



Mobility with
Durability



INTEGRATED
ANNUAL REPORT
2022

Atlas Honda Limited

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About the Cover

Raising the value of standards by making reliable and long-lasting motorcycles, Atlas Honda has upheld their assertion of making durable product. The Company's relentless focus on creating a dependable riding partner has earned Atlas Honda the title of being the ride nation can trust. Carefully designed with high-quality mechanics, each model prioritized one central objective: "Mobility with Durability" to offer customers an exceptional and long-lasting ride.

**Organisation
development
through
self development**



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Vision

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



Mission

A dynamic growth oriented company through market leadership, 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.

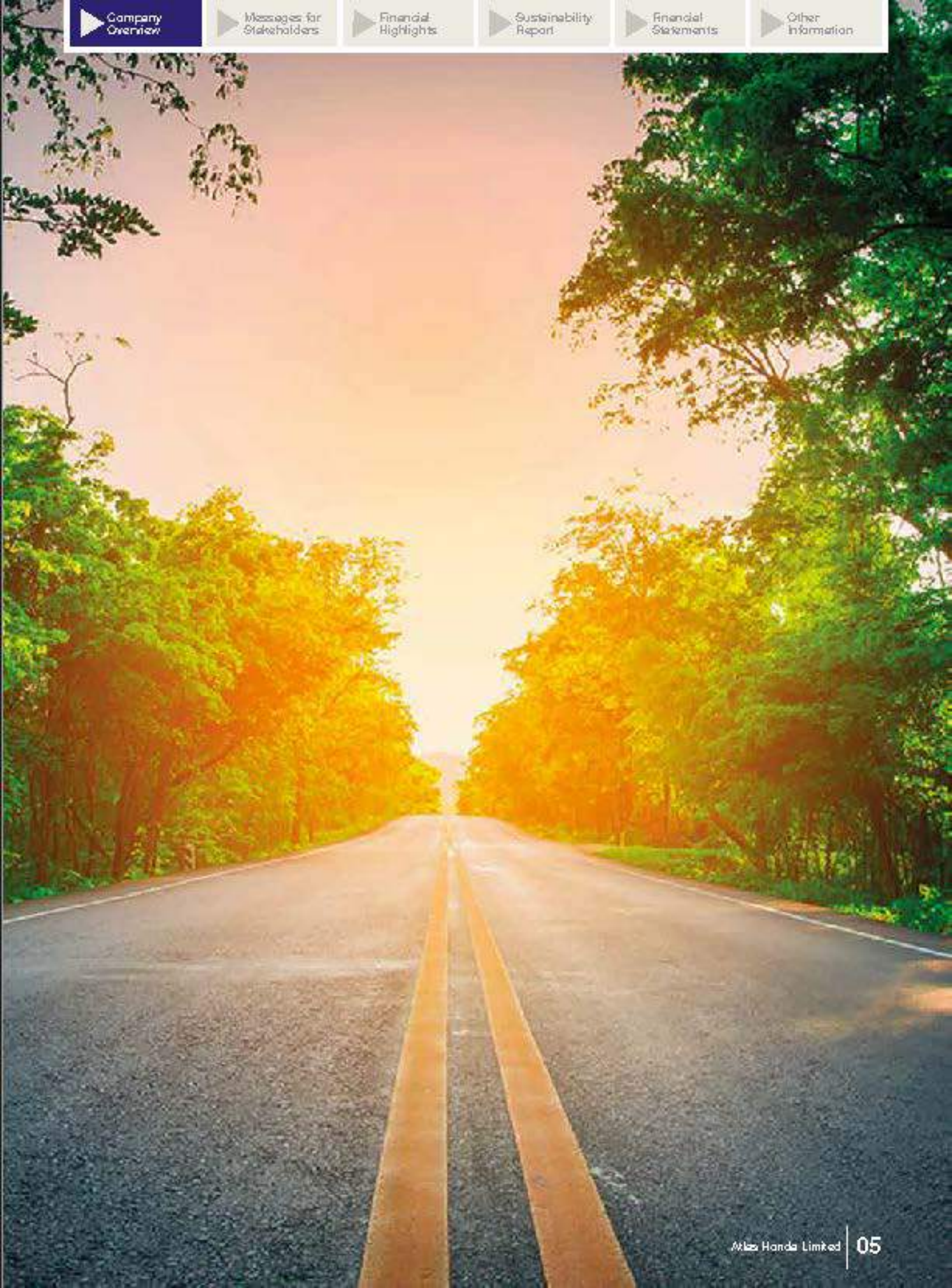


Excellence
We deliver high-quality products to our customers.



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.







Strategic Goals

Customers

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

Quality

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

Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

Technology

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

Shareholders

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

Employees

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

Corporate Citizen

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



Quality Policy

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



About the Company & Group Structure

Atlas Honda Limited boasts a long eventful history of success. The foundation of Atlas Group was laid in the year 1962 by Mr. Yusuf H. Shirazi when “Shirazi Investments (Private) Limited” was formed with an initial capital of Rs. 500,000 and 2 associates by his side. This marked the start of journey with a vision to revolutionize 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 chronicles of the nation’s largest motorcycle manufacturing company, showcasing the “Power of Dreams, Generation after Generation.”

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

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

To enhance the technological and production capabilities, a joint venture agreement was entered into in 1988 with HMC. Both Atlas Autos Limited and Panjdarya Limited operated separately until the two were merged in 1991 and “Atlas Honda Limited” (the Company) came into being. Today Atlas is a diversified group dealing in engineering, power generation, trading and financial services. It consists of 19 companies out of which 4 are quoted on the Pakistan Stock Exchange. Atlas shareholders equity and assets stand over 2 billion US dollars; annual sales nearing 3 billion US dollars.

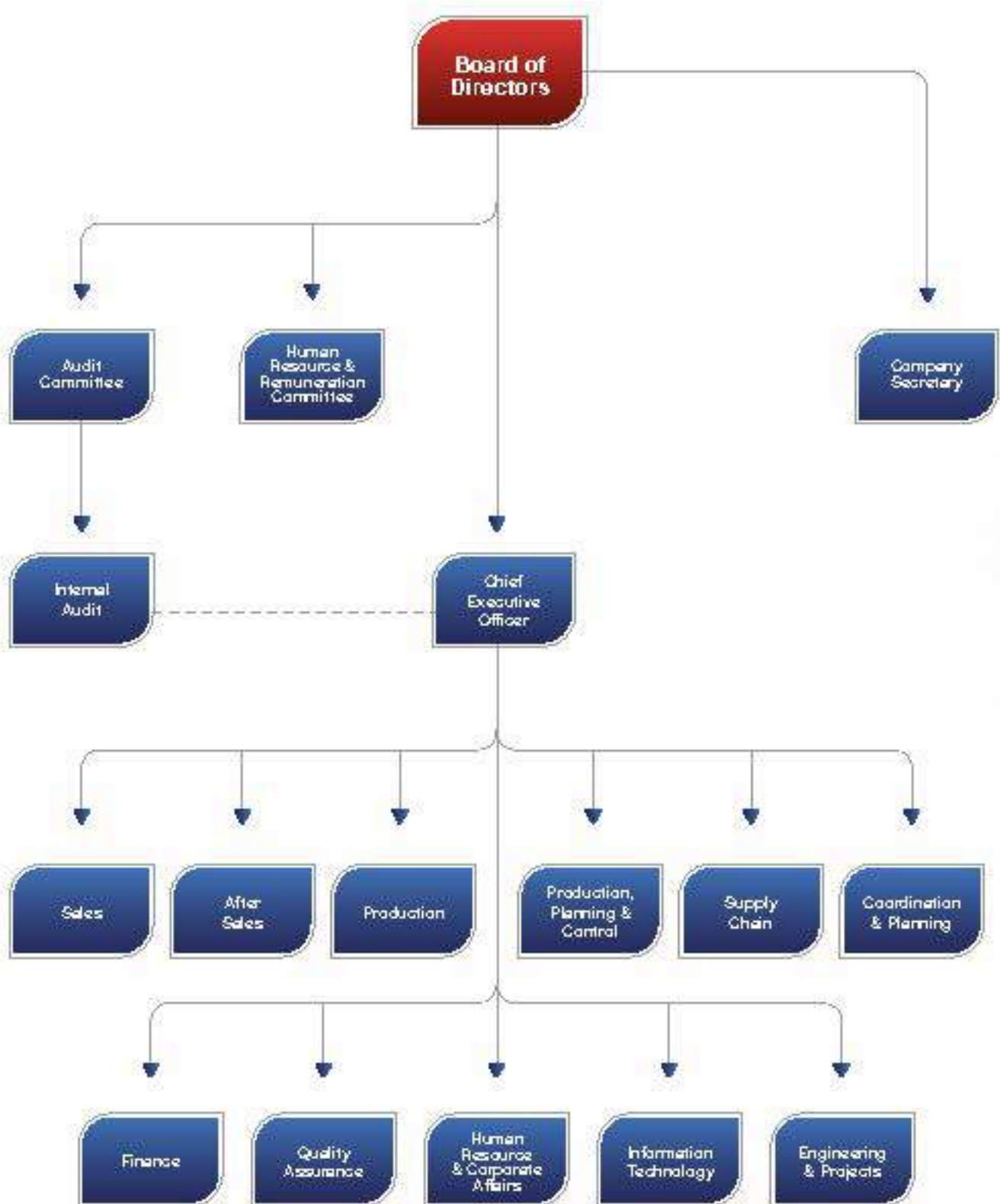
The Group has harmonized professional management and institutionalized the Group shareholding to build businesses that last generation after generation. Atlas has also been playing a leading role as a corporate citizen promoting centres of professional education, contributing to health facilities, helping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

Atlas Honda’s resolve to fulfill customer expectations has been further strengthened through enhancement in production capacity to 1.5 million units. The Company is an established market leader in two-wheeler segment with a repute to manufacture product with remarkable reliability. Purposely build to meet the demands of variety of customers with unmatched quality, Atlas Honda Limited continues to provide **Durable Mobility Solutions** to millions of satisfied customers across the nation.

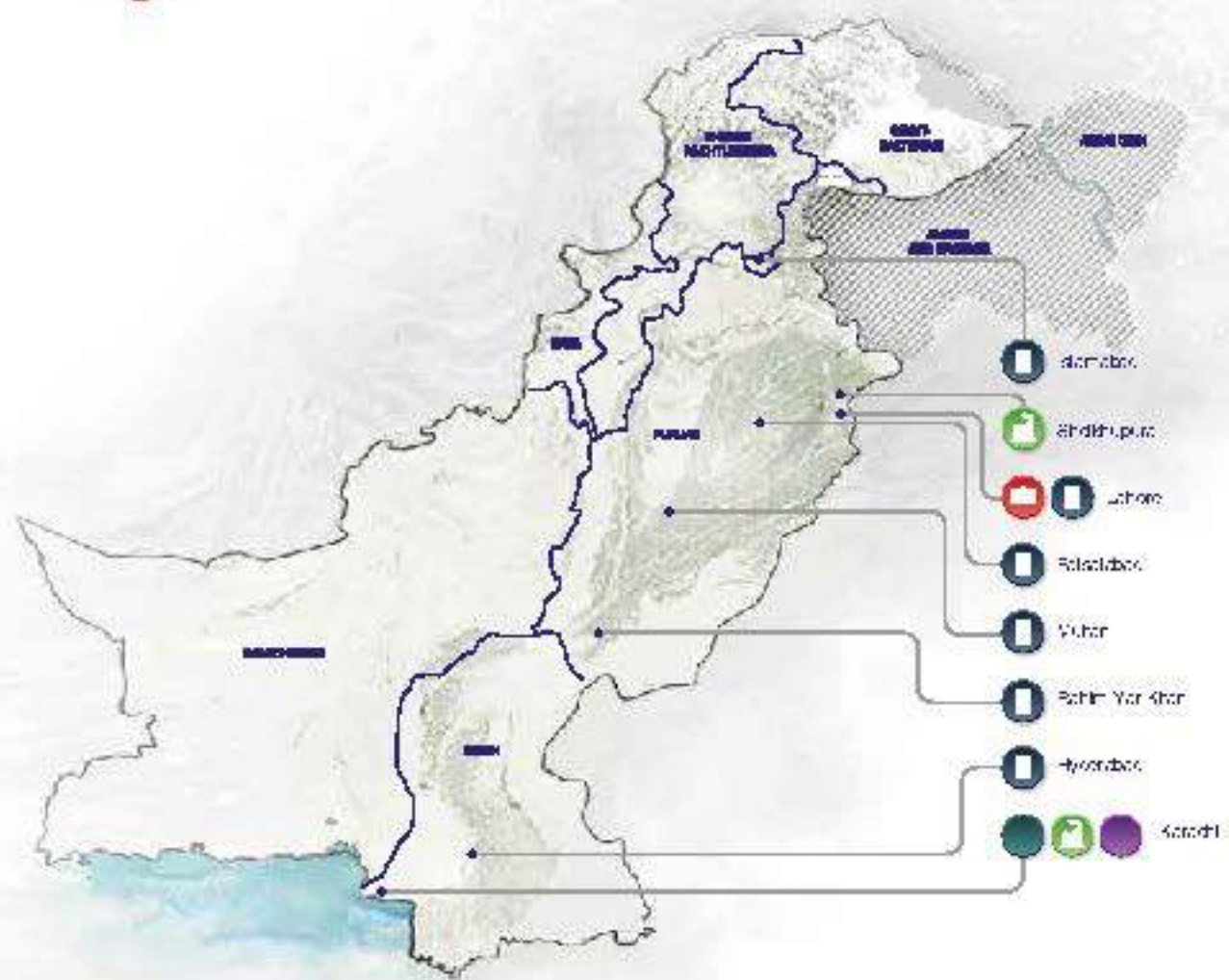




Organization Chart



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.atashonda.com.pk

A Durable trip of Mobility (1963-2022)



1963-1972

1963 | The newly incorporated public limited Company - Atlas Autos Limited signs Technical Assistance Agreement with Honda Motor Company Limited in 1963. The historical ceremony takes place in Tokyo where Mr. Yusuf H. Shirazi and Mr. Soichiro Honda grace the occasion with their presence. The journey of association with Honda begins.

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



1973-1982

1975 | Rapid acceleration in localization of imported components takes place despite anomalies in custom duty and taxes.

Restriction on imported components is lifted, and Company utilizes its full capacity of 18,000 units for the first time

1978 | Company sends its engineers and dealers to Japan for attending training courses for the first time.

1976 | The Company launches two of its longest running and most popular production models, the fuel efficient CD 70 and high performance CG 125.

1979 | Company incurs cost of Rs. 10 million for modernizing its manufacturing environment in order to bring it in line with international standards.



1983-1992

1983 | First major capacity expansion undertaken by the Company is completed at a cost of Rs.132 million.

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

New CD 70 Econopower Model is launched and becomes an instant hit.

1986 | The Company organizes the first ever vendor conference.

1985 | The Company crosses the localization level of 50%.

1987 | Engine parts manufacturing plant is installed with an investment of Rs. 73 million



1993-2002

1993 | To strengthen market position, a new Honda CD70 model with the latest CDI technology is launched.

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

1994 | The Company managed to formalize 4 technical assistance agreements between Japanese companies and vendors. Thus, the Company continues to play a key role in transfer of technology and vendor development in Pakistan.

1998 | New CD 70 and CG 125 models are launched

1999 | The Company is awarded ISO 9002 certification for



2003-2012

2003 | The Company crosses the 100,000 units mark.

2007 | The Company introduces SSP (Smart Sales Points) in its distribution network for remote areas of Pakistan.

2004 | Company makes its greatest ever investment of Rs. 1.1 billion for major capacity expansion.

The Company hosts the 15th NHC Asia-Oceania Bloc Quality Circles Convention, the first to be hosted in Pakistan.

The Company enters 100cc category market with the launch of the Honda CD100.

SAP is implemented in the Company

2006 | The Company extends the capacity at Sheikhpura plant by establishing, state of the art, 500k Synchronized Assembly Plant.

2011 | The Company surpasses 90% localization record The Company crosses the 500,000 units barrier by selling 544,331 units.

A new 5 gear model, Honda CG 125 Deluxe is launched.

2012 | The Company becomes the first motorcycle company in Pakistan to comply with latest emission standards.



2013-2022

2013 | The Company celebrates its 50 years. Mrs. Yusuf H. Shirazi inaugurates the Company's 50 years gallery.

2017 | The Company launches CB150F, a 5-gear self start motorcycle with latest features.

2014 | The Company acquires shares of Atlas Hitec (Private) Limited.

2018 | The Company crosses the 1 million units landmarks in 2018. The Company launches CB250F, a 6 gear self start motorcycle with latest features.

2015 | Atlas Honda becomes the first ever Company to announce the engine warranty period of three years.

2019 | Company launches two new models CB125F and CG125 Self.

Capacity enhancement upto 1.35m.

2016 | The Company celebrates production capacity enhancement at Sheikhpura plant. Mr. Takahiro Hachigo, President & CEO Honda Motor Company graces the occasion.

2020 | Localisation of carburetor and chain drive.

2021 | Implementation of Covid SOP's and supporting all stakeholders throughout pandemic.

Atlas Honda continues its journey of remarkable achievements while reaching new heights of excellence. The ride is fueled by our passion to achieve ambitious milestones while providing mobility solutions that exceed customers expectation. With an ever-growing network of dealerships, state-of-the-art manufacturing plants, high-quality standards and unmatched after-sales services, Atlas Honda has remained unparalleled in providing its valuable consumers the durable mobility.



Company launches a series of models. Honda C 50, Honda C 90 and S 90 gained immense popularity among the customers and the journey to become the nations' ride started.

1969 | Company's dream of developing a completely localized product takes its first step as an in-house engineering workshop is set up in Karachi.

1966 | Company develops Pakistan's first gas operated Paint shop

1963-1972



Panjdaya Limited, an associated company, is incorporated with its plant facility at Sheikhpura for increasing product distribution in Punjab. Second Technical assistance agreement is signed with Honda Motor Company Limited, Japan.

Technical Scholarships of Japan.

1980 | A motorcycle Technical Training Centre is established in Lahore to give to train mechanics and users.

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

1982 | Panjdaya Limited commences commercial production at its Sheikhpura plant

Series of technical seminars on motorcycle technology are held in Pakistan in collaboration with the Association of

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

1973-1982



1988 | Honda Motor Company Limited, Japan acquires 10% shares in Atlas Autos Limited.

1991 | The newly merged Company is renamed to Atlas Honda Limited.

1990 | Merger of Panjdaya Limited with Atlas Autos Limited takes place.

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

Investment of Rs. 120 million is made for localization of certain precision parts and enhancement of production capacity.

1992 | New CD 70 model is introduced with latest ignition technology.

1983-1992



both of its plants at Karachi and Sheikhpura.

Company holds 1st ever dealer convention of motorcycle industry in Pakistan.

2001 | The Company receives Excellence Award from the Employers' Federation of Pakistan for being among top ten companies for its human resource and industrial relation policies and practices.

2002 | Company achieves the localization level of 85%

1993-2002

Recognitions and Awards

- Best Corporate Report Awards in the "Engineering Sector" by ICAP and ICMAP
2003 | 2004 | 2010 | 2012
KSE Top 25 Companies Awards
2003 | 2009 | 2012 | 2013

South Asian Federation of Accountants Awards
2010 | 2011 | 2013

Environmental Reporting Award by ACCA and WWF
2012



2003-2012

Recognitions and Awards

- Best Corporate and Sustainability Report Awards in the "Engineering Sector" by ICAP and ICMAP
2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019
2020
KSE Top 25 Companies Awards
2014 | 2015 | 2016 | 2017 | 2018

Environmental Reporting Award by ACCA and WWF
2014

Environmental and sustainability reporting from National Federation of Environment and Health (NFEH) Awards
2017 | 2018 | 2019 | 2020



2013-2022

Company Information

Board of Directors

Aamir H. Siddiqui
Chairman

Sanaulah Qureshi
Director

Abid Nagri
Director

Mashmooma Zahra Majeed
Director

Suzumu Morikawa
Director

Shunsuke Miyazaki
Director

Kazushi Yamanaka
Director

Sagub H. Shirad
Chief Executive Officer

Mahean Fatima
Company Secretary

Audit Committee

Abid Nagri
Chairman

Sanaulah Qureshi
Member

Mashmooma Zahra Majeed
Member

Muhammad Asim
Head of Internal Audit

Mahean Fatima
Secretary

Human Resource & Remuneration Committee

Abid Nagri
Chairman

Sanaulah Qureshi
Member

Sagub H. Shirad
Member

Tahir Nazir
Secretary

Management

Sagub H. Shirad
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 Mushag Chaema
General Manager Production, Planning & Control

Muhammad Ammar
General Manager Engineering & Projects

Muhammad Rashid Rashid
General Manager Quality Assurance

Muhammad Zafer 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 & Systems

Tahir Nazir
General Manager Human Resources & Administration

Zia Ul-Hasan Khan
General Manager Plants

Auditors

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mohsin Tajabaly & Co.

Tax Advisors

EY Ford Rhodes,
Chartered Accountants

Shares Registrar

Hameed Majeed Associates (Pvt) Limited
H. M. House, 7-Bank Square,
Shahrah-e-Qaid-e-Azam, Lahore
Tel. (02-42) 37256081-82
Fax. (02-42) 37258817

Bankers

Allied Bank Limited
Akari Bank Limited
Bank Alf-Habib Limited
Bank Al-Falah Limited
Fajal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Khusht 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. (92-43) 37225015-17, 37233615-17
Fax. (92-43) 37233618, 37361119
E-mail. ah@atlas.com.pk
Website. www.atlashonda.com.pk

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26-27 KM, Lahore-Shakhpura Road,
Shakhpura-35021
Tel. (92-59) 3406501-3
Fax. (92-59) 3406009

Branch Offices & Customer Contact Centre

Azmat West Road, Multan
Tel. (92-61) 4570413-14
(92-61) 1111-112-411
Fax. (92-61) 4541690

Islamabad Corporate Center,
Plot No. 724/725, Gohna Road, Islamabad
Tel. (92-51) 5456021-7,
Fax. (92-51) 5475028

Makhdoom Altaf Road, West Sadq Canal
Bank, Near City School, Rahimyar Khan
Tel. (928) 5833415-19,
Fax. (928) 5833414

2nd Floor, Dawood Centre, Autobhan Road,
Hyderabad.
Tel. (922) 3411361-9
Fax. (922) 34113670

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

1st Floor, 28-Mozang Road, Lahore
Tel. (92-43) 36361191-5, 36360740-7

Showroom

West View Building, Preezy Street, Saddar,
Karachi
Tel. (92-21) 32720833, 32727807

Customer Contact Centre

UAN. (92-42) 1111-246-222
Toll Free. 0800-246-22
Email. contactcentre@atlashonda.com.pk
(Within working hours from Monday to Friday)



Board of Directors




Aamir H. Shirazi
Chairman ▲

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



Abid Naqvi
Director ■■■

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



Sanaulah Qureshi
Director ▲■■◆

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



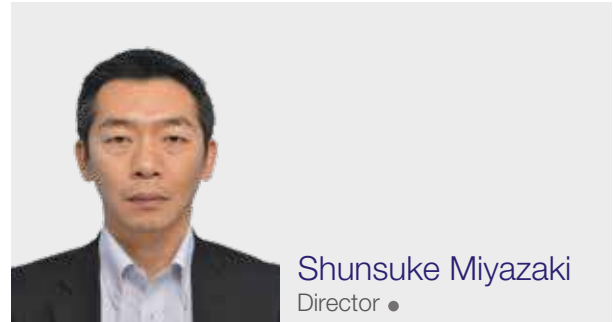
Mashmooma Zehra Majeed
Director ■■

Ms. Mashmooma Zehra Majeed completed her Chartered Financial Analyst (CFA) program in 2001 from the CFA Institute and the Financial Risk Manager (FRM) Program in 2010. She has a vast experience of over 23 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 20 years with her forte being in investment management and product development. She has played an instrumental role in setting up the first Shariah Compliant open-end mutual fund in Pakistan as well as the launch of the voluntary pension scheme in Pakistan under the Voluntary Pension System Rules. Presently, Ms. Majeed is working as Chief Executive Officer (CEO) in Mutual Funds Association of Pakistan (MUFAP) since 2012. She has previously worked in senior positions in Atlas Asset Management Limited, JS Investments Ltd (formerly ABAMCO Limited) and Crosby Asset Management Pakistan Ltd. She started her career with Hameed Majeed Associates (Pvt) Ltd as Management & Financial Consultant.



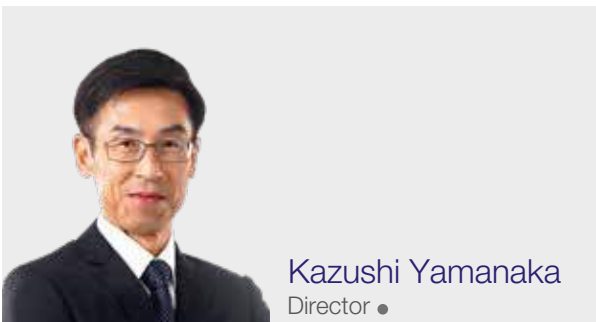
Susumu Morisawa
Director ▲

Mr. Susumu Morisawa joined Honda Motor Company in April 1994. During his 27 years of service, he has gained a vast experience in Motorcycle Sales and Product Planning, having worked with Honda subsidiaries in different capacities across the globe. In 2006, he assumed manager role in Honda Motor China Investment, Shanghai branch. Thereafter, he consistently committed and made contributions to Motorcycle Business, in 2018, he was transferred to Honda Australia Motorcycle and Power Equipment as Director. He has diversified knowledge of Honda Products and has experience of working in different working environments. He joined Asian Honda Motor in 2020 as General Manager. He was appointed as a member of the Board of Atlas Honda Limited in April 2021.



Shunsuke Miyazaki
Director ●

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 Headquarters 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.



Kazushi Yamanaka
Director ●

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 H. Shirazi
Chief Executive Officer ●●

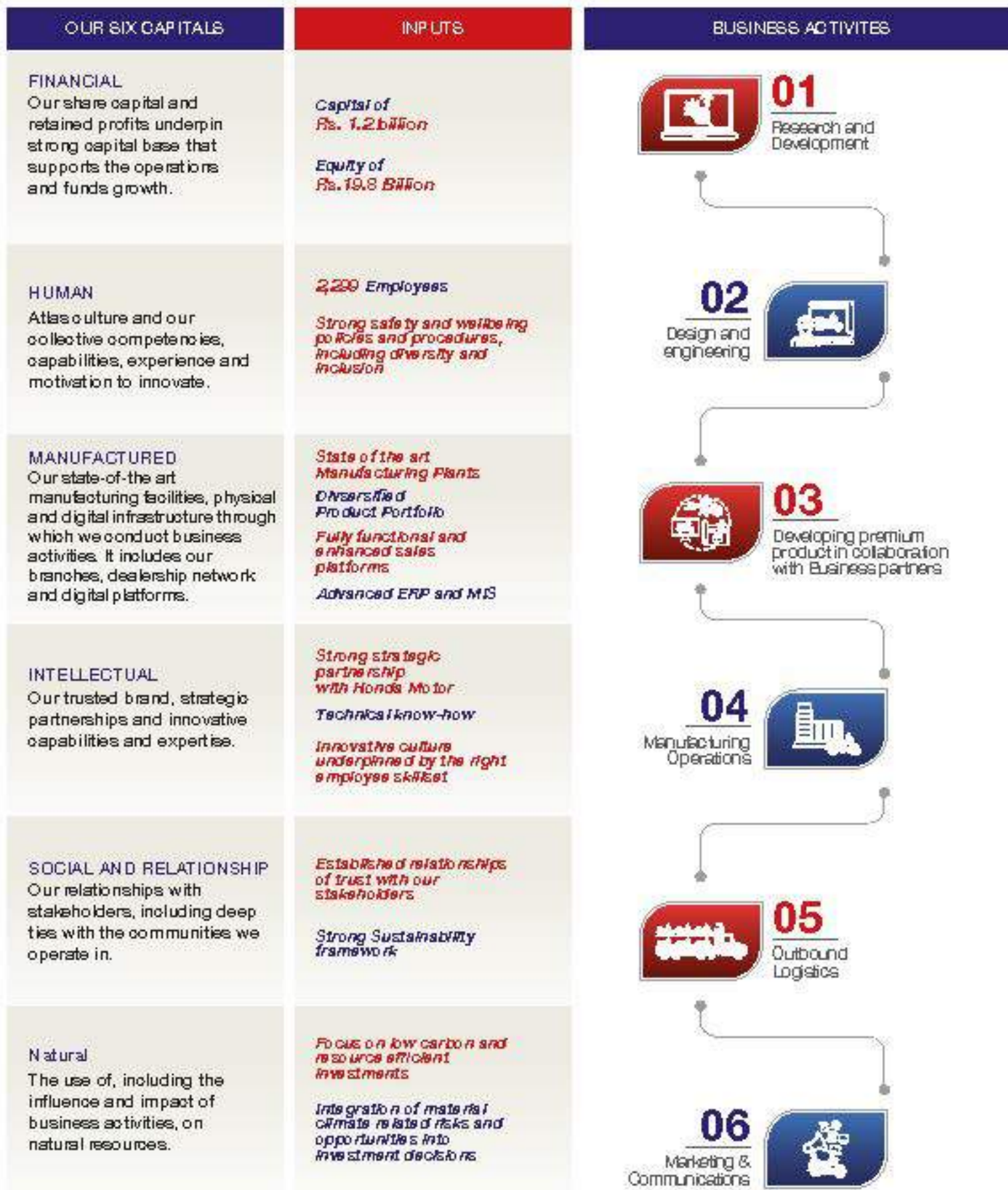
Mr. Saquib Shirazi is the Chief Executive Officer of Atlas Honda.

He has previously served as Chairman of Pakistan Business Council, Pakistan Auto Manufacturers Association and Harvard Business School's Global Alumni Board.

He is currently a Board member of Pakistan Mobile Communications, Tri-Pack, Commonwealth Development Corporation Pakistan Advisory Committee and National School of Public Policy. 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 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.

OUTPUT

OUTCOMES

CUSTOMERS

Glorious legacy of satisfied customers

06 MMCs launched



Creating maximum value for customers through high quality products

INVESTORS

Sustainable profit growth to our investors over the years

28.2% ROE
60.0% Dividend payout



Optimum returns for all stakeholders

EMPLOYEES

Respect, recognition and reward for performance

5.6bn Salaries and benefits
13K Man hours of training



Highly motivated workforce

For details refer page no. 104 of sustainability report

PARTNERS

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

117.8bn spent on payments



Commitment to UN's Sustainability goals

COMMUNITIES

We uplift communities to enhance the living standards of underprivileged

51.9mn 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

27.5bn paid to exchequer

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 focused 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.



09

Premium-quality customer experiences



08

Disciplined Capital Allocation



07

Dealers network



Significant Events

During the Year 2021-22

1st Quarter



April

Board of Directors meeting for the year ended March 31, 2021 was held on April 20, 2021.

"Share your GS 130F Journey" campaign at local media.



May

Launch of our product on YouTube in collaboration with Bank Alfalah.

Conduct of country-wide promotion campaign of 10M-20 a/c.



June

Annual General Meeting of the Company for the year ended March 31, 2021 was held on June 24, 2021.

Launch of GS 130F MMG.

2nd Quarter



July

Board of Directors meeting for the quarter ended June 30, 2021 was held on July 20, 2021.

Corporate Briefing Session was held on July 18, 2021.



August

Launch of GS 70 MMG.

Received "Best Corporate and Sustainability Report Award" by Joint Committee of ICAP and ICMAR.



September

Female Foreign riders invited to sign to the study of "Girl's Education".

Alta Honda Tabat on Mexican Stage for consumer branding.

3rd Quarter



October

Board of Directors meeting for the quarter ended September 30, 2021 was held on October 29, 2021.

Launch of GS Dream, GS 125 and GS 125 Self MMG.



November

Launch of Pilder MMG.

Record highest ever sales in November 2021 with 128,302 units.



December

Alta Honda Goes Online with launch of E-Store.

Short term 3 months coaching campaign was given to customers with 0% markup.

4th Quarter



January

Board of Directors meeting for the quarter ended December 31, 2021 was held on January 28, 2022.

Conduct of mechanics and retailers get together.



February

Awarded "merit card" for Best Integrated Report" by SARA.

Awarded at 14th International CSR Summit & Awards 2021 by NPSH.



March

Free bike inspection at 25 dealers on 23rd March 2022.

Customer safety activities conducted across major cities.

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 ATLH.

Listing Fees

The annual listing fee for the financial year 2021 - 22 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 24, 2022
 Time: 11:00 A.M.
 Venue: Avari Hotel, Mall Road, Lahore.

Financial Calendar

June: Audited Annual Results for the year ended
 March 31st, 2022
 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 29, 2022 is pleased to recommend a final cash dividend of Rs. 15.0 per share (150%) for the year ended March 31, 2022 subject to approval by shareholders of the Company at the forthcoming Annual General Meeting, taking the total distribution for the year to Rs. 27.0 per share i.e. a payout of 270%.

The total distribution for the last year was Rs. 17.5 per share i.e. a payout of 175%.

Dates of Book Closure

The register of the members and shares transfer books of the Company will remain closed from June 10, 2022 to June 24, 2022 (both days inclusive).

Date of Dividend Payment

The payment of final dividend, upon declaration by shareholders at the forthcoming Annual General Meeting, will be made on or after June 24, 2022.

Last year, the Company has transferred the final cash dividend on June 25, 2021 after approval from shareholders at the 57th 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 2022 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2022 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 09, 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 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 47.4 Billion and net worth of Rs. 21.0 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.

