

ANNUAL REPORT | 2020



aftab automobiles limited

LETTER OF TRANSMITTAL

To
Hon'ble Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies and Firms, Bangladesh
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Sub : Annual Report-2020

Dear Sir(s),

We are pleased to enclose Annual Report-2020 of Aftab Automobiles Limited together with the consolidated Audited Financial Statements comprising of Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year ended 30 June 2020 alongwith notes there on for your kind information.

Sincerely yours



Mohammad Jaman Khan ACS
Company Secretary

CORPORATE INFORMATION

Board of Directors

Chairman

Shafiul Islam

Managing Director

Saiful Islam

Directors

Khaleda Islam
Sajedul Islam
Farhana Islam

Independent Director

M. Obaidur Rahman FCA
(Expired on 07.10.2020)
Syed Masud Hasan

Company Secretary

Mohammad Jaman Khan ACS

Chief Financial Officer

Mohammad Fakrul Islam FCA

Head of Internal Audit and Compliance

Md. Emdadul Haque

Subsidiary Company

Navana Batteries Limited

Vehicle Assembling and Navana Batteries Plants
Fouzderhat Heavy Industrial Estate, Chattogram
Bus-body Fabrication Unit
Coatbari, Dipnagar, Gabtoli
Mirpur, Dhaka

Audit Committee

Syed Masud Hasan - Chairperson
Khaleda Islam - Member
Sajedul Islam - Member

Nomination and Remuneration Committee

Syed Masud Hasan - Chairperson
Khaleda Islam - Member
Sajedul Islam - Member

External Auditors

A.Hoque & Co.
Chartered Accountants

Corporate Governance Compliance Auditors

Ahmed Zaker & Co.
Chartered Accountants

Principal Bankers

Agrani Bank Limited
Bank Asia Limited
Dutch Bangla Bank Limited
IFIC Bank Limited
NRB Commercial Bank Limited
One Bank Limited

Corporate Office

205-207, Tejgaon I/A, Dhaka

Commercial Office

House # 16/B, Road # 93,
Gulshan-2, Dhaka

Registered Office

125/A, Motijheel C/A, Dhaka

e-mail: info@aftabautomobiles.com
Website: www.aftabautomobiles.com

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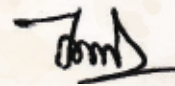
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Notice of the 40th Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of the Shareholders of Aftab Automobiles Limited will be held on Tuesday, 29 December 2020 at 10:00 AM under Digital Platform pursuant to the BSEC's Order No. SEC/SRMIC/94-231/25 dated July 8, 2020 to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June 2020 together with Auditors' Reports and Directors' Reports thereon.
2. To declare Dividend for the year ended 30 June 2020.
3. To re-elect Directors.
4. To appoint External Auditors of the Company for the year ended 30 June 2021 and fix their remuneration.
5. To appoint Corporate Governance Compliance Auditors of the Company for the year ended 30 June 2021 and fix their remuneration.
6. Any other business with the permission of the Chair.

By Order of the Board



(Mohammad Jaman Khan, ACS)
Company Secretary

Dated: Dhaka
24 October 2020

Notes:

- a) The Shareholders whose names will appear in the Share Register of the Company and/or Depository Register of CDBL as on record date i.e. 18 November 2020 will be entitled to attend the AGM and receive dividend.
- b) Attendance to the AGM through log in confirmation under Digital Platform of AGM. Link will be sent through SMS and email to the respective Shareholders'.
- c) The Proxy Form affixed with requisite revenue stamp of Tk. 20/- must be deposited at the Registered Office of the Company at least 48 hours prior to the AGM.
- d) The Annual Report 2020 of Aftab Automobiles Limited will be sent to the respective Shareholders' email IDs available with CDBL on Record Date.
- e) The copy of Annual Report 2020 will be available in the Company's website www.aftabautomobiles.com.



Message from the Chairman

**Dear Shareholders,
Assalamu Alaikum,**

I, on behalf of Aftab Automobiles Limited would like to take the opportunity to welcome you all to the 40th Annual General Meeting of the Shareholders of Aftab Automobiles Limited and place before you a summarized statement of the activities of the Company for the financial year ended 30 June 2020.

We are saddened to inform you that our Board member Mr. M. Obaidur Rahman FCA has passed away (Innalillahi wa innailayhi rajiun) on 07-10-2020. We have lost a sincerest, honest and dedicated person. Let us all pray for eternal peace of his departed soul.

You are aware that transport Business is very competitive and hinders the business due to the global effect of Covid-19 epidemics. We strongly believes the pressure on the business is temporary and remains optimistic on seeing sequential improvement in the next year. We predicted to overcome the current environment soon.

Your Assembling Unit has assembled 198 Units of non-air conditioned Hino Diesel Bus chassis.

The Bus Body Fabrication Unit has fabricated 111 Units of Hino Buses.

The Motorcycle Unit has assembled 2551 units of motorcycles.

Navana Batteries Limited, subsidiary of Aftab Automobiles Limited has produced various types of Batteries.

