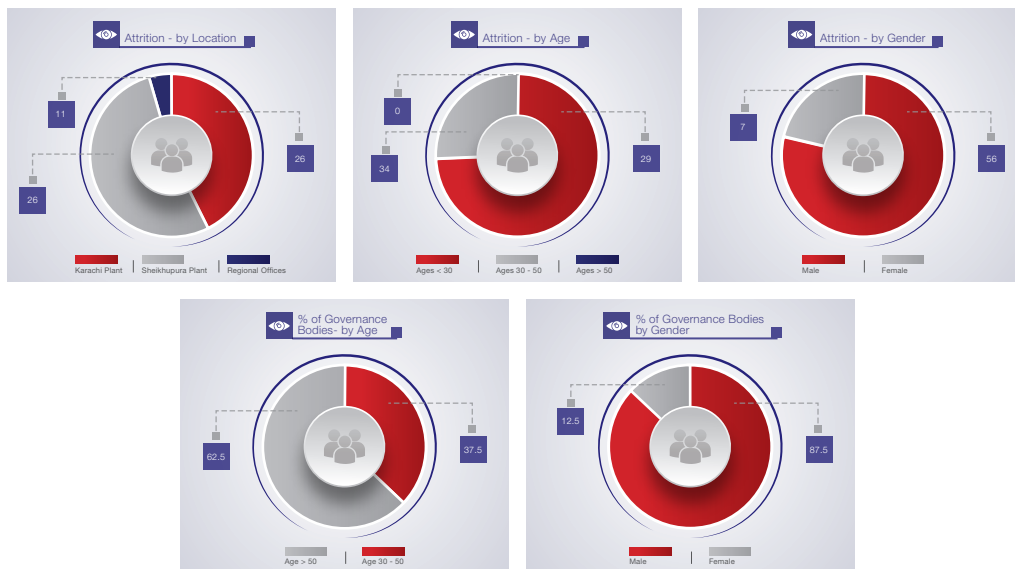
recruit and retain the best talent. The Company's ability to offer unique opportunities, such as a diverse and supportive work environment, helps differentiate Atlas Honda from other employers and attracts high-performing professionals who are competent and highly skilled. Recruitment and retention of appropriate workforce becomes more crucial with the changing skillset requirements for which a uniform policy for hiring, job placement and development of existing human resource is implemented by the human resource department. A comprehensive "Employee Orientation Training Program / Onboarding Program" has been designed to provide an overview of the Company's culture and processes to all new joiners



## Employee Composition

The Company's employees' composition is shown below. No major variations have been reported from last year. Further, the data has compiled by the Company's human resource department as per actual and no assumptions have been made. During the year, the hiring rate was 1.55% while the turnover rate was 2.56%.





## Diversity and Inclusion

The Company values equality, diversity and inclusion. Gender equality and empowering women lies at the heart of the agenda for sustainable development, which asserts gender equality as both a fundamental human right and a necessary foundation for a peaceful, prosperous and sustainable world. In this regard the Company has been pursuing a non-discriminative hiring mechanism. During the year, 24% of the new hires were females. Merit-based recruitment practices have been adopted and equal employment opportunities for all regardless of race, religion, gender, marital status and age or disability are being made available by the Company. During the year, no incidents of discrimination were reported. For hiring workers, equal weightage is given to candidates from across the country. The Company also focuses on recruitment and qualification of local personnel as a way of developing the local communities and regions in which it operates. No senior management employee at locations of significant operation is hired based on location or domicile and no specific quotas for women, specific nationalities, ethnic minorities, or special age groups, exist for senior management and Executive Committee.

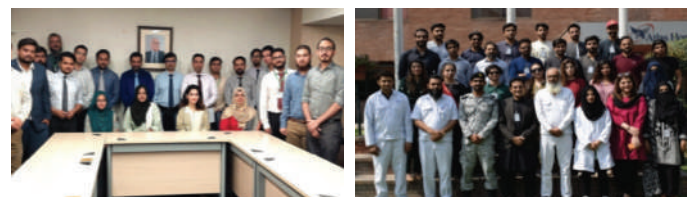
The Company hires males and females with vast experiences, from different industry backgrounds, cultures, beliefs and ethnicities. This ensures that the Company is able to adapt to the changing needs of business. However, it is currently a challenge for the entire auto industry in Pakistan to attract sufficient number of female employees. Various initiatives are being undertaken to enhance the participation of women. During the year, 09 female executives were hired. Female and male staff is entitled to three-month and five day maternal leaves respectively. During the year under review, 4 female associates availed maternal leave while 300 male staff availed paternal leaves. 100% of the associates that availed maternal and paternal leaves returned to work and are currently working with the organization. The Company also supports creation of job opportunities for persons with disabilities through provision of additional facilities and appropriate training. Currently, 21 individuals, who are differently-abled, are working for the Company.

## Career Development and Training

The Company believes in the principle of "Organization Development through Self-Development" and places great emphasis on capacity and skill building. Life-long learning is promoted through the 70:20:10 formula, where 70% learning

comes from an individual's performance at their current job, 20% from coaching and 10% from formal training. Accordingly, the Company provides a broad range of opportunities to its employees in form of on-the-job learning, mentoring programs, trainings and courses. Such programs include various in-house, national and international programs. We support development at all levels – starting from career training through to further development of top management. The Company also provides support to its employees for higher education and management courses at renowned business schools such as Harvard Business School and INSEAD. Company also provides its employees

Internal Training Programs	27
No. of Persons trained in internal training	1,819 (Female: 12)
External Training Programs	24
No. of Persons trained in external trainings	89 (Female: 10)
Trainings days	2,330 (Female: 37)
Training hours	18,640 (Female: 298)
Average training hours per year per employee	7.6 (Female: 8.5)
Average training days per employee	0.9 (Female: 1.7)



transition assistance programs to facilitate in continued employability and the management of career endings resulting from retirement. A number of rotational programs are strategically and systematically implemented to give employees the experience needed to serve at management positions. The Company's efforts, during the year under review, for training and development of its management employees are presented in the table above.

### Performance Appraisal and Reward System

The Company adheres to all laws and regulations with regard to employee benefits, including minimum wages and separation benefits. Basic salaries and packages are set on the basis of education and experience of the employees and are not based upon gender discrimination. The ratio of basic salary and remuneration of women to men is one to one at AHL. Compensation packages offered are competitive and equitable and are in line with the industry benchmarks. These include salaries, bonus, health care benefits, transportation allowances, company provided vehicles, fuel allowances and retirement benefits. An employee's salary is adjusted based on the results of performance evaluations. The remuneration policy is approved by the Board of Directors which is reviewed from time to time to ensure that compensation packages are competitive and inline with the industry practice. This review of compensation policy is carried out internally by the Human Resource and Remuneration committee in liaison with relevant the Heads of departments. AHL pays its employees significantly higher salaries than the minimum wages at all of its locations. The ratio of standard entry level wage paid by AHL to minimum wage, is greater than 1.3 at all significant locations of the Company. The Company only provides full time employment and does not offer part time jobs.

All employees undergo performance appraisals twice a year which is conducted by their respective line managers. Annual Performance Appraisal is used as a basis for positioning of personnel within the Company and determination of annual increment. High performing individuals are promoted to higher grades and are awarded higher increments. The Company's performance management policy, under the Individual Development Program for management cadre employees, requires determination of areas of focus for internal and external trainings necessary for creation of future leaders.

AHL acknowledges and celebrates the unwavering commitment and exceptional contributions of its long-serving employees and firmly believes in recognizing and appreciating the dedication and loyalty displayed by its team members throughout their tenure with the organization. The Company recognizes their efforts through Gold Coin Appreciation Program, a heartfelt gesture designed to commemorate their invaluable services. In this regard, gold coins along with letter of appreciation were awarded to 270 Employees who have served the Company for fifteen, twenty and twenty-five years and to 17 retiring employees. The ceremony was held at SKP plant of the Company in which the senior leadership marked its presence.



A view of award ceremony for appreciation of long-serving employees



### Employee Engagement and Connectivity

The Company supports the creation of a high performing work environment by ensuring a balance between personal and professional lives of its employees. The Company believes in a culture of inclusion and well-being that inspires employee engagement for better productivity. For this, the Company organizes various activities such as family day, picnics, sports and other activities which provide employees an opportunity for leisure.



A view of recreational activities program arranged for employees

### Human Rights and Relations with CBA

The Company is responsible for creation of an environment free of discrimination and harassment, in which all individuals are treated with respect, equality and dignity and have equal opportunities. Human rights violations of any sort are not tolerated. Key management practices including: a guarantee of voluntary labour, observance of working hours, respect for diversity and workplace health and safety are continuously reinforced at the Company. The Human rights policy adopted by the Company follows the requirements of Universal Declaration of Human Rights (UDHR). Company carries out regular reviews of all its operations for violation of human rights. For this company has also established efficient grievances reporting system. During the year, no such violation of human rights policies and procedures has been identified or reported, resultantly no formal training for human rights policies and procedures was carried out. The Company makes every effort to engage in sincere discussions with its employees about any issues that exist or might arise. This helps in maintaining a relationship of mutual trust. Moreover, the Company complies with all local statutory and operational requirements with regard to the provision of information to employee representatives and employees.

Investment agreements include human rights clauses and undergo human rights screening. The Board of Directors approves all major investments and decision of the board is based upon financial, strategic and sustainability criteria, the last of which also includes human rights aspects. During the year, all the major investment agreements and contracts were subject to human rights screening.

One month notification period is allowed before implementation of any change that can have an impact on employees. For employees that are covered under CBA, such clauses are part of CBA agreements. The Company recognizes the rights of employees to set up their representation and carry out collective bargaining to regulate working conditions. Constructive dialogue, negotiations and consultations are carried out with labour unions, when needed, at both plants of the Company. All non-management employees are covered under CBA, which cover more than 9.4% of total permanent employees.

The Company strongly discourages any form of child labour and firmly complies with local regulations concerning legal minimum age requirement for work permits. The Company has a mechanism of periodical evaluation of its vendors for any possible violation of human rights. The Company does not have any child labour within its operations nor is it aware of any such cases at its suppliers. There were no complaints reported during the year related to violation of human rights. For the employees that are not covered under collective bargaining agreements, their working conditions and their roles and responsibilities are guided by internally developed Human Resource policies and procedures. No forced or compulsory labor exist at AHL.

## Health and Safety

The Company is committed to ensure the health and safety of its employees, contractors and visitors. The risks of injury, death or ill-health of Company's employees and those who work with the Company is a fundamental concern and have a significant impact on its operations. The Company is striving to create a dynamic working environment that is conducive to the mental and physical well-being of its employees. Issues relating to employee safety and health are managed in accordance with the Health, Safety & Environment policy of the Company at all its sites.

In this regard, health and safety management system has been implemented. Aspects related to this area are documented in contracts and agreements with the trade union. All workers are represented by the health and safety committee, Workers Council Committee established under Industrial Relationship Act and operates at facility level. Workers have appropriate representation in the committee. The committee is involved in development, implementation and evaluation of the health system. Monthly meetings of committees are conducted for monitoring and evaluation purposes. Health and safety committees are operational at each plant as per applicable laws and best available practices. Health and safety committees are responsible for identification and evaluation of Work-related hazards and the risks of ill health on a regular periodic basis and take counter measures adopted to minimize the risk and promote safe working environment. The meetings of the committee are conducted on monthly basis.

The formal agreements with the CBA cover health and safety related provisions and all the employees of the company come under the umbrella of extensive medical policy that has been formulated in the light of health and safety requirements of the Factories Act, 1934.

The responsibility for health and safety impacts rests with the General Manager Human Resource. Quality of health services is ensured through competent staff providing the services and regular periodic monitoring and evaluation of the services provided. The management approach comprises of health and safety policy, procedures and guidance which are established under the guidelines of ISO14001:2015 and ISO 45001:2018. These health and safety management system cover all the employees of the Company working at its premises. Incident reporting mechanism is defined in the work procedures of HSE and is followed rigorously. Workers are encouraged to report any risks and safety incidents and no reprisal action is taken against workers reporting any such incidents. The Company carefully tracks incidents and complaints received from stakeholders and

take prompt actions for resolution. During the year, no work-related ill health fatalities, or any other cases of significant injuries have been reported.

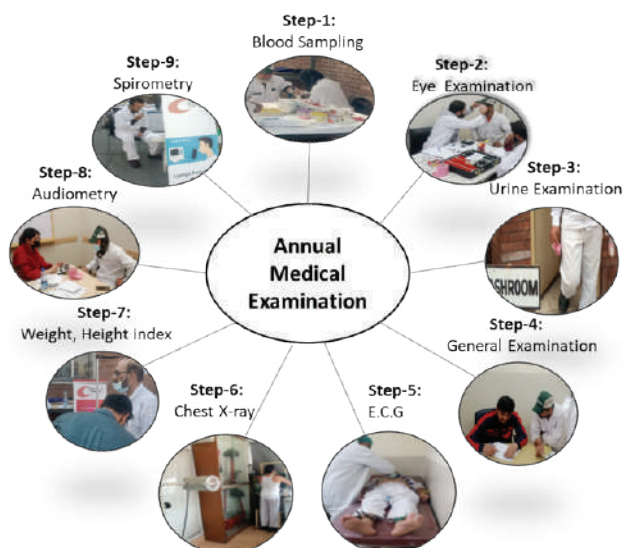
Company has established Job Hazard Analysis (JHA) which is essentially the assessment of routine or specific work activities and the workplace to establish whether adequate precautions are in place. In other words, it is the systematic identification of potential hazards in the workplace as a step to controlling the possible risks involved.

Job Hazard Analysis is an ongoing process. Based on the analysis of job processes carried out during the current year, employees of the Company do not face any major risk of occupational diseases nor did any such diseases occur related to the manufacturing processes of the Company.

Important guidelines derived from the HSE policy have been displayed at prominent places within the Company's premises to manage safe working environment. Workers' training on occupational health & safety has been the key factor in promoting safe working environment. Generic safety trainings, various fire training, basic first aid and specific work related hazards trainings are provided to workers on regular basis by competent and trained staff in local language which is easily understood by all the workers. Trainings are provided free of charge and during paid working hours. Effectiveness of training sessions is evaluated through post sessions feedback and mock exercises. Further, the Company undertook following steps to promote healthy mindset and evaluate the risks to health and safety of its safety amongst employees

Important guidelines derived from the HSE policy have been displayed at prominent places within the Company premises to manage safe working environment. Workers' training on occupational health & safety has been the key factor in promoting safe working environment. Generic safety trainings, various fire training, basic first aid and specific work-related hazards trainings are provided to workers on regular basis by competent and trained staff in local language which is easily understood by workers. Trainings are provided free of charge and during paid working hours. Effectiveness of training sessions is evaluated through post sessions feedback and mock exercises. Further, the Company undertook following steps to promote healthy mindset and safety amongst employees

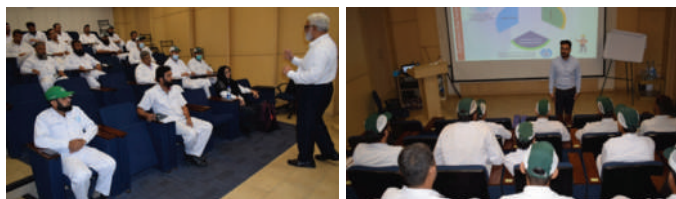
- To address various health, safety and environment related issues regular, HSE Flyers are disseminated. To date, topics covered include updates on Covid-19 prevention, rain emergency, earthquake and road safety.
- During the year 1-month Medical Examination activity performed for hazardous areas to ensure good health of associates and prevent them from disease in which 1,285 associates were tested through 9-step verifications: Blood test, Eye test, Urine test, Physical Examination, Chest X-ray, Heart ECG, Weight Measurement, Height index, Audiometry and Spirometry.



- “Stop for Safety Talk Program” was conducted by HSE department to create awareness. During the year, 84 training sessions were conducted by HSE department creating awareness about machine guarding, ergonomics, chemical safety, hazard identification HSE policy, lock out/tag out, general electric safety, fire prevention & emergency response planning, use of personal protective equipment, forklift safety and confined space safety. 1,290 associates participated in the training sessions.



- During the year, 24 training sessions on firefighting training and emergency evacuation were conducted in which 1,524 associates participated.



A view of recreational activities program arranged for employees

- “External training sessions” were conducted by HSE department through Standard Global Services (SGS) to create awareness. During the year, 6 training sessions were conducted by HSE department creating awareness about first aid, Fork lifter safety, Scaffolding inspection, ISO 45001 Lead Auditor, Risk Assessment, electrical & chemical safety, in which 172 associates participated in the training sessions.



A view of stop for safety talk program at SKP production facility

# Definition, Methodology and Scope

The Sustainability Report is issued by us to disseminate information about our economic, environmental and social impacts to our stakeholders, enabling them to make informed decisions.

This section provides definitions, methodology guide and information on scope of the report. Unless otherwise specified or required by the context in which they are used, the terms “Atlas Honda” or “the company” or “we” refer to the Atlas Honda Limited and do not include its associated companies.

The information and data contained in this report relates to financial year 2023 (April 1, 2022 to March 31, 2023). The data presented in the report includes all plants and offices of Atlas Honda and does not include data on its associated companies.

The quality of the information contained in the report is in compliance with principles for defining report content and quality of the report as per GRI Standards.

The compilation of data has been done on the basic scientific measurement and mathematical calculus methods on actual basis, but in some cases where actual data is unavailable due to some reasons; different logical methodologies are used for calculations. The usage of any such method is mentioned at respective places in the report, where applicable. The data measurement techniques are same as used for previous year.

