

Aftab Automobiles Limited and its Subsidiary

1st Quarter Report
2020-2021

Dear Shareholders,

We are pleased to forward herewith the un-audited Consolidated Statement of Profit or Loss and other Comprehensive Income for the 1st Quarter ended September 30, 2020, Consolidated Statement of Financial Position as at September 30, 2020, Consolidated statement of cash flows, Consolidated statement of Changes in Equity and consolidated notes to the financial statements of the company for the period ended on that date.


Managing Director


Dated, Dhaka.
November 14, 2020

Aftab Automobiles Limited and its Subsidiary

Un-Audited consolidated Statement of Profit or Loss and other Comprehensive Income
For the 1st Quarter ended September 30, 2020

Particulars	Notes	July ' 2020 to September' 2020	July ' 2019 to September' 2019
Revenues		331,330,427	713,576,842
Less : Cost of sales	3	256,923,258	528,293,151
Gross profit		74,407,169	185,283,691
Less: Operating expenses		98,558,624	156,177,354
Administrative expenses		14,187,045	17,753,945
Selling and distribution expenses		15,011,304	25,291,719
Financial charges		69,360,275	113,131,691
Operating profit		(24,151,455)	29,106,337
Add : Other income		5,550,571	4,322,786
Add : Share of profit from associate company		3,412,749	9,487,240
Profit before contribution to WPPF		(15,188,135)	42,916,363
Less : Contribution to WPPF		-	2,043,636
Net profit before tax		(15,188,135)	40,872,727
Add : Realised Gain on Sale of Share		-	-
Profit before tax		(15,188,135)	40,872,727
Less : Provision for Income tax		3,712,817	11,828,674
Current tax		3,741,692	7,453,841
Deferred tax		(28,875)	4,374,833
Total comprehensive income for the Period		(18,900,952)	29,044,052
Total comprehensive income for the Period Attributable to:			
Equity holders		(18,901,857)	29,043,593
Non-controlling interests		904	459
Total comprehensive income for the period		(18,900,952)	29,044,052
Consolidated earnings per share	16	(0.20)	0.30


Managing Director


Director


Director


CFO


Company Secretary


Aftab Automobiles Limited and its Subsidiary

Un-Audited consolidated Statement of Financial Position

As at September 30, 2020

Particulars	Notes	30-09-20	30-06-20
Assets :			
Non-current assets :			
Property, plant and equipment	4	1,970,455,795	1,986,691,601
Capital work-in-progress	5	979,382,086	979,271,904
Investments		28,395,758	28,395,758
Investments in associate		392,532,852	389,120,103
Receivables -Non-Current Maturity	6	2,286,686,640	2,280,851,484
Right of use assets		9,442,392	11,326,984
Total non-current assets		5,666,895,523	5,675,657,834
Current assets:			
Receivables -Current Maturity	6	3,312,889,273	3,305,839,273
Stock and stores	7	2,011,029,692	2,058,799,168
Current account with Navana Group Companies		3,681,175,599	3,656,207,754
Advances, deposits and prepayments	8	5,918,200,622	5,181,882,189
Cash and bank balances	9	394,810,805	299,822,733
Total current assets :		15,318,105,992	14,502,551,117
Total Assets		20,985,001,515	20,178,208,951
Equity and Liabilities :			
Capital & reserve			
Share capital		957,324,220	957,324,220
Share premium		1,925,858,339	1,925,858,339
Reserve		67,338,231	67,338,231
Retained earnings		2,793,297,882	2,812,199,739
Equity attributable to equity holders		5,743,818,672	5,762,720,529
Non-controlling interest		412,992	412,088
Total equity		5,744,231,664	5,763,132,617
Non-current liabilities			
Loan and deferred liabilities (unsecured)		25,310,440	25,310,440
Long Term loan-Net of current maturity	10	3,497,475,528	3,927,803,421
Deferred tax liability	12	127,893,945	127,922,821
Lease liability		8,213,198	9,826,360
Total non-current liabilities		3,658,893,110	4,090,863,042
Current liabilities :			
Long Term loan-Current maturity	10	1,165,825,176	1,309,267,807
Short-term loan	13	9,086,970,314	7,674,755,610
Accrued and other current liabilities	14	1,329,081,251	1,340,189,875
Total current liabilities :		11,581,876,741	10,324,213,292
Total liabilities		15,240,769,851	14,415,076,334
Total Equity and Liabilities		20,985,001,515	20,178,208,951
Consolidated net assets value per share (NAVPS)	17	60.00	60.20