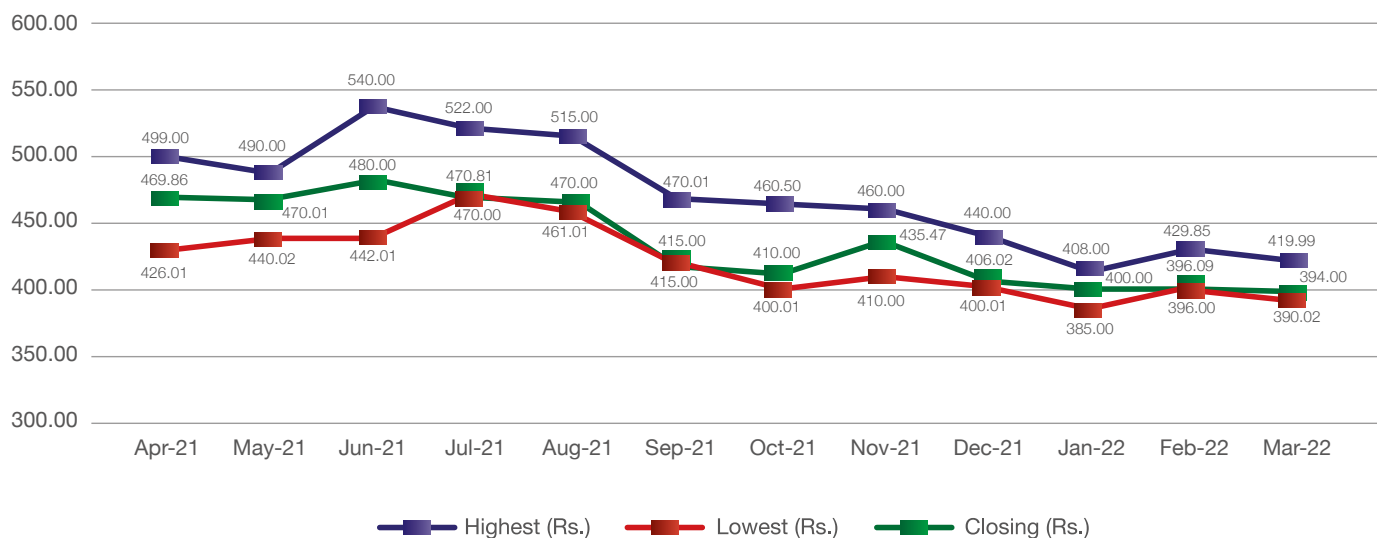
Details of shares held by Directors/Sponsors/Executives are given in the Pattern of Shareholding.

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, 2022:

Months	Higes (Rs.)	Lowest (Rs.)	Closing (Rs.)	No. of shares traded	Market Capitalization in Value* (Rs. in billion)
Apr-21	499.00	426.01	469.86	61,600	61.92
May-21	490.00	440.02	470.01	18,900	60.80
Jun-21	540.00	442.01	480.00	171,300	67.01
Jul-21	522.00	470.00	470.81	76,700	64.77
Aug-21	515.00	461.01	470.00	23,500	63.91
Sep-21	470.01	415.00	415.00	29,900	58.32
Oct-21	460.50	400.01	410.00	25,900	57.14
Nov-21	460.00	410.00	435.47	353,300	57.08
Dec-21	440.00	400.01	406.02	33,600	54.60
Jan-22	408.00	385.00	400.00	37,100	50.63
Feb-22	429.85	396.00	396.09	72,500	53.34
Mar-22	419.99	390.02	394.00	18,400	52.12

*Based on highest price



Chairman's Review

2021 was a year in which the Company once again accelerated the implementation of core strategy and the Atlas Way that translated into fascinating products and financial resilience. This has been key to steering the Company through industry-wide challenges – from the ongoing pandemic to super commodity cycle. The Company is well-focused to make even better use of the opportunities that lie ahead.

I am pleased to present the 58th Integrated Annual Report of the Company for the year ended March 31, 2022.

Macroeconomic Overview

During the period under review, the Country witnessed a combination of both recovery and growth. On the back of higher incomes generated by agriculture and manufacturing sectors, the economy rebounded strongly and registered a GDP growth of 4.5 percent. Encouragingly, exports pace also picked up well. With higher competitiveness and better market access, textiles and IT sectors are leading the growth in exports of goods and services. Annual exports proceeds are projected to cross USD 36 billion, a healthy increase of nearly 30 percent. The contribution of home remittances has also continued to rise as annual inflows are now expected at USD 32 billion. Both are significant achievements that have helped enhance purchasing power and increase consumption patterns.

At the same time, unfortunately the high level of imports is exerting tremendous pressure on the external front. The Country is expected to record a current account deficit of USD 17 billion for the fiscal year with the trade deficit alone at over USD 35 billion. This rise is largely due to the unprecedented increase in energy and edible oil bills, which in turn have washed away most of the export and foreign remittance gains. In the face of external price shocks, SBP foreign exchange reserves remained under pressure and have reduced to a two-year low level of USD 11.3 billion. Going forward, imported inflation and currency devaluation will remain key challenges. Increase in the prices of key commodities has already raised the prospects of global stagflation. Both fiscal and monetary policies, therefore, will likely need to be tightened further. The brunt of the impact will be felt by the Rupee, which has already devalued by around 15 percent. To counter the external pressures, the SBP has increased the policy rate to 12.25 percent, a cumulative increase of 525 bps since September 2021. A further increase in interest rates appears imminent.

Agriculture

Pakistan's economic activities are closely linked to the agriculture sector. As a contributor of around 25 percent to the GDP, it accounts for around half of the Country's employed labor force in the agriculture and livestock sectors. During the year, the increase in price and production of major Kharif crops like cotton, sugarcane, and maize provided the much-needed impetus, leading to an overall growth of 3.5 percent for the sector. Agriculture credit disbursement also recorded a growth of 3.4 percent and reached nearly Rs 750 billion. Better seed availability and credit access have made the prospects of crops in Rabi season quite promising. Coupled with significant rise in global Agri prices, the sector is expected to reflect a steady growth in farm income. Demand for consumer durables should, therefore, remain strong in the rural areas.

Large Scale Manufacturing (LSM)

Large Scale Manufacturing (LSM) represents nearly 80 percent of the Country's total manufacturing and accounts for nearly 11 percent of national output. During the year, LSM grew by an encouraging 7.6 percent as major sectors posted an increase in output. Leading indicators of demand including electricity generation, cement dispatches, sales of consumer goods and petroleum products depicted a positive momentum. Going forward, energy tariff hikes, increase in raw material cost, global supply chain disruptions and gas shortages are raising production costs and remain significant challenges. However, expectations are strong that the export industry and agriculture linked domestic industry will both be able to sustain the growth momentum.

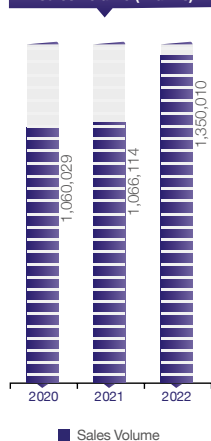
Motorcycle Industry

The motorcycle industry volumes rebounded during the year by producing around 2.5 million motorcycles. After a COVID affected prior year, this reflected a growth of around 25 percent. The demand was supported by improved incomes in the rural areas, remittances and rapid urbanization. Even though higher input cost led to significant industry wide price increases, demand for high quality branded two wheelers remained buoyant. Persistent inflationary pressures are a concern for the industry and, therefore, greater product innovation and enhanced credit offerings from the financial sector will be necessary to maintain the growth momentum and volumes.

The Company

During the year under review, the Company successfully launched major upgrades in its flagship CD and CG models. With enhanced engine performance, the products were well received and significantly improved the Company's volumes and market positioning. While global supply chain bottlenecks persist, the Company was able to navigate the challenges well. As a result, the Company reached several all-time high performance benchmarks including record revenues, volumes and profitability. At 1.35 million annual sales, Atlas Honda now ranks as the fourth highest contributor to global Honda motorcycle volumes. This is a matter of pride for the Country and motivation for all the company's stakeholders including associates, dealers and vendors.

Sales Volume (in units)



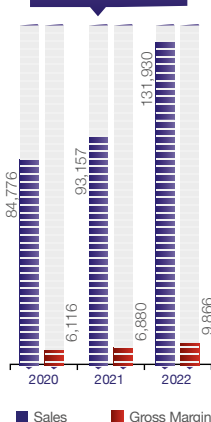
Segmental Review

The 70 cc category constitutes the largest segment of the industry. The Company continued to straddle this segment through two models, namely CD 70 and CD Dream. With sales of over 800,000 units during the year, the Company achieved its ever highest figures in the 70 cc category, an increase of 23% over last year. Product differentiation was created through major engine and design, which were well accepted by the customers.

Sales of the Company's 100 cc offering, Pridor, recorded an increase of 78 percent and set its highest ever sales during the year. Positioning of this product is largely to attract the "step up" 70 cc customers as well as to provide a comfortable ride option for the long-distance commuter in the rural areas. The model has been garnering favorable reviews for its fuel efficiency and now has a rising and loyal fan base. The Company is targeting to increase its annual production of Pridor to over 100,000 units in the next couple of years.

The 125-150cc segment is continuously gaining share in the overall motorcycle market. There is a gradual shift of customers towards higher engine displacements - both in the rural and urban areas. The Company has continued to solidify its market leadership by offering products that meet customers' expectations in terms of design, power and functionality. During the year, the major engine and design changes in CG 125 were highly appreciated by the customers. Sales for the segment are now approaching nearly half a million units. This is another important milestone for the Company.

Increased two-wheeler ownership is now also helping to create awareness for genuine spare parts. While challenges of intellectual property violations and under invoicing remain, there has been successful penetration of the Company's genuine spare parts through its increasingly captive outlets. As a result, spare parts revenue for the year exceeded Rs 11 billion for the first time. Progress was achieved through innovative marketing ideas, sales through service workshops, a larger and improved product portfolio and a faster network expansion.

Sales & Gross Margin
(Rs. in Million)

Financial Performance

Net sales for the year were recorded at Rs. 131.9 billion as compared to Rs. 93.2 billion of last year, up by 42%. Increase in sales volumes, better model mix and cost reduction measures improved the gross profit from Rs. 6.9 billion to Rs. 9.9 billion, up by 43 percent. Resultantly, the Company registered gross profit to sales ratio at 7.5 percent. Sales and marketing expenses increased by 37 percent due to full scale business resumption, volume growth, spending on marketing campaigns and general inflation. Administrative expenses rose by 15 percent due to increase in personnel cost and effect of general inflation. However, as a percentage of sales, selling and administrative expenses reduced from 3.3 percent to 3.0 percent. Other income, net of financial charges, contributed an encouraging Rs. 2.0 billion to the bottom line. Finance cost mainly represents bank charges on transactions paid to banks for collection from customers on behalf of the Company while interest on lease liability is recognized in accordance with IFRS 16. Free cash flow from operations during the year stood at Rs. 6.2 billion. The cash has been deployed in capital assets, short term deposit with banks and payment of dividend. Additions to capital assets mainly represent balancing, modernization, and replacement of existing manufacturing facilities.

Resultantly, the Company achieved profit before tax of Rs. 7.8 billion during the year ending March 31, 2022, up by 52 percent. Likewise, net profit after tax was recorded at Rs. 5.6 billion with an increase of 55 percent over the last year. This translated into Earnings per Share (EPS) of Rs. 45.01 as against Rs. 28.97 of the last year.

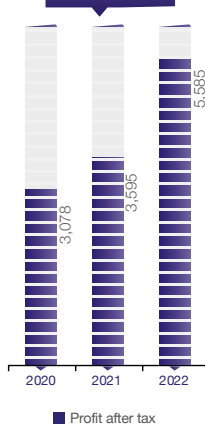
The Company remains committed to deliver its long-term objectives of sustainable growth and value creation. This is being achieved through continued focus on operational excellence, product portfolio diversification, cost reduction and a strong capital structure. During the year, the Company contributed an amount of Rs. 28 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.

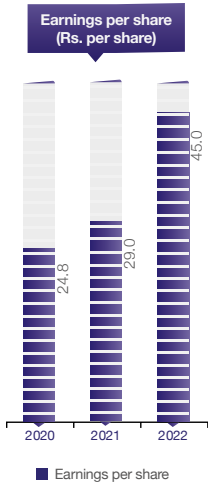
Dividend Policy

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. 15.0 per share. This is in addition to an interim dividend of Rs. 12.0 per share declared in October 2021, aggregating a total dividend of Rs. 27.0 per share.

Operations Review

During the year, the Company successfully completed the capacity expansion project for an annual production of 1.5 million units. To facilitate timely delivery and enhanced production, ramp-ups at both plants were safely

Profit after tax
(Rs. in Million)

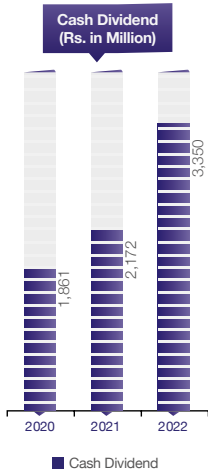


carried out. Robot optimization for multi model use, re-lay outing of machines, equipment and workload revisions were done to maximize productivity. Further, manpower productivity was enhanced by optimizing shift operations, minimizing variable downtime and line balancing. In addition, engine transfer conveyor, main stand conveyor and rear wheel conveyor were locally manufactured and commissioned successfully. The Company recognizes that development of resources across its supply chain is necessary for long term success. The Company continued to work in partnerships 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 way for sustainable development. The Company completed another phase of installation of its solar energy initiative. Cumulative installed base has now reached 4 MW. The solar project, along with installation of Variable Frequency Drives on Press machines to adjust electric frequency as per the required output, has led to significant energy savings. Further, maintenance of 5-S and safety is being stressed upon through regular audits and evaluation of compliance. During the year, the Company continued to effectively respond to the changing business needs through implementation of necessary Standard Operating Procedures (SOPs) including social distancing at production lines and workstations. To ensure immunization of associates, a thorough vaccination drive was completed in a timely manner for all associates.

Future Outlook

The global economy is clearly impacted by the ongoing conflict between Russia and Ukraine. However, the Country has done reasonably well and completed major part of the fiscal year on a positive note. This is reflected by continued growth prospects and positive business sentiments. However, maintaining this momentum in the face of the political changes and economic challenges will be critical. The economic indicators have started to show signs of overheating, driven by strong domestic demand and rising global commodity prices. This is likely to add pressure on the rupee parity and domestic inflation. While in the near term all these figures are likely to remain high, they are expected to gradually moderate as global commodity prices retrench. It is imperative for the Country to restart and successfully conclude the IMF's EFF program, which in turn should help in reversing the currency sentiment. Domestic revenue collection, through implementation of structural reforms, is also pivotal to mitigate the increased risks of fiscal and debt sustainability. While for the long-term growth enhancement, it is important that it is driven by expansion of domestic production. If all these actions proceed smoothly, it is expected that the economic recovery and demand for two-wheelers will also continue its momentum.



The forthcoming 60th anniversary is a landmark for Atlas Honda's growth journey. The Company has laid the foundation for long term sustainable leadership and strives for the best use of resources and manufacturing excellence which has led to significant value creation for the stakeholders and the society. This enables the Company to deliver efficient and accessible mobility solutions to the present and future generations. In this regard, principles of "Atlas Way" and "Atlas Systems" continue to remain the corner stone of our business philosophy.

عزیز خیراں خیراں ہم دیکھتے ہیں
(We foresee bright prospects)

Acknowledgment

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

Date: April 29, 2022

Aamir H. Shirazi

Directors' Report to Shareholders

The Directors of the Company are pleased to present their report together with the 58th Integrated Annual Report of the Company along with the Annual Audited Financial Statements for the year ended March 31, 2022.

Operating Results

The operating results of the Company are summarized as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
	-----Rupees in 000s-----	
Profit before taxation	7,819,649	5,152,399
Taxation		
Current	1,947,594	1,498,517
Prior Years	272,427	137,797
Deferred	14,463	(78,713)
	2,234,484	1,557,601
Profit after taxation	5,585,165	3,594,798

Dividends and Appropriations

The Directors have recommended a final cash dividend of Rs. 15.00 per share (2021: Rs. 13.50 per share final cash dividend).

Accordingly, the appropriation of profit will be as under:

	Year ended March 31, 2022	Year ended March 31, 2021
	-----Rupees in 000s-----	
Profit available for appropriation	11,743,697	8,353,882
Appropriation		
Transfer to General Reserves	-	-
Interim Cash Dividend 120% (2021: 40%)	1,489,056	496,352
Final Cash Dividend 150% (2021: 135%)	1,861,319	1,675,187
Bonus Shares 0% (2021: 0%)	-	-
	3,350,375	2,171,539
Un-appropriate profit carried forward	8,393,322	6,182,343

Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 45.01 (2021 - Rs. 28.97).

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 re-elected in Extraordinary General meeting of the Company held on March 13, 2020. On April 09, 2021, Mr. Yukitoshi Fujisaka and Mr. Ryo Takahashi resigned as Directors and Mr. Shunsuke Miyazaki and Mr. Susumu Morisawa were appointed in their places respectively. While, on April 01, 2022, Mr. Hirofumi Yada resigned as Director and Mr. Kazushi Yamanaka was appointed in his place. The Board places on record its appreciation for the valuable contributions made by the outgoing Directors and welcome the new Directors.

Human Resource and Remuneration (HR&R) Committee

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The CEO of the Company and the Head of HR of Atlas Honda attended the Human Resource and Remuneration Committee meeting. The Committee met once during 2021 - 22.

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 2021-22.

Meetings of the Board and its Committees in 2021-22

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	Elected on March 13, 2020	-	-	5/5	-	-
2.	Mr. Saquib H. Shirazi	4	Re-elected on March 13, 2020	-	✓	5/5	-	1/1
3.	Mr. Sanaullah Qureshi	1	-do-	✓	✓	5/5	4/4	1/1
4.	Mr. Abid Naqvi	1	-do-	✓	✓	4/5	4/4	1/1
5.	Ms. Mashmooma Zehra Majeed	2	Elected on March 13, 2020	✓	-	5/5	4/4	-
6.	Mr. Hirofumi Yada	1	Re-elected on March 13, 2020 and Resigned on April 01, 2022	-	-	5/5	-	-
7.	Mr. Shunsuke Miyazaki	1	Co-opted on April 09, 2021	-	-	5/5	-	-
8.	Mr. Susumu Morisawa	1	Co-opted on April 09, 2021	-	-	5/5	-	-
9.	Mr. Kazushi Yamanaka	1	Co-opted on April 01, 2022	-	-	-	-	-

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 2021-22, 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 2022-23.

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, 2022 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, 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, 2022 are as follows (PKR in millions):

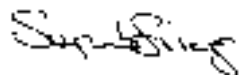
Fund Name	Audited March 2022	Audited March 2021
Provident Fund	791.68	816.90
Gratuity Fund – Management	315.17	303.35
Gratuity Fund – Non management	96.51	93.52

- 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 29, 2022

انجمن سٹاک ہولڈرز

انجمن سٹاک ہولڈرز کی ذمہ داریوں کو یوں ادا کرنے میں ہم نے کوشش کی ہے کہ ان کے مفادات کو برقرار رکھیں۔

کاروبار میں سٹاک ہولڈرز کی شرکت

انجمن سٹاک ہولڈرز کی ذمہ داریوں کو یوں ادا کرنے میں ہم نے کوشش کی ہے کہ ان کے مفادات کو برقرار رکھیں۔

انجمن سٹاک ہولڈرز کی ذمہ داریوں کو یوں ادا کرنے میں ہم نے کوشش کی ہے کہ ان کے مفادات کو برقرار رکھیں۔

- انجمن سٹاک ہولڈرز کی ذمہ داریوں کو یوں ادا کرنے میں ہم نے کوشش کی ہے کہ ان کے مفادات کو برقرار رکھیں۔
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2021	2022	تفصیلات
431.90	431.85	پولیسٹریک
309.36	318.17	پولیسٹریک
93.52	95.81	پولیسٹریک

- انجمن سٹاک ہولڈرز کی ذمہ داریوں کو یوں ادا کرنے میں ہم نے کوشش کی ہے کہ ان کے مفادات کو برقرار رکھیں۔
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انجمن سٹاک ہولڈرز کی ذمہ داریوں کو یوں ادا کرنے میں ہم نے کوشش کی ہے کہ ان کے مفادات کو برقرار رکھیں۔

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نامہ سٹاک ہولڈرز

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نامہ سٹاک ہولڈرز

2022

اپریل 2022 کی سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

مالیاتی کارکردگی کا جائزہ

مالیاتی کارکردگی کا جائزہ: اس سال مالیاتی کارکردگی میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

سزوں کی کارکردگی

سزوں کی کارکردگی: اس سال سزوں کی کارکردگی میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

سال 2021-22 کے کاروبار کا جائزہ

سال 2021-22 کے کاروبار کا جائزہ: اس سال کاروبار میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

نمبر	تاریخ	تاریخ	مالیاتی کارکردگی		سزوں کی کارکردگی	
			مالیاتی کارکردگی	سزوں کی کارکردگی	مالیاتی کارکردگی	سزوں کی کارکردگی
1	13 مارچ 2020 کو منتخب شدہ	5	-	-	55	-
2	13 مارچ 2020 کو منتخب شدہ	4	✓	-	55	-
3	-	1	✓	✓	59	44
4	-	1	✓	✓	59	44
5	13 مارچ 2020 کو منتخب شدہ	2	-	✓	59	44
6	13 مارچ 2020 کو منتخب شدہ 1 اپریل 2022 کو منتخب شدہ	1	-	-	59	-
7	فروری 2021 کو منتخب شدہ	1	-	-	58	-
8	فروری 2021 کو منتخب شدہ	1	-	-	58	-
9	فروری 2022 کو منتخب شدہ	1	-	-	-	-

سزوں کی کارکردگی کا جائزہ

سزوں کی کارکردگی کا جائزہ: اس سال سزوں کی کارکردگی میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

- سزوں کی کارکردگی میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔
- سزوں کی کارکردگی میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔
- سزوں کی کارکردگی میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

سزوں کی کارکردگی کا جائزہ

سزوں کی کارکردگی کا جائزہ: اس سال سزوں کی کارکردگی میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

سزوں کی کارکردگی کا جائزہ

سزوں کی کارکردگی کا جائزہ: اس سال سزوں کی کارکردگی میں اضافہ دیکھا گیا ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔ اس کی وجہ سے سزوں پر فیول لے ڈاؤن کی شرح کم رہی ہے۔

شیئر ہولڈرز کے لیے ڈائریکٹرز رپورٹ

کھن کے ڈائریکٹرز ہر سال سرگرمیوں کے جائزہ اور پالیسیوں پر 2022ء اور 2021ء کے عمل کو جاننے کی سہولت کے لیے کھن کی سہولتوں پر مشتمل رپورٹیں اور اضافی رپورٹیں جاری کرتے ہیں۔

ای میل

کھن کے ای میل کے ذریعے مندرجہ ذیل معلومات دی گئی ہیں:

سال کا اختتام 2021ء اور 2021ء	سال کا اختتام 2022ء اور 2021ء	
(ہزار روپے میں)		
6,182,369	7,819,849	کل ای میل
1,498,517	1,947,694	میں
137,797	272,427	میں
(78,713)	14,489	میں
1,667,801	2,234,484	میں
3,694,798	5,565,186	میں

میں

ای میل کے ذریعے کل ای میل کے ذریعے 15,000 سے زائد ای میل کے ذریعے 13.518 سے زائد ای میل کے ذریعے 2021ء کی سہولتوں پر۔

ای میل کے ذریعے ای میل کے ذریعے ای میل کے ذریعے ای میل کے ذریعے۔

سال کا اختتام 2021ء اور 2021ء	سال کا اختتام 2022ء اور 2021ء	
(ہزار روپے میں)		
8,263,682	11,743,897	تصرفہ کے لیے منتخب
-	-	تصرفہ
498,382	1,486,088	میں
1,875,187	1,851,319	میں (2021: 40%) 120%
-	-	میں (2021: 136%) 160%
2,171,599	3,350,975	میں (2021: 0%) 0%
8,162,343	8,393,822	میں

آئی ایم

ای میل کے ذریعے آئی ایم کے ذریعے 46.01 سے زائد ای میل کے ذریعے 28.07 سے زائد ای میل کے ذریعے۔

ای میل

ای میل کے ذریعے ای میل کے ذریعے 82.43 سے زائد ای میل کے ذریعے ای میل کے ذریعے ای میل کے ذریعے۔

ای میل

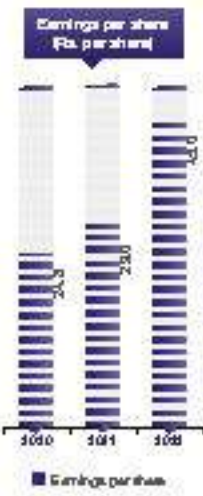
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ای میل

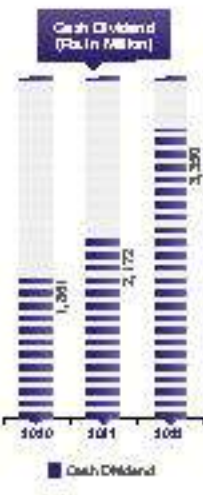
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اپر ہیکو کا جائزہ

سودہ سال کے دوران کمپنی نے 1.55 بلین روپے منافع کا سودا کر کے اپنے محدود وسائل لانچ کرنے کے منصوبے کو کامیابی سے مکمل کیا۔ یہ منصوبہ اپنی نئی مصنوعات اور نئے مارکیٹوں کے لیے نیا سرمایہ کاری پر توجہ دینے کے لیے منظم کیا گیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔



ترقیاتی کاموں کے لیے سرمایہ کاری کے لیے کمپنی نے اپنے محدود وسائل لانچ کرنے کے منصوبے کو کامیابی سے مکمل کیا۔ یہ منصوبہ اپنی نئی مصنوعات اور نئے مارکیٹوں کے لیے نیا سرمایہ کاری پر توجہ دینے کے لیے منظم کیا گیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔



مستقبل کے تصورات

مستقبل کے سالوں میں کمپنی اپنے محدود وسائل لانچ کرنے کے منصوبے کو کامیابی سے مکمل کیا۔ یہ منصوبہ اپنی نئی مصنوعات اور نئے مارکیٹوں کے لیے نیا سرمایہ کاری پر توجہ دینے کے لیے منظم کیا گیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔

اس منصوبے کے تحت کمپنی نے اپنے محدود وسائل لانچ کرنے کے منصوبے کو کامیابی سے مکمل کیا۔ یہ منصوبہ اپنی نئی مصنوعات اور نئے مارکیٹوں کے لیے نیا سرمایہ کاری پر توجہ دینے کے لیے منظم کیا گیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔

فوائد حاصل کرنا

تعمیراتی

اس منصوبے کے تحت کمپنی نے اپنے محدود وسائل لانچ کرنے کے منصوبے کو کامیابی سے مکمل کیا۔ یہ منصوبہ اپنی نئی مصنوعات اور نئے مارکیٹوں کے لیے نیا سرمایہ کاری پر توجہ دینے کے لیے منظم کیا گیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔ اس کے نتیجے میں کمپنی نے اپنے کاروبار کو مزید مضبوط بنایا اور سالانہ کارکردگی میں اضافہ کیا۔

ماریش فیروزی

2022ء کے لیے 2022ء

تکنیک کا جائزہ

حصہ کا سب سے بڑا ٹیکنیک 70cc ہے۔ کھیلنے میں اس ٹیکنیک کو ماڈرن یعنی CD 70 Dream اور CD 70 Dream کے ذریعے ڈیزائن کیا گیا ہے۔ سال کے دوران 300,000 سے زائد کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سب سے زیادہ اہلکاروں کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔

کھیلنے کی 100cc کی ٹیکنیک Pridon کی فروخت میں 78 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔

125-150cc ٹیکنیک کی فروخت میں 18 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔

دیہیوں کی ٹیکنیکوں میں 11 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔

مالی کارکردگی

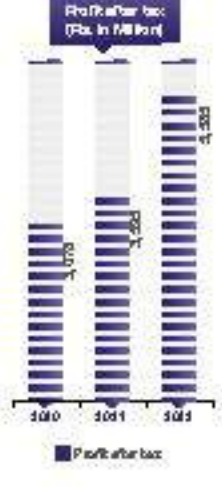
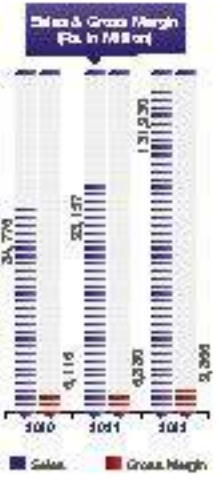
کھیلنے والے سال کے دوران 131.9 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔

تجارتی کھیلنے والے سال کے دوران 2022 میں 131.9 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔

کھیلنے والے سال کے دوران 131.9 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔

پولیفیو

کھیلنے والے سال کے دوران 131.9 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔ اس ٹیکنیک کے ذریعے پوری دنیا کے کھیلنے والے افراد کو اس ٹیکنیک کے ساتھ ساتھ سال کے دوران 23 لاکھ سے زیادہ حصے کی فروخت کی گئی ہے۔



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, 2022.

The Board Audit Committee (the Committee) comprises of 3 members all of them are Non-Executive Directors. The names and profiles of the Audit Committee members are given on Page No. 119 of the Integrated Annual Report 2022. The incumbent members are qualified finance professionals and the Committee as a whole possess significant economic, financial and business acumen.

Chief Executive Officer and Chief Financial Officer of the Company attend the meeting of the Committee on invitation; Internal auditors are present in all the Committee meetings whereas External Auditors attend the meetings on requirement basis.

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 Chairman 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, 2022, and reports that:

- The financial statements of the Company for the year ended March 31, 2022 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 2022.
- 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.
- Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management process and adequate for shareholders' needs.
- The Chairman of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by the Chief Executive Officer and Chairman. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- All related party transactions have been reviewed by the Committee 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 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 Chairman 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, 2022 and review of the "Statement of Compliance with the Code of Corporate Governance" for the year ended March 31, 2022 and shall retire on the conclusion of the 58th 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 58th Annual General Meeting scheduled for June 24, 2022. 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 reappointed as Auditors for the financial year 2023. The Committee being satisfied with the performance of external auditors has recommend them to the Board for reappointment for the year ending March 31, 2023.

Integrated Annual Report 2022

- 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 2022 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.

Risks and Opportunities 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.

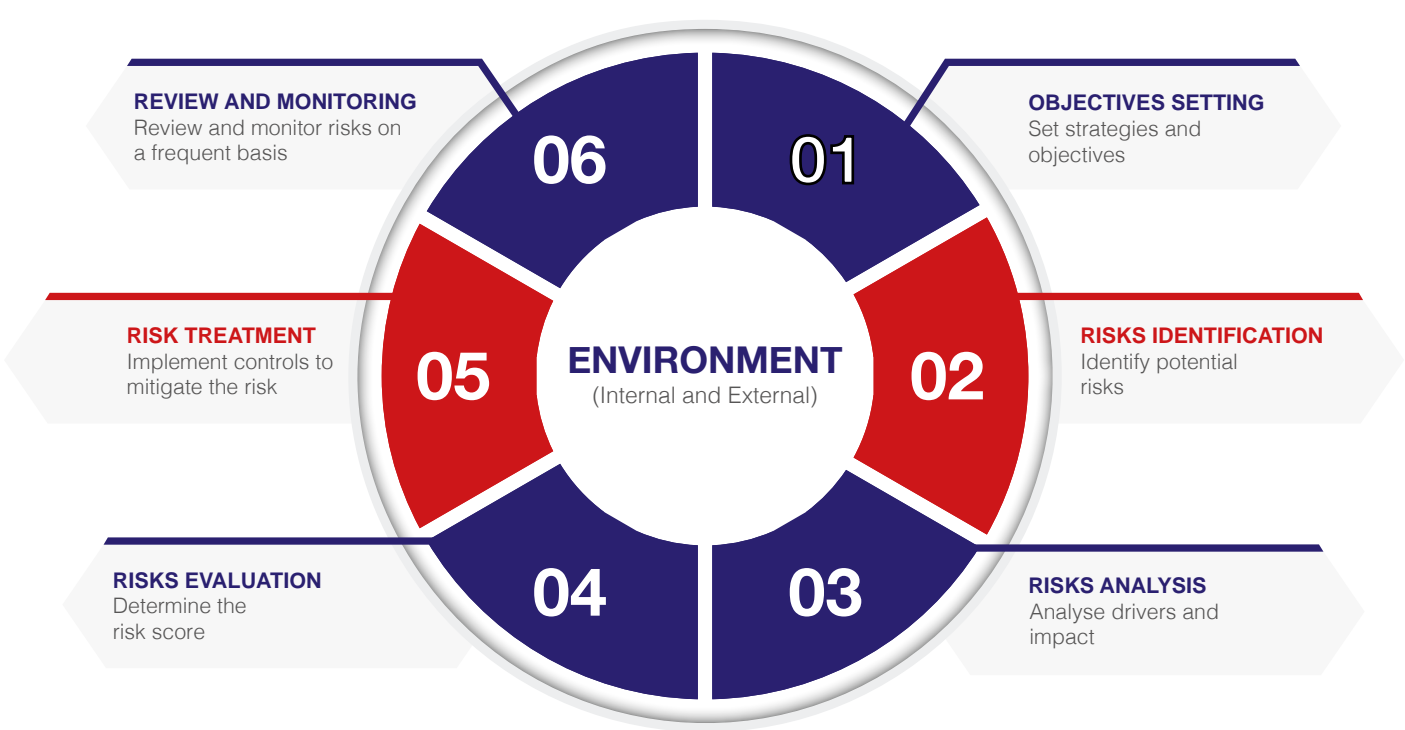
Our Approach to Risk Management

Our approach to risk management relies on continuously monitoring risk and related mitigation procedures and revising these when 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) which comprises of the treasury department. RMF reports its results / findings / observations to the Risk Management Committee. The Committee regularly reviews the business risk profile, risk management policy, risk assessment procedures, related counter strategies and also advice on future actions. The Committee then reports the outcomes of their reviews to the CEO. The Board of Audit Committee also reviews and assesses the adequacy of risk management for its effectiveness in risk mitigation.