There has been no change in the reporting period, scope, boundary or measurement methods applied in the report. There are no changes that can significantly affect the comparability of data from period to period. Previous years' figures have been regrouped / rearranged wherever found necessary to conform to this year's classification. Preparation of the sustainability report is part of annual reporting process subject to independent review, analysis and approval of relevant authorities. We make every effort to ensure the accuracy of the sustainability information contained in this report. From time to time, however, figures may be updated. The online pdf version of the sustainability report will be considered the most current version and takes precedence over any previously printed version.

## The Sustainability Report is:

- prepared by the sustainability reporting team that coordinates and engages relevant functions;
- approved by the Board of Directors;
- subject to an independent review by Corporate Social Responsibility Centre Pakistan, an independent reviewer, in compliance with GRI Sustainability Reporting Standards and ISAE 3000 (2003);
- published and freely available for download from the publication section of the company website ([www.atlashonda.com.pk](http://www.atlashonda.com.pk)).



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## Independent Assurance Statement for the Atlas Honda Limited Sustainability Report 2023

### Scope

We have been engaged by Atlas Honda Limited to perform an 'assurance engagement', as defined by International Standard on Assurance Engagements ISAE 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", hereafter referred to as the engagement, on the information included in the Sustainability Report 2023 ("the subject matter") referring to the period from April 01, 2022, through March 31, 2023. The report was co-reviewed by Muhammad Imran & Co., Cost & Management Accountants.

Assurance scope	Level of assurance	Assurance criteria
1. Atlas Honda Limited's declared adherence to the GRI's Standards 2021 – In accordance	Reasonable assurance	Global Reporting Initiative's (GRI) Standards 2021
2. Review of the policies, initiatives, practices, and performance (qualitative and quantitative information) reported and referenced in the report.	Limited assurance	Completeness and accuracy of selected reported policies, initiatives, and performance data
3. Atlas Honda Limited's application of AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact.	Limited assurance	The criteria set out in AA1000AP (2018) for the principles of Inclusivity, Materiality, Responsiveness, and Impact

### Atlas Honda Limited's Responsibilities

Atlas Honda Limited's management is responsible for selecting the criteria and for presenting the Sustainability Report in accordance with that criterion, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### Corporate Social Responsibility Centre Pakistan's (CSRCP) Responsibilities

Our responsibility is to express a conclusion on the subject matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ISAE 3000 (Revised), and the terms of reference for this engagement as agreed with Atlas Honda Limited. Those standards require that we plan and perform our engagement to obtain assurance in line with the assurance levels mentioned in the scope and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

## Statement of Independence, Impartiality, and Competence

CSRCP operates a strict conflict of interest check and has confirmed our independence to work on this assurance engagement. The review team has not provided consulting services and was not involved in the preparation of any part of the report. CSRCP is a specialized sustainability consulting firm. The review team has the required combination of education, experience, training, and skills for this assurance engagement.

### Description of Procedures Performed

Our procedures were designed to obtain the required level of assurance on which to base our conclusion. Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on the effectiveness of internal controls.

We carried out a desk review of the final draft report and communicated with Atlas Honda Limited to determine the accuracy and authenticity of the report content, data points, methodologies, and policies around the organization's social, environmental, and economic data and activities.

Our procedures for this engagement included:

- Review adherence to the requirement of GRI Standards 2021;
- Review of the policies, initiatives, practices, and standard disclosures regarding the company's material sustainability topics contained in the report;
- Review of consistency of data/information within the report;
- Analysis of the report content against AccountAbility principles of Inclusivity, Materiality, Responsiveness, and Impact;
- Elaboration of the adjustment report; and
- Final review of the report content.

### Use of GRI Standards 2021

Atlas Honda Limited declares the report to be in accordance with the GRI Standards 2021. CSRCP reviewed the use of the GRI Universal Standards and the Topic Standards, considering those standards linked to the material topics. In case of a lack of response, Atlas Honda Limited provides omission statements in line with the requirements of GRI 1 Foundation 2021.

### Adherence to AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact

CSRCP reviewed the report to analyze adherence to AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact. The main considerations of this analysis for this report were the following:

- The report addresses how the company identifies and engages with different stakeholders, including concerns raised by stakeholders and the company's response. The report also addresses how the issues emerging from stakeholders' engagement inform risk management strategy and procedure.
- The material topics, identified and prioritized considering the requirement of GRI 3 Material Topics 2021, addressed in different sections of the report, supported with information on management systems and data sets that provide performance details for material topics.
- Atlas Honda Limited has appropriate policies and external management systems certification, which involve a high-level analysis of risks, non-compliance with applicable laws and regulations, and corrective actions.
- The report demonstrates decreased environmental impact owing to reduced production volumes during 2023 with reduced impact intensity as a result of efficiency measures. Atlas Honda Limited significantly increased investment in renewable energy showing commitment to decreasing its carbon footprint. The investment in upgrading employee skills increased with steady performance on the health and safety front.

### Limitations and exclusions

Excluded from the scope of our work is any verification of information relating to:

- Verification of financial figures and sustainability performance data;
- Positional statements (expression of opinion, belief, aim, or future intention of Atlas Honda Limited and statements of future commitment.

### Statement of conclusion

Assurance Scope I - Atlas Honda Limited's declared adherence to the GRI's Standards 2021 – In accordance

We confirm that the report meets the requirements of in accordance criteria of the GRI Standards 2021. The compliance with GRI Standards has been disclosed in more detail in the GRI Content Index which provides omission statements in cases where information was not provided.



**Muhammad Arfan Nazir,**

Director,

Corporate Social Responsibility Centre Pakistan.

Assurance Scope 2- Review of the policies, initiatives, practices, and performance (qualitative and quantitative information) reported and referenced in the report

Nothing has come to our attention that causes us to believe that the information in Atlas Honda Limited's Sustainability Report 2023 is not fairly stated in all material aspects.

Assurance Scope 3 – Atlas Honda Limited's application of AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact.

Nothing has come to our attention that causes us to believe that all four AA1000 AccountAbility Principles are not fairly stated in the report content and elaboration.

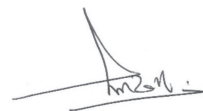
However, we can appoint areas of improvement for the next reporting cycle:

- We recommend aligning the emission reduction target with climate science for a meaningful reduction of impacts and contribution to the global challenge.
- We recommend disclosing detailed information on the social and environmental impacts of material sustainability topics of major supply chain partners as well as the cumulative impact of the supply chain.

### Restricted use

This report is intended solely for Atlas Honda Limited and is not intended to be and should not be used by anyone other than Atlas Honda Limited. Any reliance placed on the report by any third party is entirely at its own risk.

Islamabad, May 30, 2023



**Muhammad Imran,**

Muhammad Imran & Co.,

Cost & Management Accountants Pakistan.

ICMAP Membership # 1382

# GRI Content Index

Statement of use	Atlas Honda Limited has reported in accordance with the GRI Standards for the period 01 April 2022 to 31 March 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No sector standard is available for our sector.

Omission					
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	84			
	2-2 Entities included in the organization's sustainability reporting	118			
	2-3 Reporting period, frequency and contact point	82			
	2-4 Restatements of information	118			
	2-5 External assurance	119-120			
	2-6 Activities, value chain and other business relationships	28-29, 84			
	2-7 Employees	84			
	2-8 Workers who are not employees	84			
	2-9 Governance structure and composition	26-27, 88-91			
	2-10 Nomination and selection of the highest governance body	88			
	2-11 Chair of the highest governance body	88			
	2-12 Role of the highest governance body in overseeing the management of impacts	88-89, 93			
	2-13 Delegation of responsibility for managing impacts	93			
	2-14 Role of the highest governance body in sustainability reporting	93			
	2-15 Conflicts of interest	92			
	2-16 Communication of critical concerns	89, 92-93			
	2-17 Collective knowledge of the highest governance body	89			
	2-18 Evaluation of the performance of the highest governance body	90			
	2-19 Remuneration policies	89, 167			
	2-20 Process to determine remuneration	89, 115			
	2-21 Annual total compensation ratio		a, b, c	Information unavailable / incomplete	The calculation of the total compensation is not ready at the time of publication of this report
	2-22 Statement on sustainable development strategy	85			
	2-23 Policy commitments	91 – 93			
	2-24 Embedding policy commitments	91 – 93			
	2-25 Processes to remediate negative impacts	92 – 93			
	2-26 Mechanisms for seeking advice and raising concerns	92 – 93			
	2-27 Compliance with laws and regulations	92, 88, 98, 103, 106			
	2-28 Membership associations	84			
	2-29 Approach to stakeholder engagement	94 – 96			
	2-30 Collective bargaining agreements	115 - 116			

Omission					
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
<b>Material Topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	96			
	3-2 List of material topics	97			
<b>Economic Performance</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	84, 88 - 91			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	78			
	201-2 Financial implications and other risks and opportunities due to climate change	53	a-iii, v	Information unavailable / incomplete	System to estimate such financial implications does not exist at the time of preparation of this report
	201-3 Defined benefit plan obligations and other retirement plans	158 – 161			
	201-4 Financial assistance received from government			Not Applicable	
<b>Market Presence</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	78, 113			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	115			
	202-2 Proportion of senior management hired from the local community	114			
<b>Indirect Economic Impacts</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	108 – 109			
	203-2 Significant indirect economic impacts	108 – 109			
<b>Procurement Practices</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	110			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	110	a	Information unavailable / incomplete	This information is not available at the time of preparation of this report
<b>Anti-corruption</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	92			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	54, 92			
	205-2 Communication and training about anti-corruption policies and procedures	92			
	205-3 Confirmed incidents of corruption and actions taken	92			
<b>Emissions</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	98 – 99			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	100			
	305-2 Energy indirect (Scope 2) GHG emissions	100	a – g	Information unavailable / incomplete	The only scope-II emissions result from purchased electricity at marketing offices and warranty centers of the Company, which are insignificant in the overall context.
	305-3 Other indirect (Scope 3) GHG emissions	100	a – g	Information unavailable / incomplete	AHL does not calculate the Scope 3 emission upstream and downstream in its supply chain
	305-4 GHG emissions intensity	100			
	305-5 Reduction of GHG emissions	100			

Omission					
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
	305-6 Emissions of ozone-depleting substances (ODS)	100			
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	100			
<b>Energy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	98 – 99			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	99 – 100			
	302-2 Energy consumption outside of the organisation	99 – 100	a, b, c	Information unavailable / incomplete	AHL does not calculate the energy consumption outside the organization as AHL identified that the such information is not significant in the overall context.
	302-3 Energy intensity	99 – 100			
	302-4 Reduction of energy consumption	99 – 100			
	302-5 Reduction in energy requirements of products and services	100			
<b>Materials</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	98 – 99			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	101 – 102			
	301-2 Recycled input materials used	102 - 103			
	301-3 Reclaimed products and their packaging materials	101			
<b>Water</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	98 – 99			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	103			
	303-2 Management of water discharge-related impacts	103			
	303-3 Water withdrawal	103	b, c	Information unavailable / incomplete	This information is not available at the time of preparation of this report
	303-4 Water discharge	103	b, c	Information unavailable / incomplete	This information is not available at the time of preparation of this report
	303-5 Water consumption	103	b, c	Information unavailable / incomplete	This information is not available at the time of preparation of this report
<b>Waste</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	101			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	101 – 102			
	306-2 Management of significant waste-related impacts	101 – 102			
	306-3 Waste generated	102			
	306-4 Waste diverted from disposal	102			
	306-5 Waste directed to disposal	102			
<b>Supply Chain Impacts</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	110			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	111			
	308-2 Negative environmental impacts in the supply chain and actions taken	112			

Omission					
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	111			
	414-2 Negative social impacts in the supply chain and actions taken	112			
Employment and Labor Relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	113, 115			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	113			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	115			
	401-3 Parental leave	114			
GRI 402: Labor Management Relations 2016	402-1 Minimum notice periods regarding operational changes	115			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	114			
	405-2 Ratio of basic salary and remuneration of women to men	115			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	114			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	112, 116			
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	116			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	116			
	403-2 Hazard identification, risk assessment, and incident investigation	116			
	403-3 Occupational health services	116			
	403-4 Worker participation, consultation, and communication on occupational health and safety	116			
	403-5 Worker training on occupational health and safety	116 – 117			
	403-6 Promotion of worker health	117			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	112			
	403-8 Workers covered by an occupational health and safety management system	116			
	403-9 Work-related injuries	116			
	403-10 Work-related ill health	116			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	105			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	105			
Training					
GRI 3: Material Topics 2021	3-3 Management of material topics	114			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	114	a-li	Information unavailable / incomplete	This information is not available at the time of preparation of this report
	404-2 Programs for upgrading employee skills and transition assistance programs	114 - 115			
	404-3 Percentage of employees receiving regular performance and career development reviews	115			

Omission					
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
Human Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	115			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	116			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	112, 116			
Local Communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	108 - 109			
	413-2 Operations with significant actual and potential negative impacts on local communities	93			
Marketing and Labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	106			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	106			
	417-2 Incidents of non-compliance concerning product and service information and labeling	106			
	417-3 Incidents of non-compliance concerning marketing communications	106			

# Financial Statements

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



# Statement of Compliance with the Code of Corporate Governance

**Name of Company:** Atlas Honda Limited

**Year ended:** March 31, 2023

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company has applied the principles contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 in the following manner:

1. Total Number of Directors is eight (8) as per following:

a.	Male	Seven
b.	Female	One

2. The composition of Board of Directors is as follows:

Category	Number	Names
Independent Director (excluding Female Director)	1	Mr. Nurul Hoda
Female Director (Independent Director)	1	Ms. Mashmooma Zehra Majeed
Executive Directors	3	Mr. Saquib H. Shirazi Mr. Shunsuke Miyazaki Mr. Kazushi Yamanaka
Non-Executive Directors	3	Mr. Aamir H. Shirazi Mr. Masanori Kito Mr. Abid Naqvi

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including Atlas Honda Limited.
4. 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.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates of approval or updating is maintained by the Company.
6. 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 Act and these Regulations.
7. 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Following five Directors have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Category	Number	Names
Independent Director	2	Mr. Nurul Hoda Ms. Mashmooma Zehra Majeed
Executive Directors	1	Mr. Saquib H. Shirazi
Non-Executive Directors	2	Mr. Aamir H. Shirazi Mr. Abid Naqvi

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) **Audit Committee**

Ms. Mashmooma Zehra Majeed	Chairperson
Mr. Abid Naqvi	Member
Mr. Nurul Hoda	Member

b) **HR and Remuneration Committee**

Mr. Nurul Hoda	Chairperson
Mr. Abid Naqvi	Member
Mr. Saquib H. Shirazi	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- |                               |                |
|-------------------------------|----------------|
| Audit Committee               | Quarterly      |
| HR and Remuneration Committee | Once in a year |
15. The Board has set up an effective internal audit function who are considered suitably qualified, experienced for the purpose and are conversant with the policies and procedures of the Company.
16. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with. However, fractional requirement for Independent Directors have not been rounded up as one and that of Executive Directors is rounded up to one keeping in view the understanding with the Japanese Joint Venture Partner.



AAMIR H. SHIRAZI  
CHAIRMAN

Karachi: April 28, 2023



SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS

Karachi Chambers.  
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# Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Atlas Honda Limited (the Company) for the year ended March 31, 2023, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations 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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended March 31, 2023.

*Shinewing Hameed Chaudhri*

SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
KARACHI;

UDIN: CR202310104lkshC8Odv

a member firm of *ShineWing* International





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# Report on the Audit of the Financial Statements

## Opinion

We have audited the annexed financial statements of Atlas Honda Limited (the Company), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 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, 2023 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

### S.No. Key Audit Matter

#### 1. Revenue recognition

Refer notes 4.25 and note 26 to the financial statements. The Company is engaged in manufacturing and sale of motorcycles and related spare parts. The Company recognized revenue from the sale aggregating to Rs 135,485,652 thousand for the year ended March 31, 2023, as compared to Rs 131,930,193 thousand for the year ended March 31, 2022. We identified recognition of revenue as a key audit matter as it includes a large number of transactions involving a large number of customers spread in various geographical locations. Further, revenue is one of the key performance indicators of the Company.

### How the matter was addressed in our audit

We performed following audit procedures in respect of this area:

Understood the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls;

Assessed the appropriateness of the Company's revenue accounting policies and their compliance with applicable financial reporting standard;

Compared a sample of revenue transactions recorded during the year with sales orders, applicable sale value, sales invoices, receipt vouchers, delivery orders and other relevant underlying documents;

Performed cut-off procedures on near year end sales to ensure revenue has been recorded in the correct period;

Assessed that sales prices are approved by appropriate authority;

Verified, on a test basis, discounts and commission with supporting documentation; and

Considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2023, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Osman Hameed Chaudhri.

