



Half Yearly Report September 30,

2020

2020

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Company Information

Board of Directors

Aamir H. Shirazi
Chairman

Sanaullah Qureshi
Director

Abid Naqvi
Director

Mashmooma Zehra Majeed
Director

Ryo Takahashi
Director

Yukitoshi Fujisaka
Director

Hirofumi Yada
Director

Saquib H. Shirazi
Chief Executive Officer

Marrium Ahmed
Company Secretary

Audit Committee

Abid Naqvi
Chairman

Sanaullah Qureshi
Member

Mashmooma Zehra Majeed
Member

Muhammad Iqbal
Head of Internal Audit

Marrium Ahmed
Secretary

Human Resource & Remuneration Committee

Abid Naqvi
Chairman

Sanaullah Qureshi
Member

Saquib H. Shirazi
Member

Faisal Iqbal
Secretary

Management

Saquib H. Shirazi
Chief Executive Officer

Afaq Ahmed
Vice President Marketing

Yukitoshi Fujisaka
Vice President Technical

Hirofumi Yada
General Manager Technical

Kashif Yasin
Chief Financial Officer

Khawaja Shujaiddin
General Manager Commercial & Planning

Faisal Iqbal
General Manager Human Resources & Administration

Faisal Mahmud
General Manager New Model Center

Muhammad Noman Khan
General Manager Engineering & Projects

Muhammad Tahir Nazir
General Manager Production, Planning & Control

Muhammad Qadeer Khan
General Manager Plants

Muhammad Zafar Iqbal
General Manager After Sales

Mujahid-ul-Mulk Butt
General Manager Sales

Syed Tanvir Hyder
General Manager Supply Chain & Systems

Zia Ul Hassan Khan
General Manager Quality Assurance

Company Information

Auditors

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.

Tax Advisor

EY Ford Rhodes
Chartered Accountants

Shares Registrar

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Bankers

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Askari Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial Bank of China Limited
Khushali Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

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(Within working hours from Monday to Friday)

Chairman's Review

I am pleased to present the unaudited condensed interim financial information of the Company for the half year ended September 30, 2020.

MACROECONOMIC OVERVIEW

Amidst the resurgence of coronavirus cases, the world economies are realizing the inevitability of living in a global pandemic. Pakistan's strategy of smart lockdowns attempting to maintain a balance between life and livelihood has yielded positive results. As the economies around the world continue to face uncertainty, Pakistan's GDP growth has been projected at 1% for FY21. Inflation has risen, primarily due to recent supply side shocks to food prices. Average inflation is now expected to be around 9%. During the first quarter of FY21, revenue collection posted positive growth and was recorded at around Rs. 1 trillion against a target of Rs. 970 billion. This was in line in with the gradual pick-up in economic activity after easing of lockdown restrictions.

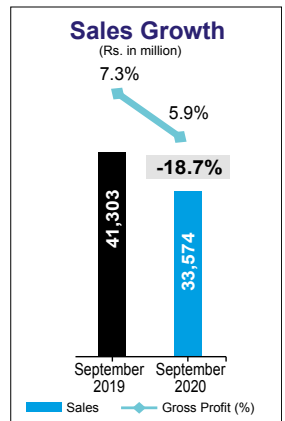
On the external front, current account balance (CAD) posted a historical surplus, first since FY15, of USD 792 million in 1QFY21 as compared to a deficit of USD 1.5 billion in 1QFY20. This was largely supported by a controlled trade deficit and growth in workers' remittances. Trade deficit widened only marginally to USD 5.8 billion as imports increased by 1%. Exports, however, could not show any noticeable improvement. Remittances rose to a record monthly high in July and have crossed USD 6.9 billion in 3MFY21, up by an impressive 31% over the corresponding period last year. The flexible market-determined exchange rate also played its role as a shock absorber. Consequently, Pak rupee remained stable throughout the quarter and closed at Rs. 166.2. These developments have helped in restoring SBP's foreign exchange reserves to their pre-pandemic level of around USD 12.8 billion. Further, in order to provide support to the emerging recovery, State Bank of Pakistan (SBP) has kept the policy rate unchanged at 7% since June 2020. As a result, Pakistan's stock market managed to improve by more than 10,000 points in little over four months and rose to become Asia's best-performing stock market.

Agriculture, being the mainstay of Pakistan's economy, is targeted to grow by 2.8%. Crop damage from a severe locust infestation in FY20 has prompted several budgetary measures. Actual results may, however, still fall short of the production targets for FY21 due to delay in sowing, untimely rains and costlier inputs. On the other hand, the recent surge in prices of agricultural products has significantly improved farm income. Resultantly, demand for consumer durables has started picking up pace in the rural areas.

Large-scale manufacturing (LSM) returned to expansion in July and posted a growth of 3.67% during 2MFY21. The rebound is reflected through high-frequency demand indicators including auto sales, cement dispatches, POL sales and electricity consumption. This was on account of an encouraging pick-up in economic activity post lockdown driven by various supportive policy measures introduced by the government and SBP.