Our Risk Management Framework

Our Enterprise Risk Management 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.



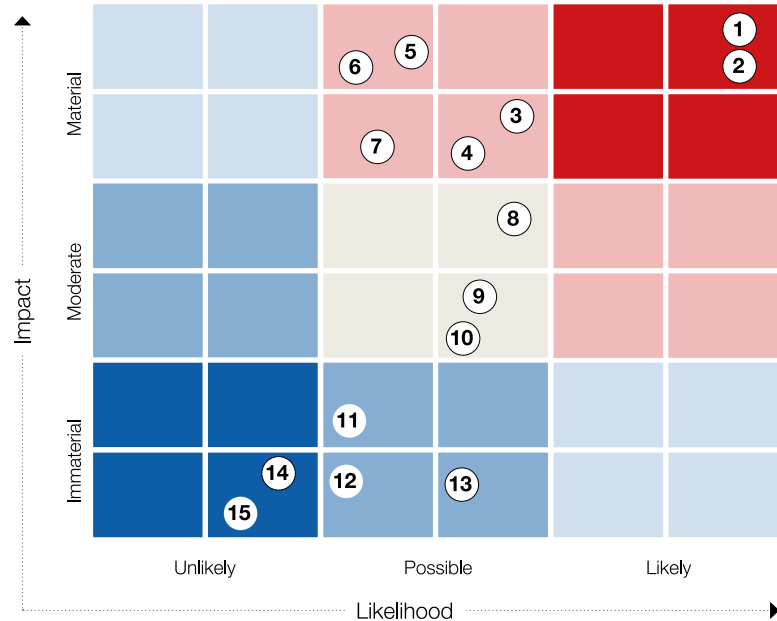
Our Principal Risks

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.

Principal risks at a glance

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

The potential impact and likelihood of our key risks



Key

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

3

2. 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

6

3. 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

14

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. 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

7

6. DEPENDENCE ON VENDORS FOR SUCCESS OF OUR BUSINESS

Risk 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. 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

10

8. PRODUCT LIABILITY AND RECALLS

Risk Source 

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.

Current Year's Ranking

15

Legal and Compliance Risks

9. 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.

10. 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.

11. UNETHICAL AND PROHIBITED BUSINESS PRACTICES

Risk Source 

Current Year's Ranking

12

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

12. COMMODITY PRICE

Risk Source 

Current Year's Ranking

1

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.

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.

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.

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

Current Year's Ranking

2

14. 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

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

Current Year's Ranking

11

15. 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.

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.

Current Year's Ranking

13

Additional Information

Management Objectives

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:

Objective | 01 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



Objective | 02 To expand sales in two wheeler industry.t

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



Objective | 03 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



Objective | 04 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.

Objective | 05 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.



KPI Monitored

Workforce related ratios

Relevance in Future

Yes

Resource allocated



Objective | 06 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.



KPI Monitored

Number of accidents

Relevance in Future

Yes

Resource allocated



Objective | 07 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.



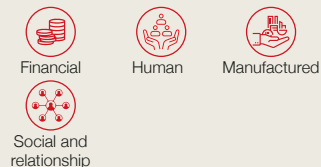
KPI Monitored

Carbon emission, water usage

Relevance in Future

Yes

Resource allocated



Objective | 08 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.



KPI Monitored

Profitability ratios

Relevance in Future

Yes

Resource allocated



Forward Looking Statement

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

2021-22 was predicted to be a progressive year as the effects of the pandemic began to subside. During the year, the growth in GDP, rapid urbanization and increased preference for personal mobility bode well for the two-wheeler industry. This was well supported by encouraging performance of agricultural sector and foreign remittances. Resultantly, the Company achieved highest ever sales of 1,350,010 units - up by 26.6%. The volume benefit and the increase in treasury income made a healthy contribution towards the profitability of the Company.

During the year, the Company successfully completed the capacity expansion project for annual production of 1.5 million units. Also, with the support of our global partners, the localization projects of various parts were completed within the targeted timelines.

Forward looking statement

The future outlook of sales volumes remain optimistic in the backdrop of continued growth prospects and positive business sentiments. However, challenges in the shape of political uncertainty and economic changes will be critical. In particular the continued inflation and material prices is likely to keep a check on the profitability of the Company. 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 2022-23, the Company will continue to invest in capacity expansion projects and localization of critical parts.

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.

Statement of Charity Account

The Company made a contribution of Rs. 51.9 Million during the year 2022 to Atlas Foundation (the Foundation). Over the years, the Foundation has played its role for promoting centers of professional education, contributing to health facilities, helping law enforcement agencies and improving quality of life with the commitment that what has come from the society should be shared with the society.

Business Rationale for Major Capital Expenditure

Atlas Honda Limited has been growing steadily. During the last few years, the Company has expanded and enhanced the production capacity of its plant to position itself to meet the growing demand of motorcycles in the local market. This year marks the successful completion of capacity enhancement 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, Balancing Modernization and Replacement (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 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 keep focusing on business expansion through structure 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 it in successfully dealing 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 also plans to invest in energy conservation and health & safety projects.

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

Certification acquired and international standards adopted for best corporate and sustainability reporting practices are as follows:

- 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)
- Sustainability reporting standards
- Integrated reporting framework

Notice of the 58th Annual General Meeting

Notice is hereby given that the Fifty Eighth (58th) Annual General Meeting of the shareholders of Atlas Honda Limited will be held on Friday June 24, 2022, 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 Annual General Meeting held on June 24, 2021.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended March 31, 2022, together with the Directors' and Auditors' reports thereon and the Review Report of the Chairman.
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 (for the year ending March 31, 2023).
4. To consider and approve the payment of final cash dividend for the year ended March 31, 2022 @ 150% i.e. Rs. 15.00 per share as recommended by the Board. This is in addition to 120% i.e. Rs. 12.00 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: June 03, 2022

Notes:

i. Participation via physical presence or through video conferencing facility:

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. 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 22, 2022. 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.

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

ii. E-Voting

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

iii. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from June 10, 2022 to June 24, 2022 (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 09, 2022 will be considered in time for determination of entitlement of shareholders to cash dividend, bonus shares and to attend and vote at the meeting.

iv. Participation in the Annual General Meeting (AGM):

All shareholders entitled to attend, speak and vote at this AGM shall be entitled to appoint another shareholder, 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 2022.

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.

v. Change / Update of Shareholders' Particulars:

Shareholders holding physical shares are requested to notify any change in their addresses immediately to our Share Registrars.

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.

vi. Transmission of Integrated Annual Report 2022:

The Financial Statements of the Company for the year ended March 31, 2022 along with reports have been placed on the website of the Company:

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

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 Integrated Annual Reports including annual audited financial statements, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. Therefore, the Integrated Annual Report 2022 of the Company is dispatched in form of USBs 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 Integrated 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 Integrated 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 Integrated Annual Report and also available on the Company's website: www.atlashonda.com.pk

vii. 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.

viii. 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.

ix. Withholding Tax on Dividend

Pursuant to the provisions of Finance Act, 2020, 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 09, 2022 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

As per FBR's clarification, the valid exemption certificate under section 159 of the Income Tax 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.

x. 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.

xi. 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. 10 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, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, 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

SOCIAL AND RELATIONSHIP CAPITAL

Sales	Gross Profit	Profit after tax	Earning per share	Market value per share
Rs. 131.9 Billion ▲ 41.6%	Rs. 9.9 Billion ▲ 43.4%	Rs. 5.6 Billion ▲ 55.4%	Rs. 45.0 ▲ 55.4%	Rs. 394 ▲ 14.3%
Return on Equity	Breakup value per share	Capital Expenditure	Dividend per share	Wealth Distributed
28.2% ▲ 36%	Rs. 169.5 ▲ 12.9%	Rs. 1.8 Billion ▲ 65.4%	Rs. 27.0 ▲ 54.3%	Rs. 40.4 Billion ▲ 46.3%

HUMAN CAPITAL

Employees	Training Hours	Joiners	Revenue per employee	Production per employee
2,289	13,032	38	Rs. 57.4 Million	587 units

MANUFACTURED CAPITAL

No. of plants	Production Capacity	Product Portfolio	Governance	Brand	Manufacturing Experience
2	1.5 Million Units	8 Models	Strong	Superior	59 Years

INTELLECTUAL CAPITAL

SOCIAL & RELATIONSHIP CAPITAL

Dealers	Vendors	Donation	Raw Material Used	Energy Usage	Water Intake
750+	125+	Rs. 51.9 Million	103,318 tons	539,762 GJ	713,878 m ³

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

Changes in performance against prior years, including the analysis of financial statements and the vertical and horizontal analysis of statement of financial position, statement of profit or loss and statement of cash flows have been appropriately explained in the relevant sections of this report.

Six Years Analysis of Financial Statements

Financial Ratios

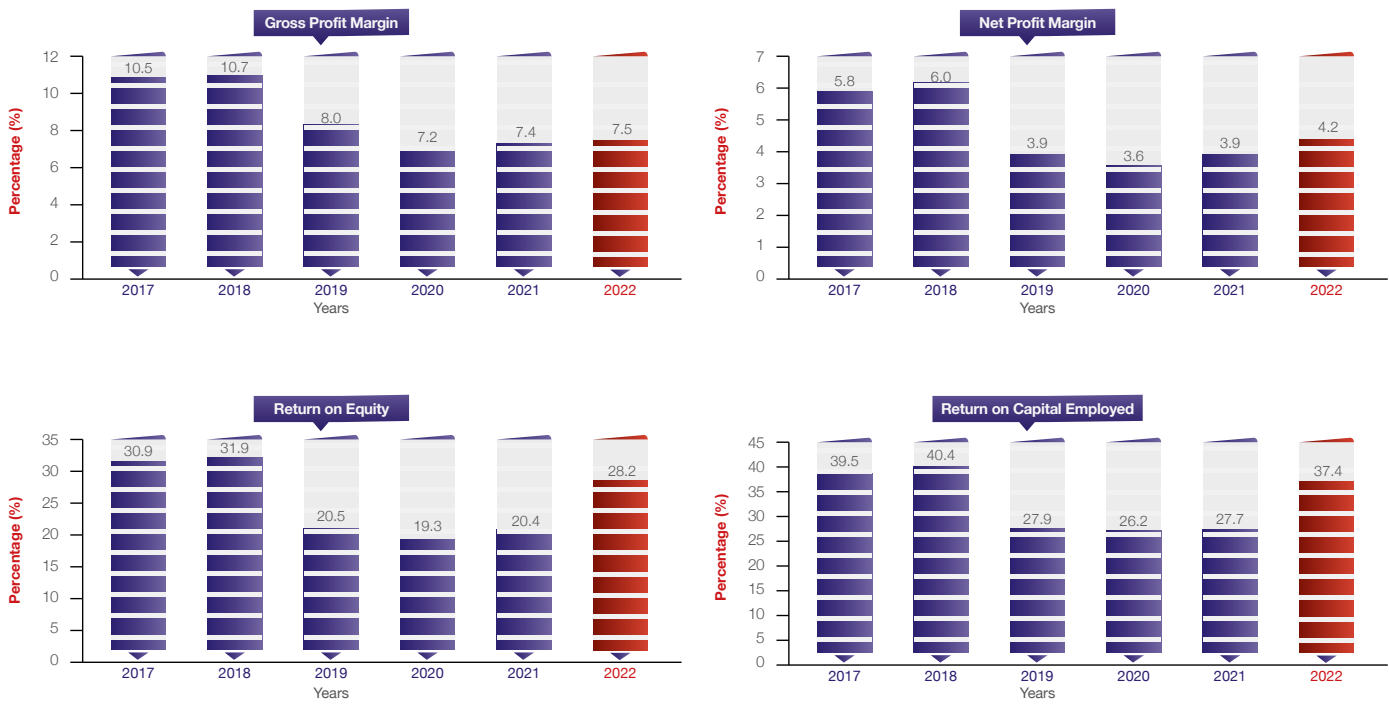
Particulars		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross profit margin	%	7.5	7.4	7.2	8.0	10.7	10.5
Profit before tax margin	%	5.9	5.5	5.2	5.6	8.1	7.9
Net profit margin	%	4.2	3.9	3.6	3.9	6.0	5.8
Return on capital employed	%	37.4	27.7	26.2	27.9	40.4	39.5
Return on equity - after tax	%	28.2	20.4	19.3	20.5	31.9	30.9
Shareholders' funds	%	44.3	43.3	53.4	48.1	50.3	51.7
Return on Shareholders' funds	%	26.6	19.3	18.6	20.9	29.1	28.3
Return on assets	%	12.3	9.7	9.8	10.1	16.2	16.3
Earnings before interest, tax, depreciation and amortization (EBITDA)	Rs. In million	9,123.8	6,481.9	5,769.1	5,723.6	7,174.0	5,905.9
EBITDA margin	%	6.9	7.0	6.8	6.9	9.3	9.2
Operating leverage ratio	%	122.7	169.1	(129.7)	(411.2)	113.9	150.9
Equity Ratios							
Cash dividend per share (declared)	Rs.	27.00	17.5	15.0	20.0	27.0	18.5
Stock dividend per share (declared bonus share)	Rs.	-	-	-	2.00	-	-
Earning per share *	Rs.	45.0	29.0	24.8	25.9	37.6	30.2
Price earning ratio *	Times	8.8	15.9	14.9	14.6	14.0	18.5
Price to book ratio	Times	1.0	1.3	1.5	1.2	1.7	2.3
Market price per share for the year	Rs.	394.0	460.0	370.0	378.0	525.0	559.7
- maximum value	Rs.	540.0	530.0	409.0	640.0	657.0	620.0
- minimum value	Rs.	385.0	340.0	285.0	360.0	470.0	362.0
Break up value per share *	Rs.	169.5	150.1	133.6	123.8	128.9	106.8
Dividend yield	%	6.9	3.8	4.1	5.3	5.1	3.3
Dividend cover	Times	1.7	1.7	1.7	1.2	1.4	1.6
Dividend pay out	%	60.0	60.4	60.5	70.9	59.9	51.0
Efficiency Ratios							
Assets turnover	Times	2.9	2.5	2.7	2.6	2.7	2.8
Fixed assets turnover	Times	13.1	9.3	8.8	9.6	10.3	10.1
Inventory turnover	Times	20.0	16.8	13.8	16.8	23.4	23.0
Debtors turnover	Times	100.4	80.4	87.9	83.4	104.4	104.8
Creditors turnover	Times	5.1	4.8	5.4	5.0	5.3	5.8
Capital employed turnover	Times	6.3	4.9	5.0	4.9	5.0	5.0
Operating Cycle							
Period of inventory holding	Days	18	22	26	22	16	16
Period of collection from debtors	Days	4	5	4	4	3	3
Period of payments to creditors	Days	(72)	(76)	(67)	(73)	(70)	(63)
Operating cycle	Days	(50)	(50)	(36)	(47)	(50)	(44)
Liquidity / Leverage Ratios							
Current ratio	Times	1.5	1.4	1.5	1.4	1.6	1.6
Quick ratio	Times	1.2	1.2	1.1	1.1	1.4	1.4
Debt to equity / financial leverage ratio	Ratio	0.01	0.02	----- Debt Free -----			
Weighted average cost of debt	%	1%	1%	-	-	-	-
Total liabilities to equity	Times	1.26	1.31	0.87	1.08	0.99	0.93
Net Assets per share	Times						
Interest cover	Times	132.08	82.90	78.78	179.76	276.68	197.99
Cash to current liabilities	Times	0.7	0.6	0.5	0.5	0.7	0.6
Cash flow from operations to sales	%	4.68	15.51	2.73	(0.02)	10.1	10.0
Cash flow to Capital Expenditure	Times	3.41	13.38	1.06	(0.01)	3.3	3.2
Cash flow Coverage Ratio	Times	3,291.50	33.02	----- Debt Free -----			

Six Years Analysis of Financial Statements

Financial Ratios

Profitability Ratios

The Company successfully launched major upgrades in its flagship CD and CG models which were well received and significantly improved the company's volumes and market positioning. Resultantly, the Company recorded highest ever sales of 1,350,010 units, up by 27% as compare to previous year resulting in an all time highest sales revenue of Rs.132 billion. Increase in sales volumes, better model mix and cost reduction measures improved the Gross profit from 6.9 billion to 9.9 billion as compared to 6.9 billion, up by 43%. The growth in gross profit was partially affected by devaluing exchange rate and rising material cost. Further, strict control over discretionary spending supplemented by healthy other income enabled the Company to achieve net profit margin of 4.2% as compared to 3.9% of the last year. Consequently, the return on equity and capital employed increased from 20.4% and 27.7% to 28.2% and 37.4% respectively in comparison with last year.



Investment / Market Ratios

Due to increase in profitability as detailed above, the Company registered an encouraging increase of 55% in earnings per share which was recorded at Rs. 45.0 as compared to Rs. 29.0 in preceding year. However, market value of shares declined from Rs. 460 to Rs. 394. This resulted in price earning ratio of 8.8 in the current year.

Based on above factors, the breakup value per share was recorded at Rs. 169.5 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 of 60% distributing a cumulative cash dividend (interim and final) of Rs. 27 per share in the year 2022 as compared to cash dividend of Rs. 17.5 per share of last year.



Six Years Analysis of Financial Statements

Financial Ratios

Activity / Turnover Ratios

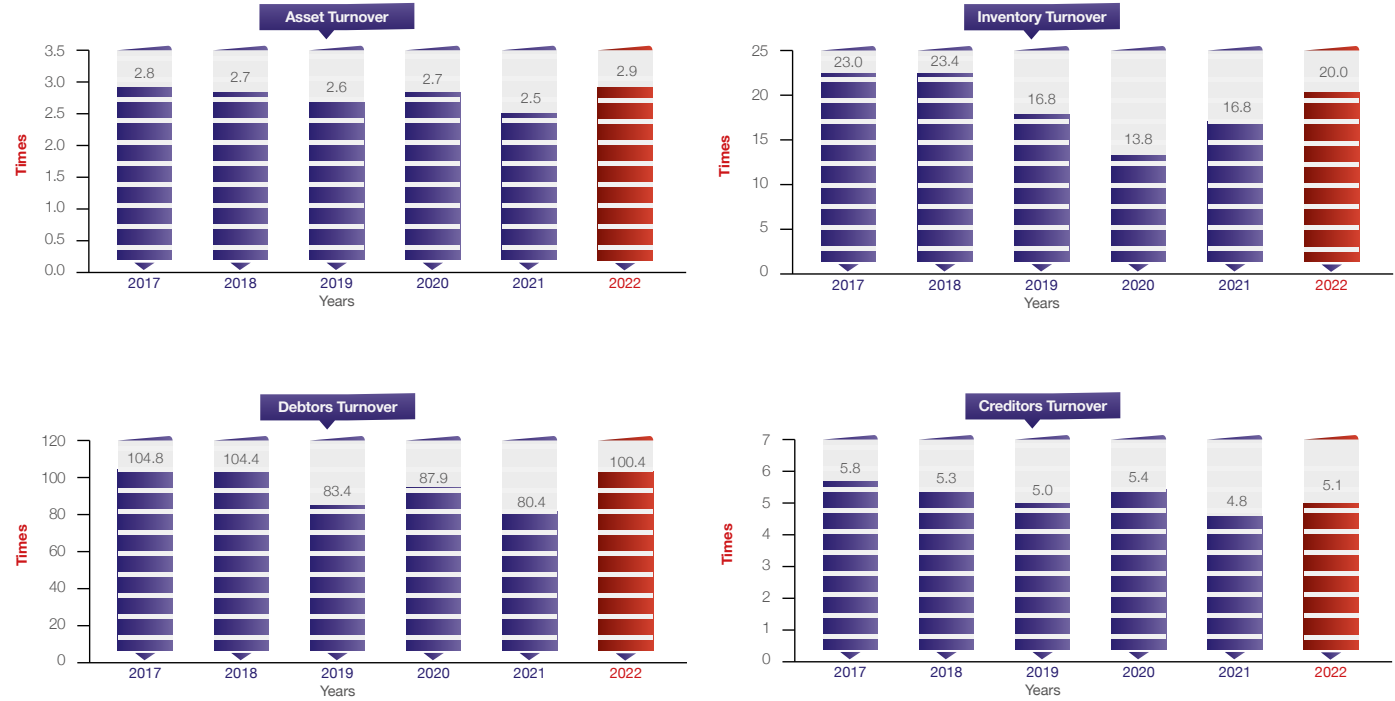
Asset turnover ratio increased from 2.5 times in 2021 to 2.9 times in 2022 on account of boost in sales revenue by 42% in 2022 as compared to 2021.

Inventory turnover observed an increase from 16.8 times in 2021 to 20.0 times in 2022. The increase is attributable to higher cost of sales which has increased in line with record production in current year to meet growing sales demand. Accordingly, inventory turnover has been recorded at 18 days in current year.

The debtor turnover days have decreased to 4 days in 2022 as compared to 5 days in 2021. However, debtor turnover increased to 100.4 in 2022 from 80.4 in 2021. This is mainly due to increase of 42% in sales revenue for the year 2022.

The creditor turnover days have decreased to 72 days compared to 76 days in 2021 in line with increasing cost of sales.

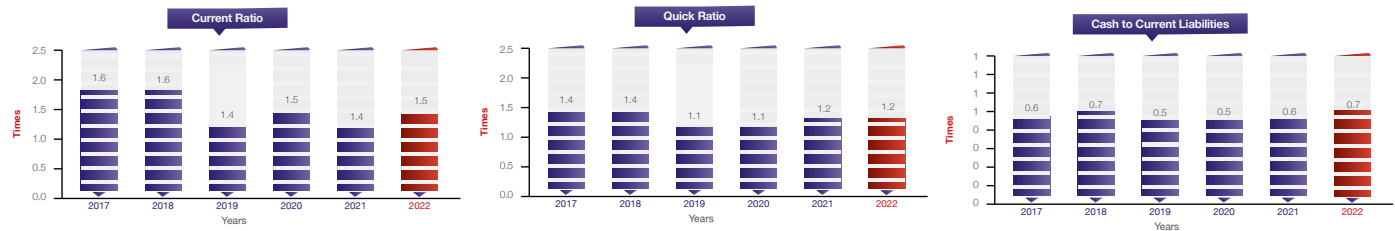
The Company was able to maintain overall operating cycle at negative 50 days which is consistent with prior year.

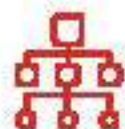


Liquidity Ratios

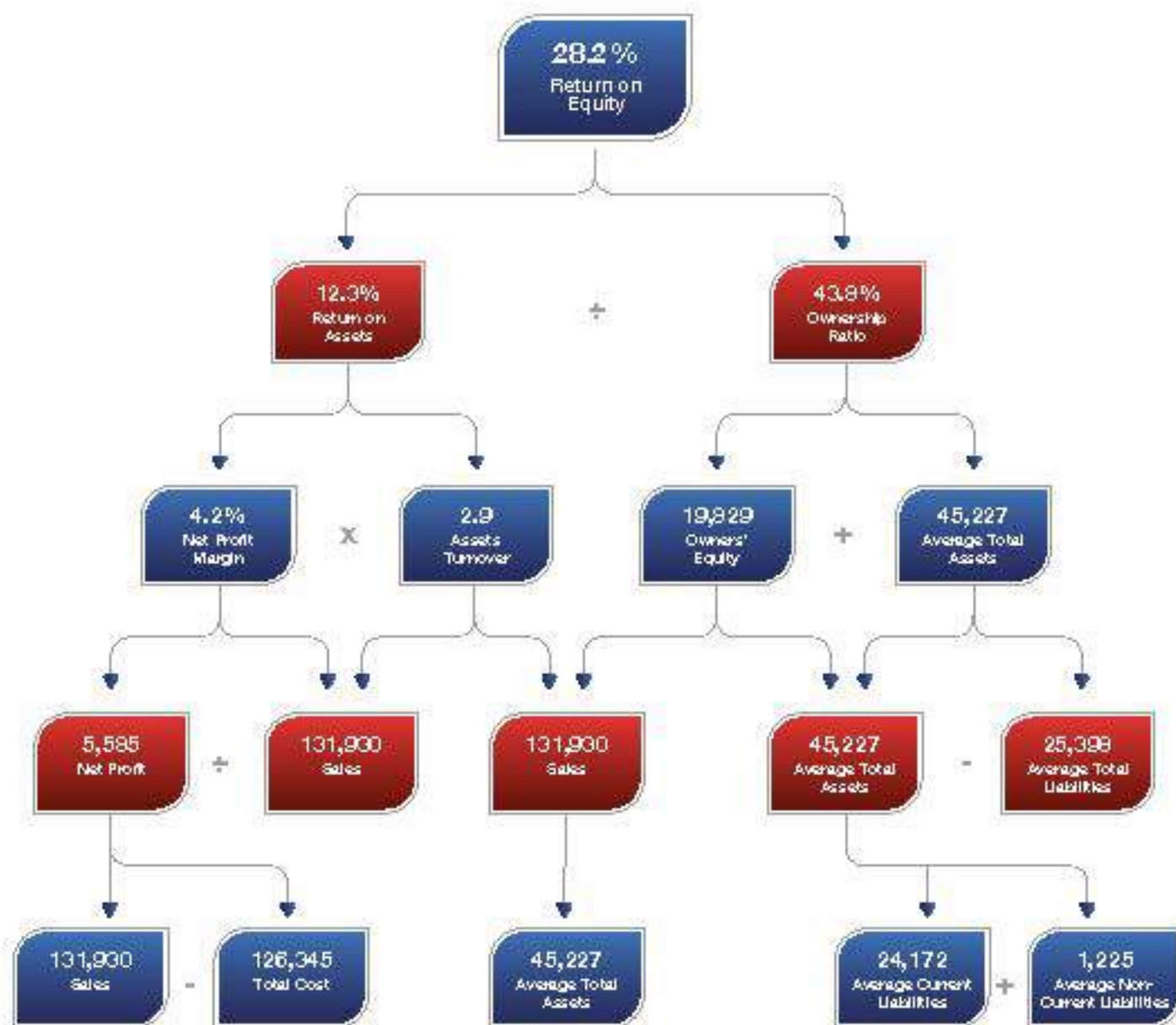
The current ratio of 1.5 times slightly higher than last year's 1.4 times due to increase in current asset base. Quick Ratio was recorded at 1.2 times, maintaining an average of 1.2 times over six years period.

Cash to current liabilities improved to 0.7 times from previous year's 0.6 times due to better liquidity position of the Company.





DuPont Analysis



Net Sales increased by substantial 42% on account of record volumetric growth and necessary price increases to neutralise exchange rate devaluation, inflation and effects of material super cycle. Sales growth, cost reduction measures, control over discretionary expenses coupled with healthy other income helped in increasing the net profit by an encouraging 66% in comparison with previous year. This translated in net profit margin of 4.2% and return of equity of 28.2%.

Further, the total assets of the Company increased by 10.2% as compared to last year. The rise was mainly attributable to increase in asset base on account of increase in cash & bank and inventory balances which was partly offset by reduction in short term investments and trade debts. This resulted in return on assets ratio of 12.3%.

DuPont Analysis	2022	2021
Tax Burden	28.68%	30.23%
Interest Burden	0.76%	1.22%
EBIT	6.97%	6.80%
Asset Turnover	2.9	2.6
Debt/Equity Ratio	66.66%	66.70%
ROE	28.2%	20.4%

Six Years Analysis of Financial Statements

Statement of Financial Position

Particulars	2022	2021	2020	2019	2018	2017
-----Rupees in '000-----						
Assets						
Non Current Assets						
Property, plant & equipment	10,251,485	9,788,162	10,041,495	8,950,633	7,976,101	6,961,919
Intangible asset	56,255	101,813	135,121	168,924	44,905	37
Long term investments	343,534	329,669	322,240	323,497	324,899	292,342
Long term loans and advances	64,159	48,253	36,671	33,467	31,481	30,108
Long term deposits	14,077	12,071	13,025	13,882	22,573	17,339
Total non current assets	10,729,510	10,279,968	10,548,552	9,490,403	8,399,959	7,301,745
Current Assets						
Stores,spares and loose tools	998,612	647,035	683,123	725,754	650,160	539,104
Stock in trade	6,541,711	4,026,612	4,888,616	5,069,836	2,599,530	2,123,831
Trade debts	1,126,808	1,501,925	813,980	1,116,000	861,224	623,331
Loans and advances	59,889	47,429	42,752	43,794	40,107	38,921
Trade deposits and prepayments	1,491,756	1,388,594	686,517	1,007,128	137,663	120,562
Accrued mark-up/interest	19,540	14,657	22,392	37,614	15,557	21,470
Other receivables	2,583	1,754	329,021	573,080	15,528	6,627
Taxation-net	208,547	770,419	1,487,667	1,149,424	725,750	732,706
Short term investments	8,819,083	10,063,915	5,248,268	5,261,724	8,400,246	7,080,669
Bank balances	17,424,657	14,288,180	6,308,616	7,480,159	9,981,615	7,053,784
Total current assets	36,693,186	32,750,520	20,510,952	22,464,513	23,427,380	18,341,005
Total assets	47,422,696	43,030,488	31,059,504	31,954,916	31,827,339	25,642,750
Equity & Liabilities						
Equity						
Share capital	1,240,879	1,240,879	1,240,879	1,034,066	1,034,066	1,034,066
Reserves	19,786,759	17,389,648	15,339,529	14,331,698	14,966,654	12,223,467
Total equity	21,027,638	18,630,527	16,580,408	15,365,764	16,000,720	13,257,533
Non Current Liabilities						
Lease liabilities	151,561	168,616	209,148	-	-	-
Long term borrowings	-	187,382	-	-	-	-
Deferred income - government grant	-	3,525	-	-	-	-
Retirement benefits	484,855	393,569	342,594	296,409	262,882	228,443
Deferred taxation	533,022	528,062	604,200	700,024	698,042	670,968
Total non current liabilities	1,169,438	1,281,154	1,155,942	996,433	960,924	899,411
Current Liabilities						
Trade and other payables	25,014,674	22,832,604	13,292,920	15,592,719	14,865,695	11,485,806
Current portion of lease liabilities	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	-	-	-	-
Total current liabilities	25,225,620	23,118,807	13,323,154	15,592,719	14,865,695	11,485,806
Total equity and liabilities	47,422,696	43,030,488	31,059,504	31,954,916	31,827,339	25,642,750

Six Years Analysis of Financial Statements

Statement of Financial Position

Particulars	Horizontal Analysis						Vertical Analysis					
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
	vs 2021	vs 2020	vs 2019	vs 2018	vs 2017	vs 2016						
-----Rupees in '000-----												
Assets												
Non Current Assets												
Property, plant & equipment	5	(3)	12	12	15	20	22	23	32	28	25	27
Intangible asset	(45)	(25)	(20)	276	121,265	(99)	0	0	0	1	0	0
Long term investments	4	2	(0)	(0)	11	19	1	1	1	1	1	1
Long term loans and advances	33	32	10	6	5	7	0	0	0	0	0	0
Long term deposits	17	(7)	(6)	(39)	30	16	0	0	0	0	0	0
Total non current assets	4	(3)	11	13	15	19	23	24	34	30	26	28
Current Assets												
Stores,spares and loose tools	54	(5)	(6)	12	21	10	2	2	2	2	2	2
Stock in trade	62	(18)	(4)	95	22	14	14	9	16	16	8	8
Trade debts	(25)	85	(27)	30	38	2	2	3	3	3	3	2
Loans and advances	26	11	(2)	9	3	8	0	0	0	0	0	0
Trade deposits and prepayments	7	102	(32)	632	14	86	3	3	2	3	0	0
Short term investments	(12)	92	(0)	(37)	19	20	19	23	17	16	26	28
Accrued mark-up/interest	33	(35)	(40)	142	(28)	27	0	0	0	0	0	0
Other receivables	47	(99)	(43)	3,591	134	35	0	0	1	2	0	0
Taxation-net	(73)	(48)	29	58	(1)	35	0	2	5	4	2	3
Bank balances	22	126	(16)	(25)	42	48	37	33	20	23	31	28
Total current assets	12	60	(9)	(4)	28	29	77	76	66	70	74	72
Total assets	10.2	38.5	(2.8)	0.4	24	26	100	100	100	100	100	100
Equity & Liabilities												
Equity												
Share capital	-	-	20	-	-	-	3	3	4	3	3	4
Reserves	14	13	7	(4)	22	23	42	40	49	45	47	48
Total equity	13	12	8	(4)	21	20	44	43	53	48	50	52
Non Current Liabilities												
Lease liabilities	(10)	(19)	100	-	-	-	0	0	1	-	-	-
Long term borrowings	(100)	100	-	-	-	-	-	0	-	-	-	-
Deferred income - government grant	(100)	100	-	-	-	-	-	0	-	-	-	-
Retirement benefits	23	15	16	13	15	6	1	1	1	1	1	1
Deferred taxation	1	(13)	(14)	0	4	18	1	1	2	2	2	3
Total non current liabilities	(9)	11	16	4	7	15	2	3	4	3	3	4
Current Liabilities												
Trade and other payables	10	72	(15)	5	29	34	53	53	43	49	47	45
Current portion of lease liabilities	(41)	31	100	-	-	-	0.0	0.1	-	-	-	-
Current portion of long term borrowings	(19)	100	-	-	-	-	0	1	-	-	-	-
Current portion of deferred income - government grant	(83)	100	-	-	-	-	0.0	0	-	-	-	-
Total current liabilities	9	74	(15)	5	29	34	53	54	43	49	47	45
Total equity and liabilities	10.2	38.5	(2.8)	0.4	24	26	100	100	100	100	100	100

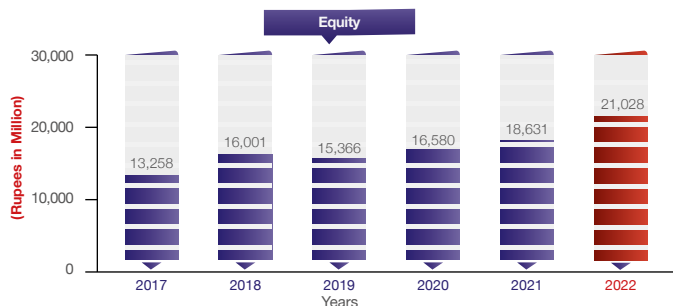
Six Years Analysis of Financial Statements

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 fund capital expenditure and future development. Resultantly, the total shareholders' equity stood at Rs.21 billion with an increase of 59% since 2017.