*Shinewing Hameed Chaudhri*

SHINEWING HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS  
KARACHI;

UDIN : AR202310104xXO04Y2po


# Statement of Financial Position

## As at March 31, 2023

		2023	2022
	Note	---- Rupees in '000 ----	
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	12,158,765	10,251,485
Intangible assets	6	35,311	56,255
Long term investments	7	340,816	343,534
Long term loans and advances	8	75,469	64,159
Long term deposits	9	41,662	14,077
		12,652,023	10,729,510
<b>Current assets</b>			
Stores, spares and loose tools	10	1,083,666	998,612
Stock-in-trade	11	8,005,452	6,541,711
Trade debts	12	797,382	1,126,808
Loans and advances	13	94,502	59,889
Trade deposits and prepayments	14	2,242,128	1,491,756
Accrued mark-up / interest		343,803	19,540
Other receivables		1,874	2,583
Taxation - net		-	208,547
Short term investments	15	10,114,241	8,819,083
Bank balances	16	34,702,516	17,424,657
		57,385,564	36,693,186
		70,037,587	47,422,696
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	1,240,879	1,240,879
Reserves	18	21,539,063	19,786,759
		22,779,942	21,027,638
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Lease liabilities	19	148,102	151,561
Staff retirement benefits	20	559,591	484,855
Deferred taxation	21	633,022	533,022
		1,340,715	1,169,438
<b>Current liabilities</b>			
Trade and other payables	22	44,545,823	24,886,205
Taxation - net		50,005	-
Unclaimed dividend		222,975	127,191
Dividend payable	23	1,044,510	-
Accrued mark-up		-	1,278
Current portion of lease liabilities	19	53,617	23,446
Current portion of long term borrowings		-	183,975
Current portion of deferred income - government grant		-	3,525
		45,916,930	25,225,620
		47,257,645	26,395,058
<b>Contingencies and commitments</b>	25	70,037,587	47,422,696

The annexed notes 1 to 46 form an integral part of these financial statements.

  
**Aamir H. Shirazi**  
Chairman

  
**Saquib H. Shirazi**  
Chief Executive Office


  
**Kashif Yasin**  
Chief Financial Officer


# Statement of Profit or Loss and Other Comprehensive Income

## For the Year Ended March 31, 2023

		2023	2022
	Note	---- Rupees in '000 ---	
Sales	26	135,485,652	131,930,193
Cost of sales	27	(125,813,871)	(122,045,479)
<b>Gross profit</b>		<b>9,671,781</b>	<b>9,884,714</b>
Sales and marketing expenses	28	(3,032,096)	(2,688,082)
Administrative expenses	29	(860,548)	(770,535)
Other income	30	4,555,670	2,065,562
Other operating expenses	31	(2,156,059)	(629,260)
Share of net profit of an Associate		322	16,905
<b>Operating profit</b>		<b>8,179,070</b>	<b>7,879,304</b>
Finance costs	32	(76,027)	(59,655)
<b>Profit before taxation</b>		<b>8,103,043</b>	<b>7,819,649</b>
Income tax expense	33	(3,098,888)	(2,234,484)
<b>Profit for the year</b>		<b>5,004,155</b>	<b>5,585,165</b>
<b>Other comprehensive loss:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurements of staff retirement benefit obligation		(35,714)	(33,315)
Income tax relating to the re-measurements		10,149	9,504
<b>Other comprehensive loss for the year - net of tax</b>		<b>(25,565)</b>	<b>(23,811)</b>
<b>Total comprehensive income for the year</b>		<b>4,978,590</b>	<b>5,561,354</b>
		<b>----- Rupees -----</b>	
<b>Earnings per share</b> - basic and diluted	34	<b>40.33</b>	<b>45.01</b>

The annexed notes 1 to 46 form an integral part of these financial statements.

  
**Aamir H. Shirazi**  
Chairman

  
**Saquib H. Shirazi**  
Chief Executive Officer


  
**Kashif Yasin**  
Chief Financial Officer

# Statement of Changes in Equity For the Year Ended March 31, 2023

	Capital reserves			Revenue reserves		
	Share capital	Share premium	Gain on sale of land	General reserve	Unappropriated profit	Total
	----- Rupees in '000 -----					
Balance as at April 1, 2021	1,240,879	39,953	165	9,492,000	7,857,530	18,630,527
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2021 at the rate of Rs.13.5 per share	-	-	-	-	(1,675,187)	(1,675,187)
Interim dividend for the half year ended September 30, 2021 at the rate of Rs.12.0 per share	-	-	-	-	(1,489,056)	(1,489,056)
Total comprehensive income for the year ended March 31, 2022						
Profit for the year	-	-	-	-	5,585,165	5,585,165
Other comprehensive loss	-	-	-	-	(23,811)	(23,811)
	-	-	-	-	5,561,354	5,561,354
Balance as at March 31, 2022	1,240,879	39,953	165	9,492,000	10,254,641	21,027,638
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2022 at the rate of Rs.15 per share	-	-	-	-	(1,861,319)	(1,861,319)
Interim dividend for the half year ended September 30, 2022 at the rate of Rs.11.0 per share	-	-	-	-	(1,364,967)	(1,364,967)
Total comprehensive income for the year ended March 31, 2023						
Profit for the year	-	-	-	-	5,004,155	5,004,155
Other comprehensive loss	-	-	-	-	(25,565)	(25,565)
	-	-	-	-	4,978,590	4,978,590
Balance as at March 31, 2023	1,240,879	39,953	165	9,492,000	12,006,945	22,779,942

The annexed notes 1 to 46 form an integral part of these financial statements.

  
Aamir H. Shirazi  
Chairman

  
Saquib H. Shirazi  
Chief Executive Office

  
Kashif Yasin  
Chief Financial Officer


# Statement of Cash Flows

## For the Year Ended March 31, 2023

	Note	2023 ---- Rupees in '000 ----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	25,185,138	7,831,415
Mark-up / interest paid		(1,747)	(3,683)
Income taxes paid		(2,730,187)	(1,658,148)
Contribution made to gratuity funds		(43,927)	(39,635)
Compensated absences paid		(28,851)	(46,090)
Mark-up / interest received		651,779	465,107
Workers' profit participation fund paid		(424,050)	(275,710)
Workers' welfare fund paid		(130,944)	(83,780)
Long term loans and advances - net		(11,310)	(15,906)
Long term deposits - net		(27,585)	(2,006)
<b>Net cash generated from operating activities</b>		<b>22,438,316</b>	<b>6,171,564</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(3,327,421)	(1,811,102)
Proceeds from sale of property, plant and equipment		109,996	88,405
Payments for intangible assets		(19,250)	(6,157)
Payments for investments		(15,152,666)	(6,539,662)
Proceeds from sale of investments		14,168,714	7,865,992
Dividend received		1,402,524	817,688
<b>Net cash (used in) / generated from investing activities</b>		<b>(2,818,103)</b>	<b>415,164</b>
<b>CASH USED IN FINANCING ACTIVITIES</b>			
Lease rentals paid		(68,862)	(54,847)
Long term borrowings - repaid		(187,500)	(250,000)
Dividend paid		(2,085,992)	(3,145,404)
<b>Net cash used in financing activities</b>		<b>(2,342,354)</b>	<b>(3,450,251)</b>
<b>Net increase in cash and cash equivalents</b>		<b>17,277,859</b>	<b>3,136,477</b>
Cash and cash equivalents at beginning of the year		17,424,657	14,288,180
<b>Cash and cash equivalents at end of the year</b>	16	<b>34,702,516</b>	<b>17,424,657</b>

The annexed notes 1 to 46 form an integral part of these financial statements.

  
**Aamir H. Shirazi**  
Chairman

  
**Saquib H. Shirazi**  
Chief Executive Office

  
**Kashif Yasin**  
Chief Financial Officer

# Notes to the Financial Statements For the Year Ended March 31, 2023

## 1. LEGAL STATUS AND OPERATIONS

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

The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 52.43% of issued, subscribed and paid-up capital of the Company as at March 31, 2023.

The geographical location and addresses of the Company's business units including plants are as follows:

Business unit	Geographical location and address
<b>Registered office</b>	<b>1 - Mcleod Road, Lahore</b>
<b>Manufacturing plant</b>	
Karachi	F-36, Estate Avenue, S.I.T.E., Karachi
Sheikhupura	26-27 Km, Lahore-Sheikhupura Road, Sheikhupura
<b>Branch offices</b>	
Lahore	1st Floor, 28-Mozang Road, Lahore
Islamabad	Plot No. 784/785, Golra Road, Islamabad
Faisalabad	1st Floor, Meezan Executive Tower, Liaquat Road, Faisalabad
Multan	Azmat Wasti Road, Multan
Hyderabad	2nd Floor, Dawood Centre, Autobhan Road, Hyderabad
Rahimyar Khan	Makhdoom Altaf Road, West Sadiq Canal Bank, Near City School, Rahimyar Khan

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

## 2.4 Critical accounting estimates and judgements

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

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

- (i) Estimated useful life of property, plant and equipment and intangible assets [notes 4.1 and 4.2];
- (ii) Lease term and discount rate for calculation of lease liabilities [notes 4.1(b)];
- (iii) Provision for slow moving inventories [notes 4.9 and 4.10];
- (iv) Estimate of payables and receivables in respect of staff retirement benefit schemes [notes 4.15 and 22.6];
- (v) Estimate of provision for warranty [note 4.22]; and
- (vi) Estimation of current and deferred tax [note 4.23].

## 3. NEW AND AMENDED STANDARDS AND INTREPRETATIONS

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

New and amended standards and interpretations mandatory for the first time for the financial year beginning April 1, 2022:

#### (a) IAS 37 Onerous contracts

**Effective date:**  
**January 1, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

#### (b) IAS 16 Proceeds before an asset's intended use

**Effective date:**  
**January 1, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on April 1, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on April 1, 2022 and have not been early adopted by the Company:

#### (a) IAS 1 Disclosure of accounting policies

**Effective date:**  
**January 1, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

**(b) IAS 8 Definition of accounting estimates****Effective date:**  
**January 1, 2023**

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

**(c) IAS 12 Deferred tax****Effective date:**  
**January 1, 2023**

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

**(d) IAS 1 Classification of liabilities as current or non current****Effective date:**  
**January 1, 2024**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

**(e) IFRS 16 Sale and leaseback transaction****Effective date:**  
**January 1, 2024**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

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

**4. SIGNIFICANT ACCOUNTING POLICIES**

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

**4.1 Property, plant and equipment****a) Owned assets**

The Company has adopted cost model for its property, plant and equipment. Property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset, including any borrowing cost (note 4.26). The cost of a self constructed asset includes cost of materials, labour and other overheads that are directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling / removing the asset and restoring the site on which it is located. Items of property, plant and equipment individually costing Rs.25,000 or less are charged to the statement of profit or loss as and when purchased.

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

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

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

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

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

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

#### b) **Right of use assets and related liabilities**

The Company generally leases ware houses, show rooms and related properties. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Company's incremental borrowing rate of 11.70%. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right of use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right of use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right of use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## 4.2 **Intangible assets**

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

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

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

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

### 4.3 Impairment of non-financial assets

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

### 4.4 Investments in equity instruments of an Associate

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

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

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

### 4.5 Financial assets

The details of accounting policies after the application of IFRS 9 is as follows.

#### 4.5.1 Classification

The Company has classified its financial assets into following categories: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

#### (a) Financial assets at amortised cost

A financial asset shall be classified as financial asset at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### (b) Financial assets at fair value through other comprehensive income

Debt instruments where contractual cash flows are solely payments of principal and interest and the objective of the Company is achieved by both collecting cash flows and selling the financial assets.

Equity investment that are not held for trading and the Company made an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit or loss.

#### (c) Financial assets at fair value through profit or loss

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different basis.

### 4.5.2 Recognition and measurement

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

After initial recognition, financial assets are measured at fair value or amortised cost.

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

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognised in other comprehensive income with only dividend income recognised in the statement of profit or loss.

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

#### 4.6 Financial liabilities

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

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

#### 4.7 Off setting financial instruments

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

#### 4.8 Derivative financial instruments and hedging activities

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

##### (a) Fair value hedge

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

##### (b) Cash flow hedge

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

#### 4.9 Stores, spares and loose tools

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

#### 4.10 Stock-in-trade

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

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

#### 4.11 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost.

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

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

#### 4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks and investment in term deposits, treasury bills and Pakistan investment bonds.

#### 4.13 Non current assets held for sale

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

#### 4.14 Share capital

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

#### 4.15 Retirement and other service benefit obligations

##### 4.15.1 Defined contribution plans

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

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

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

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

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

##### 4.15.2 Defined benefit plans

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

The Company has established separate funded gratuity schemes for its management and non-management staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 22.6 to the financial statements.

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

##### 4.15.3 Compensated absences

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

#### 4.16 Trade and other payables

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

#### 4.17 Obligation under finance lease

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

#### 4.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### 4.19 Government grants

Government grants are recognized where there is a reasonable assurance that the grant will be received and the Company will comply with all conditions of the grant. Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

#### 4.20 Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership are retained by the Muj'ir (lessor) are classified as operating Ijarah. Payments made during the year are charged to the statement of profit or loss on a straight-line basis over the period of the Ijarah in accordance with Islamic Financial Accounting Standard-2.

#### 4.21 Provisions

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

#### 4.22 Warranty

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

#### 4.23 Taxation

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

##### Current

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

##### Deferred

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

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

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

#### 4.24 Foreign currency transactions and translation

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

#### 4.25 Revenue recognition

The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

The Company manufacture and sale of motorcycles and related spare parts. Revenue from sale of goods is recognised when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts. Income from different sources other than above is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.

#### 4.26 Borrowing costs

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

#### 4.27 Research and development costs

Research and development costs are recognised in the statement of profit or loss as and when incurred.

#### 4.28 Earnings per share

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

#### 4.29 Segment reporting

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

#### 4.30 Dividend and appropriation to reserves

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

### 5. PROPERTY, PLANT AND EQUIPMENT

	Note	2023 --- Rupees in '000 ---	2022
Operating fixed assets	5.1	11,931,412	9,821,446
Capital work-in-progress	5.5	66,930	291,029
Right of use assets	5.6	160,423	139,010
		<u>12,158,765</u>	<u>10,251,485</u>

## 5.1 Operating fixed assets

	Freehold lands	Leasehold lands	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Dies and jigs	Factory equipment	Office equipment	Computers and accessories	Furniture and fixtures	Electric and gas fittings	Vehicles	Total
----- Rupees in '000 -----													
At April 1, 2021													
Cost	1,120,754	34,132	1,781,265	416,325	10,772,548	1,931,733	593,335	76,837	307,878	125,766	627,008	650,834	18,438,415
Accumulated depreciation	-	(13,605)	(792,280)	(195,325)	(5,178,036)	(1,429,877)	(286,209)	(58,755)	(226,506)	(108,620)	(326,824)	(265,842)	(8,881,879)
Net book amount	1,120,754	20,527	988,985	221,000	5,594,512	501,856	307,126	18,082	81,372	17,146	300,184	384,992	9,556,536
Year ended March 31, 2022													
Opening net book amount	1,120,754	20,527	988,985	221,000	5,594,512	501,856	307,126	18,082	81,372	17,146	300,184	384,992	9,556,536
Additions	288,163	-	178,687	30,538	424,031	191,501	84,764	5,610	39,732	1,748	96,567	225,339	1,566,680
Disposals													
Cost	-	-	-	-	(201,580)	(286,347)	(1,311)	(687)	(31,842)	(1,558)	(1,498)	(136,141)	(660,964)
Accumulated depreciation	-	-	-	-	157,227	255,610	933	600	29,761	1,558	1,337	58,987	506,013
	-	-	-	-	(44,353)	(30,737)	(378)	(87)	(2,081)	-	(161)	(77,154)	(154,951)
Depreciation charge	-	(513)	(101,605)	(22,747)	(569,829)	(233,391)	(34,019)	(9,028)	(33,883)	(9,428)	(35,531)	(96,845)	(1,146,819)
Closing net book amount	1,408,917	20,014	1,066,067	228,791	5,404,361	429,229	357,493	14,577	85,140	9,466	361,059	436,332	9,821,446
At March 31, 2022													
Cost	1,408,917	34,132	1,959,952	446,863	10,994,999	1,836,887	676,788	81,760	315,768	125,956	722,077	740,032	19,344,131
Accumulated depreciation	-	(14,118)	(893,885)	(218,072)	(5,590,638)	(1,407,658)	(319,295)	(67,183)	(230,628)	(116,490)	(361,018)	(303,700)	(9,522,685)
Net book amount	1,408,917	20,014	1,066,067	228,791	5,404,361	429,229	357,493	14,577	85,140	9,466	361,059	436,332	9,821,446
Year ended March 31, 2023													
Opening net book amount	1,408,917	20,014	1,066,067	228,791	5,404,361	429,229	357,493	14,577	85,140	9,466	361,059	436,332	9,821,446
Additions	-	-	284,646	173,411	1,778,907	374,123	193,354	2,032	92,565	11,883	362,808	277,791	3,551,520
Disposals (note 5.4)													
Cost	-	-	-	-	(173,594)	(163,282)	(3,568)	-	(13,271)	-	(1,021)	(185,016)	(539,752)
Accumulated depreciation	-	-	-	-	153,702	140,806	2,295	-	11,321	-	960	86,392	395,476
	-	-	-	-	(19,892)	(22,476)	(1,273)	-	(1,950)	-	(61)	(98,624)	(144,276)
Depreciation charge (note 5.3)	-	(513)	(125,795)	(27,562)	(641,448)	(250,499)	(45,238)	(6,938)	(43,119)	(5,887)	(43,583)	(106,696)	(1,297,278)
Closing net book amount	1,408,917	19,501	1,224,918	374,640	6,521,928	530,377	504,336	9,671	132,636	15,462	680,223	508,803	11,931,412
At March 31, 2023													
Cost	1,408,917	34,132	2,244,598	620,274	12,600,312	2,047,728	866,574	83,792	395,062	137,839	1,083,864	832,807	22,355,899
Accumulated depreciation	-	(14,631)	(1,019,680)	(245,634)	(6,078,384)	(1,517,351)	(362,238)	(74,121)	(262,426)	(122,377)	(403,641)	(324,004)	(10,424,487)
Net book amount	1,408,917	19,501	1,224,918	374,640	6,521,928	530,377	504,336	9,671	132,636	15,462	680,223	508,803	11,931,412
Annual rate of depreciation (%)		1.79	10	10	10	25	10	20	25	20	10	20	

5.2 Free hold lands of the Company are located at Sheikhpura with an area of 528,224 square yards and leasehold lands of the Company are located at Karachi with an area of 27,543 square yards.