OPERATING RESULTS

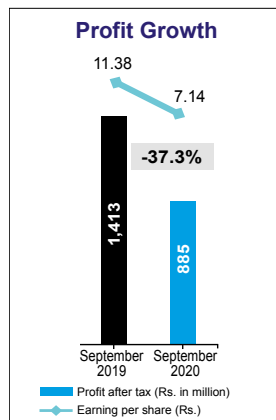
During the second quarter, the Company achieved net sales of Rs. 24.4 billion, an increase of 32% as compared to last year. Increase in sales volume coupled with continuous cost reduction measures have led the gross profit to grow over Rs. 1.9 billion, an impressive increase of 45%. Sales, marketing and general administrative expenses remained more or less at the same level as last year due to measures introduced for cost efficiencies. Other income net of financial charges & other operating expenses contributed Rs. 190 million to the bottom line. As a result, the Company registered net profit before tax of Rs. 1.42 billion during the second quarter. Net profit after tax rose to Rs. 1 billion representing an increase of 76%. This translated into Earnings per Share (EPS) of Rs. 8.1 as against Rs. 4.6 of last year.



During the half year ended September 30, 2020, the Company achieved net sales of Rs. 33.6 billion, a decrease of 19% as compared to last year. This was due to low sales volume on account of country-wide lockdown during most of the first quarter. Accordingly, gross profit declined from Rs. 3.02 billion to Rs. 1.98 billion, down by 34%. Sales and marketing expenses registered a decrease of 24% due to cancellation of discretionary expenses. Administrative expenses rose slightly by 3% due to effect of inflation. Other income, net of other operating expense and financial charges, contributed an encouraging Rs. 431 million to the bottom line, 16% higher than the comparative period. Resultantly, the Company achieved profit after tax of Rs. 886 million, representing a decrease of 37%. This translated into Earnings per Share (EPS) of Rs. 7.1 against Rs. 11.4 for the corresponding period of last year.

FUTURE OUTLOOK

The main risk to the outlook is the threat of a second wave or a prolonged pandemic especially during the upcoming winter season. A return to more stringent containment measures could derail economic recovery. Moreover, the country is at the brink of stagflation with rising inflation amidst modest growth. This situation calls for development of time-sensitive plans to observe the demand-supply scenario and devise an effective mechanism. On the external front, the current account deficit is expected to remain within 2% of GDP. A gradual revival of exports and upward trend in remittances on account of steps taken by the SBP will support external account. This, together with expected private and official flows, should continue to keep Pakistan's external position stable in FY21. Once the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery which will provide stimulus to the two-wheeler segment as well.



Atlas Honda is successfully navigating through the uncertain times with focus on safety and well-being of everyone while ensuring business continuity. The Company is well-poised and has demonstrated its ability to avail and execute emerging opportunities and strategies, respectively, with an aim to keep building long term business proposition and increasing stakeholders' value. In this regard, principles of the Atlas Way will continue providing a solid premise to the Company.

چشمہ دار دو جہان دگرے پیدا شد

(Renewed efforts will bring renewed results)

ACKNOWLEDGEMENT

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 would like to thank our valued customers for the confidence they continue to place in us, the management team for their sincere efforts, the Board of Directors for their guidance, Mr. Saquib H. Shirazi - C.E.O. for his inspiring leadership and all stakeholders - bankers, dealers, vendors, associates and shareholders for helping to build Atlas Honda Limited into a unique company.

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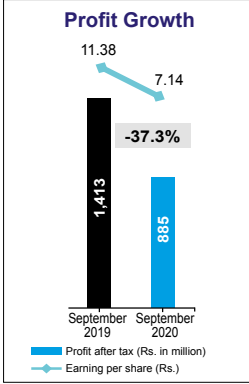
Dated: October 28, 2020

Karachi

Amir H. Shirazi

30 ستمبر 2020 کو ختم ہونے والی ششماہی کے دوران کمپنی نے 33.6 بلین روپے کی نیٹ یکمیں جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 19 فیصد کم ہے۔ اس کی وجہ پہلی سہ ماہی کے دوران ملک بھر میں لاک ڈاؤن سے فروخت میں ہونے والی کمی ہے۔ گروس پروفٹ 34 فیصد کی ساتھ 3.02 بلین سے 1.98 بلین روپے رہا۔ سٹاک مارکیٹنگ کے اخراجات میں 24 فیصد کمی واقع ہوئی جس کی وجہ صوابدیدی اخراجات کی منسوخی ہے۔ اخراجات میں اضافے کے باعث انتظامی اخراجات میں 3 فیصد اضافہ واقع ہوا۔ دیگر آمدنی نیٹ آف فنانس چارجز اور دیگر آپریٹنگ اخراجات نے بائیں لائن میں 431 بلین روپے کی حوصلہ افزاء معاونت کی ہے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 16 فیصد زیادہ ہے۔ نتیجے کے طور پر، کمپنی نے بعد از ٹیکس 886 بلین روپے کا منافع حاصل کیا جو کہ 37 فیصد کمی کو ظاہر کرتا ہے۔ آمدنی فی حصص 7.1 روپے رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 11.4 روپے تھی۔