NON-CURRENT LIABILITIES

Non-current liabilities comprise of lease liabilities, deferred taxation and retirement benefits. They have increased by 30% since 2017 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. 11.5 billion in 2017 to Rs. 25.2 billion in 2022 primarily due to increase in customer advances and trade related payables, which are in line with the increasing sales and production trend, respectively.



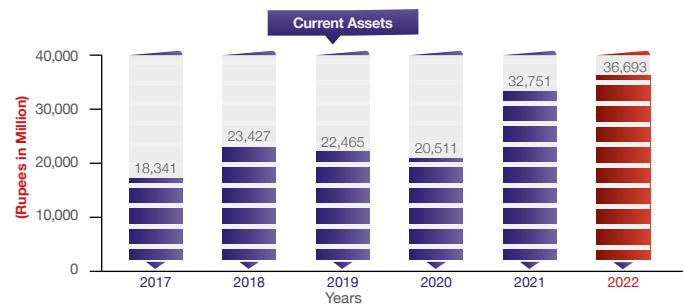
NON-CURRENT ASSETS

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 47% from Rs. 7.3 billion in 2017 to Rs. 10.7 billion by 2022 mainly due to additional capital expenditure for enhancing production capacity to meet rising 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. 2.7 billion in 2017 to Rs. 7.5 billion in 2022, in line with increasing in production levels and rise in material

prices due to devaluation of exchange rate. Similarly trade debts increased from Rs. 0.6 billion in 2017 to Rs. 1.1 billion in 2022 on account of higher sales volume. Further, short term investments and cash balances increased from Rs. 14.1 billion in 2017 to Rs. 26.2 billion in 2022. Resultantly, the total current assets increased from Rs. 18.3 billion in 2017 to Rs. 36.7 billion in 2022.



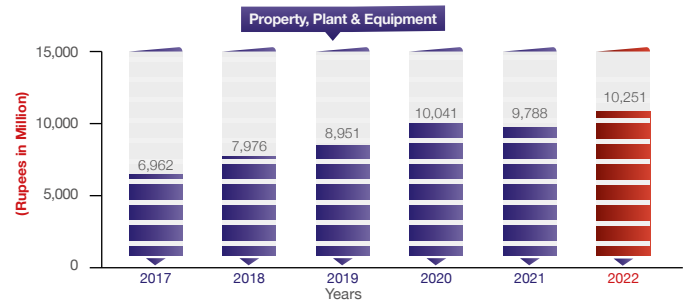
VERTICAL ANALYSIS

TRADE & OTHER PAYABLES

Trade and other payables increased by Rs. 2.2 billion as compared to last year in line with rising production levels and increase in customer advances.

PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment increased by Rs. 0.5 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. 2.9 billion as compared to last year due to devaluation of exchange and increase in raw material prices resulting from super commodity cycle. Further, high level of inventory is maintained in accordance with increased production requirement.

TRADE DEPOSITS & PREPAYMENTS

Trade deposits and prepayments increased by Rs. 0.1 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 0.4 billion from last year due to better recovery from institutional customers.

Six Years Analysis of Financial Statements

Statement of Profit or Loss

Particulars	2022	2021	2020	2019	2018	2017
-----Rupees in '000-----						
Profit and Loss Account						
Sales	131,930,193	93,156,958	84,775,972	82,412,548	77,478,845	64,534,021
Cost of sales	(122,064,276)	(86,277,404)	(78,660,040)	(75,856,677)	(69,188,101)	(57,754,987)
Gross Profit	9,865,917	6,879,554	6,115,932	6,555,871	8,290,744	6,779,034
Sales and marketing expenses	(2,655,408)	(1,936,861)	(2,001,683)	(1,924,062)	(1,852,057)	(1,630,773)
Administrative expenses	(784,412)	(681,124)	(632,161)	(640,209)	(634,594)	(602,343)
Other income	2,065,562	1,392,482	1,370,948	1,097,636	877,908	916,333
Other operating expenses	(629,260)	(448,068)	(388,968)	(463,793)	(445,038)	(404,740)
Share of profit of an Associated Company						
- net of tax	16,905	9,329	4,443	15,698	50,607	61,084
Profit from operations	7,879,304	5,215,312	4,468,511	4,641,141	6,287,570	5,118,595
Finance cost	(59,655)	(62,913)	(56,718)	(25,818)	(22,725)	(25,853)
Profit before taxation	7,819,649	5,152,399	4,411,793	4,615,323	6,264,845	5,092,742
Taxation	(2,234,484)	(1,557,601)	(1,333,393)	(1,406,664)	(1,601,211)	(1,340,263)
Profit after taxation	5,585,165	3,594,798	3,078,400	3,208,659	4,663,634	3,752,479

Particulars	Horizontal						Vertical					
	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2022	2021	2020	2019	2018	2017
----- % -----												
Profit and Loss Account												
Sales	41.6	9.9	2.9	6.4	20.1	17.3	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	41.5	9.7	3.7	9.6	19.8	17.0	(92.5)	(92.6)	(92.8)	(92.0)	(89.3)	(89.5)
Gross Profit	43.4	12.5	(6.7)	(20.9)	22.3	20.1	7.5	7.4	7.2	8.0	10.7	10.5
Sales and marketing expenses	37.1	(3.2)	4.0	3.9	13.6	12.0	(2.0)	(2.1)	(2.4)	(2.3)	(2.4)	(2.5)
Administrative expenses	15.2	7.7	(1.3)	0.9	5.4	20.5	(0.6)	(0.7)	(0.7)	(0.8)	(0.8)	(0.9)
Other income	48.3	1.6	24.9	25.0	(4.2)	43.8	1.6	1.5	1.6	1.3	1.1	1.4
Other operating expenses	40.4	15.2	(16.1)	4.2	10.0	30.3	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
Share of profit of an Associated Company												
Company - net of tax	81.2	110.0	(71.7)	(69.0)	(17.2)	40.5	0.0	0.0	0.0	0.0	0.1	0.1
Profit from operations	51.1	16.7	(3.7)	(26.2)	22.8	26.1	6.0	5.6	5.3	5.6	8.1	7.9
Finance cost	(5.2)	10.9	119.7	13.6	(12.1)	69.2	(0.05)	(0.07)	(0.07)	(0.03)	(0.03)	(0.04)
Profit before taxation	51.8	16.8	(4.4)	(26.3)	23.0	25.9	5.9	5.5	5.2	5.6	8.1	7.9
Taxation	43.5	16.8	(5.2)	(12.1)	19.5	28.5	(1.7)	(1.7)	(1.6)	(1.7)	(2.1)	(2.1)
Profit after taxation	55.4	16.8	(4.1)	(31.2)	24.3	25.0	4.2	3.9	3.6	3.9	6.0	5.8

Six Years Analysis of Financial Statements

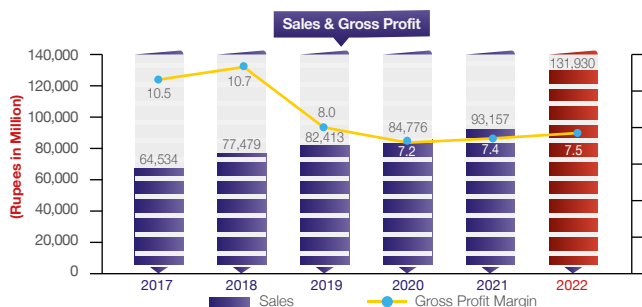
Statement of Profit or Loss

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 15% was achieved over six years period.

The cost of sales recorded cumulative average growth rate of 16% since 2017, on account of volume growth, continuous devaluation of exchange rate, increase in raw material prices due to super commodity cycle and other inflationary factors. The Company achieved gross profit margin of 7.5% in 2022.



SELLING GENERAL AND ADMINISTRATIVE EXPENSES

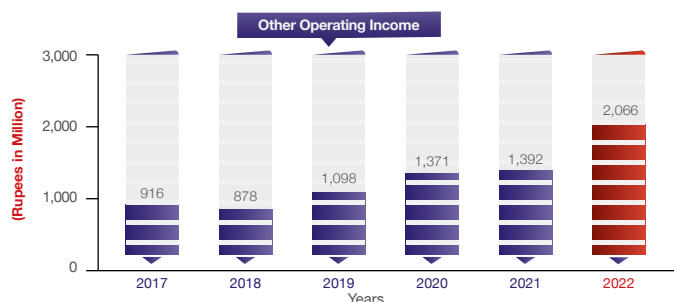
SG&A increased from Rs. 2.2 billion in 2017 to Rs. 3.4 billion in 2022 with a cumulative average growth rate of 9% over six years period owing to higher volumes, spending on marketing campaigns and other inflationary factors. However, the Company has effectively managed its constitution as percentage of selling, general and administrative expenses to sales declined from 3.5% to 2.6%.

OTHER OPERATING EXPENSES

Other operating expenses increased from Rs. 0.45 billion in 2017 to Rs. 0.63 billion in 2022 over the period of six years with cumulative average growth rate of 9%. These mainly comprises of 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. 0.98 billion in 2017 to Rs. 2.1 billion in 2022 over the period of six years with



cumulative average growth rate of 16%. This is on account of increase investment of surplus funds in bank deposits, government securities and mutual funds.

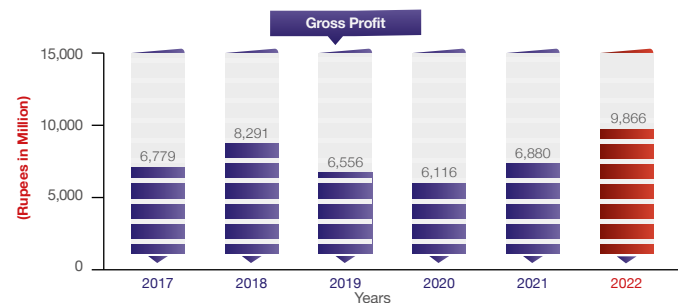
TAXATION

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

VERTICAL ANALYSIS

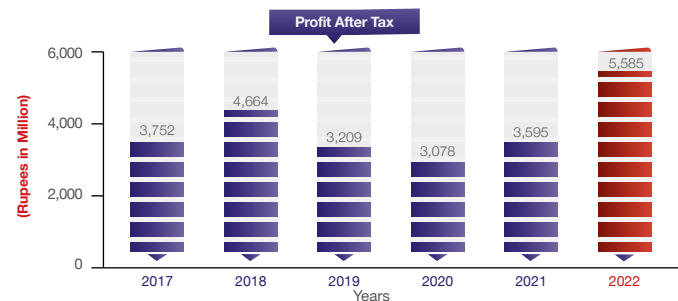
GROSS PROFIT

The gross profit of the Company increased from 7.4% to 7.5% as a percentage of sales, on account of record volumes and better sales mix. The increase in raw material prices, exchange rate devaluation and general inflation was offset through appropriate increase in selling prices and cost reduction measures. Resultantly the gross profit improved from Rs. 6.9 billion to Rs. 9.9 billion.



PROFIT AFTER TAX

Net profit after tax increased from Rs. 3.7 billion to Rs. 5.6 billion in line with gross profit of the Company.



Six Years Analysis of Financial Statements

Statement of Cash Flow

Particulars	2022	2021	2020	2019	2018	2017
-----Rupees in '000-----						
Cash Flow Statement						
Cash flows from operating activities	6,171,564	14,444,377	2,313,045	(12,804)	7,803,002	6,435,417
Cash flows from investing activities	415,164	(5,301,626)	(1,585,723)	1,308,414	(2,970,748)	(2,643,558)
Cash flows from financing activities	(3,450,251)	(1,163,187)	(1,898,865)	(3,797,066)	(1,904,423)	(1,493,095)
Net increase / (decrease) in cash & cash equivalent	3,136,477	7,979,564	(1,171,543)	(2,501,456)	2,927,831	2,298,764

Particulars	Horizontal						Vertical					
	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2022	2021	2020	2019	2017	2016
-----%-----												

Cash Flow Statement

Cash flows from operating activities	(57.3)	524.5	(18,165.0)	(100.2)	21.3	16.5	196.8	181.0	(197.4)	0.5	266.5	280.0
Cash flows from investing activities	(107.8)	234.3	(221.2)	(144.0)	12.4	(10.3)	13.2	(66.4)	135.4	(52.3)	(101.5)	(115.0)
Cash flows from financing activities	196.6	(38.7)	(50.0)	99.4	27.5	21.4	(110.0)	(14.6)	162.1	151.8	(65.0)	(65.0)
Net increase / (decrease) in cash & cash equivalent	(60.7)	(781.1)	(53.2)	(185.4)	27.4	70.8	100.0	100.0	100.0	100.0	100.0	100.0

Particulars	2022	2021	2020	2019	2018	2017
-----Rupees in '000-----						
Profit before taxation	7,819,649	5,152,399	4,411,793	4,615,323	6,264,845	5,092,742
Adjustment non cash items	663,310	468,906	439,094	514,399	544,432	336,768
Changes in working capital	(651,544)	9,864,810	(1,233,335)	(3,424,484)	2,435,753	2,407,852
	7,831,415	15,486,115	3,617,552	1,705,238	9,245,030	7,837,362
Less: Capital expenditure	(1,722,697)	(1,027,728)	(2,118,516)	(2,041,487)	(1,924,438)	(1,979,303)
Free Cashflows	6,108,718	14,458,387	1,499,036	(336,249)	7,320,592	5,858,059

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 2017. The net cash generated from operations stood at Rs. 6.2 billion in 2022 against Rs. 6.4 billion of 2017, with the cumulative average rate of -1%. This is mainly driven by changes in working capital requirements of the business.

Cash flows from Investing Activities

The cash flows generated from investing activities were Rs. 0.4 million in 2022 as compared to Rs. 2.6 Billion utilised in 2017 with cumulative average reduction of 169.1%. 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. 1.5 billion to Rs. 3.5 billion at cumulative average rate of 18.2%.

Strategy to overcome liquidity problems

The company has implemented a proactive cash management system to ensure smooth working capital management. Internal cash generated through sales revenues and returns from our diversified equity investments is used to meet liquidity requirements of the Company.

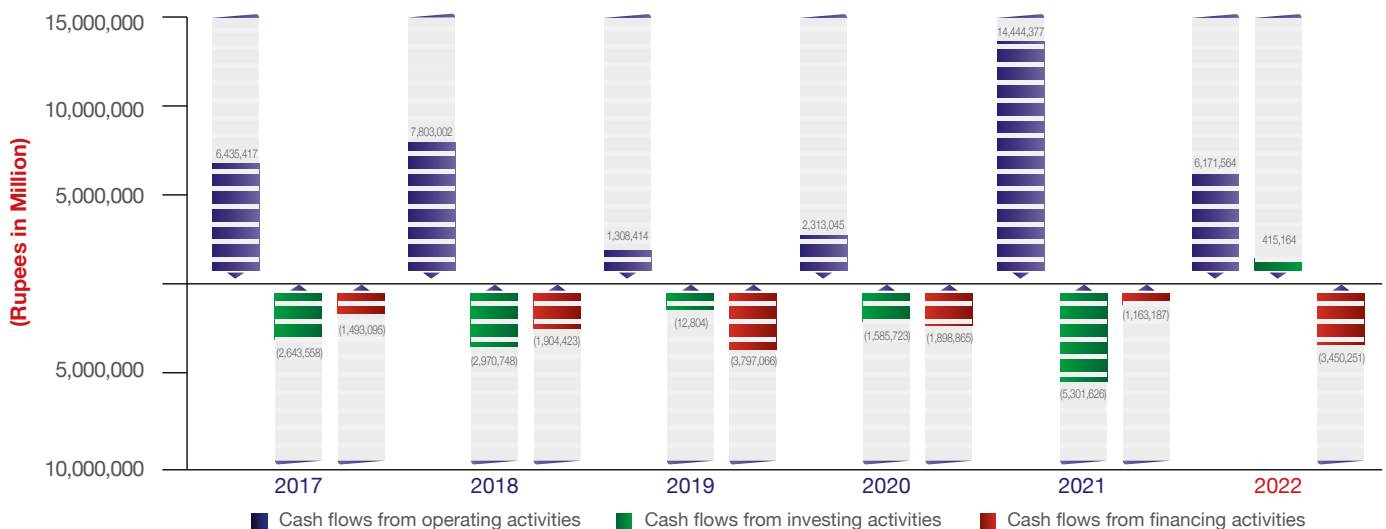
The Company has short term borrowing lines upto Rs. 7 billion to hedge against any possible cashflow deficit situation. These efforts further augmented our proactive working capital management policies. During the year, there were no defaults in repayment of loan.

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

Moreover, income streams from our strategic equity investments further augment cash flows.

Liquidity and Financing Arrangements

During the year, Rs. 250 million was repaid in respect of loan obtained under SBP's 'Refinancing Scheme for Payment of Wages and Salaries'. For details of liquidity and financing arrangements, please refer above.



Share Price Sensitivity Analysis

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

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

Agriculture:

Pakistan is primarily an agricultural country, and its economy is copiously dependent on the well-being of the sector. This sector contributes around 24% to the country's GDP and employs almost 37.4% of the nation's labor force. Almost 64% of the country's population is based in rural areas and is linked with agriculture for their livelihood. This sector plays a pivotal role in the performance of the Company. Agricultural growth is contingent on crop acreage, weather conditions, availability of irrigation water & farm inputs and government decision on crop & support prices. The years when these factors are favorable, Company's sales boost due to increase in farmers' income.

These funds largely invest in capital and money market. Trends in these markets determine the Net Asset Value (NAV) of these funds and as a result, also affect the Company's financial performance.

Interest Rates:

With effective and efficient treasury management, the Company has maintained a strong liquidity position. Funds approximating Rs. 17.4 billion are held in bank savings account, term deposit receipts, treasury bills and pakistan investment bonds which generates treasury income. During the year, the Central Bank has cumulatively increased the policy rate by 525 bps reaching to 12.25 percent. This change leads to positive impact in income. However, it may also directly affect the sale of motorbikes based on 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.

Material Price Volatility:

Steel, aluminium, paints etc. are the major raw materials used in production of motorcycles. These materials form major proportion of the total cost incurred by the Company every year. Rising global commodity prices due to ongoing super commodity cycle has directly affected the profitability of the Company which in turn may affect the share price.

Exchange Fluctuations:

The high level of imports is exerting tremendous pressure on the external front, hence devalued Pak Rupee by 15 percent. The Company is exposed to fluctuations in foreign currency exchange rates owing to the import of plant and machinery, raw materials, commodities and related items. The devaluation of Pak rupee against US Dollar and Japanese Yen directly affects the Company's profit by inflating import cost.

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.

Plant Operations:

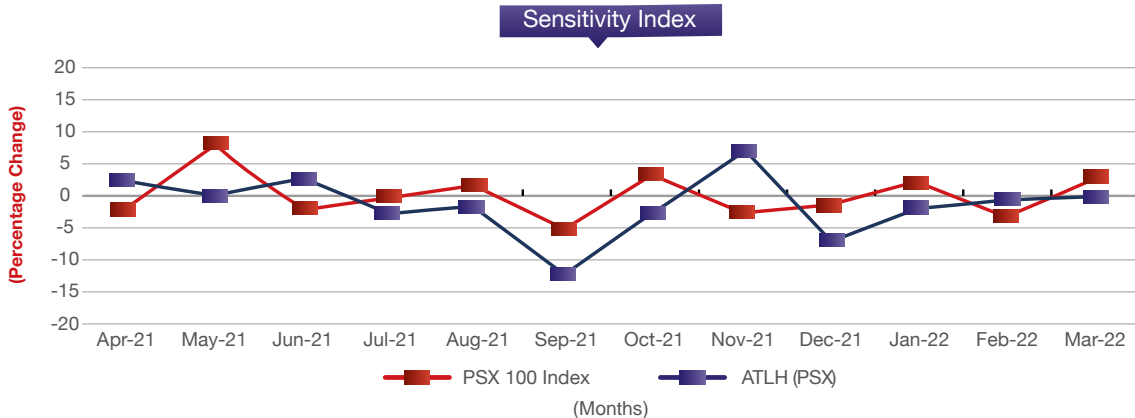
Stable plant operations lead to higher and better production efficiencies. Disruptions at production facilities negatively affect the financial performance of the Company and therefore, may affect the share price.

Act of God:

Act of God outside the control of the Company such as natural disasters, floods and pandemics might negatively disrupt the operations of the Company and ultimately might affect share price of the Company.

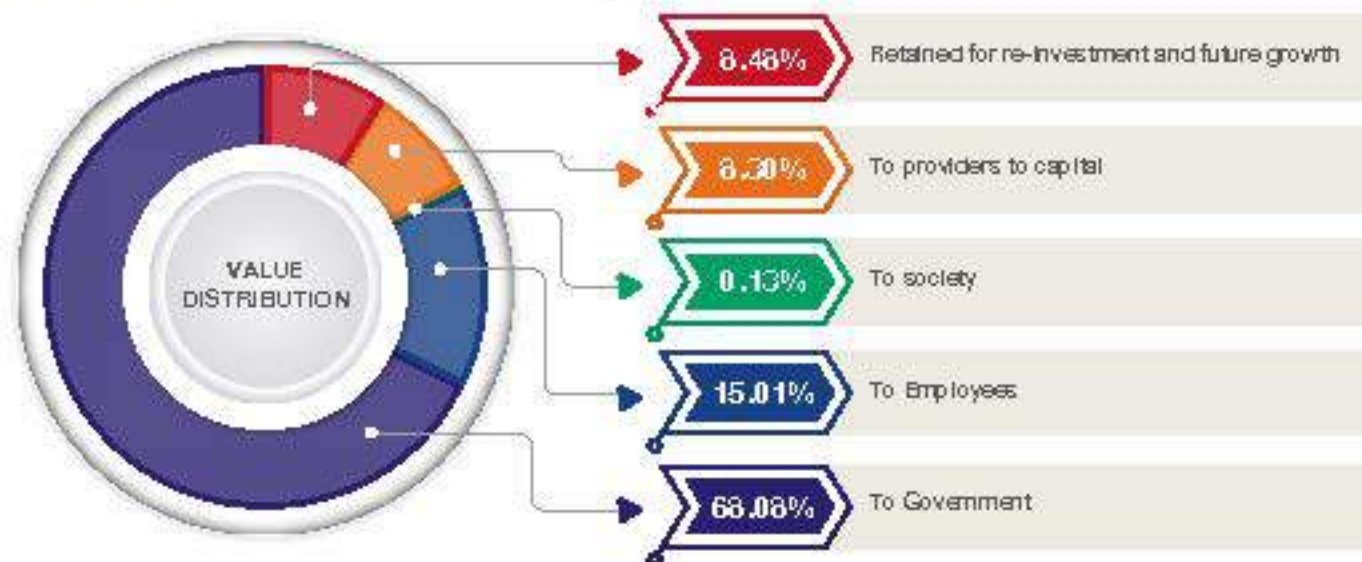
Capital and Money Markets:

The Company's short-term investments amount to Rs. 8.8 billion, which mainly comprise of those in open ended mutual funds.



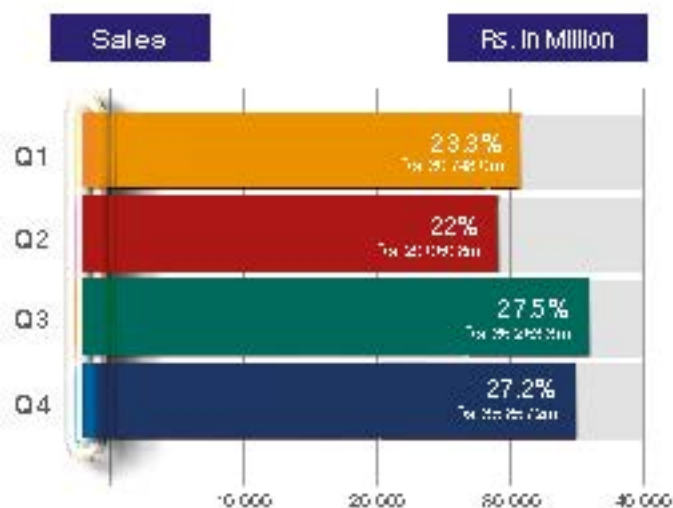
Statement of Value Addition and its Distribution

	%	Year ended March 31, 2022	%	Year ended March 31, 2021
-----Rupees In '000-----				
Value Addition				
Net sales including sales tax	98.68%	166,166,743	98.74%	110,062,626
Other operating income	1.32%	2,082,467	1.26%	1,401,811
	100.00%	168,239,210	100.00%	111,464,437
Bought in materials and services	-74.46%	(117,820,671)	-76.21%	(83,822,892)
Value Added	26.54%	40,418,639	24.79%	27,631,646
Value Distribution				
To Government				
Income tax, sales tax, custom & excise duties, workers funds, EOBI & social security contribution and local taxes	68.08%	27,617,043	66.62%	18,104,978
To Employees				
Remuneration & benefits	16.01%	6,067,680	16.81%	4,644,649
To Society				
Donations	0.13%	61,940	0.23%	64,318
To Providers of capital				
Financial charges on borrowed funds	0.01%	3,882	0.02%	4,623
Dividends for shareholders	8.29%	3,360,376	7.86%	2,171,639
Retained for re-investment and future growth				
	8.48%	3,427,619	9.68%	2,841,638
Total Value Distributed	100.00%	40,418,639	100.00%	27,631,646

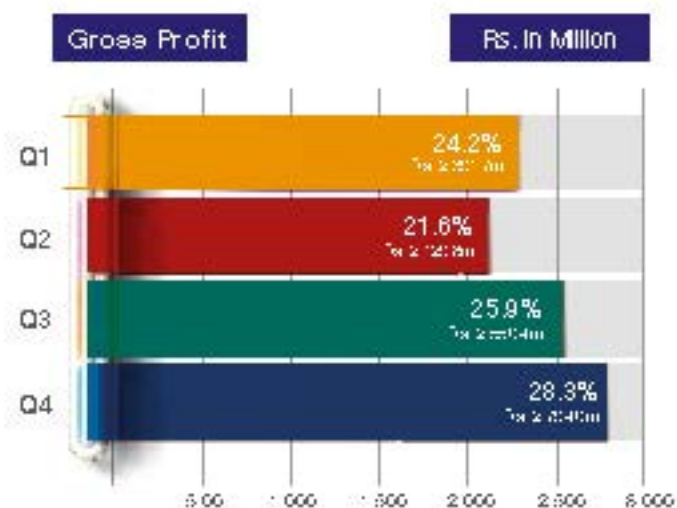




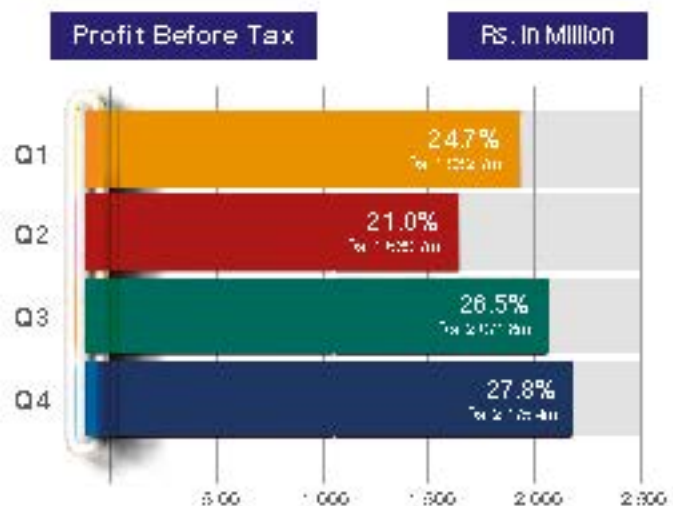
Quarterly Performance Analysis



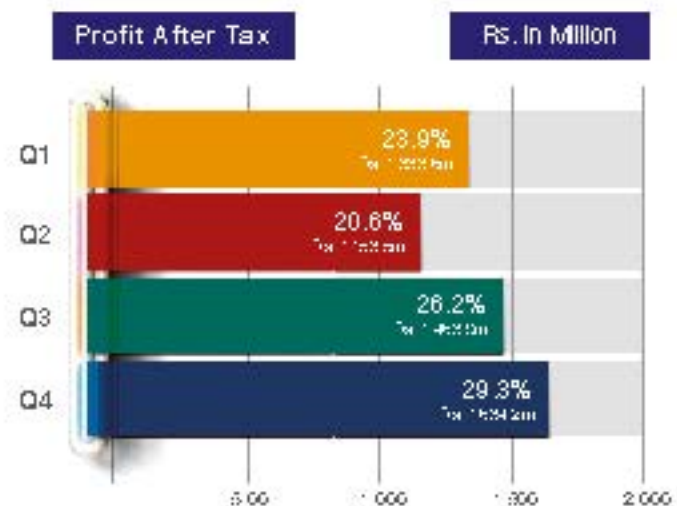
The Company started the year with positive sales momentum gained from last year. However, due to seasonal effect, the sales in 2nd quarter slightly decreased. With start of season, the Company successfully launched major upgrades in its flagship CD and CG models which were well received and significantly improved the company's volumes and market positioning in third and fourth quarter. Accordingly, the Company closed the year with highest ever sales at 1,350,010 units.



The Gross Profit followed the movement of sales revenue. However, gross profit margin started to decline from the third quarter due to devaluation of exchange rate, increase in raw material prices resulting from super commodity cycle and other inflationary factors. The above effects were neutralised through volume growth, model mix, cost reduction activities and gradual price increase.



Profit Before Tax followed the trajectory of sales revenue and gross profit. Sales, marketing and general expense reduced as a percentage of sales while higher treasury income supported in increasing the bottom line. Accordingly, profit before tax increased by 62% from previous year to arrive at Rs. 7.8 billion with a profit margin ratio of 6.9%.




Profit After Tax (PAT) followed similar trend as that of PBT. Overall, an increase of 66% was recorded in PAT as compared to previous year. This translated into Earning per share of Rs. 46 for the year up by 64.4%.

Analysis of Variation in Interim Results with Final Accounts

The Company earned a gross margin and net margin of 7.6% and 4.2% during the first half of the financial year, respectively. However, with devaluation of exchange and rise in material cost, gross profit margin declined from 7.6% to 7.6% while the Company was able to maintain net margin at 4.2% on account of healthy contribution from treasury income due to increase in discount rates.

Sustainability Report 2022

- About the Report
- Sustainability Highlights 2022
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- Sustainable Development Goals
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- Environmental Protection
- Product Responsibility
- Corporate Citizenship
- Vendor Management
- Employee Management
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- Independent Assurance Statement
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Foreign Female Motorcyclists visit to Pakistan





About the Report

Reporting Period	Financial year 2022 (April 01, 2021 to March 31, 2022)
Reporting Cycle	Annual
Date of Publication of Previous Report	June 03, 2021
Available Version	Online and printed versions are available in English. Online version can be accessed from www.atlashonda.com.pk
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.
Global Reporting Initiative	This report has been prepared in accordance with the GRI Standards: Core option. The GRI content index is available on page 111.
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 109.
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-Mcleaod Road, Lahore-54000 Phone: +92-42-37225015-17, 37233515-17 Email: ahl.suggestions@atlashonda.com.pk

Sustainability Highlights 2022

 <p>Award by NFEH</p>	 <p>Rs. 51.9</p>	 <p>13,032</p>
<p>In the categories of "CSR Report, Research & Publications" and "Waste Management / Recycle"</p>	<p>Million donated</p>	<p>Hours Spent on employees' training</p>
 <p>152,000</p>	 <p>3%</p>	 <p>9.3%</p>
<p>Plus customers served for free check ups</p>	<p>Reduction in water consumption per bike</p>	<p>Reduction in effluents and waste per bike</p>
 <p>521</p>	 <p>1st</p>	 <p>12,408</p>
<p>Women trained for bike training</p>	<p>Prize by Punjab Horticulture Society in Land Scaping, Grassy Lawn & Rose Garden Category</p>	<p>Students attended safety lectures</p>

General Information

Ownership and Legal form

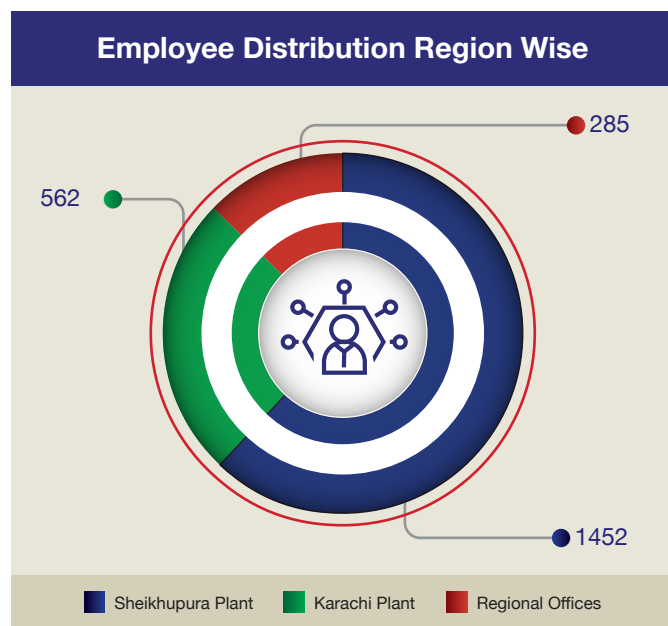
Atlas Honda Limited is a public limited company listed on the Pakistan Stock Exchange. It is a joint venture between Shirazi Investments (Private) Limited (SIL) and Honda Motor Company Limited, with SIL holding 52.43% of issued, subscribed and paid-up capital as at March 31, 2022.