5.3 Depreciation expense of Rs.1,139,473 thousand (2022: Rs.1,029,342 thousand) has been charged in 'Cost of sales', Rs.69,057 thousand (2022: Rs.27,136 thousand) in 'Sales and marketing expenses' and Rs.88,748 thousand (2022: Rs.90,341 thousand) in 'Administrative expenses'.

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

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Loss	Method of disposal	Sold to:
----- Rupees in '000 -----							
Assets with individual net book amount exceeding Rs.500,000 each							
Plant and machinery							
	8,527	(6,219)	2,308	86	(2,222)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road Sheikhpura
	12,661	(10,977)	1,684	127	(1,557)		
	12,463	(10,804)	1,659	125	(1,534)		
	1,950	(713)	1,237	20	(1,217)		
	1,374	(353)	1,021	233	(788)		
	7,027	(6,092)	935	71	(864)		
	12,658	(11,763)	895	127	(768)		
	12,658	(11,763)	895	127	(768)		
	1,204	(310)	894	233	(661)		
	11,386	(10,581)	805	114	(691)		
	6,829	(6,233)	596	69	(527)		
	3,088	(2,544)	544	31	(513)		
	7,351	(6,831)	520	74	(446)		
	5,846	(5,336)	510	59	(451)		
	105,022	(90,519)	14,503	1,496	(13,007)		
Dies and Jigs							
	32,457	(26,372)	6,085	326	(5,759)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road Sheikhpura
	11,905	(8,432)	3,473	120	(3,353)		
	6,614	(4,685)	1,929	66	(1,863)		
	1,019	(255)	764	10	(754)		
	2,848	(2,267)	581	29	(552)		
	3,394	(1,838)	1,556	244	(1,312)		
	3,394	(1,838)	1,556	244	(1,312)		Javed & Sons, 2-A Near Attack Petrol Pump G.T Road Daroghawala, Lahore
	3,612	(2,107)	1,505	260	(1,245)		
	3,612	(2,107)	1,505	260	(1,245)		
	2,777	(2,025)	752	200	(552)		
	2,777	(2,025)	752	200	(552)		
	74,409	(53,951)	20,458	1,959	(18,499)		
Factory Equipment							
	1,305	(604)	701	54	(647)	Scrap	Zee Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road Sheikhpura

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain	Method of disposal	Sold to:
----- Rupees in '000 -----							
Vehicles							
	10,534	(9,589)	945	2,900	1,955	Negotiation	Roshan Traders, Baway Di Kuttia Near Fatima Fertilizer Limited, Lahore Road Sheikhpura
	3,214	(1,500)	1,714	1,714	-	Company Policy	Atlas Autos (Private) Limited, a related party
	1,871	(853)	1,018	1,018	-	Company Policy	Atlas Autos (Private) Limited, a related party
	1,398	(533)	865	865	-	Company Policy	Atlas Autos (Private) Limited, a related party
	4,492	(651)	3,841	3,841	-	Company Policy	Atlas DID (Private) Limited, a related party
	900	(130)	770	770	-	Company Policy	Atlas DID (Private) Limited, a related party
	973	(350)	623	623	-	Company Policy	Atlas Hitech (Private) Limited, a related party
	4,557	(1,613)	2,944	2,944	-	Company Policy	Atlas Energy Limited, a related party
	3,447	(1,045)	2,402	2,402	-	Company Policy	Atlas Energy Limited, a related party
	1,049	(119)	930	1,000	70	Company Policy	Atlas Insurance Limited, a related party
						<b>Employees of the Company</b>	
	2,817	(495)	2,322	2,322	-	Company Policy	Mr. Zia Ahmed Khan
	2,507	(1,116)	1,391	1,391	-	Company Policy	Mr. Fawad Ahmed Tanwri
	1,480	(99)	1,381	1,381	-	Company Policy	Ms. Maheen Fatima
	2,467	(1,167)	1,300	1,300	-	Company Policy	Mr. Muhammad Qamar Nazir
	2,763	(1,659)	1,104	1,104	-	Company Policy	Mr. Kashif Yasin (Key Management Personnel)
	2,763	(1,680)	1,083	1,083	-	Company Policy	Mr. Syed Tanvir Hyder (Key Management Personnel)
	3,713	(2,657)	1,056	1,056	-	Company Policy	Mr. Saquib H. Shirazi (Key Management Personnel)
	2,568	(1,544)	1,024	1,024	-	Company Policy	Mr. Zahid Saleem
	2,613	(1,589)	1,024	1,024	-	Company Policy	Mr. Manzoor Qadir Abbasi
	2,613	(1,608)	1,005	1,005	-	Company Policy	Mr. Shahzada Jamal Hamid
	1,028	(69)	959	959	-	Company Policy	Mr. Daniyal Ahmed Rasheed
	2,151	(1,246)	905	905	-	Company Policy	Mr. Yaseen Murtaza
	2,263	(1,362)	901	901	-	Company Policy	Mr. Motyib Ekhlaiq
	2,225	(1,326)	899	899	-	Company Policy	Mr. Muhammad Raza
	2,225	(1,326)	899	899	-	Company Policy	Mr. Abdul Wahid
	2,225	(1,326)	899	899	-	Company Policy	Mr. Muhammad Asif Imran
	2,225	(1,326)	899	899	-	Company Policy	Mr. Muhammad Qamer Bashir
	1,170	(281)	889	889	-	Company Policy	Mr. Iftikhar Ahmad
	2,043	(1,184)	859	859	-	Company Policy	Mr. Osama Qureshi
	2,363	(1,505)	858	858	-	Company Policy	Mr. Azmatullah Khattak
	1,243	(393)	850	850	-	Company Policy	Mr. Zeeshan Mehdi
	1,483	(729)	754	754	-	Company Policy	Mr. Imran Shehzad
	1,483	(729)	754	754	-	Company Policy	Mr. Osama Zahid Butt
	1,883	(1,131)	752	752	-	Company Policy	Mr. Amir Habib
	1,476	(726)	750	750	-	Company Policy	Mr. Jawad Hanif
	1,145	(418)	727	727	-	Company Policy	Mr. Waleem Abbas
	1,483	(756)	727	727	-	Company Policy	Mr. Shahzad Sarwar
	1,483	(756)	727	727	-	Company Policy	Mr. Saif Ullah
	1,483	(756)	727	727	-	Company Policy	Mr. Muhammad Munam
	1,483	(756)	727	727	-	Company Policy	Mr. Muhammad Rizwan Aslam
	1,483	(756)	727	727	-	Company Policy	Mr. Sohaib Qamar
	1,483	(756)	727	727	-	Company Policy	Mr. Taimoor Hassan
	1,483	(756)	727	727	-	Company Policy	Mr. Hafiz Sufyan Khalid
	1,476	(766)	710	710	-	Company Policy	Mr. Muhammad Ammar
	1,476	(780)	696	696	-	Company Policy	Mr. Saeed Ahmed

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Method of disposal	Sold to:
----- Rupees in '000 -----							
	1,101	(499)	602	602	-	Company Policy	Mr. Omer Shahzad
	1,101	(499)	602	602	-	Company Policy	Mr. Muhammad Raza
	1,101	(499)	602	602	-	Company Policy	Mr. Kafeel Ahmed
	1,101	(510)	591	591	-	Company Policy	Mr. Muhammad Rizwan
	1,101	(510)	591	591	-	Company Policy	Mr. Muhammad Zunair Nawaz
	1,101	(510)	591	591	-	Company Policy	Mr. Abdul Waheed
	1,101	(521)	580	580	-	Company Policy	Mr. Umer Irfan
	1,101	(521)	580	580	-	Company Policy	Mr. Ali Zia
	1,101	(551)	550	550	-	Company Policy	Mr. Shahid Iqbal
	1,101	(551)	550	550	-	Company Policy	Mr. Muhammad Daniyal Alam
	1,101	(562)	539	539	-	Company Policy	Mr. Syed Faiz Ul Bari
<b>Ex-Employees of the Company</b>							
	3,412	(341)	3,071	3,071	-	Company Policy	Mr. Majid Badar Siddiqui
	3,580	(689)	2,891	2,891	-	Company Policy	Mr. Naveed Ahmed
	3,342	(643)	2,699	2,699	-	Company Policy	Mr. Farrukh
	2,817	(453)	2,364	2,364	-	Company Policy	Mr. Wasim Ul Haq
	1,675	(168)	1,507	1,507	-	Company Policy	Mr. Muhammad Shahzaib
	2,507	(1,159)	1,348	1,348	-	Company Policy	Mr. Syed Arsalan Hasan
	1,730	(406)	1,324	1,324	-	Company Policy	Mr. Tayyib Aftab
	2,467	(1,235)	1,232	1,232	-	Company Policy	Mr. Abdul Nasir
	1,395	(229)	1,166	1,166	-	Company Policy	Mr. Muhammad Bilal Riaz
	1,395	(269)	1,126	1,126	-	Company Policy	Mr. Muhammad Abid
	2,467	(1,349)	1,118	1,118	-	Company Policy	Mr. Muhammad Imran Siddique
	1,395	(347)	1,048	1,048	-	Company Policy	Mr. Abdul Sammad
	1,395	(387)	1,008	1,008	-	Company Policy	Mr. Asad Omer
	1,109	(164)	945	945	-	Company Policy	Mr. Anas Nasir
	1,483	(702)	781	781	-	Company Policy	Mr. Muhammad Yasir Ejaz
	1,398	(622)	776	776	-	Company Policy	Mr. Saad Hoda
	1,812	(1,094)	718	718	-	Company Policy	Mr. Syed Shahid Ali
	148,193	(67,902)	80,291	82,316	2,025		
	328,929	(212,976)	115,953	85,825	(30,128)		
<b>Various assets having net book amount upto Rs. 500,000 each</b>	210,823	(182,500)	28,323	24,171	(4,152)		
<b>Year Ended: March 31, 2023</b>	539,752	(395,476)	144,276	109,996	(34,280)		
Year Ended: March 31, 2022	660,964	(506,013)	154,951	88,405	(66,546)		

## 5.5 Capital work-in-progress

	Note	2023 --- Rupees in '000 ---	2022
Civil works		536	154,081
Plant and machinery		6,381	48,784
Dies and jigs		37,941	-
Factory equipment		4,283	29,426
Computers and accessories		5,199	16,917
Furniture and fixtures		-	848
Electric and gas fittings		-	33,957
Vehicles		12,590	6,604
Intangible asset - computer software	5.5.1	-	412
		66,930	291,029

5.5.1 Represents advance amounting Rs.Nil (2022: Rs.412 thousand) made to Integration Xpert (Private) Limited, a related party.

## 5.6 Right of use assets

	Note	2023 --- Rupees in '000 ---	2022
Balance at beginning of the year		139,010	185,020
Acquired during the year		71,529	-
Less: depreciation charged during the year	5.6.1	50,116	46,010
Net book value at end of the year		160,423	139,010

- 5.6.1 Depreciation expense relating to right to use asset - properties of Rs.41,730 thousand (2022: Rs.37,624 thousand) has been charged in 'Sales and marketing expenses' and Rs.8,386 thousand (2022: Rs.8,386 thousand) in 'Administrative expenses'.

## 6. INTANGIBLE ASSETS

	Software licenses	SAP implemen- tation and support cost	License fee	Total
----- Rupees in '000 -----				
At April 1, 2021				
Cost	87,947	38,041	196,386	322,374
Accumulated amortisation	(73,810)	(38,041)	(108,710)	(220,561)
Net book amount	14,137	-	87,676	101,813
Year ended March 31, 2022				
Opening net book amount	14,137	-	87,676	101,813
Additions	6,157	-	-	6,157
Amortisation charge	(13,467)	-	(38,248)	(51,715)
Closing net book amount	6,827	-	49,428	56,255
At March 31, 2022				
Cost	94,104	38,041	196,386	328,531
Accumulated amortisation	(87,277)	(38,041)	(146,958)	(272,276)
Net book amount	6,827	-	49,428	56,255
Year ended March 31, 2023				
Opening net book amount	6,827	-	49,428	56,255
Additions	19,250	-	-	19,250
Amortisation charge (note 27.1)	(11,567)	-	(28,627)	(40,194)
Closing net book amount	14,510	-	20,801	35,311
At March 31, 2023				
Cost	113,354	38,041	196,386	347,781
Accumulated amortisation	(98,844)	(38,041)	(175,585)	(312,470)
Net book amount	14,510	-	20,801	35,311
Annual rate of amortisation (%)	50	20	20	

## 7. LONG TERM INVESTMENTS

	Note	2023 --- Rupees in '000 ---	2022
<b>Unquoted</b>			
Associate - equity accounted investment	7.1	340,816	343,534
Others - available for sale	7.2	-	-
		340,816	343,534

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

Balance at beginning of the year	343,534	329,669
Share of profit for the year - net of tax	322	16,905
Dividend received during the year	(3,040)	(3,040)
Balance at end of the year	340,816	343,534

**7.1.1** Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (2022: 29.23%) of its issued, subscribed and paid-up capital as at March 31, 2023. AHPL was incorporated in Pakistan as a private limited company on September 13, 2012 and its principal activity is to manufacture and sale any kind of automobile parts and allied products.

**7.1.2** The summary of financial information / reconciliation of AHPL as of March 31, 2023 is as follows:

	2023	2022
	--- Rupees in '000 ---	
<b>Summarised Statement of Financial Position</b>		
Non current assets	637,600	639,100
Current assets	1,445,902	962,552
	2,083,502	1,601,652
Non - current liabilities	39,700	-
Current liabilities	893,150	441,700
	932,850	441,700
<b>Net assets</b>	1,150,652	1,159,952
<b>Reconciliation of carrying amount</b>		
Opening net assets	1,159,952	1,112,520
Profit for the year	28,930	57,300
Other adjustments	(27,830)	532
Dividend paid during the year	(10,400)	(10,400)
Closing net assets	1,150,652	1,159,952
Company's share %	29.23%	29.23%
Company's share	336,345	339,063
Goodwill	4,471	4,471
Carrying amount of investment	340,816	343,534
<b>Summarised Statement of profit or loss</b>		
Revenue	3,689,700	3,931,500
Profit before tax	75,000	86,000
Profit after tax	28,930	57,300

**7.1.3** The financial information of AHPL is based on unaudited financial statements for the year ended March 31, 2023.

	2023	2022
	--- Rupees in '000 ---	
<b>7.2 Others - available for sale</b>		
<b>Arabian Sea Country Club Limited</b>		
200,000 ordinary shares of Rs.10 each - cost	2,000	2,000
Less: Impairment in the value of investment	2,000	2,000
	-	-
<b>Automotive Testing &amp; Training Centre (Private) Limited</b>		
50,000 ordinary shares of Rs.10 each - cost	500	500
Less: Impairment in the value of investment	500	500
	-	-
	-	-

## 8. LONG TERM LOANS AND ADVANCES

### Considered good

Loans and advances to:

Related parties - Key Management Personnel  
Other employees

8.1

2,193	9,205
137,818	110,590
140,011	119,795

Less: amounts due within twelve months and shown under current assets:

Related parties - Key Management Personnel  
Other employees

13

2,193	5,757
62,349	49,879
64,542	55,636
75,469	64,159

- 8.1 These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs.104,045 thousand (2022: Rs.89,604 thousand) are provided for purchase of motorcycles and are repayable in forty eight equal monthly instalments for management staff and forty equal monthly instalments for non-management staff. These loans are secured against respective motorcycles and employees' vested retirement benefits. Advances are unsecured and are repayable in twenty four equal monthly instalments.
- 8.2 The maximum amount of loans and advances to the key management personnel outstanding at the end of any month during the year ended March 31, 2023 was Rs.8,686 thousand (2022: Rs.20,221 thousand).
- 8.3 The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.
9. Includes deposit of Rs.28,000 thousand (2022: Nil) to Atlas Energy Limited, a related party.

## 10. STORES, SPARES AND LOOSE TOOLS

	Note	2023 --- Rupees in '000 ---	2022
Consumable stores		288,444	198,021
Maintenance spares		504,342	505,573
Loose tools		403,479	399,114
		1,196,265	1,102,708
Provision for slow moving inventories	11.2	(112,599)	(104,096)
		1,083,666	998,612
<b>11. STOCK-IN-TRADE</b>			
<b>Raw materials and components</b>			
- in hand		5,413,264	4,373,005
- held with vendors	11.1	801,377	374,262
		6,214,641	4,747,267
<b>Finished goods</b>			
- motorcycles		408,729	723,555
- spare parts		1,321,455	976,003
		1,730,184	1,699,558
<b>Items in transit</b>			
		144,286	173,031
		8,089,111	6,619,856
Provision for slow moving inventories	11.2	(83,659)	(78,145)
		8,005,452	6,541,711

- 11.1 Includes raw materials and consumables amounting Rs.235,835 thousand (2022: Rs.13,598 thousand) held with Atlas Autos (Private) Limited (a related party), Rs.848 thousand (2022: Rs.645 thousand) held with Atlas Engineering (Private) Limited (a related party), Rs.20,598 thousand (2022: Rs.Nil) held with Atlas Hitec (Private) Limited (a related party) and Rs.Nil (2022: Rs.103,308 thousand) held with Atlas DID (Private) Limited (a related party) for further processing into parts to be supplied to the Company.