مستقبل کے خدوخال



آئندہ آنے والے دنوں میں خصوصاً موسم سرما کے پیش نظر کرونا وائرس کی دوسری لہر یا موجودہ لہر کی طوالت کے امکانات کو نظر انداز نہیں کیا جاسکتا۔ مزید سخت حفاظتی اقدامات کا نفاذ معاشی بحالی کو متاثر کر سکتے ہیں۔ مزید یہ کہ اوسط معاوارہ بڑھتی ہوئی اخراجات کے ساتھ ہمارا ملک مجبور کے دبانے پر کھڑا ہے۔ ضرورت اس امر کی ہے کہ ایسے بروقت اور بر جستہ اقدامات متعارف کروائے جائیں جو موجودہ وقت کے مطابق سیلابی اور ڈیمانڈ کا باریک بینی سے مشاہدہ کرتے ہوئے موثر طریقہ کار وضع کریں۔ بیرونی محاذ پر، کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے 2 فیصد کے اندر رہنے کی توقع ہے۔ برآمدات میں بتدریج بحالی اور اسٹیٹ بینک کے اقدامات سے ترسیلات زر میں اضافے کا رجحان بیرونی اکاؤنٹ کو سپورٹ مہیا کرے گا۔ نیز متوقع نجی اور سرکاری فلوئز کے ساتھ، مالی سال 2021 میں پاکستان کی بیرونی پوریشن مستحکم نظر آ رہی ہے۔ معاشی سرگرمیوں کے معمول پر آنے اور عالمی وبائی مرض کے اثرات کم ہونے کے بعد، توقع ہے کہ ملک میں وسیع پیمانے پر معاشی ترقی کا سلسلہ رواں ہو جائے گا جس سے دو پھیپوں والی گاڑیوں کے شعبے کو بھی ترقی ملی گی۔

اٹلس ہنڈ اعمام الناس کے تحفظ اور فلاح و بہبود پر خصوصی توجہ مرکوز رکھنے اور کاروباری سرگرمیوں کو تسلسل سے جاری رکھنے کے ساتھ، اس غیر یقینی صورتحال سے نہایت کامیابی کے ساتھ نبرد آزما ہے۔ طویل المدت کاروباری ترقی اور اسٹیک ہولڈرز کے لیے قدر میں اضافے کے عزم کے ساتھ آپ کی کمپنی ابھرتے ہوئے مواقع سے مستفید ہونے اور بہترین حکمت عملیوں کے ذریعے شاندار کارکردگی کا مظاہرہ کرنے کے لیے پوری طرح صلاحیتوں سے لیس ہے اور اس سلسلے میں "Atlas Way" کے اصول کمپنی کو خوش بنیاد فراہم کرتے رہیں گے۔

چشم داکر دو جہاں دیگرے پیدا شد

(Renewed efforts will bring renewed results)

اظہار تشکر

اٹلس گروپ ہنڈ اموٹر کمپنی سے اپنی شراکت داری پر فخر محسوس کرتا ہے اور اپنے ممتاز حیثیت کے اعلیٰ معیارات کو برقرار رکھنے میں ان کے مسلسل تعاون کا معترف ہے۔ میں اپنے کسٹمرز کے ہم پر اعتماد، ہماری انتظامیہ کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ثاقب انجینئر (سی ای او) کو ان کی پراثر لیڈر شپ اور اپنے اسٹیک ہولڈرز، بینکرز، ڈیلرز، ویپڈرز، ایسوسی ایٹس اور شیئرز ہولڈرز کا بے حد ممنون و مشکور ہوں کہ جن کی مدد سے اٹلس ہنڈ اموٹر کو ایک ممتاز کمپنی کی حیثیت حاصل ہے۔

AS

عامر انجینئر شی رازی

تاریخ: 28 اکتوبر 2020

کراچی

چیمپئن کا جائزہ

میں نہایت مسرت کے ساتھ 30 ستمبر 2020 کو ختم ہونے والی ششماہی کے لیے کمپنی کی غیر ہڑتال شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