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 Sheikhpura 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, 2022, net sales of the Company amounted to Rs. 131.9 billion, with sales of more than one million three hundred fifty Thousand and ten motorcycles. Net profit for the year amounted to Rs. 5.6 billion while total capitalization was Rs. 47.4 Billion with equity of Rs. 21 billion. The workforce of the Company comprised of 2,299 permanent employees as at March 31, 2022. 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. 125.4 billion 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
 - Sheikhpura
 - 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 48-49 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 for capacity building and business improvement.

CEO's Message on Sustainability

“Atlas Honda’s sustainability strategy is fully aligned with its commercial objectives to acknowledge the importance of using finite resources wisely. The entire value chain is firmly anchored to its sustainability principles and ensures prudent consumption of natural, social and economic resources for fulfilling needs of its stakeholders whilst protecting planet and future.”

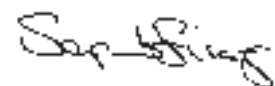
I am pleased to present Atlas Honda's 10th Sustainability Report featuring our efforts and adherence to the sustainability principles. This publication details sustainability measures taken throughout our value chain to produce durable mobility solution while minimising environmental footprints.

We are committed to deliver long-term objectives of sustainable growth and value creation. In today's world, sustainability plays a key factor for long term strategic success. Accordingly, we consider economic, environmental and social aspects as part of our decision-making process. We are balancing the needs of the society, the environment and the economy in our operations and across our value chain. We are reducing our ecological footprint by introducing environment friendly products and through use of alternate energy sources as well as reinstating our commitment to human rights and development of the local communities.

We look back on FY 2021-2022 as year of recovery from pandemic. The effects of pandemic continued to impact the global economy in the form of significant surge in global commodity prices and raw material shortages. Despite challenging business dynamics, no compromise was made on the safety and wellbeing of our stake holders and Atlas Honda stood shoulder to shoulder with its stake holders in line with its resolution to grow together.

Our approach towards the changing business dynamics helped us build resilience required to navigate through tough times. We were able to set new records and achieve significant milestones and are confident of our capabilities to make an impact for greener and better future.

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.



Saquib H. Shirazi
Chief Executive Officer

Karachi: April 29, 2022

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

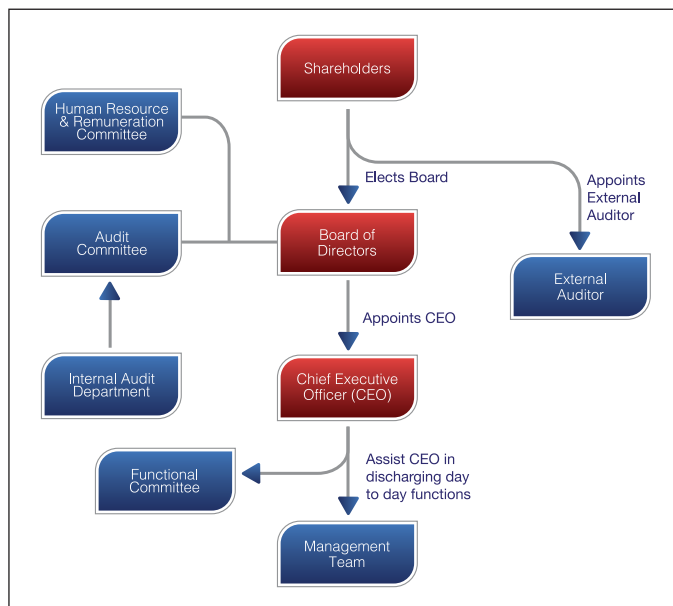
The Company has established the following targets for continued sustainability approach to be followed to ensure sufficient and effective use of resources:

Sustainability Area	New Targets	Target Year
To reduce per unit consumption of plastic material	Material 1% reduction in material consumption from 2022. Since 2015, 26% reduction in plastic consumption has been achieved through recycling and process optimizations, with 1% reduction during the current year.	2023
Reduction in per unit energy consumption	Energy 3% reduction in energy consumption from 2022. Energy savings initiatives taken by the Company have resulted in 36% per unit reduction since 2014, with 3% reduction during the current year.	2023
Restrict CO ₂ emissions per unit	Emissions 2% reduction in CO ₂ emissions over the next 2 years as compared to 2022. Since 2017, emissions have been restricted by 6.7% per unit, with 2% reduction during the current year.	2024
Minimize water consumption per unit	Water 3% reduction in water consumption from 2022. Since 2018, 13% reduction has been achieved, with 3% reduction in the current year.	2023
Zero injury	Health and Safety Zero injury	2023

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 Company does not have a defined quota for Board of Directors based on gender, ethnicity or age group. 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.

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.

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 Board of 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 16, 17 and 118 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"> Monitors the integrity of the financial statements and reporting and makes recommendation to the Board for its approval Oversight of external auditor: to consider findings and recommendations arising from the external audit process Review of compliance procedures to ensure adherence to applicable legal and regulatory standards and internal policies Monitoring the effectiveness of the internal control processes and the internal audit function Oversight of risk management 	Three	Quarterly
Human Resource and Remuneration Committee	<ul style="list-style-type: none"> Recommending Human Resource Management policies to the Board Recommending to the Board about selection, evaluation, compensation and succession planning of key management positions including CFO, Company Secretary and Head of Internal Audit Consideration and approval of recommendations for key management positions who report directly to CEO and VP Recommending to the Board a policy framework for determining remuneration of directors Undertaking annual evaluation of the Board of Director's performance 	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 and business practices. 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 his / her own remuneration.

The Company does not pay remuneration to non-executive Directors including independent directors except a fee for attending meetings of the Board. Information on remuneration of the Directors and CEO in 2021-22, please refer note 36 to the Financial Statements on page 157.

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 and eleven private

companies of Atlas Group. Fee paid, if any, by these companies are in compliance with policies of respective companies which have been 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. 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 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, Board's own performance, members of the Board and its committees have been outlined in Chairman's review. Further detailed explanations have been covered throughout the Integrated 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 laws, 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.

CEO's Performance Review

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.

Committees Reporting to the CEO

The CEO is supported by committees that facilitate him in the performance of his 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"> Reviewing and forwarding long term plans, capital and expense budget, development and stewardship of business plans Maintaining healthy environment Providing advice to CEO in normal course of business 	Twelve	Monthly
Business Ethics Committee	<ul style="list-style-type: none"> Effective communication and reinforcement of ethical values & best practices in the business Ensuring compliance with the Company's 3R principles (Respect, Reward and Recognition) 	Nine	Twice a year
Treasury Committee	<ul style="list-style-type: none"> Oversight of day to day treasury & investment matters Approval of short term investment decisions Ensuring subsequent approval of all the decisions by Board 	Three	Monthly
Risk Management Committee	<ul style="list-style-type: none"> Identifies and propose strategies to mitigate risks, on a timely basis, in accordance with a well-structured risk management process 	Three	Monthly
Environment, Health, Safety and Security Committee	<ul style="list-style-type: none"> Ensures compliance with applicable Environmental, Health, Safety and Security (EHS&S) laws and regulations 	Six	Monthly
Corporate Social Responsibility Committee	<ul style="list-style-type: none"> Ensures compliance with Social Performance Governance Framework 	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;
- Pakistan Stock Exchange criteria for selecting top companies;
- Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by SECP;
- 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.
- A 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.

Compliance and Integrity Management

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 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 of 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 maintenance of proper records including basis for inclusion or exclusion of names of persons from the said list.

Anti-corruption and Human Rights

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. This 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 conducted 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.

Detailed analysis has been covered in Risk and Opportunity Report at page 40-45.

Grievance/Feedback System

The Company believes in protecting interest of its investors and shareholders. 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.

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 execution of the Board's directives and policies is carried out by 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.

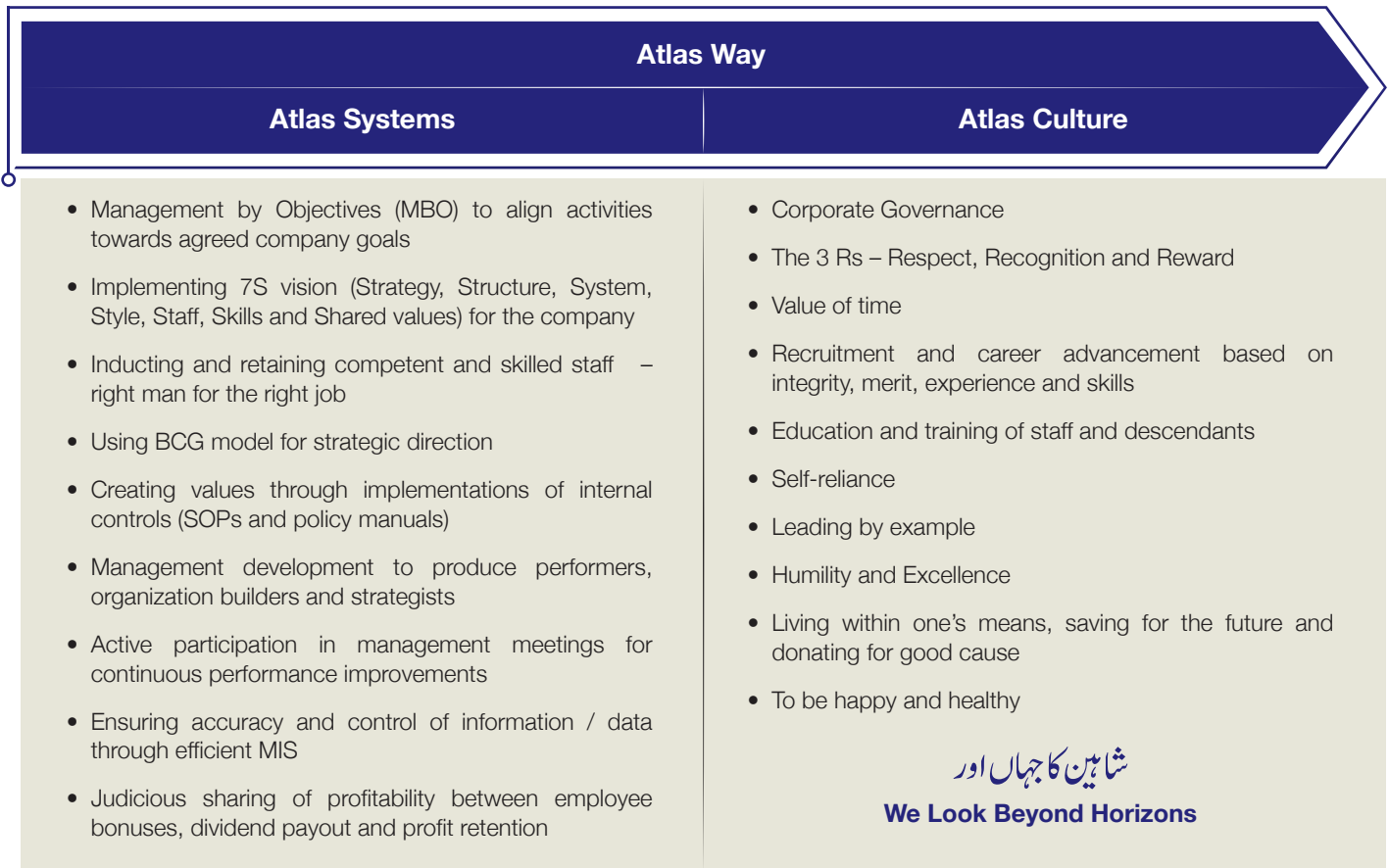
Sustainability Strategy Framework

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.



The Company ensures adherence to best practices for reporting sustainability issues through application of its framework and GRI Standards. The Company's sustainability framework defines the way it conducts business which is supported by policies, guidelines, values and management tools. It commits the Company to consider and take responsibility for the long term economic, social and environmental implications of the Company's decisions and to work in partnership with all stakeholders across its value chain to maximize positive impacts.

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.

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 Company’s range of stakeholders includes shareholders / investors, employees, customers, dealers, vendors, local community, Government & regulators, industry associations & representative bodies and media. Process and frequency of consultations with stakeholders, topics identified and the Company’s responses to the same are as follows:

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

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

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

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
Industry associations & representative bodies	Auto sector specific association and various business councils	Ongoing <ul style="list-style-type: none"> Representations in activities of local trade and industry associations, meetings, visits and training programs etc. Providing periodical operational data 	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	Ongoing <ul style="list-style-type: none"> Media releases, briefings, presentations, interviews and information on social media page 	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 share holders to attend and take part in Annual general meetings. Ever since the Company has been conducting general meetings 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 being held annually to brief investors regarding the performance of the Company and future outlook. This year, corporate briefing session was held on July 16, 2021. During the meeting the management briefed the following matters about the Company:

- Production facilities, regional offices and dealership network
- Macro-Economic environment and auto industry's performance
- Dynamics of the automobile industry
- Annual performance of the Company and quarterly analysis
- Future outlook and challenges

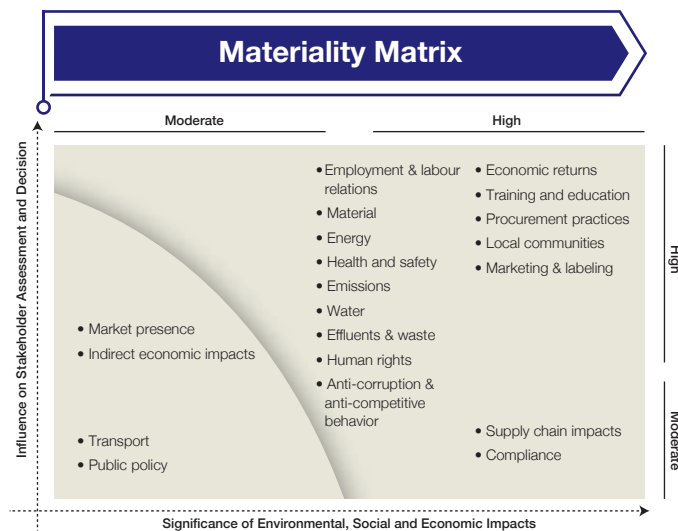
Thereafter a Question and Answer Session was held. For more details on corporate briefing session, please refer the presentation delivered during the meeting, placed on our website link:

<https://www.atlashonda.com.pk/wp-content/uploads/2021/07/CBS-Presentation.pdf>

Materiality Analysis

The Company uses GRI Standard GRI 101 Foundation 2016 reporting principles of sustainability context, materiality, completeness and stakeholder inclusiveness, for defining report contents. These principles have been consistently applied at varying degrees during identification, prioritization and validation steps, while defining material topics for this report.

The Company maintains an up to date understanding of its material topics through engagement and dialogue with key stakeholders, as well as by monitoring the Company's business context and the relevant trends. This approach helps the Company understand stakeholder perception and the Company's ability to evaluate its ability to create and sustain value. Based on the results of the stakeholder engagement, review of industry specific issues and internal analysis, following materiality matrix has been developed.



The matrix divides up the topics to show those which have high impacts and those which have moderate impacts of Atlas Honda's activities and which are highly relevant and those which are moderately relevant to its stakeholders. The prioritization of topics is based on materiality analysis for

non-financial risks as per GRI standards. The severity, likelihood and relevance to business objectives and stakeholder's interests were the guiding principles during this analysis. The risks associated with each material topic are analysed and actions are recommended for prevention or mitigation of negative impacts and maximization of positive impacts. The content and

scope of this report is also derived from this matrix. The boundaries for material topics have been identified on the basis of their impacts whether lying within the organization or outside the organization. The reporting principles for defining report content from GRI Standard GRI 101 Foundation 2016 have been used while identifying the boundaries for material topics.

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



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.

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 2021, 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:

- Compliance** Comply with requirements of environmental legislation and local regulations as a responsible corporate citizen.
- Energy and Resource Conservation** Establish and implement management programs to encourage energy conservation and reduce consumption of resources.
- Prevention and Reduction** Prevent, where possible, and reduce generation of emissions and waste throughout the production processes & ensure safe disposal.
- Knowledge and Education** Promote relevant environmental protection knowledge and activities through education and training.
- Kaizen - Continuous Improvement** 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.

There were no non-compliances reported during the year and no significant fines or non-financial sanctions were imposed on company for any environmental non-compliance. 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.

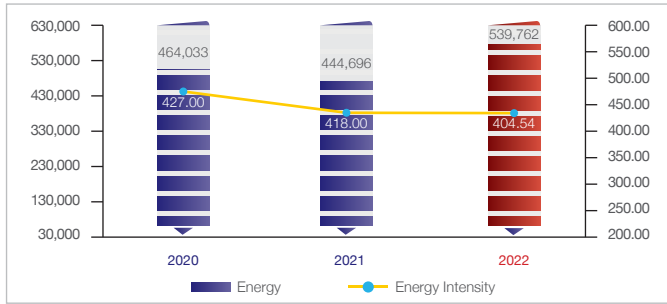
Life Cycle Stages	Major Initiatives in Each Domain Based on Impacts Identified
Development	<ul style="list-style-type: none"> • Environment friendly product design • Efficient use of raw material, energy and other resources • Focus on reduced waste and emissions • Integrate future requirements into development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

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 CO₂ 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, the Company 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 539,762 GJ. Compared to 2021, the total energy consumption during the year under review increased by 21% on account of increased production. However, energy intensity ratio has been brought down to 404.5 KJ/Motorcycle 3.2% decrease from last year, owing to new energy initiatives and process optimizations adopted as part of our green practices. The energy consumption includes energy directly consumed by the Company and the Company uses previous year as the base year.



The Company operates two manufacturing facilities. Energy consumption data is recorded in relevant conventional unit, for instance, MMSCF for natural gas and kW h 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 and diesel. 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 Company's energy consumption in manufacturing operations.

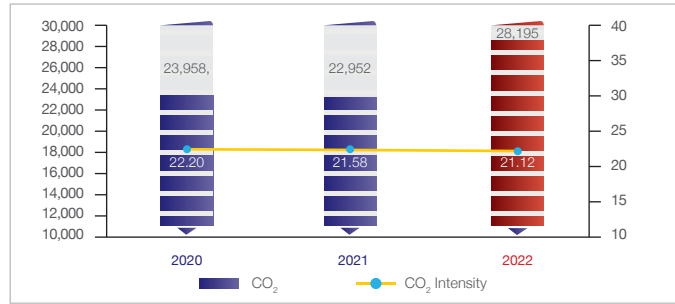
GHG Emissions

The Company's products are in compliance with requirements of Pakistan Standards for Quality Control Authority (PSQCA) in respect of CO₂ emissions, noise levels and smoke. Further, all products of the Company comply with EURO II standards of carbon emission. 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 direct CO₂ emissions are the result of combustion processes for the generation of heat electricity and steam. Emissions of CO₂ 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).

The Company has no biogenic emission of CO₂ at its operations. All the emissions are within the prescribed NEQS limits and regularly reported to the EPA under SMART reporting program. Furthermore, the Company 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 and these are considered to be insignificant. Moreover, the Company identified that scope-III emissions are insignificant in the overall context except the emissions resulting from products transportation and selling. The Company 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 during the year were 28,195 tons mainly comprising of CO₂. The Company uses previous year as base year. The emissions were higher as compared to last year on account of increase in number of units produced. However, emissions per bike have been brought down to 21.12 kg / motorcycle: 2% reduction from 2021. Furthermore, the information includes the emissions that are directly generated by the Company.



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 R410 gas and do not harm the ozone layer.

7 Environmental Commitment 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 increase use of renewables contribute to climate change mitigation and disaster risk reduction. To reduce the Company's energy consumption and emissions, primarily CO₂, investments have been made and energy efficiency measures have been implemented at the Company's offices and production facilities. During the year, energy conservation of 18,358 GJ and emission reduction of 2,361 tons was 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 3,581 to 3,955 KW during the year. This initiative will help to save 14,243 GJ of energy and reduce CO₂ emissions by 1,859 tons every year.



Installation of Variable Frequency Drives (VFDs) on Plant & Machinery

VFD is a type of motor controller that drives an electric motor by varying the frequency and voltage of its power supply. During the year, VFDs were installed at four press machines and two compressors having motor rating 160 KW and 200 KW. Installation of VFDs reduced the energy consumption of these machines by 38%, which resulted in reduction in energy consumption by 3,504 GJ per annum and reduction in CO₂ by 414 Tons per annum.

Old Setup



VFDs installed at Press Machine

Installed VFDs



VFDs installed at Press Machine

Electricity saving by sparing the Circulation Pump (ED Paint)

Previously two motor pumps each of 15KW capacity were running to operate heat exchangers, resulting in high electricity consumption. The heat exchanger is modified, and plates are replaced to improve its efficiency. After this modification only one motor is enough to operate heat exchanger and other pump is in standby condition. This has reduced energy consumption by 60 GJ per annum and has reduced CO₂ emissions by 7 tons per annum.

Before



Circulation pump mechanism

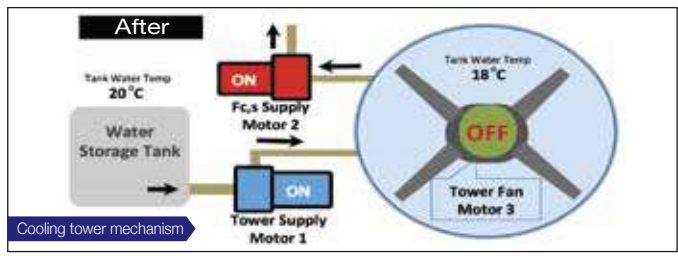
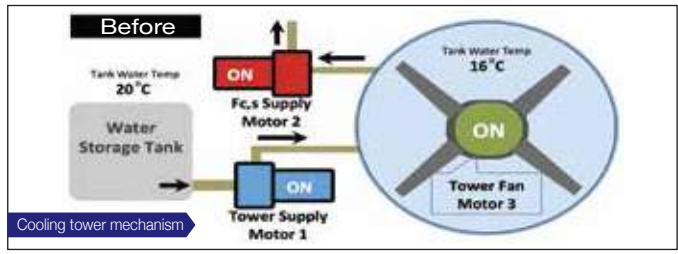
After



Circulation pump mechanism

Energy Conservation on Cooling Tower

Previously chilled water was used in furnaces in one of the manufacturing areas of Company, throughout the year. The Company during the year optimized electricity consumption by using weather effect of winter season to cool the water required in production area. This eliminated the need to operate cooling tower fan for 3 months during a year, which resulted in reduction in energy consumption by 84 GJ and reduction in reduced CO₂ emissions by 10 tons, per annum.



Installation of LDR on Shop Lights to Maximize utilization of Sky Light.

Company has started to use natural skylight along with LED lights at its newly constructed production areas. This has resulted in reduction in energy consumption by 168 GJ and reduction in CO₂ emissions by 20 tons during the year.



A view of passive daylighting mechanism



A view of passive daylighting mechanism

Electricity Saving through Process Optimization

Ultra-Filtration in paint shops is done by three UF pumps and to retain process parameters in required range, three pumps remain operational 24/7. However, during the current year research has been undertaken and these pumps are kept switched off every hour during non-operational time. This has resulted in reduction in energy consumption by 133 GJ and reduction in CO₂ emissions by 22.5 tons during the year.

Auto Shut Off Valve in Compressed Air Line to Save Energy During Idle Hours.

Auto shut off valves are installed at compressed air line to save energy during idle production hours. This has resulted in reduction in energy consumption by 165 GJ and reduction in CO₂ emissions by 28 tons during the year.

Installation of Chip & Sludge Removal

Previously, the coolants used in Company's machines were discarded as Sludge and contaminated oil render it infeasible for recycling. During the year the Company has installed Coolant purification system which has maximized recycling of coolants used in the Company's machines. This recycling has reduced the consumption of coolants by 4,900 liters per annum. This will further reduce the disposal of hazardous waste.

Before



A view of Coolant purification system

After



A view of Coolant purification system



Material, Effluents & Waste

To ensure sustainable consumption and production practices necessary 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 environmental policy. Following table shows the materials used:

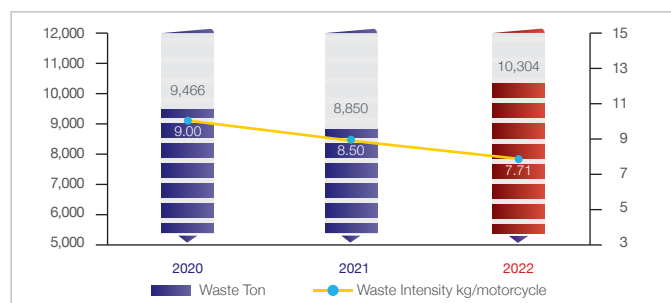
Renewable / Non-renewable	Material	Unit	2020	2021	2022
Non-renewable	Ferrous casting	Ton	72,082	72,468	92,001
Non-renewable	Non-Ferrous casting	Ton	8,425	8,365	10,130
Non-renewable	Oil paints	Ton	274	275	324
Non-renewable	Lubricants	KL	1,559	1,567	1,988
Both	Rubber	Ton	5,348	5,377	6,826
Non-renewable	Plastic	Ton	3,895	3,912	4,965

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. Company ensures that these contractors follow guidelines issued by regulatory authorities for safe disposal of the said waste.

During the year, 10,304 tons of waste was released with the reduced intensity of 9.3% per motorcycle. There were no significant spills during the year.

Hazardous / Non-Hazardous	Waste by disposal method	Unit	2020	2021	2022
Non-Hazardous	Recycling/Reuse (metal scrap, packing, plastic)	Ton	8,417	8,219	9,611
Non-Hazardous	Landfill (waste sludge)	Ton	265	254	319
Hazardous	Incineration - mass burn (sludge, oil contaminated waste)	Ton	130	127	124
Non-Hazardous	On-site storage (in-house scrap yard)	m3	250	250	250



6 CLEAN WORLD AND SUSTAINABILITY Recycling, Waste Control and Waste Reductions Measures and Initiatives

During the year the Company took following initiatives at its production facilities and to reduce its material consumption and waste generations accordingly:

Reduction in Packaging waste

Previously, the Company used bubble plastic sheets for packaging of crank case parts which were non-recyclable. The Company has now replaced bubble plastic sheets with Vinyl Sheets with can be reused for up to 20 times within 6 months. This has resulted in wastage reduction of approximately 1.3 tons per annum.

Furthermore, the Company reduced its paper and card box waste by 135 tons.

Before

After



Recycling of Aluminum Waste

During the year the Company recycled 492 tons of aluminum waste which is generated as part of its various production processes. This represents 5% of total non-ferrous casting material consumed by the Company during the current year.

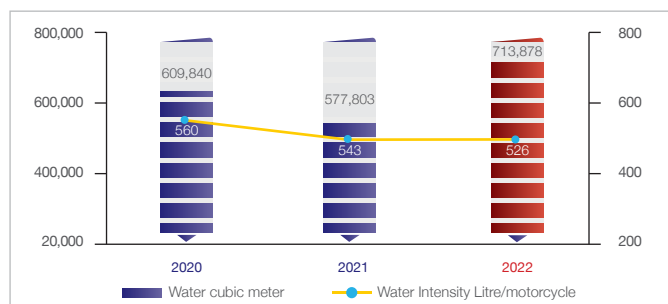


Water

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 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. Significant proportion of the water consumed is fresh water, drawn from earth which is not designated as a protected area and no protected species are affected by water extraction, whereas the size or volume of the water body cannot be estimated reliably.

Water consumption and discharge is recorded through flow meters installed at water tanks and treatment plant, respectively. During the year, 713,878 cubic meters of water was consumed with a reduced intensity of 3% per vehicle as compared to the last year. After proper treatment, water used in manufacturing process is released back to environment. Such treatment removes pollutants from the water and 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, 107,082 cubic meters (15%) of the water was recycled.



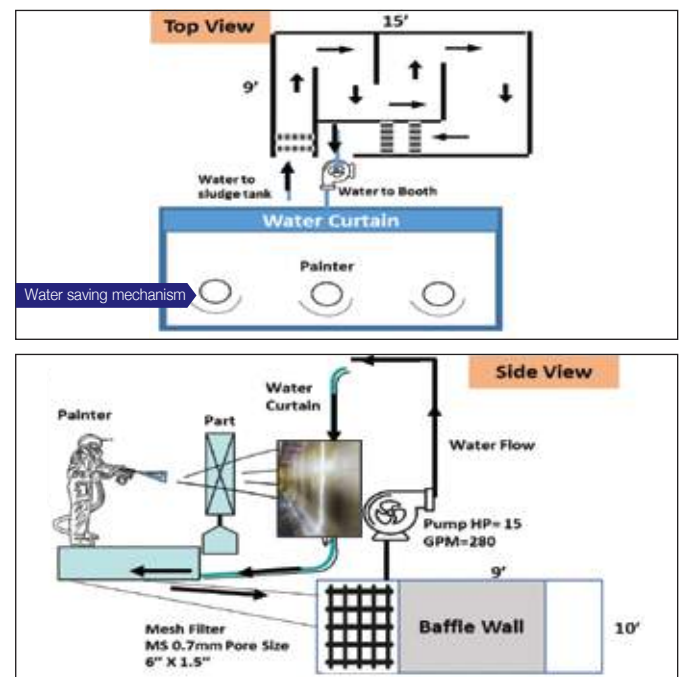
Waste Water Treatment Plant

Water is used throughout the Company's production processes which results in wastewater. To prevent the wastewater from being discharged as produced, 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 606,796 cubic meter of water was treated and safely drained into the sewerage.



Water Saving in Paint Shops

Water tank of paint shops of the Company, with capacity 44,000 liters was cleaned every week. The Company during the year modified its manufacturing process such that the water tank needs to be cleaned up after two weeks. This initiative reduced the consumption of water by 144 cubic meters, greasing material by 1.15 tons, spray booth additives by 6.3 ton, and diesel by 520 liters, annually.



Recycling of Water Treated through Waste Water Treatment Plant (WWTP)

Company during the current year started using recycled water which is treated through waste water treatment plant at three different locations of its manufacturing facilities. This resulted in reduction of water consumption by 11,155 cubic meters annually and reduced the annual drainage of water by the same volume.

13 CLIMATE ACTION 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 CO₂ and greenhouse gases on the protected areas.

With reference to the Environment statement, the Company considers biodiversity conservation initiatives as imperative part of its 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.



During the year the Company was awarded 1st prize for 163rd Annual Spring Flower Show 2022 by Horticultural Society of Pakistan.



13 CLIMATE ACTION 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, 2,897 trees were planted and 7,500 trees were planted in collaboration with the Government departments.



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 towards product quality.

Product Quality

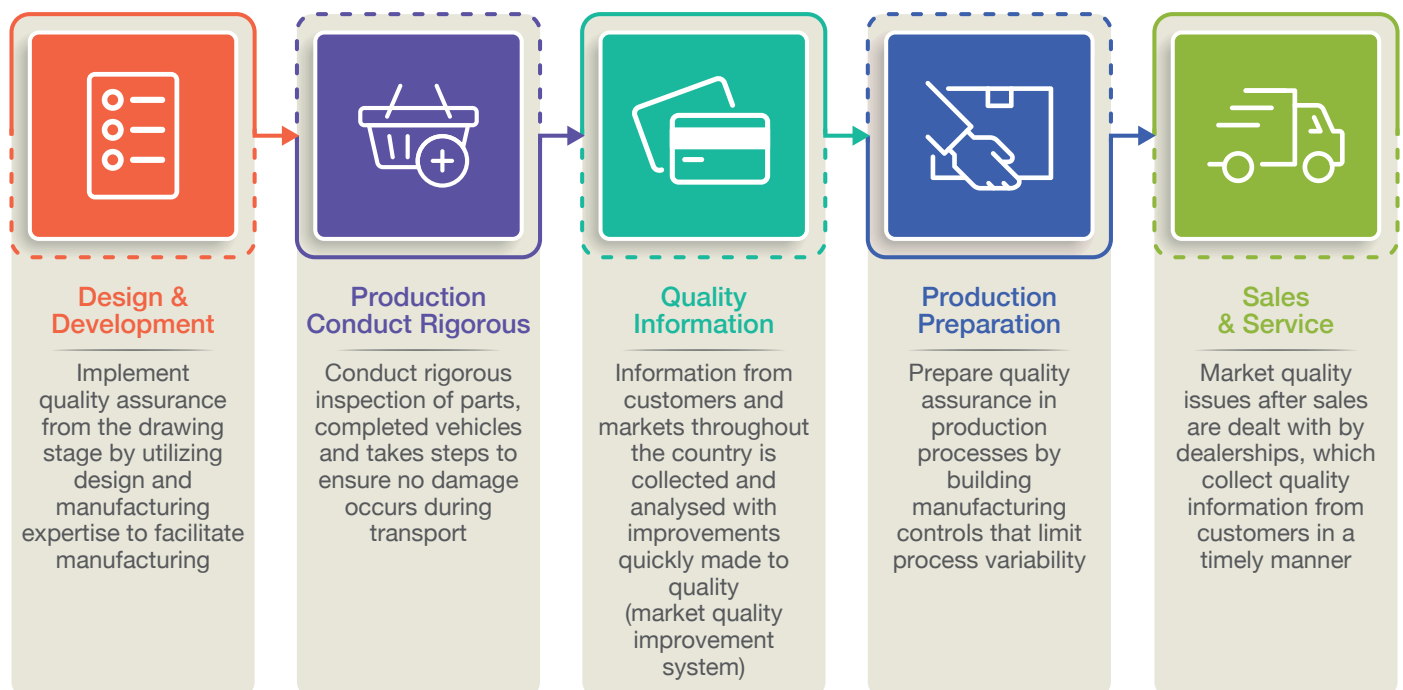
Atlas Honda aims to be a company trusted by its customers for its quality products. The Company focuses on quality at every stage,

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 Company's know-how for the next round of design and development.