## 11.2 Movement of provision for slow moving inventories

	Stores, spares & loose tools		Stock-in-trade	
	2023	2022	2023	2022
	----- Rupees in '000 -----			
Balance at beginning of the year	104,096	89,561	78,145	71,350
Provision made during the year	34,364	40,304	16,545	54,115
Provision reversed due to disposal during the year	(25,861)	(25,769)	(11,031)	(47,320)
Balance at end of the year	112,599	104,096	83,659	78,145

- 11.3** Stock-in-trade and trade debts upto a maximum amount of Rs.11,081,334 thousand (2022: Rs.9,948,000 thousand) are under hypothecation of commercial banks as security for short term finance facilities (note 24).

## 12. TRADE DEBTS

	Note	2023 --- Rupees in '000 ---	2022
<b>Considered good</b>			
Export - secured	12.1	453	-
Local - unsecured		796,929	1,126,808
		797,382	1,126,808
<b>Considered doubtful</b>			
		3,891	3,611
		801,273	1,130,419
Expected credit loss allowance		3,891	3,611
		797,382	1,126,808

- 12.1** These trade debts are secured against letters of credit issued by customers in favour of the Company.
- 12.2** The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.593,330 thousand (2022: Rs.447,648 thousand).
- 12.3** At March 31, 2023, trade debts aggregating to Rs.47,185 thousand (2022: Rs.291,054 thousand) were past due but not impaired. These relate to various customers for which there is no recent history of default. The ageing analysis of these trade debts is as follows:

	Note	2023 --- Rupees in '000 ---	2022
Past due within 30 days		44,985	229,284
Past due beyond 30 days		2,200	61,770
		47,185	291,054

## 13. LOANS AND ADVANCES

<b>Considered good</b>			
Current portion of long term loans and advances to key management personnel and other employees	8	64,542	55,636
Loans to employees	13.1	546	408
Advances to suppliers, contractors and others		29,414	3,845
		94,502	59,889

- 13.1** These represent interest free welfare and festival loans provided to employees in accordance with Company's policy and have maturities upto ten months.
- 13.2** The carrying values of loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

## 14. TRADE DEPOSITS AND PREPAYMENTS

	Note	2023 --- Rupees in '000 ---	2022
Trade deposits - unsecured and considered good		15,890	13,872
Prepayments	14.1	124,531	122,789
Margin against letters of credit		2,101,707	1,355,095
		2,242,128	1,491,756

- 14.1** Includes prepayments of Rs.82,759 thousand (2022: Rs.66,469 thousand), Rs.15,404 thousand (2022: Rs.13,791 thousand) and Rs.244 thousand (2022: Rs.221 thousand) to Atlas Insurance Limited, Shirazi Investments (Private) Limited and Atlas Foundation, related parties respectively.

## 15. SHORT TERM INVESTMENTS

At fair value through profit or loss

2023 --- Number of units ---	2022	Related parties	Note	2023 --- Rupees in '000 ---	2022
8,657,236	7,251,173	Atlas Money Market Fund		4,430,639	3,686,300
330,967	295,684	Atlas Islamic Stock Fund		157,977	161,784
4,950,278	2,816,725	Atlas Income Fund		2,852,839	1,564,640
-	29,783	Atlas Stock Market Fund		-	19,845
-	8,872,423	Atlas Sovereign Fund		-	942,572
-	39	Atlas Islamic Income Fund		-	21
-	64,760	Atlas Islamic Money Market Fund		-	32,380
474,642	473,427	Atlas Islamic Capital Preservation Plan II		250,062	242,586
3,649,647	2,906,173	Atlas Liquid Fund		1,824,824	1,453,086
		<b>Others</b>		9,516,341	8,103,214
1,114,731	7,033,024	Lakson Money Market Fund		114,892	715,869
				9,631,233	8,819,083
			15.1	483,008	-
				10,114,241	8,819,083

At amortised cost - Treasury bills

15.1 It has maturity of 182 days from date of acquisition and carries mark-up at the rate of 20.97% per annum.

## 16. BANK BALANCES

Cash at banks in:

	Note	2023 --- Rupees in '000 ---	2022
- current accounts {including US\$ 1,204 thousand (2022: US\$ 504 thousand)}		1,700,997	29,074
- saving deposit accounts	16.1	2,129,436	1,160,178
- term deposit receipts	16.2	3,500,000	12,800,000
- treasury bills and Pakistan investment bonds	16.3	27,372,083	3,435,405
		34,702,516	17,424,657

16.1 Saving deposit accounts carry mark-up upto 18.51% (2022: 9.4%) per annum.

16.2 Term deposit receipts (TDRs) have maturity of 6 days (2022: 8 to 30 days days) from respective date of acquisition. TDRs carry mark-up at the rate of 20.5% (2022: 12.3% to 15%) per annum.

16.3 These have maturity of 7 to 182 days (2022: 84 days) from respective date of acquisition and carry mark-up at the rates ranging from 15.68% to 21.06% (2022: 10.2% to 12.3%) per annum.

## 17. SHARE CAPITAL

## 17.1 Authorised capital

2023 --- Number of shares ---	2022	2023 --- Rupees in '000 ---	2022
150,000,000	150,000,000	1,500,000	1,500,000

Ordinary shares of Rs.10 each

## 17.2 Issued, subscribed and paid-up capital

2023	2022		2023	2022
--- Number of shares ---			--- Rupees in '000 ---	
6,352,748	6,352,748	Ordinary shares of Rs.10 each fully paid in cash	63,528	63,528
117,475,887	117,475,887	Ordinary shares of Rs.10 each issued as fully paid bonus shares	1,174,758	1,174,758
259,300	259,300	Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash	2,593	2,593
<u>124,087,935</u>	<u>124,087,935</u>		<u>1,240,879</u>	<u>1,240,879</u>

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

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

2023	2022
-- Number of shares --	
65,064,831	65,064,831
43,430,778	43,430,778
3,518,073	3,518,073
1	1
<u>112,013,683</u>	<u>112,013,683</u>

- 17.4 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets.

## 18. RESERVES

## Capital reserves

Share premium  
Gain on sale of land

## Revenue reserves

General reserve  
Unappropriated profit

2023	2022
--- Rupees in '000 ---	
39,953	39,953
165	165
<u>40,118</u>	<u>40,118</u>
9,492,000	9,492,000
12,006,945	10,254,641
<u>21,498,945</u>	<u>19,746,641</u>
<u>21,539,063</u>	<u>19,786,759</u>

## 19. LEASE LIABILITIES

Balance at beginning of the year  
Recognised during the year  
Interest accrued  
Repaid / adjusted during the year

Current portion grouped under current liabilities  
Balance at end of the year

2023	2022
--- Rupees in '000 ---	
175,007	208,226
71,529	-
24,045	21,628
<u>(68,862)</u>	<u>(54,847)</u>
201,719	175,007
<u>(53,617)</u>	<u>(23,446)</u>
<u>148,102</u>	<u>151,561</u>

- 19.1 These represents lease contracts for regional sales offices and registered office used in its operations and had estimated lease terms between 3 to 9 years. These are discounted using incremental borrowing rate of the Company. These includes Rs.77,120 thousand (2022: Rs.53,048 thousand) due to Atlas Foundation, a related party.

The future minimum lease payments to which the Company is committed under the agreements will be due as follows:

Particulars	Upto one year	From one to five years	Total 2023	Upto one year	From one to five years	Over five years	Total 2022
----- Rupees in '000 -----							
Minimum lease payments	73,992	171,018	245,010	41,868	177,690	11,166	230,724
Finance cost allocated to future periods	(20,375)	(22,916)	(43,291)	(18,422)	(36,461)	(834)	(55,717)
Present value of minimum lease payments	<u>53,617</u>	<u>148,102</u>	<u>201,719</u>	<u>23,446</u>	<u>141,229</u>	<u>10,332</u>	<u>175,007</u>

## 20. STAFF RETIREMENT BENEFITS

	Note	2023 --- Rupees in '000 ---	2022
Compensated absences	20.1	441,500	397,147
Provision for gratuity	22.6	118,091	87,708
		<u>559,591</u>	<u>484,855</u>

## 20.1 Compensated absences

Balance at beginning of the year		397,147	335,626
Provision for the year		73,204	107,611
		<u>470,351</u>	<u>443,237</u>
Encashed during the year		(28,851)	(46,090)
Balance at end of the year	20.1.1	<u>441,500</u>	<u>397,147</u>

20.1.1 Includes liability in respect of key management personnel aggregating to Rs.32,442 thousand (2022: Rs.43,825 thousand).

## 21. DEFERRED TAXATION - net

	2023 --- Rupees in '000 ---	2022
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation and long term investment	1,063,793	880,515
Provision for slow moving inventories & doubtful debts	(56,879)	(53,018)
Compensated absences	(125,466)	(113,293)
Warranty obligations and infrastructure cess	(147,203)	(22,524)
Staff retirement benefit - gratuity	(51,153)	(37,551)
Lease liabilities - net	(11,736)	(10,269)
Minimum tax recoupable	(38,334)	(110,838)
	<u>633,022</u>	<u>533,022</u>

## 21.1 Movement in deferred taxation

	Accelerated tax depreciation and long term investment	Provision for slow moving inventories and doubtful debts	Compensated absences	Warranty obligations and infrastructure cess	Staff retirement benefit - gratuity	Lease liabilities - net	Minimum tax recoupable	Total
	----- Rupees in '000 -----							
At April 1, 2021	888,997	(46,566)	(96,075)	(17,546)	(27,932)	(6,643)	(166,173)	528,062
Charged / (credited) to:								
Statement of profit or loss	(8,482)	(6,452)	(17,218)	(4,978)	(115)	(3,626)	55,335	14,464
Other comprehensive loss	-	-	-	-	(9,504)	-	-	(9,504)
	(8,482)	(6,452)	(17,218)	(4,978)	(9,619)	(3,626)	55,335	4,960
At March 31, 2022	880,515	(53,018)	(113,293)	(22,524)	(37,551)	(10,269)	(110,838)	533,022
Charged / (credited) to:								
Statement of profit or loss	183,278	(3,861)	(12,173)	(124,679)	(3,453)	(1,467)	72,504	110,149
Other comprehensives loss	-	-	-	-	(10,149)	-	-	(10,149)
	183,278	(3,861)	(12,173)	(124,679)	(13,602)	(1,467)	72,504	100,000
<b>At March 31, 2023</b>	<u>1,063,793</u>	<u>(56,879)</u>	<u>(125,466)</u>	<u>(147,203)</u>	<u>(51,153)</u>	<u>(11,736)</u>	<u>(38,334)</u>	<u>633,022</u>

**22. TRADE AND OTHER PAYABLES**

	Note	2023 --- Rupees in '000 ---	2022
Creditors		6,489,678	6,136,462
Accrued liabilities	22.1	3,202,099	3,175,631
Royalty payable	22.2	7,690,366	1,648,662
Warranty obligations		100,989	78,957
Contract liabilities - advances from customers	22.3	24,243,401	11,326,035
Retention money		2,095	5,857
Sales tax payable - net		371,932	299,424
Workers' profit participation fund	22.4	436,460	424,050
Workers' welfare fund	22.5	164,793	158,808
Payable to staff retirement benefit funds - gratuity	22.6	61,911	43,926
Provision for custom duty		917,735	917,735
Provision for Sindh government infrastructure fee		801,617	591,649
Others	22.8	62,747	79,009
		<u>44,545,823</u>	<u>24,886,205</u>

**22.1** Includes Rs.10,021 thousand (2022: Rs.6,856 thousand) due to Honda Motor Company Limited, Japan - a related party.

**22.2** Represents royalty due to Honda Motor Company Limited, Japan - a related party.

**22.3** These represent advances from customers against sale of motorcycles & parts and carry no mark-up. It includes Rs.3,417 thousand (2022: Rs.562 thousand) due to related parties. Revenue aggregating Rs.11,290,955 thousand has been recognised for preceding year contract liabilities - advance from customers.

	Note	2023 --- Rupees in '000 ---	2022
<b>22.4 Workers' profit participation fund (the Fund)</b>			
Balance at beginning of the year		424,050	280,983
Allocation for the year	31	433,666	417,915
Interest on funds utilised in the Company's business	32	2,794	862
		<u>860,510</u>	<u>699,760</u>
Paid to trustees of the Fund		(424,050)	(275,710)
Balance at end of the year		<u>436,460</u>	<u>424,050</u>
<b>22.5 Workers' welfare fund</b>			
Balance at beginning of the year		158,808	104,947
Charge for the year		164,793	158,808
Adjustment for prior year		(27,864)	(21,167)
	31	<u>136,929</u>	<u>137,641</u>
		<u>295,737</u>	<u>242,588</u>
Payment / adjustment made during the year		(130,944)	(83,780)
Balance at end of the year		<u>164,793</u>	<u>158,808</u>

**22.6 Staff retirement benefit - gratuity**

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

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

**22.6.3** The latest actuarial valuations of the Funds as at March 31, 2023 were carried out using the 'Projected Unit Credit Method'. Details of the Funds as per the actuarial valuations are as follows:

## 22.6.4 Reconciliation

Present value of defined benefit obligation  
at March 31 - note 22.6.5

Fair value of plan assets at  
March 31 - note 23.6.6

Receivable from related parties  
in respect of transferees

Less: payable within next twelve months

22.6.5 Movement in the present value of  
defined benefit obligation

Balance at beginning of the year

Benefits paid

Current service cost

Interest expense

Re-measurement on obligation

Receivable from related parties in  
respect of transferees

Balance at end of the year

22.6.6 Movement in the fair value of  
plan assets

Balance at beginning of the year

Contributions

Benefits paid

Interest income

Re-measurement

Balance at end of the year

22.6.7 Expense / (income) recognised in the  
statement of profit or loss

Current service costs

Net interest expense / (income)

22.6.8 Re-measurement recognised in  
other comprehensive income

(Gain) / loss from change in  
financial assumptions

Gain from change in  
demographic assumptions

Experience loss / (gain)

Loss on re-measurement  
of plan assets

Net re-measurements

	Management		Non-management		Total	
	2023	2022	2023	2022	2023	2022
	----- Rupees in '000 -----					
Present value of defined benefit obligation at March 31 - note 22.6.5	601,855	547,620	35,662	40,180	637,517	587,800
Fair value of plan assets at March 31 - note 23.6.6	(345,235)	(315,171)	(91,396)	(96,512)	(436,631)	(411,683)
Receivable from related parties in respect of transferees	(20,884)	(44,483)	-	-	(20,884)	(44,483)
	235,736	187,966	(55,734)	(56,332)	180,002	131,634
Less: payable within next twelve months	61,911	43,926	-	-	61,911	43,926
	173,825	144,040	(55,734)	(56,332)	118,091	87,708
Balance at beginning of the year	547,620	449,150	40,180	40,170	587,800	489,320
Benefits paid	(32,096)	(45,570)	(8,869)	(3,662)	(40,965)	(49,232)
Current service cost	37,532	30,802	1,183	1,172	38,715	31,974
Interest expense	67,124	40,570	4,552	3,559	71,676	44,129
Re-measurement on obligation	5,273	23,056	(1,384)	(1,059)	3,889	21,997
Receivable from related parties in respect of transferees	(23,598)	49,612	-	-	(23,598)	49,612
Balance at end of the year	601,855	547,620	35,662	40,180	637,517	587,800
Balance at beginning of the year	315,171	303,354	96,512	93,518	411,683	396,872
Contributions	43,927	39,635	-	-	43,927	39,635
Benefits paid	(32,096)	(45,570)	(8,869)	(3,662)	(40,965)	(49,232)
Interest income	42,745	27,446	11,065	8,280	53,810	35,726
Re-measurement	(24,512)	(9,694)	(7,312)	(1,624)	(31,824)	(11,318)
Balance at end of the year	345,235	315,171	91,396	96,512	436,631	411,683
Current service costs	37,532	30,802	1,183	1,172	38,715	31,974
Net interest expense / (income)	24,379	13,124	(6,513)	(4,721)	17,866	8,403
	61,911	43,926	(5,330)	(3,549)	56,581	40,377
(Gain) / loss from change in financial assumptions	(14,567)	2,706	(931)	135	(15,498)	2,841
Gain from change in demographic assumptions	-	(8,025)	-	-	-	(8,025)
Experience loss / (gain)	19,840	28,374	(452)	(1,193)	19,388	27,181
Loss on re-measurement of plan assets	24,512	9,694	7,312	1,624	31,824	11,318
Net re-measurements	29,785	32,749	5,929	566	35,714	33,315

**22.6.9 Net recognised liability**

	<b>Management</b>		<b>Non-management</b>		<b>Total</b>	
	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022
	<b>----- Rupees in '000 -----</b>					
Net liability / (asset) at beginning of the year	187,966	150,926	(56,330)	(53,347)	131,636	97,579
Charge / (income) for the year	61,911	43,926	(5,330)	(3,549)	56,581	40,377
Contributions made during the year	(43,927)	(39,635)	-	-	(43,927)	(39,635)
Re-measurement recognised in other comprehensive income	29,785	32,749	5,929	566	35,714	33,315
Recognised liability / (asset) as at March 31	235,735	187,966	(55,731)	(56,330)	180,004	131,636
Less: payable within next twelve months	61,911	43,926	-	-	61,911	43,926
	<u>173,824</u>	<u>144,040</u>	<u>(55,731)</u>	<u>(56,330)</u>	<u>118,093</u>	<u>87,710</u>
	<u>18,233</u>	<u>17,752</u>	<u>3,770</u>	<u>6,656</u>	<u>22,003</u>	<u>24,408</u>

**22.6.10 Actual return on plan assets****22.6.11 Plan assets comprise of:**

Fixed income instruments	63,208	87,093	-	45,295	63,208	132,388
Mutual fund securities	268,860	227,457	52,659	38,755	321,519	266,212
Others	13,168	621	38,737	12,462	51,905	13,083
	<u>345,236</u>	<u>315,171</u>	<u>91,396</u>	<u>96,512</u>	<u>436,632</u>	<u>411,683</u>

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

**22.6.13 Significant actuarial assumptions and sensitivity:**

	<b>Management</b>		<b>Non-management</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>--- % per annum ---</b>		<b>--- % per annum ---</b>	
Discount rate at March 31	15.75	12.25	15.75	12.25
Expected rate of increase in future salaries - first year	10.00	10.00	10.00	10.00
- long term	14.75	11.25	14.75	11.25
Demographic assumptions				
- Mortality rates (for death in service)	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1
- Rates of employee turnover	Light	Light	Moderate	Moderate

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

	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumptions</b>	<b>Increase in assumptions</b>	<b>Decrease in assumptions</b>
		<b>---- Rupees in '000 ----</b>	
Discount rate	1.00%	585,414	698,141
Future salary increase	1.00%	695,123	587,124
Withdrawal rates : moderate / light		646,424	
Withdrawal rates : heavy		652,249	

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

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

**22.6.14** Expected charge and income to management and non-management gratuity plans for the year ending March 31, 2024 are Rs.78,542 thousand and Rs.7,087 thousand respectively.