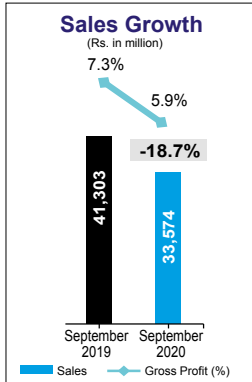
میکرو اکٹماک جائزہ

کرونا وائرس کے کیسز میں ایک بار پھر اضافے کے ساتھ، عالمی معیشتوں کو احساس ہو گیا ہے کہ اس عالمی وبائی مرض کے ساتھ امور کی انجام دہی تاگزیر ہے۔ پاکستانی حکومت کے اسمارٹ لاک ڈاؤن کے اقدامات معاشرت اور معیشت کے مابین توازن برقرار رکھنے میں نتیجہ خیز ثابت ہوئے ہیں۔ کی کوشش کرنے والے سمارٹ لاک ڈاؤن کی پاکستانی حکمت عملی کے مثبت نتائج برآمد ہوئے ہیں۔ چونکہ پوری دنیا کی معیشتوں کو غیر یقینی صورتحال کا سامنا ہے اس لیے مالی سال 2021 میں پاکستان کی شرح نمو 1 فیصد متوقع ہے۔ افراط زر میں اضافہ ہوا ہے، جس کی بنیادی وجہ اشیائے خورد و نوش کی سپلائی میں ہونے والی کمی ہے۔ توقع ہے کہ افراط زر 9 فیصد رہے گی۔ مالی سال 2021 کی پہلی سہ ماہی کے دوران محصولات میں مثبت نمو دیکھنے میں آئی اور تقریباً 1 ٹریلین روپے وصول کیے گئے جبکہ اس سال کا اوسط ہدف 970 بلین روپے تھا۔ تھے۔ اس کا سبب لاک ڈاؤن کی پابندیوں کو کم کرنے کے بعد معاشی سرگرمیوں میں تدریج اضافہ ہے۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ بیلنس میں تاریخی سر پلس کا مشاہدہ کیا گیا جو کہ 2015 کے بعد پہلا سر پلس ہے۔ مالی سال 2021 کی پہلی سہ ماہی میں 792 ملین ڈالر کا کرنٹ اکاؤنٹ سر پلس ریکارڈ کیا گیا تھا جبکہ مالی سال 2020 کی پہلی سہ ماہی میں خسارہ 1.5 بلین ڈالر تک چاہی تھا۔ اسے بڑے پیمانے پر تجارتی خسارے پر قابو پانے کی کوششوں اور بیرون ملک وکریات زر سے معاونت ملی ہے۔ تجارتی خسارے میں 5.8 بلین ڈالر کا معمولی طور پر اضافہ ہوا کیونکہ درآمدات میں 1 فیصد اضافہ ہوا ہے۔ تاہم برآمدات کو قابل ذکر بہتری کا مظاہرہ کرنے سے قاصر رہی ہیں۔ مالی سال 2021 کے پہلے تین ماہ کے دوران ترسیلات زر میں ریکارڈ اضافہ ہوا اور ماہ جولائی میں سب سے زیادہ اضافہ دیکھا گیا ہے۔ ترسیلات زر گزشتہ سال کی اسی مدت کے دوران بھیجی گئی ترسیلات زر کے مقابلے میں 31 فیصد اضافے کے ساتھ 6.9 بلین ڈالر رہیں۔ مارکیٹ کے تعین کردہ پگھلاؤ شرح تبادلہ نے اکانومی کو سنبھالنے میں کلیدی کردار ادا کیا، جس کے نتیجے میں پوری سہ ماہی کے دوران پاکستانی روپیہ مستحکم رہا اور ڈالر کے مقابلے میں 166.2 روپے پر بند ہوا۔ ان پیش رفتوں سے اسٹیٹ بینک آف پاکستان کو زرمبادلہ کے ذخائر کو عالمی وباء سے پہلے کی سطح یعنی تقریباً 12.8 بلین روپے پر برقرار رکھنے میں معاونت ملی۔ مزید یہ کہ معاشی بحالی کو معاونت فراہم کرنے کے لیے اسٹیٹ بینک آف پاکستان نے جون 2020 کے بعد سے پالیسی کی شرح کو 7 فیصد پر برقرار رکھا ہے۔ اس کے نتیجے میں، پاکستان کی اسٹاک مارکیٹ مختصر مدت میں 10,000 سے زیادہ پوائنٹس بڑھنے میں کامیاب ہوئی، اور چار ماہ کی مدت میں اشیاء کے اندر بہترین کارکردگی کا مظاہرہ کرنے والی اسٹاک مارکیٹس میں شامل ہوئی۔

پاکستانی معیشت کے سب سے اہم عنصر زراعت کی ترقی کا ہدف 2.8 فیصد رکھا گیا ہے۔ مالی سال 2020 میں مڈیوں کے فصلوں پر حملے کے بعد متعدد اقدامات اٹھائے گئے ہیں۔ تاہم بوائی میں تاخیر، غیر متوقع بارشوں اور زرعی اشیاء کے مہنگے داموں کے سبب مالی سال 2021 میں پیداواری ہدف کم بھی ہو سکتا ہے۔ دوسری جانب، زرعی مصنوعات کی قیمتوں میں حالیہ اضافے نے فارمنگ آمدنی میں نمایاں بہتری کا مظاہرہ کیا ہے۔ نتیجتاً دیہی علاقوں میں صارفین کی جانب سے اشیاء کی طلب میں اضافہ ہونا شروع ہو گیا ہے۔

بڑے پیمانے پر مینوفیکچرنگ میں توسیع کا سلسلہ ماہ جولائی میں ایک بار پھر شروع ہو گیا اور مالی سال 2021 کی دو ماہ میں 3.67 فیصد ترقی ریکارڈ کی گئی ہے۔ صنعت میں توسیع کی عکاسی گاڑیوں کی فروخت، سینٹ کی تزیین، POL سٹیز اور توانائی کی کھیت میں اضافے سے عیاں ہے۔ یہ حکومت اور اسٹیٹ بینک کی جانب سے پیش کیے جانے والے متعدد معاون پالیسی اقدامات کا نتیجہ ہے جس سے لاک ڈاؤن کے بعد معاشی سرگرمیاں بحال ہوئیں اور حوصلہ افزاء نتائج سامنے آئے۔