Honda Quality Cycle



Quality Improvement Programs

Program	Objective
Vendor Improvement Program (VIP)	To establish Quality Management System (QMS) at vendor end to control process rejections and improve 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 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. The regional marketing managers are responsible to ensure compliance with Company's policies and procedures with respect to marketing and labelling of its products. 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. The Company attaches particular importance to fair interaction with competitors, suppliers, and customers and has developed a formal procedure for dealing with complaints, if any, at each location of operation, where interest groups may contact the resident managers of the relevant location at any time to lodge complaints. Bodies also exist within the Company that includes a member of Social Responsibility Committee to deal with specific issues. During the year, there was no complaint by interest groups or institutions at the relevant locations regarding issues of public or social concern.

Furthermore, there were 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 monopoly 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. For detailed policies and procedures with respect to confidentiality of the data, please refer to "Privacy and data protection" on page 82 of this report.

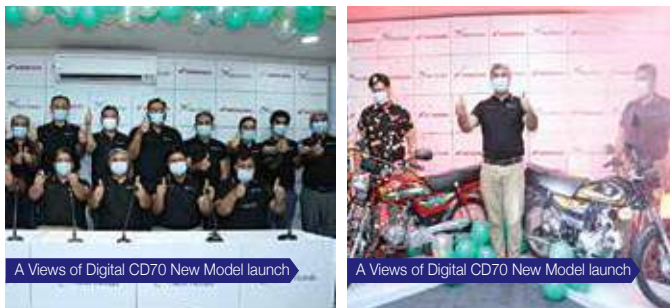
Customer Feedback

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 2021-22, the customer contact center satisfactorily responded to a total of 26,498 calls received from customers regarding complaints, comments, and information about the Company's products.

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, 360 training camps were held which were attended by 13,400 trainees including our 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, social gatherings were kept at a minimum, keeping in view the current pandemic outbreak and social distancing SOPs issued by the Government. 2 digital conventions were organized in which 1,600 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 2021-22, more than 152,000 customers were served during 6 service campaigns and 55 oil change camps. Mega free checkup camps were arranged on March 23, 2022, to serve customers through camps at over 827 dealerships covering over 300 cities.

Views of Free checkup campaigns



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 504 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. In addition to this, the Company collaborated with National Highways & Motorway Police, to conduct safety riding trainings in 4 major cities of Punjab. 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 Post Offices, Pakistan Air Force, Pakistan State Oil, Honda Cars, Rescue 1122 (3,363 Participants);
- Safety riding training & lectures to end customers at our dealerships nationwide (21,563 Participants);
- Safety lectures to students from various educational institutions (12,408 Participants); and
- Safety riding training to females from rapid response force and general public (873 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 112,627 pamphlets nationwide. Moreover, 750 helmets and 1,117 sets of back view mirrors were distributed. 7,626 lights were checked and replaced.





A Views of Safety Riding Awareness Campaign



A Views of Left Lane Campaigns



A Views of Left Lane 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, streamers & pylons and raising awareness through social media platforms also. During the year, social gatherings were kept at a minimum, keeping in view the current pandemic outbreak and social distancing SOPs issued by the Government. 1,293 streamers were installed during left lane campaign for motorcycles covering 6 major cities including Lahore, Faisalabad, Rawalpindi, Islamabad, Multan & Karachi.



Corporate Citizenship

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 pages, focal groups and meetings. The Company has integrated this perspective in its development plans and overall strategy to garner the trust of and remain close to local residents. The Company regularly engages with local communities and modify its policy accordingly.

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, 202 students from reputable universities including NED University, NUST, Quaid-e-Azam University, IoBM, SZABIST, Iqra University and LUMS, completed their internships.



Students from different universities

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.



View of Vocational training session



View of Vocational training session



View of Vocational training session



View of Vocational training session

Industrial Visits

The Company facilitates students and officials from various institutes and organizations to visit its Karachi and Sheikhpura plants. This year officials from Punjab Labour and Human Resource Department, State 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 at SKP plant



A view of industrial visit at SKP plant

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 2021-22, the Company made a contribution of Rs. 51.5 million.

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



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.

Apni Sawari Khud Mukhtari

This year Company has started providing training to females under the program "Apni Sawari Khud Mukhtari" which provides trainings to working women for riding bikes. Bike being an

affordable mode of transportation will give women more control over transportation and a sense of independence. Bike riding trainings have been provided to a total of 860 women under this program.



A view of training to female riders



A view of training to female riders



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 232 special persons have been employed at dealerships. Furthermore, the Company also organizes visits of such persons at its plants.



Visit of differently-abled persons at SKP plant



Visit of differently-abled persons at SKP plant



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, 135 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.



Visit of female staff at SKP plant



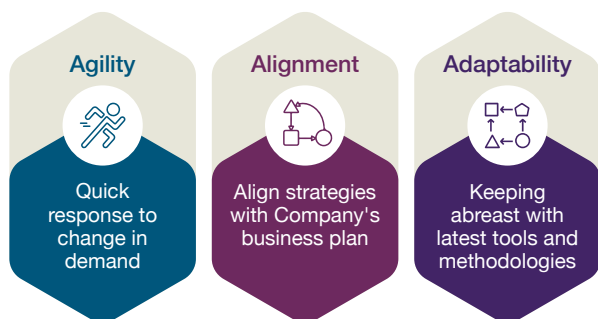
Female staff at dealership

Vendor Management

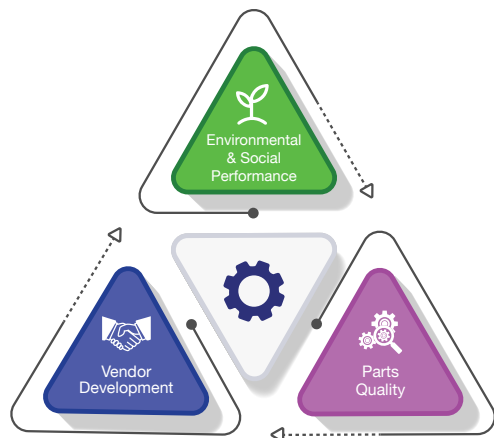
Management Approach

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. environmental & social performance, parts quality & vendor development.



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 0.1 % rejection threshold 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 36 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 CO₂ emission reduction are given technical assistance. 36 vendors from both plants participated, contributing for 80% of total purchases, and the goal of reducing CO₂ emissions by 1% was met.



certificate distribution at ceremony of emission reduction caravan

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"). 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

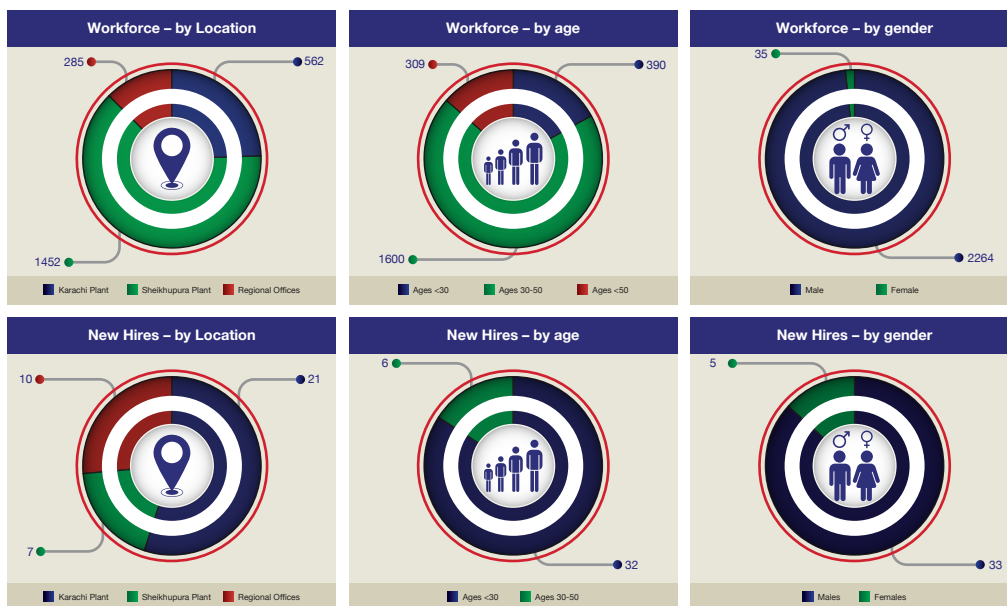
To sustain its market leadership, the Company aims to attract,

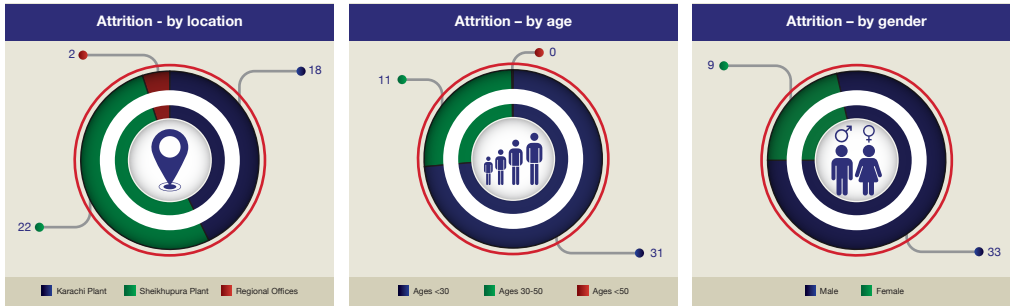
recruit and retain the best talent. The Company's ability to offer unique opportunities, such as a diverse and supportive work environment, helps differentiate Atlas Honda from other employers and attracts high-performing professionals who are competent and highly skilled. Recruitment and retention of appropriate workforce becomes more crucial as the Company has been undergoing a phase wise capacity expansion plan. A uniform policy for hiring, job placement and human resource development is followed. 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 as follows. No major variations have been reported. 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 1.65% while the turnover rate was 1.91%.





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, 13% 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, 05 female executives were hired. Female and male staff are entitled to three-months and five days parental leaves respectively. During the year under review, 3 female associates availed maternal leaves while 222 male staff availed parental leaves.

The Company also supports creation of job opportunities for persons with disabilities through provision of additional facilities and appropriate training. Currently, 22 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. 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 employees are presented in the following table:

Internal Training Programs	25
No. of Persons trained in internal trainings	1,421 (Female: 8)
External Training Programs	46
Foreign Training Programs	None
No. of Persons trained in external trainings	233 (Female: 18)
Trainings days	1,629 (Female: 26)
Training hours	13,032 (Female: 208)
Average training hours per year per employee	5.85
Average training days per employee	1.1 (Female: 0.15)





A view of self-management training program

Performance Appraisal and Reward System

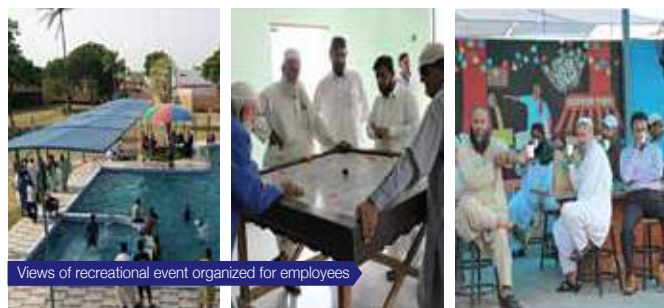
The Company adheres to all laws and regulations with regard to employee benefits, including minimum wages and separation benefits. Basic salaries and packages are set on the basis of education and experience of the employees and are not based upon gender discrimination. The ratio of basic salary and remuneration of women to men is one to one at the Company. 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 Company only provides full time employment and does not offer part time jobs.

All employees undergo performance appraisals twice a year. 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.



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.



Views of recreational event organized 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. 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.

An appropriate notification period is allowed before implementation of any change that can have an impact on employees. 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 8% 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. During the year the ratio of standard entry level wages to local minimum wages across all the major significant operations of the Company was 1:1. 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.

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 ISO-14001:2015 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

- 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 emergency and road safety.

- During the year 1-month Medical Examination activity performed to ensure good health of associates and prevent them from disease in which 1,587 associates were tested through 6-step verifications which are blood test, eye test, urine test, physical, chest and heart ECG.



- During the year, 24 training sessions on firefighting training and emergency evacuation were conducted in which 1,524 associates participated.



- External training sessions were conducted by HSE department through Standard Global Services (SGS) to create awareness. During the year, 24 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 98 associates participated.
- Trainings for the use of protective equipment, forklift safety and confined space safety were conducted and 1,440 associates participated in these training sessions.



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 2022 (April 1, 2021 to March 31, 2022). 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).



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Independent Assurance Statement for the Atlas Honda Limited Sustainability Report 2022

Corporate Social Responsibility Centre Pakistan (CSRCP) performed an independent review of the Atlas Honda Limited (AHL) Sustainability Report 2022, which was prepared 'in accordance with Global Reporting Initiative's (GRI) Standards' Core option. The objective of the critical independent review is to provide AHL's Management with an independent opinion about the quality of the report and adherence to the principles of Inclusivity, Materiality, Responsiveness, and Impact.

Responsibility of AHL and CSRCP

The Management of AHL is responsible for preparing the Sustainability Report and the information and statements contained within it. The Management is responsible for determining the sustainability goals, targets, and performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to express independently a conclusion on the Sustainability Report as defined within the Scope of Assurance to The Management of AHL only in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance which any such third party may place on the report is entirely at its own risk.

Scope of Assurance

CSRCP was asked to express an opinion in relation to the review scope which includes the following aspects:

- Review of the policies, initiatives, practices, and performance described in the non-financial - qualitative and quantitative information (sustainability performance) reported and referenced in the report.
- Evaluation of the information disclosed in the report to check adherence to the GRI's Universal and Topic Specific Standards.
- Adherence to International Standard on Assurance Engagement (ISAE) 3000-Revised (Assurance Engagements other than audits or reviews of historical financial information) to provide limited assurance on performance data within the Sustainability Report.
- Adherence to the principles of Inclusivity, Materiality, Responsiveness, and Impact.

Assurance methodology

Our activities included a desk review of the final draft report. We communicated with AHL 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:

- A critical review of the Sustainability Report 2022 and respective GRI Content Index to check consistency and adherence to GRI's Universal and Topic-Specific Standards
- Evaluation of the report's adherence to the 'in accordance with GRI Standards' Core option
- Analysis of the report content against principles of Inclusivity, Materiality, Responsiveness, and Impact
- Elaboration of an adjustment report
- Final review of the report content

The work was planned and carried out to provide limited, rather than absolute assurance and we believe that the desk review of the AHL Sustainability Report completed by CSRCP provides an appropriate basis for our conclusions.

Opinion

GRI Standards: In accordance with the Core option

AHL declares the report to be in accordance with GRI Standards: Core option. CSRCP evaluated the quality of the application of GRI Universal and Topic Specific Standards. Based on the evaluation, CSRCP made a series of recommendations to complete the content or adjust the disclosure level in the GRI Content Index, which has been accepted by AHL. Based on the rectifications, we can confirm that the report is attending the above-mentioned 'in accordance' option, giving a complete overview of AHL's sustainability governance and management systems in place to report on a relevant set of disclosures related to the identified material topics.

Main Conclusions on Adherence to Principles of Inclusivity, Materiality, Responsiveness, and Impact

CSRCP reviewed the report to analyze adherence to the Principles of Inclusivity, Materiality, Responsiveness, and Impact. For this report, the main considerations of this analysis were the following:

- As a GRI in accordance report, the report is considering all four principles in the report content and elaboration.
- The report provides insights on how the company identifies and engages with different stakeholders, including AHL's focus on engagement, stakeholder concerns, and AHL response. The material issues emerging from the stakeholders' engagement were fairly reflected in the report.
- The material topics are addressed in different sections of the report, supported by information on governance structure, management systems, and data sets which provide a clear, accurate, and balanced view of AHL's impact in material areas.
- AHL's performance on Material, Energy, Emissions, and Water show increased environmental impact although the intensity has decreased.

- The report demonstrates AHL's approach and commitment to addressing sustainability challenges and promoting sustainable practices in its operations and supply chain through its work with vendors and dealers.
- While, in general, the principles are addressed satisfactorily, we can appoint areas of improvement for the next reporting cycle:
 - AHL describes how it engages with the different stakeholders and how information gathered by engagements apprised the materiality process, but no specific engagement has been implemented for the sustainability report. We recommend implementing a report-specific stakeholder engagement considering the significant changes in the global and local sustainability context, which can significantly influence the list of material topics.
 - AHL's GHG emissions increased during the year. We recommend aligning the emission reduction target with science-based targets initiative for a meaningful reduction of impacts and contribution to the global challenge.
 - Clearly defined targets along with the presentation of performance against targets for all material sustainability issues will manifest AHL's impact over the years and achievements in responding to major sustainability challenges.
 - AHL material topics of energy, emissions, human rights, health and safety, employment and labor practices, and supply chain impacts having outreach in the supply chain are monitored by AHL Vendor Management practices. However, the company must disclose more details with supporting data on the social and environmental impact of major supply chain partners over the years as well as the cumulative impact of the supply chain. Moreover, the results of the vendor improvement program for relevant material topics over the years must be disclosed to demonstrate the outcome of the program.



Muhammad Arfan Nazir,
Director,
Corporate Social Responsibility Centre Pakistan.

Statement of conclusion

Based on the scope of our work and the assurance procedures we performed using the International Standard on Assurance Engagement (ISAE) 3000-Revised (Assurance Engagements other than audits or reviews of historical financial information), we conclude that nothing has come to our attention that causes us to believe that the information in AHL's Sustainability Report 2022 is in all material aspects not fairly stated.

We confirm that the report is aligned with the requirements of the GRI Standards and adequately presents the material topics. The compliance with GRI Standards has been disclosed in more detail in the GRI Content Index which provides an overview of which disclosures have been fully complied with and which have been partially complied with within the report. In our opinion, AHL has appropriate systems for the collection, aggregation, and analysis of the data presented in the report.

Limitations and exclusions

Excluded from the scope of our work is any verification of information relating to:

- Physical verification of data and content of AHL's Sustainability Report;
- Positional statements (expression of opinion, belief, aim, or future intention of AHL) and statements of future commitment.

Statement of independence, impartiality, and competence

CSRCP operates a strict conflict of interest checks and has confirmed our independence to work on this engagement with AHL. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the report. CSRCP is a consulting firm specializing in sustainability. The review team has the required combination of education, experience, training, and skills for this engagement.

Islamabad, June 03, 2022




































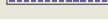

Muhammad Imran,
Muhammad Imran & Co.,
Cost & Management Accountants Pakistan.
ICMAP Membership # 1382

GRI Content Index

The following table lists all disclosures in accordance with the GRI Standards included in the report and helps the reader in locating content within the document. Each disclosure is followed by reference to the appropriate pages in this report or other publicly available sources.

Key

-  Fully disclosed
-  Partially disclosed

GRI Standard	Disclosure Number	Disclosure Title	Page	Omission & Reason
GRI 101: FOUNDATION 2016	GRI 101 does not contain any disclosure requirements			
GENERAL DISCLOSURES	ORGANIZATIONAL PROFILE			
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	102-14	Statement from senior decision-maker	75	
	ETHICS AND INTEGRITY			
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	103-2	The management approach and its components	78-83	
	103-3	Evaluation of the management approach	78-83	
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed	68	
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MARKET PRESENCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	104	
	103-3	Evaluation of the management approach	104	
GRI 202: MARKET PRESENCE 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	106	
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	103-2	The management approach and its components	99	
	103-3	Evaluation of the management approach	99	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Infrastructure investments and services supported	99-100	
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EMISSIONS				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	88-89	
GRI 305: EMISSIONS 2016	103-3	Evaluation of the management approach	88-89	
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	305-2	Energy indirect (Scope 2) GHG emissions	90	
	305-3	Other indirect (Scope 3) GHG emissions	90	
	305-4	GHG emissions intensity	90	
	305-5	Reduction of GHG emissions	90	
	305-6	Emissions of ozone-depleting substances (ODS)	90	
EFFLUENTS AND WASTE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	88-89	
	103-3	Evaluation of the management approach	88-89	
GRI 306: EFFLUENTS AND WASTE 2016	306-1	Waste generation and significant waste-related impacts	92	
	306-2	Management of significant waste-related impacts	92	
	306-3	Waste generated	92	
	306-4	Waste diverted from disposal	92	
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ENVIRONMENTAL COMPLIANCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	88-89	
	103-3	Evaluation of the management approach	88-89	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	88	
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	88-89	
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GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	102	
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EMPLOYMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	104	
	103-3	Evaluation of the management approach	104	
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	104-105	
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LABOUR/MANAGEMENT RELATIONS				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	104	
	103-3	Evaluation of the management approach	104	
GRI 402: LABOUR/MANAGEMENT RELATIONS 2016	402-1	Minimum notice periods regarding operational changes	106	
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GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	87	
	103-2	The management approach and its components	106-107	
	103-3	Evaluation of the management approach	106-107	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system	106-107	
	403-2	Hazard identification, risk assessment, and incident investigation	106-107	
	403-3	Occupational health services	106-107	

GRI Standard	Disclosure Number	Disclosure Title	Page	Omission & Reason
	403-4	Worker participation, consultation, and communication on occupational health and safety	107	
	403-5	Worker training on occupational health and safety	107	
	403-6	Promotion of worker health	107	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	107	
	403-8	Workers covered by an occupational health and safety management system	107	
	403-9	Work-related injuries	107	
	403-10	Work-related ill health	107	
TRAINING AND EDUCATION				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	104	
	103-3	Evaluation of the management approach	104	
GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	105	
	404-2	Programs for upgrading employee skills and transition assistance programs	105	
	404-3	Percentage of employees receiving regular performance and career development reviews	106	
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	105	
	103-3	Evaluation of the management approach	105	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	78	
	405-2	Ratio of basic salary and remuneration of women to men	105	
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GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	105	
	103-3	Evaluation of the management approach	105	
GRI 406: NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	105	
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GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	101, 104 & 106	
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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	101, 106	
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GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	104-106	
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GRI 408: CHILD LABOUR 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	106	
FORCED OR COMPULSORY LABOR				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	87	
	103-2	The management approach and its components	103	
	103-3	Evaluation of the management approach	103	
GRI 409: FORCED OR COMPULSORY LABOR	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	103-106	
HUMAN RIGHTS ASSESSMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	87	
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	103-3	Evaluation of the management approach	104-106	
GRI 412: HUMAN RIGHTS ASSESSMENT 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	106	
	412-2	Employee training on human rights policies or procedures	106	
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GRI Standard	Disclosure Number	Disclosure Title	Page	Omission & Reason
LOCAL COMMUNITIES				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	99	
	103-3	Evaluation of the management approach	99-100	
GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community engagement, impact assessments, and development programs	99-100	
	413-2	Operations with significant actual and potential negative impacts on local communities	99	
SUPPLIER SOCIAL ASSESSMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	101	
	103-3	Evaluation of the management approach	101	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria	103	
	414-2	Negative social impacts in the supply chain and actions taken	101, 103	
CUSTOMER HEALTH AND SAFETY				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	95	
	103-3	Evaluation of the management approach	95	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	95	
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MARKETING AND LABELING				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	96	
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GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	96	
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CUSTOMER PRIVACY				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	82, 96	
GRI 418: CUSTOMER PRIVACY 2016	103-3	Evaluation of the management approach	96	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	96	
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GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	87	
	103-2	The management approach and its components	82-83	
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GRI 419: SOCIOECONOMIC COMPLIANCE 2016	419-1	Non-compliance with laws and regulations in the social and economic area	82, 86 & 106	

Financial Statement

- 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 Financial Position
- 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, 2022

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:

- Total Number of Directors is eight (8) as per following:

a.	Male	Seven
b.	Female	One

- The composition of Board of Directors is as follows:

Category	Number	Names
Independent Director (excluding Female Director)	1	Mr. Abid Naqvi
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. Susumu Morisawa Mr. Sanaullah Qureshi

- The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including Atlas Honda Limited.
- The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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.
- 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.
- 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 Board.
- The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- Out of the eight, five Directors have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019. While the remaining three Directors will undertake the Directors' Training Program within the stipulated time.
- 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**

Mr. Abid Naqvi	Chairman
Mr. Sanaullah Qureshi	Member
Ms. Mashmooma Zehra Majeed	Member

b) **HR and Remuneration Committee**

Mr. Abid Naqvi	Chairman
Mr. Sanaullah Qureshi	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 29, 2022



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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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, 2022, 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, 2022.

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI;

DATED: APRIL 29, 2022

UDIN: CR2022101042M7V9enBD

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GLOBAL ALLIANCE OF
INDEPENDENT FIRMS



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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, 2022, 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, 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 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, 2022 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 Auditors' 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 Matters

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 are the Key Audit Matters:

S.No. Key Audit Matters

1. Revenue recognition

Refer notes 4.25 and note 26 to the financial statements. The Company is engaged in the manufacturing and selling of motorcycles and related spare parts. The Company recognised revenue from the sale aggregating to Rs 131,930,193 thousand for the year ended March 31, 2022, as compared to 93,156,958 thousand for the year ended March 31, 2021. We identified recognition of revenue as a key audit matter as there is an increase of 42% in revenue and 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

Our audit procedures in respect of this area included:

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.

2. Inventories

Refer notes 4.9, 4.10, 9, and 10 to the financial statements, the Company has inventories i.e. stores, spares and loose tools & stock-in-trade aggregating Rs.7,540,323 thousand as compared to preceding year Rs.4,673,647 thousand. We identified this area as a key audit matter because inventories increased by 61% as compared to the previous year & constitute 15.90% of the total assets of the Company as at March 31, 2022, and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow-moving inventories involves management judgment and estimation.

Our audit procedures in respect of this area included:

Assessed whether the Company's accounting policy for inventories valuations is in line with the applicable financial reporting standards;

Attended the inventory count at the year-end and on a sample basis, reconciled the physical inventory with the valuation sheets provided to ensure the completeness of the data;

Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;

Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards;

Assessed the provision for slow moving as at year-end is in accordance with the Company policy and relevant accounting standard; 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 Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2022, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 auditors' report is Osman Hameed Chaudhri.



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI;

DATED: APRIL 29, 2022

UDIN: AR202210104KcRD3s1Yq

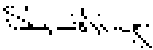
Statement of Financial Position

As at March 31, 2022

ASSETS	Note	2022 ---- Rupees in '000 ----	2021
Non current assets			
Property, plant and equipment	5	10,251,485	9,788,162
Intangible assets	6	56,255	101,813
Long term investments	7	343,534	329,669
Long term loans and advances	8	64,159	48,253
Long term deposits		14,077	12,071
		<u>10,729,510</u>	<u>10,279,968</u>
Current assets			
Stores, spares and loose tools	9	998,612	647,035
Stock-in-trade	10	6,541,711	4,026,612
Trade debts	11	1,126,808	1,501,925
Loans and advances	12	59,889	47,429
Trade deposits and prepayments	13	1,491,756	1,388,594
Accrued mark-up / interest		19,540	14,657
Other receivables		2,583	1,754
Taxation - net		208,547	770,419
Short term investments	14	8,819,083	10,063,915
Bank balances	15	17,424,657	14,288,180
		<u>36,693,186</u>	<u>32,750,520</u>
		<u>47,422,696</u>	<u>43,030,488</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	1,240,879	1,240,879
Reserves	17	19,786,759	17,389,648
		<u>21,027,638</u>	<u>18,630,527</u>
Liabilities			
Non current liabilities			
Lease liabilities	18	151,561	168,616
Long term borrowings	19	-	187,382
Deferred income - government grant	20	-	3,525
Staff retirement benefits	21	484,855	393,569
Deferred taxation	22	533,022	528,062
		<u>1,169,438</u>	<u>1,281,154</u>
Current liabilities			
Trade and other payables	23	24,886,205	22,723,173
Unclaimed dividend		127,191	108,352
Accrued mark-up		1,278	1,079
Current portion of lease liabilities	18	23,446	39,610
Current portion of long term borrowings	19	183,975	226,135
Current portion of deferred income - government grant	20	3,525	20,458
		<u>25,225,620</u>	<u>23,118,807</u>
		<u>26,395,058</u>	<u>24,399,961</u>
Contingencies and commitments	25	<u>47,422,696</u>	<u>43,030,488</u>

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 Profit or Loss and Other Comprehensive Income

For the Year Ended March 31, 2022

	Note	2022 --- Rupees in '000 ---	2021
Sales	26	131,930,193	93,156,958
Cost of sales	27	(122,064,276)	(86,277,404)
Gross profit		9,865,917	6,879,554
Sales and marketing expenses	28	(2,655,408)	(1,936,861)
Administrative expenses	29	(784,412)	(681,124)
Other income	30	2,065,562	1,392,482
Other operating expenses	31	(629,260)	(448,068)
Share of net profit of an Associate		16,905	9,329
Operating profit		7,879,304	5,215,312
Finance costs	32	(59,655)	(62,913)
Profit before taxation		7,819,649	5,152,399
Income tax expense	33	(2,234,484)	(1,557,601)
Profit for the year		5,585,165	3,594,798
Other comprehensive (loss) / income:			
Items that will not be reclassified to profit or loss			
Re-measurements of staff retirement benefit obligation		(33,315)	8,995
Income tax relating to the re-measurements		9,504	(2,575)
Other comprehensive (loss) / income for the year - net of tax		(23,811)	6,420
Total comprehensive income for the year		5,561,354	3,601,218
		----- Rupees -----	
Earnings per share - basic and diluted	34	45.01	28.97

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, 2022

	Capital reserves			Revenue reserves		Total
	Share capital	Share premium	Gain on sale of land	General reserve	Unappropriated profit	
----- Rupees in '000 -----						
Balance as at April 1, 2020	1,240,879	39,953	165	9,492,000	5,807,411	16,580,408
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2020 at the rate of Rs.8.5 per share	-	-	-	-	(1,054,747)	(1,054,747)
Interim dividend for the half year ended September 30, 2020 at the rate of Rs.4 per share	-	-	-	-	(496,352)	(496,352)
Total comprehensive income for the year ended March 31, 2021						
Profit for the year	-	-	-	-	3,594,798	3,594,798
Other comprehensive income	-	-	-	-	6,420	6,420
	-	-	-	-	3,601,218	3,601,218
Balance as at March 31, 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

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 Cash Flows

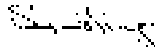
For the Year Ended March 31, 2022

	Note	2022 --- Rupees in '000 ---	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	7,831,415	15,486,115
Mark-up / interest paid		(3,683)	(3,444)
Income taxes paid		(1,658,148)	(919,066)
Contribution made to gratuity funds		(39,635)	(38,505)
Compensated absences paid		(46,090)	(19,775)
Mark-up / interest received		465,107	268,011
Workers' profit participation fund paid		(275,710)	(238,371)
Workers' welfare fund paid		(83,780)	(79,960)
Long term loans and advances - net		(15,906)	(11,582)
Long term deposits - net		(2,006)	954
Net cash generated from operating activities		6,171,564	14,444,377
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,811,102)	(1,079,871)
Proceeds from sale of property, plant and equipment		88,405	52,143
Payments for intangible assets		(6,157)	(15,038)
Payments for investments		(6,539,662)	(6,752,787)
Proceeds from sale of investments		7,865,992	2,059,343
Dividend received		817,688	434,584
Net cash generated from / (used in) investing activities		415,164	(5,301,626)
CASH USED IN FINANCING ACTIVITIES			
Lease rentals paid		(54,847)	(56,955)
Long term borrowings - obtained		-	500,000
Long term borrowings - repaid		(250,000)	(62,500)
Dividend paid		(3,145,404)	(1,543,732)
Net cash used in financing activities		(3,450,251)	(1,163,187)
Net increase in cash and cash equivalents		3,136,477	7,979,564
Cash and cash equivalents at beginning of the year		14,288,180	6,308,616
Cash and cash equivalents at end of the year	15	17,424,657	14,288,180

The annexed notes 1 to 46 form an integral part of these financial statements.



Amir H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

Notes to the Financial Statements For the Year Ended March 31, 2022

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, 2022.

The geographical location and addresses of the Company's business units including plants are as follows:

Business unit	Geographical location and address
Registered office	1 - Mcleod Road, Lahore
Manufacturing plant	
Karachi	F-36, Estate Avenue, S.I.T.E., Karachi
Sheikhupura	26-27 Km, Lahore-Sheikhupura Road, Sheikhupura
Branch offices	
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 23.6];
- (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 INTERPRETATIONS

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

New and amended standards and interpretations mandatory for the first time for the financial year beginning April 1, 2021:

- | | |
|--|---|
| (a) IFRS 16 Leases – Rent concessions | Effective date:
June 1, 2020
April 1, 2021 |
|--|---|

Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The Board has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on April 1, 2021 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, 2021 and have not been early adopted by the Company:

- | | |
|-------------------------------------|--|
| (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.