**22.6.15** The weighted average duration of defined benefit obligation for management and non-management plans is 8.48 years and 3.19 years respectively. The expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 - 10 years	Total
<b>March 31, 2023</b>	<b>Rupees in '000</b>				
Management staff	51,351	58,326	203,269	446,650	759,596
Non-management staff	4,694	9,749	26,752	25,313	66,508
<b>Total</b>	<b>56,045</b>	<b>68,075</b>	<b>230,021</b>	<b>471,963</b>	<b>826,104</b>

#### 22.6.16 Historical information

	2023	2022	2021	2020	2019
	<b>Rupees in '000</b>				
Present value of defined benefit obligation	637,517	587,800	489,320	427,221	388,556
Fair value of plan assets	436,631	411,683	396,872	329,879	304,196
<b>Deficit provided in financial statements</b>	<b>200,886</b>	<b>176,117</b>	<b>92,448</b>	<b>97,342</b>	<b>84,360</b>

**22.7** Payable to staff retirement benefit funds - gratuity includes liability in respect of key management personnel aggregating to Rs.87,273 thousand (2022: Rs.71,632 thousand).

**22.8** Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.34,475 thousand (2022: Rs.30,635 thousand).

**23.** This includes amounts payable to Honda Motor Company Limited, Japan a related party.

#### 24. SHORT TERM BORROWINGS - secured

Short term finance facilities available from various commercial and Islamic banks under mark-up arrangements aggregate to Rs.7,240,000 thousand (2022: Rs.7,040,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to extent of Rs.11,081,334 thousand (2022: Rs.9,948,000 thousand). The rates of mark-up of these facilities during the year ranged from 11.44% to 19.97% (2022: 7.55% to 11.54%) per annum. These facilities are expiring on various dates by December 31, 2023.

Ijarah facilities aggregating Rs.1,912,240 thousand (including Rs.1,000,000 thousand under Islamic Temporary Economic Relief Facility (ITERF)) are also available to the Company from various banks. These facilities carry profit margin at the rates ranging from SBP rate + 0.6% to KIBOR plus 0.25% to 0.65% per annum.

The facilities for opening letters of credit as at March 31, 2023 aggregated to Rs.7,300,000 thousand (2022: Rs.6,175,000 thousand) of which the amount remained unutilised at year end was Rs.3,605,467 thousand (2022: Rs.2,612,948 thousand). These finance facilities are also secured against pari passu joint hypothecation charge on stocks-in-trade and trade debts of the Company.

#### 25. CONTINGENCIES AND COMMITMENTS

##### 25.1 Contingencies

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

**25.1.2** Guarantees aggregating to Rs.1,742,427 thousand (2022: Rs.1,784,407 thousand) have been issued by commercial banks to government and semi government institutions for import of raw materials and supply of goods.

##### 25.2 Commitments

**25.2.1** Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at March 31, 2023 aggregated to Rs.3,325,464 thousand (2022 : Rs.3,562,052 thousand).

**25.2.2** Commitments outstanding for capital expenditure other than through letters of credit as at March 31, 2023 aggregated to Rs.172,736 thousand (2022: Rs.137,971 thousand).

**25.2.3** The Company has entered into ljarah arrangements for vehicles and plant machinery with various banks. Aggregate commitments for these ljarah arrangements as at March 31, are as follows:

	Note	2023 --- Rupees in '000 ---	2022
Not later than one year		423,630	371,263
Later than one year and not later than five years		1,153,668	1,356,621
More than five years		388,849	532,624
		<u>1,966,147</u>	<u>2,260,508</u>
<b>26. SALES - net</b>			
Gross sales			
- local		159,218,338	156,207,721
- export		2,314,533	636,759
		<u>161,532,871</u>	<u>156,844,480</u>
Less:			
- trade discount and commission		598,572	687,737
- sales tax		25,448,647	24,226,550
		<u>26,047,219</u>	<u>24,914,287</u>
		<u>135,485,652</u>	<u>131,930,193</u>
<b>27. COST OF SALES</b>			
Opening stock of finished goods		1,699,558	629,827
Cost of goods manufactured	27.1	114,870,551	114,536,004
Purchases during the year		10,973,946	8,579,206
		<u>125,844,497</u>	<u>123,115,210</u>
Closing stock of finished goods		(1,730,184)	(1,699,558)
		<u>125,813,871</u>	<u>122,045,479</u>
<b>27.1 Cost of goods manufactured</b>			
Raw materials and components consumed	27.2	97,380,142	98,138,233
Direct labour	27.3	2,485,742	2,548,528
Technical directors' remuneration		4,534	3,998
Staff salaries, wages and other benefits	27.3	2,297,040	1,935,842
Stores consumed		1,062,072	1,083,382
Fuel and power		2,349,045	1,795,825
Insurance		197,374	169,660
Rent, rates and taxes including ljarah rentals	27.4	409,331	301,490
Repair and maintenance		714,101	733,818
Royalty including provincial taxes	27.5	6,118,412	6,204,905
Technical assistance fee		70,459	33,536
Travelling, conveyance and entertainment		49,441	28,201
Postage and telephone		10,713	8,361
Printing and stationery		61,522	50,684
Vehicle running expenses		102,460	59,861
Depreciation on operating fixed asset	5.3	1,139,473	1,010,545
Canteen		237,412	228,503
Newspapers, magazines and subscriptions		5,137	5,815
Amortisation	6	40,194	51,715
Provision for slow moving inventories - net	11.2	14,017	21,330
Marking fee		121,929	121,532
Other manufacturing expenses		1	240
		<u>114,870,551</u>	<u>114,536,004</u>
<b>27.2 Raw materials and components consumed</b>			
Opening stock		4,747,267	3,036,891
Purchases during the year		98,847,516	99,848,609
		<u>103,594,783</u>	<u>102,885,500</u>
Closing stock		(6,214,641)	(4,747,267)
		<u>97,380,142</u>	<u>98,138,233</u>

**27.3** Direct labour and staff salaries, wages & other benefits include Rs.157,402 thousand (2022: Rs.155,143 thousand) in respect of staff retirement benefits.

**27.4** Include expense related to short term leases aggregating to Rs.Nil (2022: Rs.28,238 thousand).

**27.5** Royalty charged in these financial statement pertains to Honda Motor Company Limited having registered office at 1-1, Minami-Aoyama 2-Chome, Minato-ku, Tokyo 107-8556, Japan.

## **28. SALES AND MARKETING EXPENSES**

	Note	2023 --- Rupees in '000 ---	2022
Directors' remuneration		57,616	51,815
Staff salaries and other benefits	28.1	686,534	599,736
Travelling, conveyance and entertainment		158,022	104,541
Vehicle running expenses		71,446	43,443
Rent, rates and taxes		40,749	32,341
Advertisement and sales promotion		653,340	533,845
Repairs and maintenance		15,996	7,114
Gas and electricity		34,663	25,314
Freight outward		887,954	879,828
Printing and stationery		5,277	4,350
Postage and telephone		24,348	24,094
First free service charges		240,415	243,728
Depreciation on operating fixed asset	5.3	69,057	59,810
Depreciation on right of use assets	5.6.1	41,730	37,624
Insurance		41,369	37,452
Newspapers, magazines and subscriptions		3,509	2,693
Others		71	354
		<u>3,032,096</u>	<u>2,688,082</u>

**28.1** Staff salaries and other benefits include Rs.54,547 thousand (2022: Rs.53,199 thousand) in respect of staff retirement benefits.

## **29. ADMINISTRATIVE EXPENSES**

	Note	2023 --- Rupees in '000 ---	2022
Non executive directors' fee		2,900	1,450
Staff salaries and other benefits	29.1	502,368	492,973
Travelling, conveyance and entertainment		25,496	16,700
Rent, rates and taxes		6,741	6,459
Insurance		12,122	11,173
Repairs and maintenance		13,084	13,289
Legal and professional charges		35,774	21,926
Gas and electricity		4,838	3,415
Newspapers, magazines, fees and subscriptions		9,803	8,077
Postage and telephone		2,719	3,120
Printing and stationery		10,273	16,030
Vehicle running expenses		37,603	24,572
Staff training		20,114	14,561
Depreciation on operating fixed asset	5.3	88,748	76,464
Depreciation on right of use assets	5.6.1	8,386	8,386
Donation	29.2	79,565	51,940
Others		14	-
		<u>860,548</u>	<u>770,535</u>

**29.1** Staff salaries and other benefits include Rs.36,945 thousand (2022: Rs.44,550 thousand) in respect of staff retirement benefits.

**29.2** Donation of Rs.78,196 thousand (2022: Rs.51,524 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi.

## 30. OTHER INCOME

	Note	2023 --- Rupees in '000 ---	2022
<b>Income from financial assets</b>			
Mark-up / interest on savings deposit accounts and term deposit receipts	30.1	555,670	375,694
Mark-up / interest on Government securities		420,372	94,296
Gain on trade of investment in treasury bills and Pakistan investment bonds		1,799,467	629,732
Gain on sale of investments at fair value through profit or loss		17,486	7,400
Fair value gain on investments at fair value through profit or loss		1,460	4,414
Dividend income		86,405	57,284
Net foreign exchange gains		-	15,983
<b>Income from investments in related parties</b>			
Gain on sale of investments at fair value through profit or loss		92,611	6,748
Fair value gain on investments at fair value through profit or loss		199,649	62,938
Dividend income		1,313,079	757,364
<b>Income from assets other than financial assets</b>			
Gain on disposal of fixed assets		-	-
Commission income		650	669
Scrap sales		67,661	51,869
Others		1,160	1,171
		<u>4,555,670</u>	<u>2,065,562</u>

30.1 Mark-up / interest at the rates ranged from 10.14% to 20.85% (2022: 7.15% to 16%) per annum has been earned during the year on savings deposit accounts, term deposit receipts, treasury bills and Pakistan investment bonds.

## 31. OTHER OPERATING EXPENSES

	Note	2023 --- Rupees in '000 ---	2022
Workers' profit participation fund	22.4	433,666	417,915
Workers' welfare fund	22.5	136,929	137,641
Auditors' remuneration	31.1	6,648	5,311
Expected credit loss allowance on trade debts	12	280	1,847
Net foreign exchange loss	31.2	1,544,256	-
Loss on disposal of operating fixed assets		34,280	66,546
		<u>2,156,059</u>	<u>629,260</u>
<b>31.1 Auditors' remuneration</b>			
Fee for:			
- audit of annual financial statements		3,500	3,000
- review of half yearly financial information		312	267
- review of Code of Corporate Governance		133	114
- audits of retirement funds and workers' profit participation fund		385	308
- certifications for payment of royalty, technical fee, dividend etc.		1,348	819
- out of pocket expenses		478	410
Provincial taxes on fee		492	393
		<u>6,648</u>	<u>5,311</u>

31.2 Includes exchange loss of Rs.1,594,665 thousand on account of exchange losses arising on royalty payable.

**32. FINANCE COSTS**

	2023	2022
Note	--- Rupees in '000 ---	
Mark-up / interest on borrowings	469	3,882
Interest on workers' profit participation fund	2,794	862
Bank and other financial charges	48,719	33,283
Interest on lease liabilities	24,045	21,628
	<u>76,027</u>	<u>59,655</u>

**33. INCOME TAX EXPENSE****Current tax**

Current tax on profits for the year	2,283,923	1,947,594
Adjustments for current tax of prior years	704,816	272,426
	<u>2,988,739</u>	<u>2,220,020</u>

**Deferred tax**

Origination and reversal of temporary differences	110,149	14,464
	<u>3,098,888</u>	<u>2,234,484</u>

**33.1** Numeric tax rate reconciliation for the current year is given below:

Profit before income tax expense	8,103,043	7,819,649
Tax at the applicable rate 29%	2,349,882	2,267,698
Tax effect of:		
- amounts not deductible for tax purposes	487,453	459,876
- amounts deductible for tax purposes but not taken to the statement of profit or loss	(611,554)	(384,209)
- income not subject to tax / income subject to final tax regime / tax credits	(250,615)	(206,808)
- Associate's result reported net of tax	363	(4,446)
- minimum tax recouped	-	(184,517)
Adjustments for current tax of prior years and super taxes	1,013,210	272,426
Deferred tax	110,149	14,464
	<u>3,098,888</u>	<u>2,234,484</u>

**34. EARNINGS PER SHARE**

**2023**                      **2022**  
**--- Rupees in '000 ---**

**34.1 Basic earnings per share**

Net profit for the year	<u>5,004,155</u>	<u>5,585,165</u>
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**--- Number of shares ---**

Weighted average ordinary shares in issue	<u>124,087,935</u>	<u>124,087,935</u>
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**----- Rupees -----**

Earnings per share	<u>40.33</u>	<u>45.01</u>
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**34.2 Diluted earnings per share**

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

**35. CASH GENERATED FROM OPERATIONS**

	Note	2023 --- Rupees in '000 ---	2022
Profit before taxation		8,103,043	7,819,649
<b>Adjustments for:</b>			
Depreciation		1,347,394	1,192,829
Amortisation		40,194	51,715
Provision for compensated absences		73,204	107,611
Provision for gratuity		56,581	40,377
Provision for slow moving inventories - net		14,017	21,330
Mark-up / interest on saving deposit accounts, term deposit receipts and others		(976,042)	(469,990)
Gain on sale of investments at fair value through profit or loss		(110,097)	(14,148)
Fair value gain on investments at fair value through profit or loss		(201,109)	(67,352)
Net foreign exchange losses / (gains)		1,544,256	(15,983)
Dividend income		(1,399,484)	(814,648)
Workers' profit participation fund		436,460	418,777
Workers' welfare fund		136,929	137,641
Loss on disposal of operating fixed assets		34,280	66,546
Mark-up / interest on borrowings		469	3,882
Share of net profit of an Associate		(322)	(16,905)
Interest on lease liabilities		24,045	21,628
Changes in working capital	35.1	16,061,320	(651,544)
		<u>25,185,138</u>	<u>7,831,415</u>

**35.1 Changes in working capital**

	2023 --- Rupees in '000 ---	2022
<b>(Increase) / decrease in current assets</b>		
- Stores, spares and loose tools	(93,557)	(366,112)
- Stock-in-trade	(1,469,255)	(2,521,894)
- Trade debts	329,426	375,117
- Loans and advances	(34,613)	(12,460)
- Trade deposits and prepayments	(750,372)	(103,162)
- Other receivables	709	(829)
	<u>(2,017,662)</u>	<u>(2,629,340)</u>
<b>Increase in current liabilities:</b>		
- Trade and other payables	18,078,982	1,977,796
	<u>16,061,320</u>	<u>(651,544)</u>

**35.2 Cash flows from operating activities - Direct method**

	2023	2022
Receipts from customers	148,732,444	133,198,925
Mark-up / interest received	651,779	465,107
Payments to trade suppliers, service providers and employees	(123,586,201)	(125,385,422)
Mark-up / interest paid	(1,747)	(3,683)
Income taxes paid	(2,730,187)	(1,658,148)
Contributions made to gratuity funds	(43,927)	(39,635)
Compensated absences paid	(28,851)	(46,090)
Workers' profit participation fund paid	(424,050)	(275,710)
Workers' welfare fund paid	(130,944)	(83,780)
	<u>22,438,316</u>	<u>6,171,564</u>

### 36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	----- Directors -----				Executives	
	Chief Executive Officer		Others		2023	2022
	2023	2022	2023	2022	2023	2022
	----- Rupees in '000 -----					
Managerial remuneration and fee	28,031	23,847	6,034	5,298	364,653	314,419
Rent and utilities	13,406	11,405	-	-	174,399	150,012
Bonus	12,600	13,556	-	-	156,842	173,024
Retirement benefits	2,681	2,281	-	-	33,430	28,527
Medical and other reimbursable expenses	898	726	-	-	11,231	9,415
	57,616	51,815	6,034	5,298	740,555	675,397
Number of persons	1	1	5	5	138	124