آپریٹنگ نتائج

دوسری سہ ماہی کے دوران، کمپنی نے 24.4 بلین روپے کی نیٹ سیلز ریکارڈ کیں جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 32 فیصد زیادہ ہیں۔ فروخت میں اضافے اور لاگت کو کم کرنے کے مسلسل اقدامات کے باعث کل منافع (گروس پرافٹ) بڑھ کر 1.9 بلین روپے رہا ہے جو کہ 45 فیصد کا متاثر کن اضافہ ہے۔ سیلز، مارکیٹنگ اور عمومی انتظامی اخراجات تقریباً گزشتہ سال کی ہی سطح پر برقرار رہے، جس کی وجہ لاگت کو تاہم کرنے کے لیے متعارف کردہ موثر اقدامات ہیں۔ دیگر آمدنی نیٹ آف فنانس چارجز اور دیگر آپریٹنگ اخراجات نے باٹم لائن میں 190 ملین روپے کی معاونت کی۔ نتیجے کے طور پر کمپنی نے دوسری سہ ماہی کے دوران 1.42 بلین روپے قبل ازنگس نیٹ پروفٹ حاصل کیا۔ بعد ازنگس نیٹ پروفٹ اضافے کے ساتھ 1 بلین روپے رہا جو کہ 76 فیصد اضافے کو ظاہر کرتا ہے۔ آمدنی فی شخص 8.1 روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 4.6 روپے تھی۔

Independent Auditor's Review Report to the Members of Atlas Honda Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Atlas Honda Limited as at September 30, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended September 30, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Raheel Ahmed.



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi: October 28, 2020

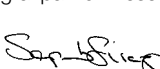
Condensed Interim Statement of Financial Position

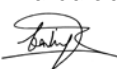
As at September 30, 2020

		(Unaudited) September 30, 2020	(Audited) March 31, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Non current assets			
Property, plant and equipment	5	10,067,172	10,041,495
Intangible assets		119,184	135,121
Long term investments	6	314,821	322,240
Long term loans and advances		39,969	36,671
Long term deposits		12,960	13,025
		<u>10,554,106</u>	<u>10,548,552</u>
Current assets			
Stores, spares and loose tools		675,660	683,123
Stock-in-trade		4,054,198	4,888,616
Trade debts		1,118,338	813,980
Loans and advances		45,462	42,752
Trade deposits and prepayments	7	1,275,135	686,517
Accrued mark-up / interest		22,594	22,392
Other receivables		3,123	329,021
Taxation - net		1,183,106	1,487,667
Short term investments	8	6,101,945	5,248,268
Cash and bank balances		11,408,212	6,308,616
		<u>25,887,773</u>	<u>20,510,952</u>
		<u>36,441,879</u>	<u>31,059,504</u>
EQUITY AND LIABILITIES			
Equity			
Authorized capital			
150,000,000 (March 31, 2020: 150,000,000)			
ordinary shares of Rs.10 each		1,500,000	1,500,000
Issued, subscribed and paid-up capital			
124,087,935 (March 31, 2020: 124,087,935)			
ordinary shares of Rs.10 each		1,240,879	1,240,879
Reserves		15,170,163	15,339,529
		<u>16,411,042</u>	<u>16,580,408</u>
Liabilities			
Non current liabilities			
Lease liabilities		182,901	209,148
Long term borrowings	9	281,239	-
Deferred income - government grant	10	12,465	-
Staff retirement benefits		387,502	342,594
Deferred taxation		391,051	604,200
		<u>1,255,158</u>	<u>1,155,942</u>
Current liabilities			
Trade and other payables	11	18,427,735	13,191,935
Unclaimed dividend		107,018	100,985
Current portion of lease liabilities		34,630	30,234
Current portion of long term borrowings	9	176,904	-
Current portion of deferred income - government grant	10	29,392	-
		<u>18,775,679</u>	<u>13,323,154</u>
		<u>20,030,837</u>	<u>14,479,096</u>
Contingencies and commitments	12	<u>36,441,879</u>	<u>31,059,504</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


Aamir H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer

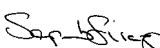

Kashif Yasin
Chief Financial Officer

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the Half Year Ended September 30, 2020

	Note	Quarter ended		Half year ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		(Rupees in '000)			
Sales - net		24,415,611	18,470,588	33,573,840	41,302,591
Cost of sales	13	(22,515,476)	(17,162,347)	(31,584,985)	(38,278,670)
Gross profit		1,900,135	1,308,241	1,988,855	3,023,921
Sales and marketing expenses		(479,286)	(488,926)	(774,611)	(1,013,103)
Administrative expenses		(189,418)	(171,571)	(342,259)	(329,876)
Other income		330,296	275,913	595,875	539,037
Other operating expenses		(129,860)	(66,383)	(131,693)	(156,597)
Share of net profit / (loss) of an associate		5,296	437	(5,519)	2,542
Operating profit		1,437,163	857,711	1,330,648	2,065,924
Finance cost		(16,071)	(8,583)	(27,340)	(13,884)
Profit before taxation		1,421,092	849,128	1,303,308	2,052,040
Income tax expense	14	(417,927)	(278,632)	(417,927)	(639,417)
Profit for the period		1,003,165	570,496	885,381	1,412,623
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		1,003,165	570,496	885,381	1,412,623
----- (Rupees) -----					
Earnings per share					
- basic and diluted	15	8.08	4.60	7.14	11.38

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


Aamir H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer

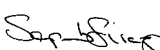

Kashif Yasin
Chief Financial Officer

Condensed Interim Statement of Changes In Equity (Unaudited) For the Half Year Ended September 30, 2020