(c) IAS 1 Classification of liabilities as current or non current**Effective date:
January 1, 2023**

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.

(d) 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.

(e) 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.

(f) 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.

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.

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

4.11 Trade debts and other receivables

Trade 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 23.6 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	2022 --- Rupees in '000 ---	2021
Operating fixed assets	5.1	9,821,446	9,556,536
Capital work-in-progress	5.5	291,029	46,606
Right of use assets	5.6	139,010	185,020
		<u>10,251,485</u>	<u>9,788,162</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, 2020													
Cost	782,434	34,132	1,766,717	375,387	10,552,676	1,981,805	583,565	74,537	256,636	124,044	606,151	569,254	17,707,338
Accumulated depreciation	-	(13,092)	(683,351)	(174,907)	(4,624,606)	(1,342,550)	(256,677)	(50,132)	(206,600)	(96,794)	(299,895)	(209,831)	(7,958,435)
Net book amount	<u>782,434</u>	<u>21,040</u>	<u>1,083,366</u>	<u>200,480</u>	<u>5,928,070</u>	<u>639,255</u>	<u>326,888</u>	<u>24,405</u>	<u>50,036</u>	<u>27,250</u>	<u>306,256</u>	<u>359,423</u>	<u>9,748,903</u>
Year ended March 31, 2021													
Opening net book amount	782,434	21,040	1,083,366	200,480	5,928,070	639,255	326,888	24,405	50,036	27,250	306,256	359,423	9,748,903
Additions	338,320	-	14,548	40,938	271,103	173,081	13,956	3,610	58,734	2,397	28,557	149,583	1,094,827
Disposals													
Cost	-	-	-	-	(51,231)	(154,045)	(4,186)	(1,310)	(7,492)	(675)	(7,700)	(68,003)	(294,642)
Accumulated depreciation	-	-	-	-	43,412	121,097	3,747	542	7,036	675	4,452	28,991	209,952
	-	-	-	-	(7,819)	(32,948)	(439)	(768)	(456)	-	(3,248)	(39,012)	(84,690)
Written-off													
Cost	-	-	-	-	-	(69,108)	-	-	-	-	-	-	(69,108)
Accumulated depreciation	-	-	-	-	-	38,873	-	-	-	-	-	-	38,873
	-	-	-	-	-	(30,235)	-	-	-	-	-	-	(30,235)
Depreciation charge	-	(513)	(108,929)	(20,418)	(596,842)	(247,297)	(33,279)	(9,165)	(26,942)	(12,501)	(31,381)	(85,002)	(1,172,269)
Closing net book amount	<u>1,120,754</u>	<u>20,527</u>	<u>988,985</u>	<u>221,000</u>	<u>5,594,512</u>	<u>501,856</u>	<u>307,126</u>	<u>18,082</u>	<u>81,372</u>	<u>17,146</u>	<u>300,184</u>	<u>384,992</u>	<u>9,556,536</u>
At March 31, 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	<u>1,120,754</u>	<u>20,527</u>	<u>988,985</u>	<u>221,000</u>	<u>5,594,512</u>	<u>501,856</u>	<u>307,126</u>	<u>18,082</u>	<u>81,372</u>	<u>17,146</u>	<u>300,184</u>	<u>384,992</u>	<u>9,556,536</u>
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 (note 5.4)													
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 (note 5.3)	-	(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	<u>1,408,917</u>	<u>20,014</u>	<u>1,066,067</u>	<u>228,791</u>	<u>5,404,361</u>	<u>429,229</u>	<u>357,493</u>	<u>14,577</u>	<u>85,140</u>	<u>9,466</u>	<u>361,059</u>	<u>436,332</u>	<u>9,821,446</u>
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	<u>1,408,917</u>	<u>20,014</u>	<u>1,066,067</u>	<u>228,791</u>	<u>5,404,361</u>	<u>429,229</u>	<u>357,493</u>	<u>14,577</u>	<u>85,140</u>	<u>9,466</u>	<u>361,059</u>	<u>436,332</u>	<u>9,821,446</u>
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.1,029,342 thousand (2021: Rs.1,065,177 thousand) has been charged in 'Cost of sales', Rs.27,136 thousand (2021: Rs.25,530 thousand) in 'Sales and marketing expenses' and Rs.90,341 thousand (2021: Rs.81,562 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) / Gain	Method of disposal	Sold to:
----- Rupees in '000 -----							
Assets with individual net book amount exceeding Rs.500,000 each							
Plant and machinery							
	21,233	(13,415)	7,818	224	(7,594)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road Sheikhpura
	32,302	(26,456)	5,846	168	(5,678)		
	7,681	(1,090)	6,591	129	(6,462)		
	27,066	(22,297)	4,769	137	(4,632)		
	18,451	(15,141)	3,310	90	(3,220)		
	18,451	(15,141)	3,310	90	(3,220)		
	6,869	(5,058)	1,811	52	(1,759)		
	10,368	(8,916)	1,452	40	(1,412)		
	11,395	(9,958)	1,437	39	(1,398)		
	9,041	(7,774)	1,267	35	(1,232)		
	10,830	(9,601)	1,229	34	(1,195)		
	10,036	(8,897)	1,139	31	(1,108)		
	3,263	(2,281)	982	27	(955)		
	3,731	(2,987)	744	171	(573)		
	3,740	(3,063)	677	19	(658)		
	194,457	(152,075)	42,382	1,286	(41,096)		
Dies and Jigs							
	14,981	(9,988)	4,993	191	(4,802)	Scrap	Roshan Traders, Baway Di Kuttiya Near Fatima Fertilizer Limited, Lahore Road Sheikhpura
	13,381	(8,920)	4,461	170	(4,291)		
	7,893	(4,440)	3,453	94	(3,359)		
	10,705	(7,583)	3,122	85	(3,037)		
	10,705	(7,583)	3,122	85	(3,037)		
	9,194	(7,853)	1,341	46	(1,295)		
	9,194	(7,853)	1,341	46	(1,295)		
	9,194	(7,853)	1,341	47	(1,294)		
	9,194	(7,853)	1,341	47	(1,294)		
	4,951	(3,610)	1,341	50	(1,291)		
	3,190	(1,994)	1,196	46	(1,150)		
	5,535	(4,497)	1,038	38	(1,000)		
	12,169	(11,155)	1,014	31	(983)		
	2,450	(1,735)	715	27	(688)		
	4,270	(3,737)	533	18	(515)		
	127,006	(96,654)	30,352	1,021	(29,331)		
Computer and accessories	1,332	(416)	916	945	29	Negotiation	Shirazi Investments (Private) Limited, the Holding Company

Description	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain	Method of disposal	Sold to:
----- Rupees in '000 -----							
Vehicles							
	3,360	(1,165)	2,195	2,195	-	Company Policy	Atlas Power Limited, a related party
	2,592	(499)	2,093	2,093	-	Company Policy	Shirazi Investments (Private) Limited, the Holding Company
	2,298	(1,064)	1,234	1,234	-	Company Policy	Atlas Battery Limited, a related party
	2,263	(1,116)	1,147	1,147	-	Company Policy	Atlas Autos (Private) Limited, a related party
	1,581	(237)	1,344	1,344	-	Company Policy	Atlas Power Limited, a related party
	1,498	(225)	1,273	1,273	-	Company Policy	Atlas Power Limited, a related party
	1,398	(307)	1,091	1,091	-	Company Policy	Atlas Global FZE, a related party
	1,717	(563)	1,154	2,775	1,621	Negotiation	Tariq Saeed, Flat No. 4-B, Plot no. 60/4, Dehli colony, Karachi
	3,450	(446)	3,004	3,004	-	Company Policy	Employees of the Company Mr. Majid Shami
	2,617	(378)	2,239	2,239	-	Company Policy	Mr. Mohsin Raza Zaidi
	2,599	(1,693)	906	906	-	Company Policy	Mr. Afaq Ahmad (Key Management Personnel)
	2,552	(485)	2,067	2,067	-	Company Policy	Mr. Anzar
	2,319	(1,304)	1,015	1,015	-	Company Policy	Mr. Rashad Rashid (Key Management Personnel)
	2,319	(1,379)	940	940	-	Company Policy	Mr. Faisal Mehmud (Key Management Personnel)
	2,243	(1,261)	982	982	-	Company Policy	Mr. Rahimullah Shah
	2,243	(1,261)	982	982	-	Company Policy	Mr. Anwar Ahmed Malik
	2,243	(1,261)	982	982	-	Company Policy	Mr. Syed Amir Ali
	2,205	(1,240)	965	965	-	Company Policy	Mr. Hassan Kashif
	2,205	(1,240)	965	965	-	Company Policy	Mr. Naveed Ahmed
	2,205	(1,293)	912	912	-	Company Policy	Mr. Muhammad Ammar
	2,205	(1,240)	965	965	-	Company Policy	Mr. Aftab Ghous Gilani
	1,885	(774)	1,111	1,111	-	Company Policy	Mr. Rehan Ahmed Shaikh
	1,883	(872)	1,011	1,011	-	Company Policy	Mr. Furqan Ashraf
	1,852	(1,071)	781	781	-	Company Policy	Mr. Sadullah Ejaz
	1,850	(838)	1,012	1,012	-	Company Policy	Mr. Farrukh Munir
	1,812	(977)	835	835	-	Company Policy	Mr. Ameen Tahir
	1,745	(635)	1,110	1,110	-	Company Policy	Mr. Muhammad Rafay Afaq
	1,656	(982)	674	674	-	Company Policy	Mr. Shaukat
	1,646	(859)	787	787	-	Company Policy	Mr. Rashid Ahmed (Key Management Personnel)
	1,634	(1,112)	522	522	-	Company Policy	Mr. Nadeem Younas
	1,632	(726)	906	906	-	Company Policy	Mr. Arshad Khan
	1,440	(576)	864	864	-	Company Policy	Mr. Abdul Basit Khan
	1,275	(686)	589	589	-	Company Policy	Mr. Nauman Akram
	1,270	(648)	622	622	-	Company Policy	Mr. Abdul Kalim
	1,243	(670)	573	573	-	Company Policy	Mr. Furqan Khan
	1,186	(59)	1,127	1,127	-	Company Policy	Mr. Adnan Hameed
	1,170	(496)	674	674	-	Company Policy	Mr. Awais Younas
	1,101	(453)	648	648	-	Company Policy	Ms. Slomica Naveed
	931	(47)	884	884	-	Company Policy	Mr. Majid Saleem
	927	(383)	544	544	-	Company Policy	Mr. Zia Ahmed Khan
	693	(163)	530	530	-	Company Policy	Mr. Saif ur Rehman
	2,568	(1,171)	1,397	1,397	-	Company Policy	Ex-Employees of the Company Mr. Inayatullah
	2,507	(554)	1,953	1,953	-	Company Policy	Mr. Zaheer Minhas
	1,815	(654)	1,161	1,161	-	Company Policy	Mr. Musharaf
	1,780	(338)	1,442	1,442	-	Company Policy	Mr. Shabee ul Haq
	1,505	(542)	963	963	-	Company Policy	Mr. Muhammad Iqbal
	1,410	(410)	1,000	1,000	-	Company Policy	Mr. Bashir Makki (Ex- Key Management Personnel)
	1,395	(139)	1,256	1,256	-	Company Policy	Mr. Saad
	1,395	(116)	1,279	1,279	-	Company Policy	Mr. Muhammad Sabir
	1,170	(459)	711	711	-	Company Policy	Mr. Saad Salman
	1,101	(401)	700	700	-	Company Policy	Mr. Umair Ali
	1,101	(338)	763	763	-	Company Policy	Mr. Ahmed Ansari
	880	(345)	535	535	-	Company Policy	Mr. Owais Sajid
	95,570	(38,151)	57,419	59,040	1,621		
	418,365	(287,296)	131,069	62,292	(68,777)		
Various assets having net book amount upto Rs. 500,000 each	242,599	(218,717)	23,882	26,113	2,231		
Year Ended: March 31, 2022	660,964	(506,013)	154,951	88,405	(66,546)		
Year Ended: March 31, 2021	294,642	(209,952)	84,690	52,143	(32,547)		

5.5 Capital work-in-progress	Note	2022 --- Rupees in '000 ---	2021
Civil works		154,081	17,366
Plant and machinery		48,784	15,314
Factory equipment		29,426	80
Computers and accessories		16,917	-
Furniture and fixtures		848	-
Electric and gas fittings		33,957	9,650
Vehicles		6,604	-
Intangible asset - computer software	5.5.1	412	4,196
		291,029	46,606

5.5.1 Represents advance amounting Rs.412 thousand (2021: Nil) made to Integration Xpert (Private) Limited, a related party.

5.6 Right of use assets	Note	2022 --- Rupees in '000 ---	2021
Balance at beginning of the year		185,020	231,030
Less: depreciation charged during the year	5.6.1	46,010	46,010
Net book value at end of the year		139,010	185,020

5.6.1 Depreciation expense relating to right to use asset - properties of Rs.37,624 thousand (2021: Rs.37,624 thousand) has been charged in 'Sales and marketing expenses' and Rs.8,386 thousand (2021: 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, 2020				
Cost	72,909	38,041	196,386	307,336
Accumulated amortisation	(63,698)	(38,041)	(70,476)	(172,215)
Net book amount	9,211	-	125,910	135,121
Year ended March 31, 2021				
Opening net book amount	9,211	-	125,910	135,121
Additions	15,038	-	-	15,038
Amortisation charge	(10,112)	-	(38,234)	(48,346)
Closing net book amount	14,137	-	87,676	101,813
At March 31, 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 (note 27.1)	(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
Annual rate of amortisation (%)	50	20	20	

7. LONG TERM INVESTMENTS

	Note	2022 --- Rupees in '000 ---	2021
Unquoted			
Associate - equity accounted investment	7.1	343,534	329,669
Others - available for sale	7.2	-	-
		<u>343,534</u>	<u>329,669</u>
7.1 Equity accounted investment - Atlas Hitec (Private) Limited			
Balance at beginning of the year		329,669	322,240
Share of profit for the year - net of tax		16,905	9,329
Dividend received during the year		(3,040)	(1,900)
Balance at end of the year		<u>343,534</u>	<u>329,669</u>
7.1.1 Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (2021: 29.23%) of its issued, subscribed and paid-up capital as at March 31, 2022. 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, 2022 is as follows:			

	2022 --- Rupees in '000 ---	2021
Summarised Statement of Financial Position		
Non current assets	639,100	645,500
Current assets	962,552	806,620
	<u>1,601,652</u>	<u>1,452,120</u>
Less: Current liabilities	441,700	339,600
	<u>1,159,952</u>	<u>1,112,520</u>
Net assets		
Reconciliation of carrying amount		
Opening net assets	1,112,520	1,087,101
Profit for the year	57,300	31,000
Other adjustments	532	919
Dividend paid during the year	(10,400)	(6,500)
Closing net assets	<u>1,159,952</u>	<u>1,112,520</u>
Company's share %	29.23%	29.23%
Company's share	339,063	325,198
Goodwill	4,471	4,471
Carrying amount of investment	<u>343,534</u>	<u>329,669</u>
Summarised Statement of profit or loss		
Revenue	3,931,500	2,856,300
Profit before tax	<u>86,000</u>	<u>43,800</u>
Profit after tax	<u>57,300</u>	<u>31,000</u>

7.1.3 The financial information of AHPL is based on unaudited financial statements for the year ended March 31, 2022.

	2022 --- Rupees in '000 ---	2021
7.2 Others - available for sale		
Arabian Sea Country Club Limited		
200,000 ordinary shares of Rs.10 each - cost	2,000	2,000
Less: Impairment in the value of investment	2,000	2,000
	-	-
Automotive Testing & Training Centre (Private) Limited		
50,000 ordinary shares of Rs.10 each - cost	500	500
Less: Impairment in the value of investment	500	500
	-	-
	-	-

8. LONG TERM LOANS AND ADVANCES	Note	2022 --- Rupees in '000 ---	2021
Considered good			
Loans and advances to:			
Related parties - Key Management Personnel		9,205	3,893
Other employees		110,590	87,526
	8.1	119,795	91,419
Less: amounts due within twelve months and shown under current assets:			
Related parties - Key Management Personnel		5,757	3,244
Other employees		49,879	39,922
	12	55,636	43,166
		64,159	48,253
8.1 These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs.89,604 thousand (2021: Rs.66,768 thousand) are provided for purchase of motorcycles and are repayable in forty eight equal monthly instalments for management staff and forty equal monthly instalments for non-management staff. These loans are secured against respective motorcycles and employees' vested retirement benefits. Advances are unsecured and are repayable in eighteen equal monthly instalments.			
8.2 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, 2022 was Rs.20,221 thousand (2021: Rs.6,045 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. STORES, SPARES AND LOOSE TOOLS			
	Note	2022 --- Rupees in '000 ---	2021
Consumable stores		198,021	137,229
Maintenance spares		505,573	434,790
Loose tools		399,114	164,577
		1,102,708	736,596
Provision for slow moving inventories	10.2	(104,096)	(89,561)
		998,612	647,035
10. STOCK-IN-TRADE			
Raw materials and components			
- in hand		4,373,005	2,729,386
- held with vendors		374,262	307,505
	10.1	4,747,267	3,036,891
Finished goods			
- motorcycles		723,555	65,914
- spare parts		976,003	563,913
		1,699,558	629,827
Items in transit		173,031	431,244
		6,619,856	4,097,962
Provision for slow moving inventories	10.2	(78,145)	(71,350)
		6,541,711	4,026,612
10.1 Includes raw materials amounting Rs.13,598 thousand (2021: Rs.10,121 thousand) held with Atlas Autos (Private) Limited (a related party) and Rs.645 thousand (2021: Rs.227 thousand) held with Atlas Engineering (Private) Limited (a related party) and Rs.103,308 thousand (2021:Nil) held with Atlas DID (Private) Limited (a related party) for further processing into parts to be supplied to the Company.			

10.2 Movement of provision for slow moving inventories

	Stores, spares & loose tools		Stock-in-trade	
	2022	2021	2022	2021
----- Rupees in '000 -----				
Balance at beginning of the year	89,561	90,460	71,350	96,961
Provision made during the year	40,304	7,802	54,115	15,218
Provision reversed due to disposal during the year	(25,769)	(8,701)	(47,320)	(40,829)
Balance at end of the year	104,096	89,561	78,145	71,350

10.3 Stock-in-trade and trade debts upto a maximum amount of Rs.9,948,000 thousand (2021: Rs.9,948,000 thousand) are under hypothecation of commercial banks as security for short term finance facilities (note 24).

11. TRADE DEBTS

	Note	2022	2021
		--- Rupees in '000 ---	
Considered good			
Export - secured	11.1	-	6,134
Local - unsecured		1,126,808	1,495,791
		1,126,808	1,501,925
Considered doubtful			
Expected credit loss allowance		3,611	1,760
		1,130,419	1,503,685
		3,611	1,760
		1,126,808	1,501,925

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

11.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.447,648 thousand (2021: Rs.442,100 thousand).

11.3 At March 31, 2022, trade debts aggregating to Rs.291,054 thousand (2021: Rs.166,798 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	2022	2021
		--- Rupees in '000 ---	
Past due within 30 days		229,284	127,750
Past due beyond 30 days		61,770	39,048
		291,054	166,798

12. LOANS AND ADVANCES

Considered good

Current portion of long term loans and advances to key management personnel and other employees

Loans to employees

Advances to suppliers, contractors and others

	Note	2022	2021
		--- Rupees in '000 ---	
	8	55,636	43,166
	12.1	408	418
		3,845	3,845
		59,889	47,429

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

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

13. TRADE DEPOSITS AND PREPAYMENTS

	Note	2022 --- Rupees in '000 ---	2021
Trade deposits - unsecured and considered good		13,872	18,533
Prepayments	13.1	122,789	74,775
Margin against letters of credit		1,355,095	1,295,286
		<u>1,491,756</u>	<u>1,388,594</u>

13.1 Includes prepayments of Rs.66,469 thousand (2021: Rs.52,539 thousand), Rs.13,791 thousand (2021: Rs.6,994 thousand) and Rs.221 thousand (2021: Rs.201 thousand) to Atlas Insurance Limited, Shirazi Investments (Private) Limited and Atlas Foundation, related parties respectively.

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

2022 --- Rupees in '000 ---	2021	Related parties	2022 --- Rupees in '000 ---	2021
7,251,173	14,959,694	Atlas Money Market Fund	3,686,300	7,569,797
-	422,656	Atlas Islamic Capital Preservation Plan	-	232,261
295,684	178,081	Atlas Islamic Stock Fund	161,784	106,739
2,816,725	564,023	Atlas Income Fund	1,564,640	307,957
29,783	28,216	Atlas Stock Market Fund	19,845	19,640
8,872,423	10,231,645	Atlas Sovereign Fund	942,572	1,074,295
39	37	Atlas Islamic Income Fund	21	19
64,760	60,721	Atlas Islamic Money Market Fund	32,380	30,360
473,427	-	Atlas Islamic Capital Preservation Plan II	242,586	-
2,906,173	-	Atlas Liquid Fund	1,453,086	-
			<u>8,103,214</u>	<u>9,341,068</u>
		Others		
7,033,024	6,561,624	Lakson Money Market Fund	715,869	663,902
-	831,693	National Investment (Unit) Trust	-	58,942
-	67	NIT Government Bond Fund	-	1
-	179	NIT Islamic Equity Fund	-	2
			<u>715,869</u>	<u>722,847</u>
			<u>8,819,083</u>	<u>10,063,915</u>

15. BANK BALANCES

	Note	2022 --- Rupees in '000 ---	2021
Cash at banks in:			
- current accounts {including US\$ 504 thousand 2021: US\$ 193 thousand}}		29,074	277,460
- saving deposit accounts	15.1	1,160,178	310,736
- term deposit receipts	15.2	12,800,000	12,000,000
- treasury bills and Pakistan investment bonds	15.3	3,435,405	1,699,984
		<u>17,424,657</u>	<u>14,288,180</u>

15.1 Saving deposit accounts carry mark-up upto 9.4% (2021: 6.2%) per annum.

15.2 Term deposit receipts (TDRs) have maturity of 8 to 30 days (2021: 7 to 30 days) from respective date of acquisition. TDRs carry mark-up at the rates ranging from 12.3% to 15% (2021: 6.1% to 15%) per annum.

- 15.3 These have maturity of 84 days from respective date of acquisition and carry mark-up at the rates ranging from 10.2% to 12.3% per annum.

16. SHARE CAPITAL

16.1 Authorised capital

2022	2021		2022	2021
--- Number of shares ---			--- Rupees in '000 ---	
150,000,000	150,000,000	Ordinary shares of Rs.10 each	1,500,000	1,500,000

16.2 Issued, subscribed and paid-up capital

2022	2021		2022	2021
--- Number of shares ---				
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>

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

	2022	2021
	-- Number of shares --	
Shirazi Investments (Private) Limited	65,064,831	65,064,831
Honda Motor Company Limited, Japan	43,430,778	43,430,778
Atlas Insurance Limited	3,518,073	3,518,073
Atlas Foundation	1	1
	<u>112,013,683</u>	<u>112,013,683</u>

- 16.4 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.

17. RESERVES

	2022	2021
	--- Rupees in '000 ---	
Capital reserves		
Share premium	39,953	39,953
Gain on sale of land	165	165
	<u>40,118</u>	<u>40,118</u>
Revenue reserves		
General reserve	9,492,000	9,492,000
Unappropriated profit	10,254,641	7,857,530
	<u>19,746,641</u>	<u>17,349,530</u>
	<u>19,786,759</u>	<u>17,389,648</u>

18. LEASE LIABILITIES

	2022	2021
	--- Rupees in '000 ---	
Balance at beginning of the year	208,226	239,382
Interest accrued	21,628	25,799
Repaid / adjusted during the year	(54,847)	(56,955)
	<u>175,007</u>	<u>208,226</u>
Current portion grouped under current liabilities	(23,446)	(39,610)
Balance at end of the year	<u>151,561</u>	<u>168,616</u>

- 18.1 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.53,048 thousand (2021: Rs.73,049 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	Over five years	Total 2022	Upto one year	From one to five years	Over five years	Total 2021
----- Rupees in '000 -----								
Minimum lease payments	41,868	177,690	11,166	230,724	61,238	214,089	10,244	285,571
Finance cost allocated to future periods	(18,422)	(36,461)	(834)	(55,717)	(21,628)	(54,883)	(834)	(77,345)
Present value of minimum lease payments	23,446	141,229	10,332	175,007	39,610	159,206	9,410	208,226

19. LONG TERM BORROWINGS

	Note	2022 --- Rupees in '000 ---	2021
Loan under refinance scheme for payment of wages and salaries	19.1	187,500	437,500
Adjustment pertaining to fair value of loan at below market interest rate	19.2	(3,525)	(23,983)
		183,975	413,517
Current maturity		(183,975)	(226,135)
		-	187,382

19.1 Movement in long term loan at face value

Balance at beginning of the year	437,500	-
Loan obtained during the year	-	500,000
Loan re-paid during the year	(250,000)	(62,500)
	187,500	437,500

- 19.1.1 This represents long term loan of Rs.500,000 thousand received from Habib Bank Limited under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan. The facility is secured against ranking charges over stocks & book debts along with pari passu hypothecation charge over all present and future plant, machinery and equipment with 25% margin limited to Rs.667,000 thousands. Mark-up is chargeable at SBP rate plus 1.0% per annum and to be paid at the end of each quarter.

	2022 --- Rupees in '000 ---	2021
19.2 Adjustment pertaining to fair value of loan at below market interest rate		
Difference of fair value of loan and loan received	50,467	50,467
Amortization of loan	46,942	26,484
	3,525	23,983

20. DEFERRED INCOME - GOVERNMENT GRANT

	2022 --- Rupees in '000 ---	2021
Balance at beginning of the year	23,983	-
Grant recognized on loan at below market interest rate	-	50,467
Less: released to statement of profit or loss	20,458	26,484
	3,525	23,983
Current portion	(3,525)	(20,458)
	-	3,525

- 20.1 The Company recognized government grant on below market interest loan received - (note 19.1.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.

21. STAFF RETIREMENT BENEFITS

	Note	2022 --- Rupees in '000 ---	2021
Compensated absences	21.1	397,147	335,626
Provision for gratuity	23.6	87,708	57,943
		<u>484,855</u>	<u>393,569</u>

21.1 Compensated absences

Balance at beginning of the year		335,626	272,604
Provision for the year		107,611	82,797
		<u>443,237</u>	<u>355,401</u>
Encashed during the year		(46,090)	(19,775)
Balance at end of the year	21.1.1	<u>397,147</u>	<u>335,626</u>

21.1.1 Includes liability in respect of key management personnel aggregating to Rs.43,825 thousand (2021: Rs.47,653 thousand).

22. DEFERRED TAXATION - Net

2022
--- Rupees in '000 ---

The liability for deferred taxation comprises temporary differences relating to:

Accelerated tax depreciation	880,515	888,997
Provision for slow moving inventories & doubtful debts	(53,018)	(46,566)
Compensated absences	(113,293)	(96,075)
Warranty obligations	(22,524)	(17,546)
Staff retirement benefit - gratuity	(37,551)	(27,932)
Lease liabilities - net	(10,269)	(6,643)
Minimum tax recoupable	(110,838)	(166,173)
	<u>533,022</u>	<u>528,062</u>

22.1 Movement in deferred taxation

	Accelerated tax depreciation	Provision for slow moving inventories and doubtful debts	Compensated absences	Warranty obligations	Staff retirement benefit - gratuity	Lease liabilities - net	Minimum tax recoupable	Total
----- Rupees in 000 -----								
At April 1, 2020	931,652	(53,711)	(78,123)	(17,281)	(31,092)	(2,394)	(144,851)	604,200
Charged / (credited) to:								
Statement of profit or loss	(42,655)	7,145	(17,952)	(265)	585	(4,249)	(21,322)	(78,713)
Other comprehensive income	-	-	-	-	2,575	-	-	2,575
	<u>(42,655)</u>	<u>7,145</u>	<u>(17,952)</u>	<u>(265)</u>	<u>3,160</u>	<u>(4,249)</u>	<u>(21,322)</u>	<u>(76,138)</u>
At March 31, 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 income	-	-	-	-	(9,504)	-	-	(9,504)
	<u>(8,482)</u>	<u>(6,452)</u>	<u>(17,218)</u>	<u>(4,978)</u>	<u>(9,619)</u>	<u>(3,626)</u>	<u>55,335</u>	<u>4,960</u>
At March 31, 2022	<u>880,515</u>	<u>(53,018)</u>	<u>(113,293)</u>	<u>(22,524)</u>	<u>(37,551)</u>	<u>(10,269)</u>	<u>(110,838)</u>	<u>533,022</u>

23. TRADE AND OTHER PAYABLES

	Note	2022 --- Rupees in '000 ---	2021
Creditors		6,136,462	5,808,020
Accrued liabilities	23.1	3,175,631	2,821,179
Royalty payable	23.2	1,648,662	1,446,412
Warranty obligations		78,957	61,296
Contract liabilities - advances from customers	23.3	11,326,035	10,432,420
Retention money		5,857	2,737
Sales tax payable - net		299,424	530,261
Workers' profit participation fund	23.4	424,050	280,983
Workers' welfare fund	23.5	158,808	104,947
Payable to staff retirement benefit funds - gratuity	23.6	43,926	39,635
Provision for custom duty		917,735	724,981
Provision for Sindh government infrastructure fee		591,649	417,000
Others	23.8	79,009	53,302
		24,886,205	22,723,173

23.1 Includes Rs.6,856 thousand (2021: Rs.7,369 thousand) due to Honda Motor Company Limited, Japan - a related party.

23.2 Represents royalty due to Honda Motor Company Limited, Japan - a related party.

23.3 These represent advances from customers against sale of motorcycles & parts and carry no mark-up. It includes Rs.562 thousand (2021: Rs.695 thousand) due to related parties. Revenue aggregating Rs.10,421,135 thousand has been recognised for preceding year contract liabilities - advance from customers.

	Note	2022 --- Rupees in '000 ---	2021
23.4 Workers' profit participation fund (the Fund)			
Balance at beginning of the year		280,983	238,371
Allocation for the year	31	417,915	276,177
Interest on funds utilised in the Company's business	32	862	4,806
		699,760	519,354
Paid to trustees of the Fund		(275,710)	(238,371)
Balance at end of the year		424,050	280,983
23.5 Workers' welfare fund			
Balance at beginning of the year		104,947	89,950
Charge for the year		158,808	104,947
Adjustment for prior year		(21,167)	(9,990)
	31	137,641	94,957
		242,588	184,907
Payment / adjustment made during the year		(83,780)	(79,960)
Balance at end of the year		158,808	104,947

23.6 Staff retirement benefit - gratuity

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

23.6.2 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.

23.6.3 The latest actuarial valuations of the Funds as at March 31, 2022 were carried out using the 'Projected Unit Credit Method'. Details of the Funds as per the actuarial valuations are as follows:

	Management		Non-management		Total	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
23.6.4 Reconciliation						
Present value of defined benefit obligation at March 31 - note 23.6.5	547,620	449,150	40,180	40,170	587,800	489,320
Fair value of plan assets at March 31 - note 23.6.6	(315,171)	(303,354)	(96,512)	(93,518)	(411,683)	(396,872)
(Receivable) / payable to related parties in respect of transferees	(44,483)	5,130	-	-	(44,483)	5,130
	187,966	150,926	(56,332)	(53,348)	131,634	97,578
Less: payable within next twelve months	43,926	39,635	-	-	43,926	39,635
	144,040	111,291	(56,332)	(53,348)	87,708	57,943
23.6.5 Movement in the present value of defined benefit obligation						
Balance at beginning of the year	449,150	388,205	40,170	39,016	489,320	427,221
Benefits paid	(45,570)	(15,417)	(3,662)	(3,231)	(49,232)	(18,648)
Current service cost	30,802	26,076	1,172	1,175	31,974	27,251
Interest expense	40,570	36,800	3,559	3,587	44,129	40,387
Re-measurement on obligation	23,056	10,580	(1,059)	(377)	21,997	10,203
Payable to related parties in respect of transferees	49,612	2,906	-	-	49,612	2,906
Balance at end of the year	547,620	449,150	40,180	40,170	587,800	489,320
23.6.6 Movement in the fair value of plan assets						
Balance at beginning of the year	303,354	244,302	93,518	85,577	396,872	329,879
Contributions	39,635	38,505	-	-	39,635	38,505
Benefits paid	(45,570)	(15,417)	(3,662)	(3,231)	(49,232)	(18,648)
Interest income	27,446	23,241	8,280	7,813	35,726	31,054
Re-measurement	(9,694)	15,839	(1,624)	3,359	(11,318)	19,198
Payable to related parties in respect of transferees	-	(3,116)	-	-	-	(3,116)
Balance at end of the year	315,171	303,354	96,512	93,518	411,683	396,872
23.6.7 Expense / (income) recognised in the statement of profit or loss						
Current service costs	30,802	26,076	1,172	1,175	31,974	27,251
Net interest expense / (income)	13,124	13,559	(4,721)	(4,226)	8,403	9,333
	43,926	39,635	(3,549)	(3,051)	40,377	36,584
23.6.8 Re-measurement recognised in other comprehensive income						
Loss from change in financial assumptions	2,706	6,553	135	590	2,841	7,143
Gain from change in demographic assumptions	(8,025)	-	-	-	(8,025)	-
Experience loss / (gain)	28,374	4,027	(1,193)	(967)	27,181	3,060
Loss / (gain) on re-measurement of plan assets	9,694	(15,839)	1,624	(3,359)	11,318	(19,198)
Net re-measurements	32,749	(5,259)	566	(3,736)	33,315	(8,995)

23.6.9 Net recognised liability

	Management		Non-management		Total	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
Net liability / (asset) at beginning of the year	150,926	155,055	(53,347)	(46,560)	97,579	108,495
Charge / (income) for the year	43,926	39,635	(3,549)	(3,051)	40,377	36,584
Contributions made during the year	(39,635)	(38,505)	-	-	(39,635)	(38,505)
Re-measurement recognised in other comprehensive income	32,749	(5,259)	566	(3,736)	33,315	(8,995)
Recognised liability / (asset) as at March 31	187,966	150,926	(56,330)	(53,347)	131,636	97,579
Less: payable within next twelve months	43,926	39,635	-	-	43,926	39,635
	144,040	111,291	(56,330)	(53,347)	87,710	57,944
	17,752	39,080	6,656	11,173	24,408	50,253
Fixed income instruments	87,093	141,013	45,295	53,694	132,388	194,707
Mutual fund securities	227,457	160,527	38,755	38,429	266,212	198,956
Others	621	1,814	12,462	1,395	13,083	3,209
	315,171	303,354	96,512	93,518	411,683	396,872

23.6.10 Actual return on plan assets

23.6.11 Plan assets comprise of:

Fixed income instruments	87,093	141,013	45,295	53,694	132,388	194,707
Mutual fund securities	227,457	160,527	38,755	38,429	266,212	198,956
Others	621	1,814	12,462	1,395	13,083	3,209
	315,171	303,354	96,512	93,518	411,683	396,872

23.6.12 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.