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

### 37. RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties at mutually agreed terms and conditions. Detail of related parties to whom the Company have transacted along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

#### 37.1 Name and nature of relationship

##### a) The Holding Company

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

##### b) Associated Companies due to significant influence based on holding

Honda Motor Company Limited, Japan - 35.00% shares held in the Company

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

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

Atlas Engineering Limited

Atlas Power Limited

Atlas Autos (Private) Limited

Honda Atlas Cars Pakistan Limited

Atlas Battery Limited

Atlas DID (Private) Limited

Atlas Energy Limited

Atlas Global, FZE, Jebel Ali, UAE

Shirazi Trading Company (Private) Limited

Atlas GCI (Private) Limited

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

Atlas Insurance Limited

Atlas World Wide General Trading LLC

Zhenfa Pakistan New Energy Company Limited

Atlas Asset Management Limited

Integration Xperts (Private) Limited

Atlas Foundation

Honda Atlas Power Products (Private) Limited

e) **Directors**

Mr. Aamir H. Shirazi	Mr. Saquib H. Shirazi
Mr. Nurul Hoda	Mr. Abid Naqvi
Ms. Mashmooma Zehra	Mr. Kazushi Yamanaka
Mr. Shunsuke Miyazaki	Mr. Masanori Kito

f) **Key management personnel**

Mr. Afaq Ahmed	Mr. Rashid Ahmed
Mr. Syed Tanvir Hyder	Mr. Kashif Yasin
Mr. Mujahid-ul-Mulk Butt	Mr. Muhammad Zafar Iqbal
Mr. Tahir Nazir	Mr. Zia Ul Hassan Khan
Mr. Muhammad Rashad Rashid	Mr. Faisal Mahmud
Mr. Muhammad Tahir Khan	Mr. Hassan Mushtaq Cheema
Mr. Muhammad Ammar	

37.2 **Transactions with related parties**

**2023**                      **2022**  
**--- Rupees in '000 ---**

**The Holding Company**

## Sales of:

- goods and services	1,621	2,124
- operating fixed assets	6,213	2,991

## Purchase of:

- operating fixed assets	7,665	286,630
- goods	45,185	40,090

## Rent

18,241	20,555
--------	--------

## Dividend paid

1,691,686	1,659,153
-----------	-----------

## Reimbursement of expenses

20	-
----	---

**Associated companies**

## Sales of:

- goods and services	1,571,253	1,933,395
- operating fixed assets	26,974	9,394

## Purchases of:

- goods and services	32,893,439	32,624,696
- operating fixed assets	443,646	196,510

## Sale of units in mutual funds

11,975,346	6,798,510
------------	-----------

## Purchase of units in mutual funds

11,980,097	4,844,711
------------	-----------

## Royalty paid

1,681,926	6,007,781
-----------	-----------

## Technical assistance fee

69,089	20,780
--------	--------

## Commission income

1,186	669
-------	-----

## Lease rentals paid

30,412	27,647
--------	--------

## Insurance premium paid

592,868	532,608
---------	---------

## Insurance claims received

16,059	42,656
--------	--------

## Reimbursement of expenses - net

41,873	26,105
--------	--------

## Dividend paid

91,470	1,197,196
--------	-----------

## Donation paid

78,196	51,524
--------	--------

## Dividend received

1,119,157	630,954
-----------	---------

**Other related parties**

## Contributions paid to:

- gratuity funds	43,927	39,635
- provident funds / pension schemes	117,027	103,111

## Key Management Personnel

- salaries and other employment benefits	204,399	191,049
- sale of operating fixed asset	9,687	4,823

The related party status of outstanding balances as at March 31, 2023 is included in 'Long term investment - note 7', 'Long term loans and advances - note 8', 'Long term deposits - note 9', 'Trade deposit and prepayments - note 14', 'Short term investments - note 15', 'Staff retirement benefits - note 20' and 'Trade and other payables - note 22' respectively. These are settled in ordinary course of business.

## 38. FINANCIAL RISK MANAGEMENT

### 38.1 Financial risk factors

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

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

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

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

#### (a) Market risk

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

#### Foreign exchange risk

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

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

	2023				2022			
	Japanese Yen	U.S. Dollars	Thai Baht	Chinese Yuan	Japanese Yen	U.S. Dollars	Thai Baht	Chinese Yuan
	----- in '000 -----				----- in '000 -----			
Cash at bank / trade debts	-	1,204	-	-	-	504	-	-
Trade and other payables	(3,609,827)	(594)	(622)	(792)	(1,097,450)	(55)	-	-
<b>Net exposure</b>	<b>(3,609,827)</b>	<b>610</b>	<b>(622)</b>	<b>(792)</b>	<b>(1,097,450)</b>	<b>449</b>	<b>-</b>	<b>-</b>

The following significant exchange rates have been applied:

	2023 Average rate	2022 Average rate	2023 reporting date rate	2022 reporting date rate
	----- Rupees -----			
Pakistani Rupee to Japanese Yen	1.67	1.49	2.13	1.51
Pakistani Rupee to U.S. Dollar	225.72	168.05	283.79	183.48
Pakistani Rupee to Thai Baht	6.39	-	8.32	-
Pakistani Rupee to Chinese Yuan	32.77	-	41.33	-

At March 31, 2023, if the Pakistani Rupee had strengthened / weakened by 5% against Japanese Yen, U.S. Dollar, Thai Baht and Chinese Yuan with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gains / (losses) on translation of foreign denominated financial assets and liabilities.

**Effect on profit for the year:**

Pakistani Rupee to Japanese Yen  
Pakistani Rupee to U.S. Dollar  
Pakistani Rupee to Thai Baht  
Pakistani Rupee to Chinese Yuan

2023	2022
--- Rupees in '000 ---	
384,447	82,857
(8,656)	(4,119)
259	-
1,637	-
377,687	78,738

**Interest rate risk**

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

The Company is exposed to interest rate risk on balances with banks in saving deposit accounts and term deposit receipts and long term borrowings. Borrowings / deposit issued at variable rates expose the Company to cash flow risk and borrowing / deposit issued at fixed rate expose the Company to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of deposits. At March 31, 2023, the Company's interest bearing financial assets amounted to Rs.33,484,527 thousand (2022: Rs.17,395,583 thousand) and interest bearing financial liabilities amounting to Rs.201,719 thousand (2022: Rs.362,507 thousand).

At March 31, 2023, if the interest rate on the Company's deposits had been 1% higher / lower with other variables held constant, profit before tax for the year would have been higher / (lower) by Rs.21,294 thousand (2022: Rs.11,602 thousand) mainly as a result of higher / (lower) interest income.

**Price risk**

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

The Company is exposed to price risk because of investments in mutual fund securities aggregating to Rs.9,631,233 thousand (2022: Rs.8,819,083 thousand) as changes in Net Asset Value (NAV) of mutual funds affects the Company. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolios.

At March 31, 2023, if fair value (NAV) had been 5% higher / lower with all other variables held constant profit before tax for the year would have higher / (lower) by Rs.481,562 thousand (2022: Rs.440,954 thousand).

**(b) Credit risk**

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

The carrying amounts of financial assets represent the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.46,157,925 thousand (2022: Rs.27,540,823 thousand) as at March 31, 2023 and are as follows:

	2023	2022
	--- Rupees in '000 ---	
Long term loans and advances	75,469	64,159
Long term deposits	41,662	14,077
Trade debts	797,382	1,126,808
Loans and advances	65,088	56,044
Trade deposits	15,890	13,872
Accrued mark-up / interest	343,803	19,540
Other receivables	1,874	2,583
Short term investments	10,114,241	8,819,083
Bank balances	34,702,516	17,424,657
	46,157,925	27,540,823

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

	2023	2022
	--- Rupees in '000 ---	
Pakistan	800,820	1,130,419
Bangladesh	453	-
	801,273	1,130,419

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

	2023	2022
	--- Rupees in '000 ---	
Government departments	14,350	59,707
Defence institutions	665,552	760,266
Others (including exports)	121,371	310,446
	801,273	1,130,419

Out of the total financial assets credit risk is concentrated in trade debts, investments in mutual funds securities and deposits with banks as they constitute 99% (2022: 99%) of the total financial assets. Significant part of sales of the Company occurs against advance payments, therefore, trade debts mainly arise from export sales and local sales that were made to Government and Defence Institutions. The Company believes that it is not exposed to any specific credit risk in respect of those trade debts.

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

	Rating		
	Short term	Long term	Agency
<b>Banks</b>			
<b>Conventional</b>			
Allied Bank Limited	A1+	AAA	PACRA
Askari Bank Limited	A1+	AA+	PACRA
Bank Al Habib Limited	A1+	AAA	PACRA
Bank Alfalah Limited	A1+	AA+	PACRA
Deutsche Bank AG	A-2	BBB-	S & P
Faysal Bank Limited	A1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	JCR-VIS
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Khushhali Microfinance Bank Limited	A-2	A	JCR-VIS
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS
Industrial Commercial Bank of China	P-1	A-1	Moody's
<b>Shariah Compliant</b>			
BankIslami Pakistan Limited	A1	A+	PACRA
Meezan Bank Limited	A1+	AAA	JCR-VIS
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS
<b>Mutual Funds</b>		<b>Rating</b>	<b>Agency</b>
Atlas Income Fund		AA-(f)	PACRA
Atlas Islamic Income Fund		AA-(f)	PACRA
Atlas Money Market Fund		AA+(f)	PACRA
Atlas Sovereign Liquid Fund		AA-(f)	PACRA
Atlas Islamic Money Market Fund		AA(f)	PACRA
Atlas Liquid Fund		AA+(f)	PACRA
Lakson Money Market Fund		AA+(f)	PACRA
Lakson Income Fund		A+(f)	PACRA
NBP Financial Sector Income Fund		A+(f)	PACRA
National Investment (Unit) Trust		AM1	PACRA

### (c) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient balances with banks, marketable securities and the availability of funding through an adequate amount of committed credit facilities. At March 31, 2023, the Company had Rs.7,240,000 thousand available borrowings limits from banks / financial institutions, marketable securities of Rs.10,114,241 and bank balances of Rs.34,702,516 thousand.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

**March 31, 2023**

Lease liabilities  
Trade and other payables  
Unclaimed dividend

Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
----- Rupees in '000 -----			
201,719	245,010	73,992	171,018
44,545,823	44,545,823	44,545,823	-
222,975	222,975	222,975	-
<u>44,970,517</u>	<u>45,013,808</u>	<u>44,842,790</u>	<u>171,018</u>

**March 31, 2022**

Lease liabilities  
Long term borrowings  
Trade and other payables  
Unclaimed dividend

Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
----- Rupees in '000 -----			
175,007	230,724	41,868	188,856
187,500	188,431	188,431	-
24,886,205	24,886,205	24,886,205	-
127,191	127,191	127,191	-
<u>25,375,903</u>	<u>25,432,551</u>	<u>25,243,695</u>	<u>188,856</u>

**38.2 Capital management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year.

**38.3 Financial instruments by category****Financial assets as per statement of financial position**

Long term loans and advances  
Long term deposits  
Trade debts  
Loans and advances  
Trade deposits  
Accrued mark-up / interest  
Other receivables  
Short term investments  
Bank balances

Amortised cost		At fair value through profit or loss	
2023	2022	2023	2022
--- Rupees in '000 ---		--- Rupees in '000 ---	
75,469	64,159	-	-
41,662	14,077	-	-
797,382	1,126,808	-	-
65,088	56,044	-	-
15,890	13,872	-	-
343,803	19,540	-	-
1,874	2,583	-	-
483,008	-	9,631,233	8,819,083
34,702,516	17,424,657	-	-
<u>36,526,692</u>	<u>18,721,740</u>	<u>9,631,233</u>	<u>8,819,083</u>

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

Trade and other payables

Financial liabilities measured at amortised cost	
2023	2022
--- Rupees in '000 ---	
<u>19,122,527</u>	<u>12,512,854</u>

**38.4 Fair value measurement of financial instruments**

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

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

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

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

The following table presents the Company's financial assets that are measured at fair value at March 31, 2023 and March 31, 2022.

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Short term investments	9,631,233	-	-	9,631,233

	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Short term investments	8,819,083	-	-	8,819,083

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

#### Valuation techniques used to determine fair values

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

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

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

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

## 39. ENTITY-WIDE INFORMATION

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

	2023	2022
	--- Rupees in '000 ---	
Motorcycles	121,684,913	121,271,489
Spare parts	13,800,739	10,658,704
	135,485,652	131,930,193

**39.2** Export sales are made to Japan, Afghanistan, Bangladesh, Thailand and Kyrgyzstan. Result of the Company's revenue from external customers in Pakistan is Rs.133,171,118 thousand (2022: Rs.131,293,434 thousand) and total revenue from external customers from other countries is Rs.2,314,534 thousand (2022: Rs.636,759 thousand).

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

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

#### **40. PLANT CAPACITY AND ACTUAL PRODUCTION**

	2023	2022
	--- Number of units ---	
Capacity - Motorcycles	1,500,000	1,500,000
Production	1,106,166	1,357,604

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

#### **41. NUMBER OF EMPLOYEES**

	2023	2022
	--- Numbers ---	
Total number of employees	2,461	2,299
Average number of employees	2,478	2,311

#### **42. PROVIDENT FUND RELATED DISCLOSURE**

The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. Equal monthly contributions at the rate of 11% of the basic salary are made to the Fund both by the Company and the employees. The following information is based on un-audited financial statements of the Fund for the year ended March 31, 2023:

	2023	2022
	--- Rupees in '000 ---	
Size of the Fund - Total assets	768,262	791,679
Fair value of investments	755,135	778,642
Cost of investments	731,984	762,448
Percentage of investments made	95.28%	96.31%

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

#### **43. SHAHRIAH SCREENING DISCLOSURE**

	2023		2022	
	Conventional	Shahriah Compliant	Conventional	Shahriah Compliant
	----- Rupees in 000 -----			
Long term borrowings	-	-	183,975	-
Short term investments	9,706,202	408,039	8,382,312	436,773
Bank balances	34,668,548	33,968	17,387,119	37,538
Revenue	-	135,485,652	-	131,930,193
Other income				
a) Mark-up / interest on saving deposit accounts, term deposit receipts and Government securities	976,042	-	469,990	-
b) Gain on trade of investment in treasury bills and Pakistan investment bonds	1,799,467	-	629,732	-
c) Gain on sale of investments at fair value through profit or loss	110,097	-	35,672	(21,524)
d) Fair value gain / (loss) on investments at fair value through profit or loss	215,265	(14,156)	72,824	(5,472)
e) Dividend income	1,396,603	2,881	791,448	23,200
f) Others	-	69,471	-	69,692
Mark-up paid	469	-	3,882	-

#### 44. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

#### 45. EVENT AFTER REPORTING PERIOD

The Board of Directors, in their meeting held on April 28, 2023, proposed a final cash dividend of Rs.13 (2022: Rs.15) per share amounting to Rs.1,613,143 thousand (2022: Rs.1,861,319 thousand) for the year ended March 31, 2023 for approval of the members at the Annual General Meeting to be held on June 21, 2023.

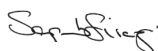
The financial statements for the year ended March 31, 2023 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending March 31, 2024.

#### 46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 28, 2023 by the Board of Directors of the Company.



**Aamir H. Shirazi**  
Chairman



**Saquib H. Shirazi**  
Chief Executive Officer



**Kashif Yasin**  
Chief Financial Officer



# IT Governance and Cyber Security

## Board Responsibility Statement on the Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks:

Information Technology (IT) governance is an integral part of corporate governance framework to ensure the alignment of IT strategy with business strategy, optimization of resources, IT value delivery and performance measurement to achieve business objectives and effective IT risk management implementation.

The Board of Directors acknowledges its responsibility to evaluate and enforce the legal and regulatory implications of cyber risks. It actively monitors and deals with any changes in laws and regulations related to cyber security including Copyright Ordinance 1962 and Prevention of Electronic Crimes Act 2016.

In the event of any breaches or significant risks, the Board assumes the responsibility of ensuring appropriate actions are taken, in line with legal and regulatory requirements, to address and manage the situation effectively. During the year, there were no cyber security breaches.

## IT Governance and Cybersecurity Programs:

The Company maintains robust IT governance and cybersecurity programs, policies, and procedures which are approved by the Board, to safeguard its information assets and mitigate cyber threats. These programs are designed to align with industry-specific cybersecurity requirements and best practices. The Company regularly evaluates and updates these programs to address emerging risks and technological advancements. Our cybersecurity strategy encompasses proactive measures to anticipate, withstand, detect, and respond to cyber-attacks, adhering to international standards and industry best practices.

## Integration of Cybersecurity into the Board's Risk Oversight Function:

The Board recognizes the significance of cybersecurity as part of its overall risk oversight function. It actively engages with management to ensure that cybersecurity risks are effectively managed and aligned with the Company's risk appetite. The Board receives regular updates on the Company's cybersecurity posture, including threat landscape assessments, incident response plans, and progress in implementing cybersecurity initiatives. This ensures that cybersecurity remains a key consideration in the Board's decision-making processes.