	Issued, subscribed and paid-up capital	Capital reserves Share premium	Gain on sale of land	Revenue reserves General reserve	Unappro- priated profit	Total
	(Rupees in '000)					
Balance as at April 1, 2019 (Audited)	1,034,066	39,953	165	9,492,000	4,799,580	15,365,764
Total comprehensive income for the half year ended September 30, 2019						
Profit for the period	-	-	-	-	1,412,623	1,412,623
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,412,623	1,412,623
Transactions with owners in their capacity as owners						
Final dividend for the year ended March 31, 2019 at the rate of Rs.10.0 per share	-	-	-	-	(1,034,066)	(1,034,066)
Bonus shares issued for the year ended March 31, 2019 in ratio of 1 share for every 5 shares held	206,813	-	-	-	(206,813)	-
Balance as at September 30, 2019 (Unaudited)	1,240,879	39,953	165	9,492,000	4,971,324	15,744,321
Transaction with owners in their capacity as owners						
Interim dividend for the half year ended September 30, 2019 at the rate of Rs.6.5 per share	-	-	-	-	(806,572)	(806,572)
Total comprehensive income for six months period ended March 31, 2020						
Profit for the period	-	-	-	-	1,665,777	1,665,777
Other comprehensive loss	-	-	-	-	(23,118)	(23,118)
	-	-	-	-	1,642,659	1,642,659
Balance as at March 31, 2020 (Audited)	1,240,879	39,953	165	9,492,000	5,807,411	16,580,408
Total comprehensive income for the half year ended September 30, 2020						
Profit for the period	-	-	-	-	885,381	885,381
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	885,381	885,381
Transaction with owners in their capacity as owners						
Final cash dividend for the year ended March 31, 2020 at the rate of Rs.8.5 per share	-	-	-	-	(1,054,747)	(1,054,747)
Balance as at September 30, 2020 (Unaudited)	1,240,879	39,953	165	9,492,000	5,638,045	16,411,042

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


Aamir H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer


Kashif Yasin
Chief Financial Officer

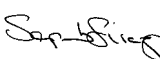
Condensed Interim Statement of Cash Flows (Unaudited)

For the Half Year Ended September 30, 2020

		Half year ended		
		September 30,		
		2020	2019	
Note		----- (Rupees in '000) -----		
Cash flows from operating activities				
	Cash generated from operations	16	7,186,671	1,978,866
	Income taxes paid		(326,515)	(1,010,412)
	Compensated absences paid		(3,652)	(8,421)
	Mark-up / interest received		296,805	317,831
	Workers' profit participation fund paid		(238,371)	(249,161)
	Long term loans and advances - net		(3,298)	(3,220)
	Long term deposits - net		65	(48)
	Net cash generated from operating activities		6,911,705	1,025,435
Cash flows from investing activities				
	Payments for property, plant and equipment		(690,847)	(1,429,294)
	Proceeds from sale of property, plant and equipment		27,597	43,704
	Payments for investments		(2,260,680)	(2,347,382)
	Proceeds from sale of investments		1,451,835	3,129,256
	Dividend received		243,977	217,671
	Net cash used in investing activities		(1,228,118)	(386,045)
Cash used in financing activities				
	Lease rentals paid		(35,277)	-
	Long term borrowings obtained		500,000	-
	Dividend paid		(1,048,714)	(668,095)
	Net cash used in financing activities		(583,991)	(668,095)
	Net increase / (decrease) in cash and cash equivalents		5,099,596	(28,705)
	Cash and cash equivalents at beginning of the period		6,308,616	7,480,159
	Cash and cash equivalents at end of the period		11,408,212	7,451,454

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


Aamir H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer


Kashif Yasin
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited) For the Half Year Ended September 30, 2020

1. THE COMPANY AND ITS ACTIVITIES

Atlas Honda Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. 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% (March 31, 2020: 52.43%) of issued, subscribed and paid-up capital of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended March 31, 2020.

3. ACCOUNTING POLICIES

- 3.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended March 31, 2020 except for note 3.2.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on April 1, 2020. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.

- 3.2 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.
- 3.3 Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss.
- 3.4 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on March 31, 2020. The impact of re-measurement of post-employment benefit plans has not been incorporated in the condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements are in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended March 31, 2020.

5. PROPERTY, PLANT AND EQUIPMENT

		(Unaudited) September 30, 2020	(Audited) March 31, 2020
	Note	---- (Rupees in '000) ----	
Operating fixed assets	5.1	9,612,006	9,748,903
Capital work-in-progress	5.2	247,141	61,562
Right of use assets	5.3	208,025	231,030
		<u>10,067,172</u>	<u>10,041,495</u>
5.1 Operating fixed assets			
Book value at beginning of the period / year		9,748,903	8,915,228
Additions during the period / year		505,268	2,156,180
Disposals costing Rs.246,543 thousand (March 31, 2020: Rs.331,532 thousand) - at book value		(60,005)	(110,090)
Depreciation charge for the period / year		(582,160)	(1,212,415)
Book value at end of the period / year		<u>9,612,006</u>	<u>9,748,903</u>
5.2 Capital work-in-progress			
Civil works		10,429	5,374
Plant and machinery		192,808	48,003
Dies and jigs		2,382	1,019
Factory equipment		180	1,703
Computers and accessories		-	1,473
Furniture and fixtures		896	-
Electric and gas fittings		14,425	-
Vehicles		22,732	3,990
Intangible		3,289	-
		<u>247,141</u>	<u>61,562</u>
5.3 Right of use assets			
Balance at beginning of the period / year		231,030	-
Transition effect on initial application		-	277,040
Less: depreciation charged during the period / year		23,005	46,010
Net book value at end of the period / year		<u>208,025</u>	<u>231,030</u>