6 Managing Director


Director


Director


C F O


Company Secretary

Aftab Automobiles Limited and its Subsidiary

Un-audited consolidated Statement of Changes in Equity
For the 1st Quarter ended September 30, 2020

Particulars	Share capital	Share premium	Reserves	Retained earnings	Attributable to equity holders of the company	Non-controlling interest	Total
Balance as on July 01, 2019	957,324,220	1,925,858,339	67,338,231	2,884,205,752	5,834,726,542	414,214	5,835,140,756
Dividend	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	29,043,593	29,043,593	459	29,044,052
Balance at September 30, 2019	957,324,220	1,925,858,339	67,338,231	2,913,249,344	5,863,770,134	414,673	5,864,184,808
Balance as on July 01, 2020	957,324,220	1,925,858,339	67,338,231	2,812,199,739	5,762,720,529	412,088	5,763,132,617
Dividend	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	(18,901,857)	(18,901,857)	904	(18,900,952)
Balance at September 30, 2020	957,324,220	1,925,858,339	67,338,231	2,793,297,882	5,743,818,672	412,992	5,744,231,664



Managing Director



Director



CFO



Company Secretary

Aftab Automobiles Limited and its Subsidiary

Un-audited consolidated Statement of Cash Flows

For the 1st Quarter ended September 30, 2020


Particulars	Notes	July ' 2020 to September' 2020	July ' 2019 to September' 2019
A. Cash flows from operating activities			
Receipts from customers		318,445,271	669,568,730
Receipts as other income		5,550,571	4,322,786
Payments to suppliers and employees		(263,242,430)	(563,885,709)
Cash generated from operations		60,753,412	110,005,807
Income tax paid		(4,284,409)	(20,761,913)
Net cash generated by operating activities		56,469,003	89,243,894
B. Cash flows from investing activities			
Acquisition of property, plant & equipment		(2,300,736)	(11,331,530)
Advance for capital assets		(700,000,000)	-
Capital work in progress		(110,182)	(1,050,500)
Net cash used investing activities		(702,410,918)	(12,382,030)
C. Cash flows from financing activities			
Received from bank loan		838,444,179	(87,487,651)
Financial charges paid		(69,360,275)	(113,131,691)
Inter company transaction		(24,967,845)	135,877,276
Dividend paid		(3,186,070)	(1,805,329)
Net cash used in financing activities		740,929,989	(66,547,395)
D. Net changes in cash & cash equivalents for the period (A+B+C)		94,988,074	10,314,469
E. Cash & cash equivalents at beginning of the period		299,822,731	285,560,347
F. Cash & cash equivalents at end of the period (D+E)		394,810,805	295,874,816
Consolidated net operating cash flows per share (NOCFPS)	17	0.59	0.93


Managing Director


Director


Director


C F O


Company Secretary

Aftab Automobiles Limited and its Subsidiary

Consolidated notes to the Financial Statements

As at and for the 1st Quarter ended September 30, 2020

1. Corporate Information and Mode of Business

Aftab Automobiles Limited (the company), was incorporated in erstwhile East Pakistan in the Year 1967 as East Pakistan Automobiles Limited under the Companies Act, 1913. Subsequently, after liberation, the company changed its name as Aftab automobiles Limited and was certified by the registrar of Joint Stock Companies & Firms, Bangladesh on the 11th day of March 1972. It was incorporated as a Private Limited Company since its inception. However, in 1981 it was transformed into a Public Limited Company under the Companies Act, 1913. The Registered Office of the Company is located at 125/A, Motijheel Commercial Area, Dhaka-1000. The Company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the years 1987 and 1996 respectively.

The principal activities of the Company throughout the period were assembling of Toyota Land Cruiser soft top / Pick-up, Land Cruiser Prado, Hino Bus, Hino Mini Bus / Truck Chassis with a production capacity of 2400 units of vehicles in 3 shifts in Assembling Unit. At present, the plant is running in a single shift. The Company has recently set up a Motor Cycle Unit with a capacity of 10,000 units of Motor Cycle per year. Sales of Motor Cycle has been started in the year 2013-2014. The Company has one subsidiary company namely Navana Batteries Ltd, that produces and markets Batteries.

2. Significant Accounting Policies and basis of preparation of the financial statements

2.1. Statement of Compliance

The financial statements have been prepared in accordance with International Accounting Standards (IAS)- 34 Interim Financial Reporting Standards.

2.3. Basis of Reporting

The financial statements are prepared and presented for external users by the company in accordance with the identified financial reporting framework. The presentation has been made in compliance with the requirement of IAS 1- "Presentation of Financial Statements".