23.6.13 Significant actuarial assumptions and sensitivity:

	Management		Non-management	
	2022	2021	2022	2021
	-- % per annum --		-- % per annum --	
Discount rate at March 31	12.25	9.25	12.25	9.25
Expected rate of increase in future salaries - first year	10.00	10.00	10.00	10.00
- long term	11.25	8.25	11.25	8.25
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	Moderate	Moderate	Moderate

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

	Impact on defined benefit obligation		
	Change in assump- tions	Increase in assumptions	Decrease in assumptions
---- Rupees in '000 ----			
Discount rate	1.00%	539,095	644,689
Future salary increase	1.00%	641,817	540,707
Withdrawal rates : moderate / light		596,004	
Withdrawal rates : heavy		600,844	

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.

23.6.14 Expected charge and income to management and non-management gratuity plans for the year ending March 31, 2023 are Rs.61,911 thousand and Rs.5,331 thousand respectively.

23.6.15 The weighted average duration of defined benefit obligation for management and non-management plans is 8.65 years and 3.57 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
March 31, 2022	----- Rupees in '000 -----				
Management staff	36,849	63,525	197,461	358,438	656,273
Non-management staff	7,400	5,234	29,897	23,066	65,597
Total	44,249	68,759	227,358	381,504	721,870

23.6.16 Historical information

	2022	2021	2020	2019	2018
	----- Rupees in '000 -----				
Present value of defined benefit obligation	587,800	489,320	427,221	388,556	358,434
Fair value of plan assets	411,683	396,872	329,879	304,196	346,399
Deficit provided in financial statements	176,117	92,448	97,342	84,360	12,035

23.7 Payable to staff retirement benefit funds - gratuity includes liability in respect of key management personnel aggregating to Rs.71,632 thousand (2021: Rs.58,471 thousand).

23.8 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.30,635 thousand (2021: Rs.25,810 thousand).

24. SHORT TERM BORROWINGS - Secured

Short term finance facilities available from various commercial and islamic banks under mark-up arrangements aggregate to Rs.7,040,000 thousand (2021: Rs.6,040,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to extent of Rs.9,948,000 thousand (2021: Rs.9,948,000 thousand). The rates of mark-up of these facilities during the year ranged from 7.55% to 11.54% (2021: 7.13% to 12.22%) per annum. These facilities are expiring on various dates by October 31, 2022.

Ijarah facilities aggregating Rs.1,913,240 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, 2022 aggregated to Rs.6,175,000 thousand (2021: Rs.5,875,000 thousand) of which the amount remained unutilised at year end was Rs.2,612,948 thousand (2021: Rs.3,665,379 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.1,784,407 thousand (2021: Rs.1,276,706 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, 2022 aggregated to Rs.3,562,052 thousand (2021 : Rs.2,209,653 thousand).

25.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at March 31, 2022 aggregated to Rs.137,971 thousand (2021: Rs.61,164 thousand).

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

		2022	2021
		--- Rupees in '000 ---	
Not later than one year		371,263	137,848
Later than one year and not later than five years		1,356,621	247,502
More than five years		532,624	93,134
		<u>2,260,508</u>	<u>478,484</u>
26. SALES - Net		2022	2021
		--- Rupees in '000 ---	
Gross sales			
- local		156,207,721	110,029,148
- export		636,759	625,872
		<u>156,844,480</u>	<u>110,655,020</u>
Less:			
- trade discount and commission		687,737	602,394
- sales tax		24,226,550	16,895,668
		<u>24,914,287</u>	<u>17,498,062</u>
		<u>131,930,193</u>	<u>93,156,958</u>
27. COST OF SALES			
Opening stock of finished goods		629,827	864,308
Cost of goods manufactured	27.1	114,554,801	79,756,094
Purchases during the year		8,579,206	6,286,829
		<u>123,134,007</u>	<u>86,042,923</u>
Closing stock of finished goods		(1,699,558)	(629,827)
		<u>122,064,276</u>	<u>86,277,404</u>
27.1 Cost of goods manufactured			
Opening stock of work-in-process		-	10,245
Raw materials and components consumed	27.2	98,314,053	68,043,803
Direct labour	27.3	2,548,528	1,945,294
Technical directors' remuneration		3,998	3,120
Staff salaries, wages and other benefits	27.3	1,935,842	1,483,608
Stores consumed		1,083,382	716,410
Fuel and power		1,620,005	930,964
Insurance		169,660	155,682
Rent, rates and taxes including Ijarah rentals	27.4	301,490	260,508
Repair and maintenance		733,818	535,244
Royalty including provincial taxes	27.5	6,204,905	4,226,753
Technical assistance fee		33,536	19,112
Travelling, conveyance and entertainment		28,201	9,641
Postage and telephone		8,361	9,186
Printing and stationery		50,684	35,117
Vehicle running expenses		59,861	34,309
Depreciation on operating fixed asset	5.3	1,029,342	1,065,177
Canteen		228,503	161,896
Newspapers, magazines and subscriptions		5,815	3,190
Amortisation	6	51,715	48,346
Provision / (reversal) for slow moving inventories - net	10.2	21,330	(26,510)
Marking fee		121,532	84,997
Other manufacturing expenses		240	2
		<u>114,554,801</u>	<u>79,756,094</u>
Closing stock of work-in-process		-	-
		<u>114,554,801</u>	<u>79,756,094</u>

27.2 Raw materials and components consumed

	2022	2021
	--- Rupees in '000 ---	
Opening stock	3,036,891	3,688,399
Purchases during the year	100,024,429	67,392,295
	<u>103,061,320</u>	<u>71,080,694</u>
Closing stock	(4,747,267)	(3,036,891)
	<u>98,314,053</u>	<u>68,043,803</u>

27.3 Direct labour and staff salaries, wages & other benefits include Rs.155,143 thousand (2021: Rs.136,749 thousand) in respect of staff retirement benefits.

27.4 Include expense related to short term leases aggregating to Rs.28,238 thousand (2021: Rs.102,436 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	2022	2021
		--- Rupees in '000 ---	
Directors' remuneration		51,815	42,299
Staff salaries and other benefits	28.1	599,736	467,033
Travelling, conveyance and entertainment		104,541	53,129
Vehicle running expenses		43,443	25,238
Rent, rates and taxes		32,341	23,614
Advertisement and sales promotion		533,845	407,748
Repairs and maintenance		7,114	3,931
Gas and electricity		25,314	16,242
Freight outward		879,828	622,065
Printing and stationery		4,350	3,013
Postage and telephone		24,094	16,800
First free service charges		243,728	162,209
Depreciation on operating fixed asset	5.3	27,136	25,530
Depreciation on right of use assets	5.6.1	37,624	37,624
Insurance		37,452	27,891
Newspapers, magazines and subscriptions		2,693	2,293
Others		354	202
		<u>2,655,408</u>	<u>1,936,861</u>

28.1 Staff salaries and other benefits include Rs.53,199 thousand (2021: Rs.38,939 thousand) in respect of staff retirement benefits.

29. ADMINISTRATIVE EXPENSES

	Note	2022	2021
		--- Rupees in '000 ---	
Non executive directors' fee		1,450	1,500
Staff salaries and other benefits	29.1	492,973	414,029
Travelling, conveyance and entertainment		16,700	8,293
Rent, rates and taxes		6,459	1,573
Insurance		11,173	8,977
Repairs and maintenance		13,289	16,548
Legal and professional charges		21,926	32,423
Gas and electricity		3,415	3,879
Newspapers, magazines, fees and subscriptions		8,077	4,174
Postage and telephone		3,120	2,344
Printing and stationery		16,030	12,143
Vehicle running expenses		24,572	13,965
Staff training		14,561	6,783
Depreciation on operating fixed asset	5.3	90,341	81,562
Depreciation on right of use assets	5.6.1	8,386	8,386
Donation	29.2	51,940	64,318
Others		-	227
		<u>784,412</u>	<u>681,124</u>

29.1 Staff salaries and other benefits include Rs.44,550 thousand (2021: Rs.30,525 thousand) in respect of staff retirement benefits.

29.2 Donation of Rs.51,524 thousand (2021: Rs.64,318 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi.

30. OTHER INCOME

	Note	2022 --- Rupees in '000 ---	2021
Income from financial assets			
Mark-up / interest on savings deposit accounts and term deposit receipts	30.1	375,694	260,276
Mark-up / interest on Government securities		94,296	-
Gain on trade of investment in treasury bills and Pakistan investment bonds		629,732	543,995
Gain on sale of investments at fair value through profit or loss		7,400	4,136
Fair value gain on investments at fair value through profit or loss		4,414	23,740
Dividend income		57,284	51,006
Net foreign exchange gains		15,983	-
Income from investments in related parties			
Gain on sale of investments at fair value through profit or loss		6,748	4,644
Fair value gain on investments at fair value through profit or loss		62,938	89,684
Dividend income		757,364	381,678
Income from assets other than financial assets			
Commission income		669	30
Scrap sales		51,869	31,957
Others		1,171	1,336
		2,065,562	1,392,482

30.1 Mark-up / interest at the rates ranged from 7.15% to 16% (2021: 5.5% to 15%) 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	2022 --- Rupees in '000 ---	2021
Workers' profit participation fund	23.4	417,915	276,177
Workers' welfare fund	23.5	137,641	94,957
Auditors' remuneration	31.1	5,311	4,534
Expected credit loss allowance on trade debts	11	1,847	764
Net foreign exchange loss		-	8,854
Loss on disposal / write off of operating fixed assets		66,546	62,782
		629,260	448,068
31.1 Auditors' remuneration			
Fee for:			
- audit of annual financial statements		3,000	2,000
- review of half yearly financial information		267	243
- review of Code of Corporate Governance		114	104
- audits of retirement funds and workers' profit participation fund		308	280
- certifications for payment of royalty, technical fee, dividend etc.		819	1,239
- out of pocket expenses		410	332
Provincial taxes on fee		393	336
		5,311	4,534

32. FINANCE COSTS

	Note	2022 --- Rupees in '000 ---	2021
Mark-up / interest on borrowings		3,882	4,523
Interest on workers' profit participation fund	23.4	862	4,806
Bank and other financial charges		33,283	27,785
Interest on lease liabilities		21,628	25,799
		<u>59,655</u>	<u>62,913</u>

33. INCOME TAX EXPENSE**Current tax**

Current tax on profits for the year		1,947,594	1,498,517
Adjustments for current tax of prior years		272,426	137,797
		<u>2,220,020</u>	<u>1,636,314</u>

Deferred tax

Origination and reversal of temporary differences		14,464	(78,713)
		<u>2,234,484</u>	<u>1,557,601</u>

33.1 No numeric tax rate reconciliation for the preceding year is given in these financial statements, as provision made during the preceding year primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 148, 150, 154 and 233 of the Ordinance. Numeric tax rate reconciliation for the current year is given below:

	2022 Rupees in '000
Profit before income tax expense	<u>7,819,649</u>
Tax at the applicable rate 29%	<u>2,267,698</u>
Tax effect of:	
- amounts not deductible for tax purposes	459,876
- amounts deductible for tax purposes but not taken to the statement of profit or loss	(384,209)
- income not subject to tax / income subject to final tax regime / tax credits	(206,808)
- Associate's result reported net of tax	(4,446)
- minimum tax recouped	(184,517)
Adjustments for current tax of prior years	272,426
Deferred tax	14,464
	<u>2,234,484</u>

34. EARNINGS PER SHARE

2022
--- Rupees in '000 ---

34.1 Basic earnings per share

Net profit for the year	<u>5,585,165</u>	<u>3,594,798</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>45.01</u>	<u>28.97</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	2022 --- Rupees in '000 ---	2021
Profit before taxation		7,819,649	5,152,399
Adjustments for:			
Depreciation		1,192,829	1,218,279
Amortisation		51,715	48,346
Provision for compensated absences		107,611	82,797
Provision for gratuity		40,377	36,584
Provision / (reversal) for slow moving inventories - net		21,330	(26,510)
Mark-up / interest on saving deposit accounts, term deposit receipts and others		(469,990)	(260,276)
Gain on sale of investments at fair value through profit or loss		(14,148)	(8,780)
Fair value gain on investments at fair value through profit or loss		(67,352)	(113,424)
Net foreign exchange (gains) / losses		(15,983)	8,854
Dividend income		(814,648)	(432,684)
Workers' profit participation fund		418,777	280,983
Workers' welfare fund		137,641	94,957
Loss on disposal / write-off of operating fixed assets		66,546	62,782
Mark-up / interest on borrowings		3,882	4,523
Share of net profit of an Associate		(16,905)	(9,329)
Interest on lease liabilities		21,628	25,799
Changes in working capital	35.1	(651,544)	9,320,815
		<u>7,831,415</u>	<u>15,486,115</u>
35.1 Changes in working capital			
(Increase) / decrease in current assets			
- Stores, spares and loose tools		(366,112)	36,987
- Stock-in-trade		(2,521,894)	887,615
- Trade debts		375,117	(687,945)
- Loans and advances		(12,460)	(4,677)
- Trade deposits and prepayments		(103,162)	(702,077)
- Other receivables		(829)	327,267
		<u>(2,629,340)</u>	<u>(142,830)</u>
Increase in current liabilities:			
- Trade and other payables		1,977,796	9,463,645
		<u>(651,544)</u>	<u>9,320,815</u>
35.2 Cash flows from operating activities			
- Direct method			
Receipts from customers		133,198,925	98,849,490
Mark-up / interest received		465,107	812,006
Payments to trade suppliers, service providers and employees		(125,385,422)	(83,917,998)
Mark-up / interest paid		(3,683)	(3,444)
Income taxes paid		(1,658,148)	(919,066)
Contributions made to gratuity funds		(39,635)	(38,505)
Compensated absences paid		(46,090)	(19,775)
Workers' profit participation fund paid		(275,710)	(238,371)
Workers' welfare fund paid		(83,780)	(79,960)
		<u>6,171,564</u>	<u>14,444,377</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		2022	2021
	2022	2021	2022	2021		
----- Rupees in '000 -----						
Managerial remuneration and fee	23,847	21,792	5,298	4,620	314,419	272,224
Rent and utilities	11,405	10,033	-	-	150,012	129,357
Bonus	13,556	8,141	-	-	173,024	103,889
Retirement benefits	2,281	2,085	-	-	28,527	23,559
Medical and other reimbursable expenses	726	248	-	-	9,415	7,461
	51,815	42,299	5,298	4,620	675,397	536,490
Number of persons	1	1	5	5	124	109

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

Honda Atlas Power Products (Private) Limited

d) Associated companies under common management / group companies

Atlas Insurance Limited

Atlas Metals (Private) Limited

Zhenfa Pakistan New Energy Company Limited

Atlas Asset Management Limited

Integration Xperts (Private) Limited

Atlas Foundation

e) Directors

Mr. Aamir H. Shirazi	Mr. Saquib H. Shirazi
Mr. Sanaullah Qureshi	Mr. Abid Naqvi
Ms. Mashmooma Zehra Majeed	Mr. Susumu Morisawa
Mr. Shunsuke Miyazaki	Mr. Hirofumi Yada

f) Key management personnel

Mr. Afaq Ahmed	Mr. Muhammad Qadeer Khan
Mr. Muhammad Noman Khan	Mr. Kashif Yasin
Mr. Syed Tanvir Hyder	Mr. Muhammad Zafar Iqbal
Mr. Mujahid-ul-Mulk Butt	Mr. Zia Ul Hassan Khan
Mr. Tahir Nazir	Mr. Faisal Mahmud
Mr. Rashid Ahmed	Mr. Muhammad Rashad Rashid

37.2 Transactions with related parties

2022 2021
--- Rupees in '000 ---

The holding company

Sales of:

- goods and services	2,124	1,548
- operating fixed assets	2,991	3,466

Purchase of:

- operating fixed assets	286,630	290,551
- goods	40,090	19,723

Rent

	20,555	70,054
--	--------	--------

Dividend paid

	1,659,153	813,310
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Associated companies

Sales of:

- goods and services	1,933,395	1,451,285
- operating fixed assets	9,394	8,248

Purchases of:

- goods and services	32,624,696	24,492,289
- operating fixed assets	196,510	96,190

Sale of units in mutual funds

	6,798,510	1,200,000
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Purchase of units in mutual funds

	4,844,711	5,530,000
--	-----------	-----------

Royalty paid

	6,007,781	3,759,015
--	-----------	-----------

Technical assistance fee

	20,780	40,440
--	--------	--------

Commission income

	669	30
--	-----	----

Lease rentals paid

	27,647	25,548
--	--------	--------

Insurance premium paid

	532,608	405,610
--	---------	---------

Insurance claims received

	42,656	6,036
--	--------	-------

Reimbursement of expenses - net

	26,105	11,669
--	--------	--------

Dividend paid

	1,197,196	586,861
--	-----------	---------

Donation paid

	51,524	64,118
--	--------	--------

Dividend received

	630,954	383,577
--	---------	---------

Other related parties

Contributions paid to:

- gratuity funds	39,635	38,505
- provident funds / pension schemes	103,111	86,832

Key Management Personnel

- salaries and other employment benefits	191,049	184,026
- sale of operating fixed asset	4,823	7,242

The related party status of outstanding balances as at March 31, 2022 is included in 'Capital work in progress - note - 5.5.1', 'Long term investment - note 7', 'Long term loans and advances - note 8', 'Trade deposit and prepayments - note 13', 'Short term investments - note 14', 'Staff retirement benefits - note 21' and 'Trade and other payables - note 23' 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 and the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company's exposure to foreign currency risk at the reporting date is as follows:

	2022		2021	
	Japanese Yen	U.S. Dollars	Japanese Yen	U.S. Dollars
	----- in '000 -----		----- in '000 -----	
Cash at bank / trade debts	-	504	-	233
Trade and other payables	(1,097,450)	(55)	(1,049,414)	(38)
Net exposure	(1,097,450)	449	(1,049,414)	195

The following significant exchange rates have been applied:

	2022	2021	2022	2021
	Average rate		reporting date rate	
	----- Rupees -----			
Pakistani Rupee to Japanese Yen	1.49	1.53	1.51	1.38
Pakistani Rupee to U.S. Dollar	168.05	162.51	183.48	152.75

At March 31, 2022, if the Pakistani Rupee had strengthened / weakened by 5% against Japanese Yen and U.S. Dollar with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gains / (losses) on translation of foreign denominated financial assets and liabilities.

Effect on profit for the year:	2022	2021
	--- Rupees in '000 ---	
Pakistani Rupee to Japanese Yen	82,857	72,410
Pakistani Rupee to U.S. Dollar	(4,119)	(1,489)
	78,738	70,921

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, 2022, the Company's interest bearing financial assets amounted to Rs.17,395,583 thousand (2021: Rs.14,010,720 thousand) and interest bearing financial liabilities amounting to Rs.362,507 thousand (2021: Rs.646,805 thousand).

At March 31, 2022, 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.11,602 thousand (2021: Rs.3,107 thousand) mainly as a result of higher / (lower) interest income.

Price risk

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

The Company is exposed to price risk because of investments in mutual fund securities aggregating to Rs.8,819,083 thousand (2021: Rs.10,063,915 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, 2022, 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.440,954 thousand (2021: Rs.503,196 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.27,540,823 thousand (2021: Rs.25,992,872 thousand) as at March 31, 2022 and are as follows:

	2022	2021
	--- Rupees in '000 ---	
Long term loans and advances	64,159	48,253
Long term deposits	14,077	12,071
Trade debts	1,126,808	1,501,925
Loans and advances	56,044	43,584
Trade deposits	13,872	18,533
Accrued mark-up / interest	19,540	14,657
Other receivables	2,583	1,754
Short term investments	8,819,083	10,063,915
Bank balances	17,424,657	14,288,180
	27,540,823	25,992,872

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

	2022	2021
	--- Rupees in '000 ---	
Pakistan	1,130,419	1,497,551
United Arab Emirates	-	6,134
	1,130,419	1,503,685

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

	2022	2021
	--- Rupees in '000 ---	
Government departments	59,707	17,784
Defence institutions	760,266	1,112,408
Others (including exports)	310,446	373,493
	1,130,419	1,503,685

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% (2021: 99%) of the total financial assets. Significant part of sales of the Company occurs against advance payments, therefore, trade debts mainly arise from export sales and local sales that were made to Government and Defence Institutions. The Company believes that it is not exposed to any specific credit risk in respect of those trade debts.

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

Banks	Rating		
	Short term	Long term	Agency
Conventional			
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 Bank Limited	A-1	A+	JCR-VIS
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS
Industrial Commercial Bank of China	P-1	A-1	Moody's
Shariah Compliant			
BankIslami Pakistan Limited	A1	A+	PACRA
Meezan Bank Limited	A1+	AAA	JCR-VIS
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS
Mutual Funds		Rating	Agency
Atlas Income Fund		AA-(f)	PACRA
Atlas Islamic Income Fund		AA-(f)	PACRA
Atlas Money Market Fund		AA+(f)	PACRA
Atlas Sovereign Liquid Fund		AA-(f)	PACRA
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, 2022, the Company had Rs.7,040,000 thousand available borrowings limits from banks / financial institutions, marketable securities of Rs.8,819,083 thousand and bank balances of Rs.17,424,657 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:

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
----- Rupees in '000 -----				
March 31, 2022				
Lease liabilities	175,007	230,724	41,868	188,856
Long term borrowings	187,500	188,431	188,431	-
Trade and other payables	24,886,205	24,886,205	24,886,205	-
Unclaimed dividend	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>

	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity more than one year
----- Rupees in '000 -----				
March 31, 2021				
Lease liabilities	208,226	285,571	61,238	224,333
Long term borrowings	437,500	441,863	253,432	188,431
Trade and other payables	22,723,173	22,723,173	22,723,173	-
Unclaimed dividend	108,352	108,352	108,352	-
	<u>23,477,251</u>	<u>23,558,959</u>	<u>23,146,195</u>	<u>412,764</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	Amortised cost		At fair value through profit or loss	
	2022	2021	2022	2021
	--- Rupees in '000 ---		--- Rupees in '000 ---	
Long term loans and advances	64,159	48,253	-	-
Long term deposits	14,077	12,071	-	-
Trade debts	1,126,808	1,501,925	-	-
Loans and advances	56,044	43,584	-	-
Trade deposits	13,872	18,533	-	-
Accrued mark-up / interest	19,540	14,657	-	-
Other receivables	2,583	1,754	-	-
Short term investments	-	-	8,819,083	10,063,915
Bank balances	17,424,657	14,288,180	-	-
	<u>18,721,740</u>	<u>15,928,957</u>	<u>8,819,083</u>	<u>10,063,915</u>
			Financial liabilities measured at amortised cost	
			2022	2021
			--- Rupees in '000 ---	
Trade and other payables			12,512,854	11,596,175

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, 2022 and March 31, 2021.

	March 31, 2022			
	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	8,819,083	-	-	8,819,083
	March 31, 2021			
	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	10,063,915	-	-	10,063,915

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.

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:

	2022	2021
	--- Rupees in '000 ---	
Motorcycles	121,271,489	84,811,842
Spare parts	10,658,704	8,345,116
	<u>131,930,193</u>	<u>93,156,958</u>

39.2 Export sales are made mainly to Afghanistan, Bangladesh, Nigeria and United Arab Emirates. Result of the Company's revenue from external customers in Pakistan is Rs.131,293,434 thousand (2021: Rs.92,531,086 thousand) and total revenue from external customers from other countries is Rs.636,759 thousand (2021: Rs.625,872 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

	2022	2021
	--- Number of units ---	
Capacity - Motorcycles	1,500,000	1,350,000
Production	1,357,604	1,063,703

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

41. NUMBER OF EMPLOYEES

	Numbers	
	2022	2021
Total number of employees	2,299	2,134
Average number of employees	2,311	2,063

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, 2022:

	2022	2021
	--- Rupees in '000 ---	
Size of the Fund - Total assets	791,679	816,459
Fair value of investments	778,642	800,407
Cost of investments	762,448	728,392
Percentage of investments made	96.31%	89.21%

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

	----- 2022 -----		----- 2021 -----	
	Conventional	Shahriah Compliant	Conventional	Shahriah Compliant
	----- Rupees in 000 -----			
Long term borrowings	183,975	-	413,517	-
Short term investments	8,382,312	436,773	9,694,533	369,382
Bank balances	17,387,119	37,538	14,261,881	26,299
Revenue	-	131,930,193	-	93,156,958
Other income				
a) Mark-up / interest on saving deposit accounts, term deposit receipts and Government securities	469,990	-	260,276	-
b) Gain on trade of investment in treasury bills and Pakistan investment bonds	629,732	-	543,995	-
c) Gain on sale of investments at fair value through profit or loss	35,672	(21,524)	8,780	-
d) Fair value gain / (loss) on investments at fair value through profit or loss	72,824	(5,472)	52,270	61,154
e) Dividend income	791,448	23,200	415,660	17,024
f) Others	-	69,692	-	33,323
Mark-up paid	3,882	-	4,523	-

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 29, 2022, proposed a final cash dividend of Rs. 15 (2021: Rs.13.5) per share amounting to Rs. 1,861,319 thousand (2021: Rs.1,675,187 thousand) for the year ended March 31, 2022 for approval of the members at the Annual General Meeting to be held on June 24, 2022.

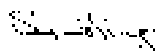
The financial statements for the year ended March 31, 2022 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending March 31, 2023.

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 29, 2022 by the Board of Directors of the Company.



Aamir H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

Pattern of Shareholding Additional Information As at March 31, 2022

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. Sanaullah Qureshi
Mr. Hirofumi Yada
Mr. Shunsuke Miyazaki
Mr. Susumu Morisawa
Mr. Abid Naqvi
Ms. Mashmooma Zehra Majeed

	1	1	0.00%
	1	1	0.00%
	1	480	0.00%
	1	1	0.00%
	1	1	0.00%
	1	1	0.00%
	1	601	0.00%
	1	501	0.00%
	8	1,587	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.

18 205,540 0.17%

Individuals

1,464 10,923,834 8.80%

Others

24 910,903 0.73%

Total

1,520 124,087,935 100.00%

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, 2022

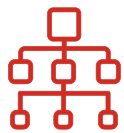
No. of shareholders	Shareholdings				Total shares held
579	From	-	To	100	17,340
324	From	101	To	500	81,730
137	From	501	To	1,000	100,257
260	From	1,001	To	5,000	605,843
116	From	5,001	To	15,000	1,072,921
17	From	15,001	To	20,000	292,242
11	From	20,001	To	25,000	246,445
7	From	25,001	To	30,000	186,998
10	From	30,001	To	40,000	330,573
1	From	40,001	To	45,000	41,178
3	From	45,001	To	50,000	142,214
7	From	50,001	To	55,000	372,099
1	From	55,001	To	60,000	56,253
2	From	60,001	To	65,000	125,588
1	From	65,001	To	70,000	66,900
2	From	70,001	To	80,000	155,593
1	From	80,001	To	90,000	85,874
4	From	90,001	To	95,000	368,205
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
2	From	120,001	To	135,000	247,400
2	From	135,001	To	145,000	273,235
2	From	145,001	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	300,000	589,146
1	From	300,001	To	385,000	382,350
1	From	385,001	To	700,000	696,700
1	From	700,001	To	710,000	708,740
1	From	710,001	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
1,520					124,087,935

Pattern of Shareholding As at March 31, 2022

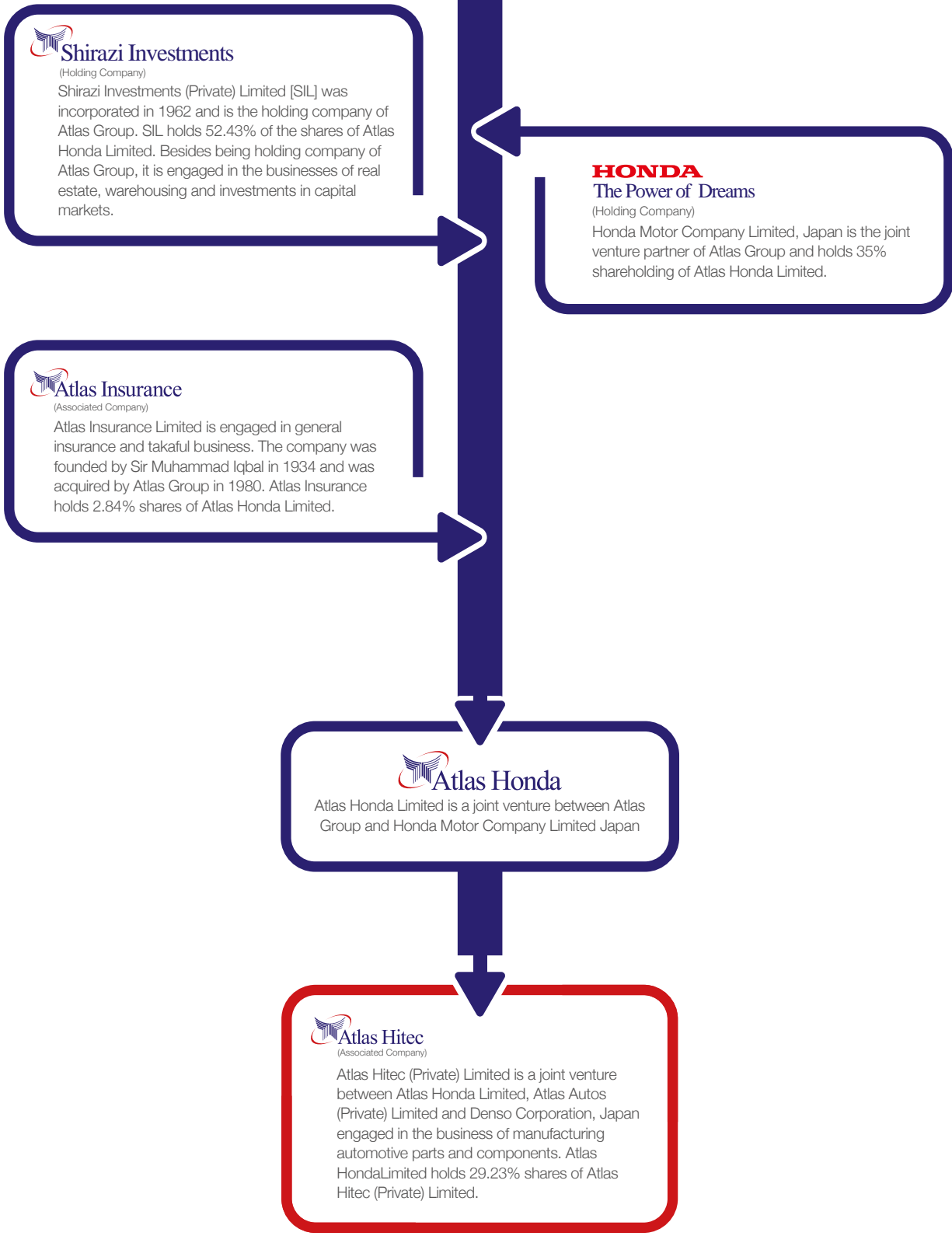
Categories of Shareholders	Number of shareholder	Share held	Percentage
Directors, CEO their spouse and minor children and Associates	8	1,587	0.00
* Associated Companies, undertakings and related parties	4	112,013,683	90.27
NIT and ICP	2	32,388	0.03
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds General Public	18	205,540	0.17
Local	1464	10,923,834	8.80
Foreign			
Others			
Joint Stock Companies	22	909,737	0.73
Cooperative Society	1	1,165	0.00
Trustee of Iftikhar Shirazi Family Trust	1	1	0.00
	1520	124,087,935	100.00

* Note : Included in Associated Companies are:

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



Group Shareholding





Atlas Group Companies

*Year of Establishment /
Acquisition**

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

PRODUCT PORTFOLIO



GENUINE PARTS

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 ₂	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 ³	Cubic meter
MIS	Management Information System
MMC	Minor Model Change
MOU	Memorandum of Understanding
MSCI	Morgan Stanley Capital International
MTO	Management Trainee Officer
MURAP	Mutual Funds Association of Pakistan
MURG	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/Resident Management

Acronym	Description
PAWA	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
SARA	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	Sul Southern Gas Company Limited
SNG	Synthetic Natural Gas
SZAB&T	Syed Zulfiqar 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

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Feedback Form

Sustainability Report 2022

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

Name :

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Please mail your feedback to :

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**AFFIX
POSTAGE**

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