		(Unaudited) September 30, 2020	(Audited) March 31, 2020
	Note	---- (Rupees in '000) ----	
6. LONG TERM INVESTMENTS			
Unquoted			
Associate - equity accounted investment	6.1	314,821	322,240
Others - available for sale	6.2	-	-
		<u>314,821</u>	<u>322,240</u>
6.1 Equity accounted investment - Atlas Hitec (Private) Limited			
Balance at beginning of the period / year		322,240	323,497
Share of (loss) / profit for the period / year - net of tax		(5,519)	4,443
Dividend received during the period / year		(1,900)	(5,700)
Balance at end of the period / year		<u>314,821</u>	<u>322,240</u>
6.1.1	The value of investment in an Associate is based on unaudited condensed interim financial statements of the investee company as at September 30, 2020.		
6.1.2	Investment in Atlas Hitec (Private) Limited (AHTL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (March 31, 2020 : 29.23%) of its issued, subscribed and paid up capital as at September 30, 2020.		
		(Unaudited) September 30, 2020	(Audited) March 31, 2020
6.2 Others - available for sale		---- (Rupees in '000) ----	
Arabian Sea Country Club Limited			
200,000 (March 31, 2020: 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 (March 31, 2020: 50,000) ordinary shares of Rs.10 each - cost		500	500
Less: Impairment in the value of investment		500	500
		-	-
		-	-
7.	Includes margin against letter of credit aggregating Rs.1,093,343 thousand (March 31, 2020: Rs.569,355 thousand).		
8. SHORT TERM INVESTMENTS		(Unaudited) September 30, 2020	(Audited) March 31, 2020
- At fair value through profit or loss		---- (Rupees in '000) ----	
	Note		
Investments in units of mutual funds:			
- Related parties		5,402,402	4,587,309
- Others		699,543	660,959
		<u>6,101,945</u>	<u>5,248,268</u>

		(Unaudited) September 30, 2020	(Audited) March 31, 2020
	Note	---- (Rupees in '000) ----	
9. LONG TERM BORROWINGS			
Loan under refinance scheme for payment of wages and salaries	9.1	500,000	-
Adjustment pertaining to fair value of loan at below market interest rate	9.2	(41,857)	-
		458,143	-
Current maturity		(176,904)	-
		281,239	-
9.1	This represents long term loan 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 1.0% per annum and to be paid at the end of each quarter. The principal is repayable in eight quarterly installments starting from January 2021.		
9.2	Adjustment pertaining to fair value of loan at below market interest rate	Note	(Unaudited) September 30, 2020 ---- (Rupees in '000) ----
	Difference of fair value of loan and loan received		51,816 -
	Less: amortization of loan		9,959 -
			41,857 -
10. DEFERRED INCOME - GOVERNMENT GRANT			
Grant recognized on loan at below market interest rate	10.1	51,816	-
Less: released to statement of profit or loss		9,959	-
		41,857	-
Current portion		(29,392)	-
		12,465	-
10.1	The Company recognized government grant on below market interest loan received - (note 9.1) in accordance with IAS - 20 'Accounting for government grants and disclosure of government assistance'.		
11. TRADE AND OTHER PAYABLES		(Unaudited) September 30, 2020	(Audited) March 31, 2020
		---- (Rupees in '000) ----	
Creditors		5,129,529	4,871,563
Accrued liabilities		3,162,748	2,456,105
Royalty payable		1,123,007	970,535
Warranty obligations		55,437	60,302
Contract liabilities - advances from customers		7,928,454	4,051,943
Retention money		2,847	2,847
Sales tax payable - net		356,041	-
Workers' profit participation fund		69,995	238,371
Workers' welfare fund		116,548	89,950
Payable to staff retirement benefit funds - gratuity		56,796	38,505
Provision for Sindh government infrastructure fee		387,620	377,770
Others		38,713	34,044
		18,427,735	13,191,935

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- 12.1.1 There is no change in status of the contingencies as disclosed in note 24.1.1 of the audited annual financial statements of the Company for the year ended March 31, 2020.

(Unaudited) September 30, 2020	(Audited) March 31, 2020
---- (Rupees in '000) ----	

12.1.2	Guarantees issued by banks on behalf of the Company	1,544,554	875,370
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12.2 Commitments

12.2.1 Commitments in respect of:

- capital expenditure, raw materials and components through confirmed letters of credit	1,655,323	1,183,949
- capital expenditure other than through letters of credit	92,024	100,799

- 12.2.2 Aggregate commitments for ijarah arrangements of vehicles and plant & machinery as at period / year end are as follows:

(Unaudited) September 30, 2020	(Audited) March 31, 2020
---- (Rupees in '000) ----	

Not later than one year	75,597	36,668
Later than one year and not later than five years	193,174	33,610
	268,771	70,278

13. COST OF SALES

----- (Unaudited) -----			
Quarter ended		Half year ended	
September 30,		September 30,	
2020	2019	2020	2019
----- (Rupees in '000) -----			