2.4. Business Environment Update Amid Coronavirus Pandemic

In March, as the coronavirus pandemic spread in Bangladesh, the country meaningfully persuades social distancing by forcing people to stay at home, work from home, and desist people from unnecessary movement. In markets, the company subsequently saw the transport sector are the most affected sector of the county for this situation. The net effect of this pandemic had a significant impact on 1st quarter results and the company also expects a negative impact as well as for the year 2020-2021. For context, since the beginning of the 1st quarter, the company has experienced a volume decline drastically. The ultimate impact on the rest of the quarters and full-year 2020-2021 is unknown at this time, as it will depend heavily on the duration of social distancing of the country, as well as the substance and pace of macroeconomic recovery. The company believes the pressure on the business is temporary and remains optimistic about seeing the sequential improvement of the country's condition in the rest of the period of the year 2020-2021. The company, along with its subsidiary, is continuing to adapt quickly to the current environment, with a focus on mitigating the near-term impact while positioning for success

2.5. Reporting

These financial statements cover 1st Quarter of accounting year of the company for the period from July 01, 2020 to September 30, 2020.

2.6. Foreign Currency Exchange Gain/Loss

The company did not have any Foreign Currency in Cash and Cash equivalents at the beginning and the end of the period September 30, 2020.

Particulars	July ' 2020 to September' 2020	July ' 2019 to September' 2019
3. Cost of sales		
Materials	211,889,010	473,278,732
Factory Overhead	30,205,015	38,587,972
Depreciation	14,829,233	16,426,446
	256,923,258	528,293,151

	30-09-20	30-06-20
4 Property, plant and equipment, net		
Opening Balance	1,986,691,601	2,048,455,880
Add : Addition for the Period	2,300,736	21,394,693
Add : Transferred from Capital W-I-P	-	-
	1,988,992,337	2,069,850,573
Less : Depreciation	18,536,542	83,158,972
Closing Balance	1,970,455,795	1,986,691,601
5 Capital work-in-progress		
Opening balance	979,271,904	597,122,227
Add : Addition during the Period	110,182	382,149,677
	979,382,086	979,271,904
Less: Transfer to property, plant & equipment	-	-
Closing balance	979,382,086	979,271,904
Receivables		
6 Total Receivables	5,726,764,950	5,713,279,794
Less : Bad debts	127,189,037	126,589,037
	5,599,575,912	5,586,690,757
Receivable current (Maturity less than 12 months)	3,312,889,273	3,305,839,273
Receivable Non-Current (Maturity over 12 months)	2,286,686,640	2,280,851,484
7 Stock and stores		
Finished products	726,775,947	761,439,047
Raw materials	620,322,303	510,514,721
Work-in-process	161,987,418	279,243,833
Stores and spares	2,937,395	2,627,415
Goods in transit	499,006,629	504,974,152
	2,011,029,692	2,058,799,168
8 Advances, deposits and prepayments		
Advance to suppliers	786,702,548	727,987,256
Advance to employees	44,991,026	45,219,388
Advance to others	509,096,602	479,516,205
Current Account with VAT	101,972,618	102,564,939
Deposits	345,034,593	400,475,573
Advance for Capital Assets	2,950,000,000	2,250,000,000
Advance Income tax (note-8.1)	1,180,403,236	1,176,118,827
	5,918,200,622	5,181,882,189
8.1 Advance Income tax		
Opening balance	1,176,118,827	1,112,697,165
Add : Addition during the Period	4,284,409	63,421,662
	1,180,403,236	1,176,118,827
Less : Adjustment made during the period	-	-
Closing Balance	1,180,403,236	1,176,118,827
9 Cash and bank balances		
Cash in hand	5,829,674	6,063,368
Cash at bank : Current AC, STD AC & FDR Accounts	388,981,131	293,759,365
	394,810,805	299,822,733