## Oversight of IT Governance and Cybersecurity Matters by a Board-Level Committee:

The Board of Directors through the Audit Committee oversees the level of acceptable IT risks and relevant controls which management exercises to put risks below the specified thresholds. An IT Steering Committee has been formulated from management with members from different functions of the Company. The Committee meets quarterly and provides advice and assistance to management in implementing IT strategy of the Company which includes Cyber Security Management. The Committee reports its findings to Audit Committee on regular intervals.

## Early Warning System for Cybersecurity Risks and Incidents:

The Company has implemented a robust early warning system that enables the identification, assessment, and timely communication of cybersecurity risks and incidents to the Board. This system facilitates preemptive monitoring and detection of potential threats, enabling prompt responses and appropriate disclosures. It includes mechanisms for continuous monitoring of IT infrastructure, regular security assessments, threat intelligence sharing, and incident reporting protocols.

## Independent Comprehensive Security Assessment and Third-Party Risks:

The Company has a policy in place that mandates independent comprehensive security assessments of its technology environment, including evaluating third-party risks. These assessments are conducted periodically by external experts to evaluate the effectiveness of the Company's security controls, identify vulnerabilities, and recommend improvements.

## Resilient Contingency and Disaster Recovery Plan:

The Company has developed and maintains a resilient contingency and disaster recovery plan to effectively respond to potential IT failures or cyber breaches. This plan outlines the strategies, processes, and resources required to mitigate the impact of disruptions and quickly restore critical systems and operations.

## Advancement in Digital Transformation and Leveraging Industry 4.0 Technologies:

The Company has embraced digital transformation and leveraged Industry 4.0 technologies, such as Robotic Process Automation (RPA) and Cloud Computing, to enhance transparency, reporting, and governance. These technologies have been strategically implemented to optimize operational efficiency, streamline processes, enhance data security, and enable data-driven decision-making. They have contributed to improved agility, scalability, and innovation across various aspects of the organization.

## Education and Training Efforts to Mitigate Cybersecurity Risks:

The Company recognizes the critical role of education and training in mitigating cybersecurity risks. It implements comprehensive programs to educate employees about cyber threats, promote cybersecurity awareness, and provide guidance on safe computing practices. Regular training sessions, workshops, and awareness campaigns are conducted to equip employees with the necessary knowledge and skills to identify and respond to cybersecurity risks. These efforts inculcate significance of cybersecurity throughout the organization.



# Enterprise Resource Planning

## Management and Integration of Core Business Processes Risk Factors on ERP Projects

The Company uses SAP for its centralized data management needs. This helps the Company to better manage complex business processes by provision of easy and real-time access to information for making decisions. In addition to above, our B2B portals with vendors and dealers are also fully integrated with SAP.

### Effective Implementation and Continuous Updation

Management recognizes the importance of continuous updation of ERP system. The Company has successfully updated to S/4 HANA and uses digital interfaces for execution of business processes. A comprehensive system is in place for users to raise tickets for new updates into the system according to changing business needs. The requests from users are then being looked after by our in-house IT team. In case where external support is required, consultants are being engaged for developing the required solution.

### User Training of ERP Software

The Company organizes regular user trainings and focused sessions through power users to ensure the effective and efficient use of ERP system. Further, trainings are also provided to vendors and dealers of the company to ensure correct and complete use of B2B portals.

Regular in-house and external third party audits of ERP system are being carried out. Any new configuration for business process is done through development servers. Appropriate testing is done before transporting any changes to live system which minimizes chances of errors.

### System Security and Access to Sensitive Data

User rights are assigned on need basis. Whenever new rights are being assigned to a user, the need is being first assessed by the concerned Department head. The request is then jointly reviewed by System Administrator and Functional Support Partner. Finally the request is approved by Head of IT.

An authority matrix is being designed for monitoring the rights and access given to various users. The authority matrix is being reviewed by Internal Audit function as well as external third party on a regular basis.



# Product Portfolio



**CB150F**

**CB125F**

**CG125  
SELF**



**Genuine Parts**

# Honda



**CG**  
125

*Pridor*

**CD70**  
Dream

**CD70**

# Pattern of Shareholding

## Additional information

### As at March 31, 2023

#### Shareholders Category

#### Associated Companies, Undertakings and related Parties:

Atlas Insurance Limited  
Honda Motor Company Limited  
Shirazi Investments (Pvt) Limited  
Atlas Foundation

Number of Shareholder	No. of Shares held	Percentage
1	3,518,073	2.84%
1	43,430,778	35.00%
1	65,064,831	52.43%
1	1	0.00%
4	112,013,683	90.27%

#### NIT and ICP:

National Bank Of Pakistan Trustee Department  
IDBP (ICP Unit)

1	31,705	0.03%
1	683	0.00%
2	32,388	0.03%

#### Directors, CEO and their Spouses and minor children and Associates:

Mr.Aamir H. Shirazi  
Mr.Saqib H. Shirazi (CEO)  
Mr. Nurul Hoda  
Mr. Kazushi Yamanaka  
Mr. Shunsuke Miyazaki  
Mr. Masanori Kito  
Mr. Abid Naqvi  
Ms. Mashmooma Zehra Majeed

1	1	0.00%
1	1	0.00%
1	500	0.00%
1	1	0.00%
1	1	0.00%
1	1	0.00%
1	601	0.00%
1	501	0.00%
8	1,607	0.00%

#### Executives

- 0.00%

#### Public Sector Companies and Corporations

- 0.00%

Banks, Development Finance Institutions,  
Non-Banking Finance Institutions, Insurance  
Companies, Modaraba and Mutual Funds.

16 211,340 0.17%

#### Individuals

1,609 10,910,792 8.79%

#### Others

27 918,125 0.74%

#### Total

1,666 124,087,935 100.00%

#### Shareholders holding 10% or more voting interest

Honda Motor Company Limited	43,430,778	35.00%
Shirazi Investments (Pvt) Limited	65,064,831	52.43%

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

# Pattern of Shareholding As at March 31, 2023

No. of shareholders	Shareholdings				Total shares held
686	From	-	To	100	20,489
366	From	101	To	500	92,992
141	From	501	To	1,000	103,495
262	From	1,001	To	5,000	604,336
110	From	5,001	To	15,000	1,028,987
19	From	15,001	To	20,000	329,475
10	From	20,001	To	25,000	221,559
6	From	25,001	To	30,000	158,486
11	From	30,001	To	40,000	367,330
1	From	40,001	To	45,000	41,178
2	From	45,001	To	50,000	92,214
9	From	50,001	To	55,000	479,999
1	From	55,001	To	60,000	56,253
2	From	60,001	To	65,000	125,588
2	From	65,001	To	80,000	155,593
1	From	80,001	To	90,000	85,874
4	From	90,001	To	95,000	365,605
4	From	95,001	To	100,000	392,769
3	From	100,001	To	110,000	313,821
3	From	110,001	To	120,000	354,901
1	From	120,001	To	125,000	125,000
3	From	125,001	To	140,000	411,935
2	From	140,001	To	150,000	293,637
5	From	150,001	To	180,000	758,138
1	From	180,001	To	190,000	182,058
1	From	190,001	To	195,000	194,413
2	From	195,001	To	210,000	393,465
1	From	210,001	To	235,000	212,209
1	From	235,001	To	260,000	239,350
1	From	260,001	To	290,000	260,179
2	From	290,001	To	380,000	589,146
1	From	380,001	To	695,000	382,350
1	From	695,001	To	700,000	696,700
1	From	700,001	To	720,000	711,240
1	From	720,001	To	1,235,000	1,233,489
1	From	1,235,001	To	3,520,000	3,518,073
1	From	3,520,001	To	43,435,000	43,430,778
1	From	43,435,001	To	65,065,000	65,064,831
1,670					124,087,935

# Pattern of Shareholding As at March 31, 2023

Categories of Shareholders	Number of shareholder	Share held	Percentage
Directors, CEO their spouse and minor children and Associates	8	1,607	0.00
* Associated Companies, undertakings and related parties	4	112,013,683	90.27
NIT and ICP	2	32,388	0.03
Banks, Development Finance Institutions, Non-Banking Finance Institutions			
Insurance Companies			
Modarabas and Mutual Funds	16	211,340	0.18
General Public			
Local	1609	10,910,792	8.80
Foreign			
Others			
Joint Stock Companies	25	916,959	0.74
Cooperative Society	1	1,165	0.00
Trustee of Iftikhar Shirazi Family Trust	1	1	0.00
	1666	124,087,935	100.00

\* Note : Included in Associated Companies

Name of Company	Number of share held
Shirazi Investments (Pvt) Limited	65,064,831
Honda Motor Company Limited	43,430,778
Atlas Insurance Limited	3,518,073
Atlas Foundation	1
	112,013,683

# Glossary of Terms

Acronym	Description
ACCA	Association of Chartered Certified Accountants
AGM	Annual General Meeting
AHL	Atlas Honda Limited
AHPL	Atlas Hitec (Private) Limited
AMP	Advance Management Program
ATL	Active Tax-payers List
B2B	Business to Business
BAC	Board Audit Committee
BCR	Best Corporate Report
BCG	Boston Consulting Group
BMR	Balancing Modernization and Replacement
BSR	Best Sustainability Report
BOD	Board of Director
CAGR	Cumulative Average Growth Rate
CBA	Collective Bargaining Agent
CCG	Code of Corporate Governance
CD	Compact Disk
CDC	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CFSI	Conflict Free Sourcing Initiative
CKD	Completely Knocked Down
CNIC	Computerized National Identity Card
COMSATS	The Commission on Science and Technology for Sustainable Development in the South
COO	Chief Operating Officer
CPEC	China - Pakistan Economic Corridor
CSR	Corporate Social Responsibility
CSRCP	Corporate Social Responsibility Centre Pakistan
COVID-19	Coronavirus disease of 2019
CO <sub>2</sub>	Carbon di Oxide
DFI	Development Finance Institutions
DVD	Digital Versatile Disc

Acronym	Description
EBIT	Earning Before Interest and Tax
EOBI	Employee Old-Age Benefits Institution
EHS&S	Environmental, Health, Safety and Security
EPS	Earnings per Share
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning - software
EMS	Environment Management System
EPA	Environmental Protection Agency
E-Voting	Electronic Voting
FAST	Foundation for Advancement of Science and Technology
FBR	Federal Board of Revenue
FRM	Financial Risk Manager
FAQs	Frequently Asked Questions
GDC	Gravity Die Casting
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
GHG	Green House Gases
GJ	Gigajoule
HMC	Honda Motor Company
HPDC	High Pressure Die Casting
HSE	Health Safety Environment
HR	Human Resource
HZ	Hertz
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFAS	Islamic Financial Accounting Standards
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IoBM	Institute of Business Management
IP	Intellectual Property

Acronym	Description
IRR	Internal Rate of Return
ISO	International Standardization Organization
ISAE	International Standard on Assurance Engagements
IT	Information Technology
KPI	Key Performance Indicators
KSE	Karachi Stock Exchange
KJ	Kilojoule
KW	Kilo Watt
LC	Letter of Credit
LLB	Bachelor of Law
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LTD	Limited
LSM	Large Scale Manufacturing
LUMS	Lahore University of Management Sciences
m <sup>3</sup>	Cubic meter
MIS	Management Information System
MMC	Minor Model Change
MOU	Memorandum of Understanding
MSCI	Morgan Stanley Capital International
MTO	Management Trainee Officer
MUFAP	Mutual Funds Association of Pakistan
MUFG	Mitsubishi UFJ Financial Group
MW	Mega Watt
NAV	Net Asset Value
NBFI	Non-Banking Financial Institutions
NHC	New Honda Circle
NED	NED University of Engineering and Technology
NEQS	National Environmental Quality Standards
NFEH	National Forum for Health & Environment
NGO	Non-Governmental Organization
NPV	Net Present Value
NTN	National Tax Number
NUST	National University of Science and Technology
OGRA	Oil and Gas Regulatory Authority
OHSAS	Occupational Health & Safety Assessment Series
OPM	Owner/President Management

Acronym	Description
PAMA	Pakistan Automotive Manufacturers Association
PAT	Profit After Tax
PBT	Profit Before Taxation
PDCA	Plan-Do-Check-Act
PSQCA	Pakistan Standards and Quality Control Authority
PSX	Pakistan Stock Exchange
PAAPAM	Pakistan Association of Automotive Parts & Accessories
	Manufacturers
QA	Quality Assurance
QC	Quality Control
QMS	Quality Management System
RCSM	Risk and Counter Strategy Matrix
RMF	Risk Management Function
ROE	Return on Equity
SAFA	South Asian Federation of Accountants
SAP	Standard Application Protocol - ERP system
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
SIQP	Service Instructor Quality Program
SOPs	Standard Operating Procedures
SP	Spare Parts
SRO	Statutory Regulatory Order
SWOT	Strength Weaknesses Opportunities Threats
SSGC	Sui Southern Gas Company Limited
SNG	Synthetic Natural Gas
SZABIST	Syed Zulfikar Ali Bhutto Institute of Science & Technology
TDR	Term Deposit Receipt
UET	University of Engineering and Technology
UK	United Kingdom
UN	United Nations
USB	Universal Serial Bus
VIP	Vendor Improvement Program
VP	Vice President
WFH	Work From Home
WHO	World Health Organization
WWF	World Wildlife Fund

## Feedback Form

### Sustainability Report 2023

Details of information provided on issues covered in the report

☐

Comprehensive

☐

Adequate

☐

Not adequate

Clarity of the information provided in the report

☐

High

☐

Medium

☐

Low

The quality of design and layout of the report

☐

Excellent

☐

Good

☐

Average

Your comments for adding value to the report

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Name : 

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Designation : 

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Organization : 

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Contact Details : 

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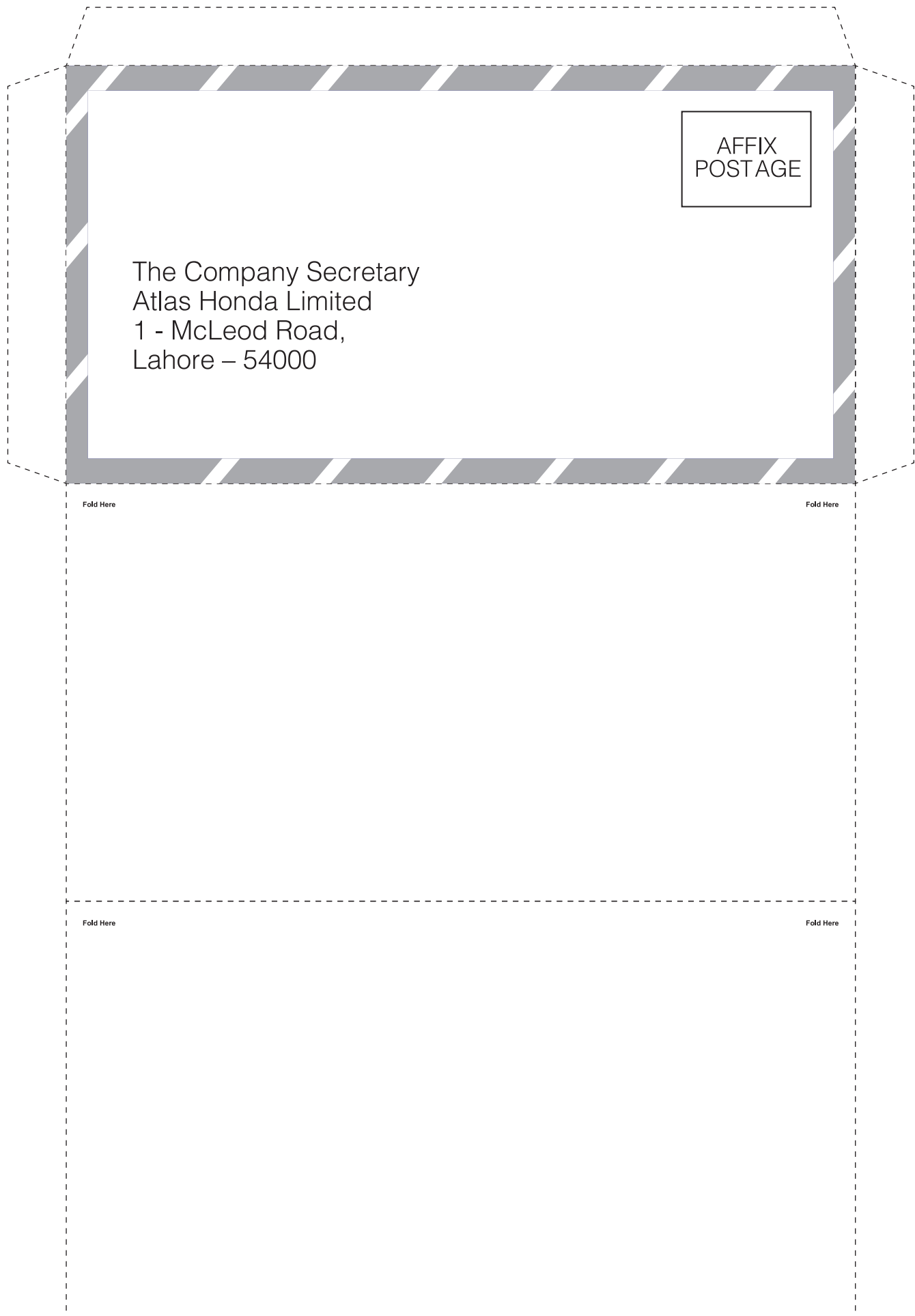
Telephone : 

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Please mail your feedback to : 

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Email: [ahf.suggestions@atlashonda.com.pk](mailto:ahf.suggestions@atlashonda.com.pk)



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