Opening stock of finished goods	596,696	566,793	864,308	865,428
Cost of goods manufactured	21,008,372	16,070,055	29,092,988	35,581,416
Purchases during the period	1,526,942	1,151,897	2,244,223	2,458,224
	22,535,314	17,221,952	31,337,211	38,039,640
	23,132,010	17,788,745	32,201,519	38,905,068
Closing stock of finished goods	(616,534)	(626,398)	(616,534)	(626,398)
	22,515,476	17,162,347	31,584,985	38,278,670

14. INCOME TAX EXPENSE

Current and prior tax	631,076	352,857	631,076	713,642
Deferred tax	(213,149)	(74,225)	(213,149)	(74,225)
	417,927	278,632	417,927	639,417

15. EARNINGS PER SHARE

- basic and diluted

Profit for the period	1,003,165	570,496	885,381	1,412,623
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----- (Number of shares) -----

Weighted average number of ordinary shares in issue during the period	124,087,936	124,087,936	124,087,936	124,087,936
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----- Rupees -----

Basic earnings per share	8.08	4.60	7.14	11.38
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- 15.1 There is no dilutive effect on the basic earnings per share of the Company.

16. CASH GENERATED FROM OPERATIONS

		(Unaudited)	
		Half year ended	
		September 30,	
		2020	2019
		---- (Rupees in '000) ----	
Note			
	Profit before taxation	1,303,308	2,052,040
	Adjustments for:		
	Depreciation	605,165	579,910
	Amortization	15,937	20,752
	Provision for compensated absences	48,560	21,258
	Provision for gratuity	18,291	19,252
	Mark-up / interest on saving deposit accounts and term deposit receipts	(297,007)	(296,706)
	Gain on sale of investments at fair value through profit or loss	(4,775)	(20,642)
	Fair value gain on investments at fair value through profit or loss	(40,057)	(1,582)
	Dividend income	(242,077)	(211,971)
	Workers' profit participation fund	69,995	110,070
	Workers' welfare fund	26,598	41,828
	Loss on disposal of operating fixed assets	32,408	204
	Share of net loss / (profit) of an Associate	5,519	(2,542)
	Interest on lease liabilities	13,426	-
16.1	Changes in working capital	5,631,380	(333,005)
		7,186,671	1,978,866
16.1	Changes in working capital		
	Decrease / (increase) in current assets:		
	- Stores, spares and loose tools	7,463	(69,180)
	- Stock-in-trade	834,418	(560,503)
	- Trade debts	(304,358)	274,386
	- Loans and advances	(2,710)	355
	- Trade deposits and prepayments	(588,618)	5,294
	- Other receivables	325,898	(64,262)
		272,093	(413,910)
	Increase in trade and other payables	5,359,287	80,905
		5,631,380	(333,005)

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

17.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year end.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2020.

17.2 Fair value measurement of financial instruments

The carrying values of all financial assets and liabilities reflected in the condensed interim 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].

	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
September 30, 2020				
Short term investments	6,101,945	-	-	6,101,945
March 31, 2020				
Short term investments	5,248,268	-	-	5,248,268

There was no transfers amongst the levels and any change in valuation techniques during the period.

18. TRANSACTIONS WITH RELATED PARTIES

	(Unaudited) Half year ended September 30, 2020 2019	
	---- (Rupees in '000) ----	

18.1 Significant transactions with related parties are as follows:

The Holding Company

Sales of:		
- goods and services	336	696
- operating fixed assets	3,466	62
Purchases of:		
- goods and services	11,802	-
- operating fixed assets	287,400	371,041
Rent	-	6,345
Lease rentals paid	70,054	-
Dividend paid	553,051	542,207
Bonus shares issued	-	108,441

Associated companies

Sales of:		
- goods and services	520,083	861,103
- operating fixed assets	4,150	7,373
Purchases of:		
- goods and services	8,745,722	11,106,293
- operating fixed assets	60,464	103,121
Sale of units in mutual funds	1,200,000	1,851,345
Purchase of units in mutual funds	1,800,000	116,185
Royalty paid	1,386,139	984,235
Technical assistance fee	15,775	16,990
Commission income	24	294
Lease rentals paid	25,548	-
Insurance premium paid	229,268	221,271
Insurance claims received	4,342	6,257
Reimbursement of expenses - net	9,240	5,123
Dividend paid	399,065	29,316
Dividend received	218,607	5,700
Bonus shares issued	-	78,248

Other related parties

Contributions paid to provident funds / pension schemes	41,849	37,115
Key Management Personnel		
- salaries and other employment benefits	92,568	74,848
- sale of vehicles under company policy	2,654	7,445

(Unaudited) Half year ended September 30,	
2020	2019
---- (Rupees in '000) ----	

18.2 Period / year end balances are as follows:

Receivables from related parties

Property, plant and equipment	-	49,302
Long term loans	4,159	-
Trade deposits and prepayments	144,973	114,198

Payable to related parties

Lease liabilities	64,077	-
Staff retirement benefits	53,612	37,014
Trade and other payables	1,166,642	2,251,794
Unclaimed dividend	-	361,924

These are settled in ordinary course of business.

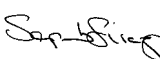
19. **CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended March 31, 2020 and the corresponding figures in the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the half year ended September 30, 2019.

20. **DATE OF AUTHORIZATION**

This condensed interim financial statements was authorized for issue on October 28, 2020 by the Board of Directors of the Company.


Aamir H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer


Kashif Yasin
Chief Financial Officer

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