	30-09-20	30-06-20
10 Long Term loan-Net of current portion		
Agrani Bank Ltd.	2,149,235,992	1,684,759,884
Meghna bank Ltd.	22,625,874	22,314,977
SBAC bank Ltd.	120,793,318	120,793,318
Mutual trust bank Ltd.	144,173,735	140,932,292
Prime bank Ltd.	11,981,108	11,653,515
Midland Bank Ltd.	30,076,748	29,400,536
Peoples Leasing	143,325,391	143,325,391
One Bank Ltd.	66,506,478	64,656,771
NCC Bank Ltd.	120,140,649	123,860,226
Bay Leasing	102,517,921	102,517,921
GSP Finance	249,204,434	249,204,434
Midas financing	40,980,611	40,980,611
Union Capital	119,022,682	119,022,682
BD Finance Ltd.	47,200,218	47,200,218
Phoenix Finance	-	626,046,793
Prime Finance & Investment Ltd.	653,153,691	-
Trust Bank Ltd.	413,458,583	411,323,083
Dutch-Bangla Bank Ltd.	-	686,040,284
Social Islami Bank Ltd.	63,070,071	61,285,348
Modhumoti bank Ltd.	129,575,482	507,687,250
Hajj Finance Company Ltd.	36,257,718	44,065,694
	4,663,300,704	5,237,071,228
less: Long Term loan-Current portion	1,165,825,176	1,309,267,807
Long Term loan-Net of current portion	3,497,475,528	3,927,803,421
11 Current tax		
Aftab Automobiles Ltd. (Note: 11.1)	593,581	6,298,435
Navana Batteries Ltd (Note: 11.2)	1,317,091	1,155,405
	1,910,672	7,453,841
11.1 Aftab Automobiles Ltd.		
Operating profit	(35,702,502)	25,006,165
Other Income	5,550,571	4,322,786
Contribution to WPPF	-	(1,848,390)
Bad debts	600,000	-
Add: Accounting depreciation	8,896,201	9,978,342
Less: Tax depreciation	(10,303,816)	(12,265,161)
	(30,959,545)	25,193,742
Normal Tax liability @ 25% on profit before tax	(7,739,886)	6,298,435
Minimum Tax liabilities @ 0.6% on Gross Receipt	593,581	2,887,944
Current Tax Liabilities (whichever is higher)	593,581	6,298,435
11.2 Navana Batteries Ltd.		
Profit before Tax	11,551,046	3,904,926
Add: Accounting Depreciation	9,640,340	10,554,716
Less: Tax Depreciation	(11,504,890)	(13,587,478)
Adjusted Profit for tax calculation	9,686,497	872,163
Normal Tax liability @ 32.5% on profit before tax	3,148,111	305,257
Minimum Tax liabilities @ 0.6% on Gross Receipt	1,317,091	1,155,405
Current Tax Liabilities (whichever is higher)	1,317,091	1,155,405

	30-09-20	30-06-20
12 Deferred tax liability		
Aftab Automobiles Ltd. (12.1)	66,766,696	73,537,076
Navana Batteries Ltd. (12.2)	61,127,248	54,385,745
Closing Balance	127,893,945	127,922,821
Calculation of Deferred tax		
12.1 Aftab Automobiles Ltd.		
Associate company (12.1A)	74,506,570	73,824,020
PPE & Bad Debt (12.1B)	(7,739,874)	(286,945)
	66,766,696	73,537,076
12.1A Associate company		
Opening Balance	73,824,020	71,217,441
Add: Provision during the period	682,550	2,606,580
Deferred Tax on Associate Company as on 31.09.2020	74,506,570	73,824,020
Investment Valuation surplus in share		
12.1B PPE & Bad Debt		
PPE		
WDV on PPE as per Accounting Calculation	1,134,082,639	1,142,638,625
WDV on PPE as per Taxable Calculation	1,006,893,553	1,017,197,369
Temporary Defference	127,189,086	125,441,256
Deferred Tax 25% on difference	31,797,272	31,360,314
Less: Unabsorbed Dep.	(7,739,886)	-
Deferred Tax During The Year (i)	24,057,385	31,360,314
BAD DEBTS:		
Bad debts as per accounting base	127,189,037	126,589,037
Bad debts as per tax base	-	-
Temporary difference	127,189,037	126,589,037
Deferred Tax 25% on difference (ii)	(31,797,259)	(31,647,259)
Total deferred tax on PPE & Bad Debt (i+ii)	(7,739,874)	(286,945)
12.2 Navana Batteries Ltd		
WDV on PPE as per Accounting Calculation	836,373,156	844,052,976
WDV on PPE as per Taxable Calculation	648,289,314	657,833,684
Temporary Defference	188,083,841	186,219,292
Deferred Tax 32.5% on different	61,127,248	60,521,270
Less: Unabsorbed Depreciation	-	(6,135,525)
Actual deferred tax after unabsorbed depreciation	61,127,248	54,385,745
Movement of deferred tax		
A Aftab Automobiles Ltd.		
Opening Balance [Associate Company, PPE & Bad Debt]	73,537,075	68,818,220
Add : During the period	(6,770,379)	4,718,855
Closing Balance	66,766,696	73,537,075

	30-09-20	30-06-20
Opening Balance	73,537,075	68,818,220
Add : During the period (PPE & Bad Debt)	(7,452,929)	2,112,276
Add : During the period (Associate co.)	682,550	2,606,580
Add : During the period (OCI)	-	-
Closing Balance	66,766,696	73,537,075
B Navana Batteries Ltd		
Opening Balance	54,385,745	59,893,710
Add : During the period (PL AC)	6,741,504	(5,507,965)
Closing Balance	61,127,248	54,385,744
Total Deferred Tax Expenses (PL AC)	(28,875)	(789,110)
Total Deferred Tax Liabilities (FS AC)	127,893,945	127,922,821
11 Deferred tax liability		
Opening Balance	127,922,821	128,711,930
Add : Addition for the Period	(711,425)	(3,395,690)
Add : For Associate Company	682,550	2,606,580
Closing Balance	127,893,946	127,922,821
13 Short-term loan		
Agrani Bank Ltd.	1,325,930,605	630,585,708
Bank Asia Ltd.	905,412,691	884,744,037
Standard Bank Ltd.	97,747,994	96,996,631
NRB Commercial Ltd.	457,939,011	447,643,218
BRAC Bank Ltd.	41,933,836	40,991,042
NCC bank Ltd.	55,958,360	50,387,922
Dhaka Bank Ltd.	368,594,369	343,896,638
Mercantile Bank Ltd.	239,031,560	466,753,873
The City Bank Ltd.	78,961,492	75,206,530
Midland Bank Ltd.	32,431,150	31,702,004
Prime bank Ltd.	54,020,757	52,806,214
One Bank Ltd.	290,636,160	282,913,641
SBAC bank Ltd.	168,652,806	168,652,806
Mutual trust bank Ltd.	56,901,417	55,618,726
Southeast Bank Ltd.	980,606,388	958,559,517
Dutch-Bangla Bank Ltd.	1,148,285,234	487,340,721
Al-Arafah Islami Bank Ltd.	61,283,861	71,234,641
IFIC Bank Ltd.	2,309,976,508	2,217,261,858
Jamuna Bank Ltd.	191,205	186,906
Shahjalal Islami bank ltd.	168,236,114	166,036,111
Modhumoti bank Ltd.	244,238,796	145,236,866
	9,086,970,314	7,674,755,610
14 Accrued and other current liabilities		
For goods supplied	142,758,542	138,836,366
For expenses	129,523,482	150,120,276
For Income tax	848,456,127	844,714,435
For Workers' P.P.F. and W.F.	28,328,898	28,628,898
Provision for bad debts	5,402,171	5,176,851
For Other Finance	93,049,707	90,094,323
For Bond Liabilities	4,824,208	2,694,543
Unclaimed dividend	76,738,113	79,924,183
	1,329,081,251	1,340,189,875

	30-09-20	30-06-20
15 Net assets value per share (NAVPS)		
Net assets value	5,743,818,672	5,762,720,529
Number of ordinary shares used to compute NAVPS	95,732,422	95,732,422
Net assets value per share	60.00	60.20

16 Earnings per share (EPS)		
Profit attributable to ordinary shareholders	(18,900,952)	29,044,052
Number of ordinary shares used to compute earnings per share	95,732,422	95,732,422
Earnings per share	(0.20)	0.30

The Sales revenue decreased in the corresponding quarter due to Corona Virus (Covid-19) pandemic impact, as a result gross profit decreased. The financial expenses also adversely affected the bottom line profitability & consequently resulted reduced EPS.

17 Net operating cash flows per share (NOCFPS)		
Net operating cash flows (Note: 17.1)	56,469,003	89,243,894
Number of ordinary shares used to compute NOCFPS	95,732,422	95,732,422
Net operating cash flows per share	0.59	0.93

NOCFPS has substantially been decreased in current year's 1st quarter compared to the previous year's 1st quarter due to less collection from customers.

17.1 Reconciliation of cash flows from operating activities under indirect method:		
Net profit/Loss before interest, income tax & WPPF during the period	50,759,390	146,560,814
Adjustment to recocile net income to net cash provided by operating activities:		
Depreciation	18,536,542	20,533,058
Payment of lease liability	75,941	-
Interest on lease liability	195,490	-
Payment of WPPF	(300,000)	-
Income tax paid	(4,284,409)	(20,761,913)
Changes in current assets and liabilities:		
Decrease/ (increase) in inventories	47,769,476	(175,924,910)
Decrease/ (increase) in advance and prepayments	(32,034,026)	77,520,956
(Decrease)/ increase in payables & accruals	(11,364,247)	85,324,001
(Decrease)/ increase in Advance against sales	-	-
Decrease/ (increase) in trade receivable	(12,885,156)	(44,008,112)
Net cash flow from operating activities	56,469,003	89,243,894