I would like to express deep appreciation to the shareholders, customers, patrons and other well-wishers for their continuous support and co-operation extended to the Company and hope to get more support in coming days.

A handwritten signature in black ink, appearing to be 'Shafiul Islam'.

(Shafiul Islam)
Chairman



চেয়ারম্যান এর বিবৃতি

প্রিয় শেয়ারহোল্ডারবৃন্দ,
আসসালামুআলাইকুম।

আমি আফতাব অটোমোবাইলস্ লিমিটেড এর পক্ষ হতে ৪০তম বার্ষিক সাধারণ সভায় আপনাদেরকে স্বাগত জানাচ্ছি এবং ৩০ শে জুন ২০২০ তারিখে সমাপ্ত বছরে কোম্পানির কার্যক্রমের সংক্ষিপ্ত বিবরণী আপনাদের কাছে উপস্থাপন করছি।

আমরা অত্যন্ত দুঃখের সাথে জানাচ্ছি যে, আমাদের পরিচালনা পর্ষদের একজন সদস্য জনাব এম. ওবায়দুর রহমান এফসিএ গত ৭ই অক্টোবর ২০২০ তারিখে মৃত্যুবরণ (ইন্সট্রাক্টেড ওয়া ইন্সট্রাক্টেড রাজিউন) করিয়াছেন। আমরা একজন আন্তরিক, সৎ ও নিবেদিত ব্যক্তিকে হারিয়েছি। আমরা সকলে তাঁর বিদেহী আত্মার মাগফেরাত কামনা করছি।

আপনারা অবগত আছেন যে, বর্তমানে পরিবহন ব্যবসা খুবই প্রতিযোগিতা মূলক এবং বিশ্বে মহামারী কোভিড-১৯ এর কারণে ব্যাপকভাবে বাধাগ্রস্ত হয়েছে। আমরা দৃঢ়ভাবে প্রত্যাশা করি যে কোম্পানির এই অবস্থা কিছু দিনের মধ্যে কেটে যাবে এবং আগামীতে পরিস্থিতির উন্নতি হবে।

আপনাদের সংযোজন ইউনিটে ১৯৮টি নন-এয়ারকন্ডিশনড হিনো ডিজেল বাস চেসিস সংযোজিত হয়েছে।
আলোচ্য বছরে বাস-বডি নির্মাণ ইউনিটে ১১১টি হিনো-বাস তৈরী করা হয়েছে।
মটর সাইকেল ইউনিটে ২৫৫১টি মটর সাইকেল সংযোজিত হয়েছে।

আফতাব অটোমোবাইলস্ লিমিটেড এর সাবসিডিয়ারী 'নাভানা ব্যাটারীজ লিমিটেড'-এ বিভিন্ন ধরনের ব্যাটারী উৎপাদিত হয়েছে।

আমি কোম্পানির শেয়ারহোল্ডারবৃন্দ, গ্রাহক, পৃষ্ঠপোষক ও অন্যান্য শুভাকাঙ্ক্ষীদের অব্যাহত সমর্থন ও সহযোগিতা আগামীতে ও কামনা করছি।

(শফিউল ইসলাম)
চেয়ারম্যান

Directors' Report to the Shareholders

**Dear Shareholders,
Assalamu Alaikum,**

The Board of Directors of Aftab Automobiles Limited is pleased to place herewith the Directors' Report and the Auditors' Report alongwith the audited financial statements of the Company for the year ended 30 June 2020.

You are aware that during the year business was disrupted and also hinder due to global effect of COVID-19 pandemic.

PRINCIPAL ACTIVITIES

The principal activities during the year of the Company are summarized hereunder:

Vehicle Assembling Unit

A total of 198 chassis of Hino Diesel Bus (Model:AK1JMKA) were assembled in this Unit of the Company. The Unit has contributed an amount of Tk. 91.01 crore to the Company's turn-over.

Bus Body Fabrication Unit

This Unit has fabricated 111 units of Hino non air-conditioned bus body. An amount of Tk. 12.76 crore has been contributed to the sales of the Company.

Motorcycle Unit

This Unit has assembled 2551 units of motorcycles and added an amount of Tk. 37.37 crore to the Company's sales.

Navana Batteries Limited

Various types of batteries produced during the year, an amount of Tk. 53.56 crore added as sales of the company.

Industry Outlook and Possible Future Development

To cover the market for Aftab Automobiles Limited, we explain the market for Buses and Motorcycles separately.

Bus

The Demand for Buses is growing rapidly in the country as well as increased economic activities in the last decade. Bus Operators are controlled by large fleet owners throughout the country and demand is dominated by non-airconditioned buses. However, there is a growing demand for luxury airconditioned buses owing to the increasingly hot weather conditions, air pollution and growing income levels.

Motorcycle

The demand of motorcycle, scooters market has achieved growth in the last five years. Demand is driven by traffic conditions, insufficient public transport, motorcycle is a less expensive desired option among the young generation, middle-income group and city dwellers. Growth has been facilitated by government policy that promotes local manufacturing of motorcycles by providing duty benefit to manufacturers. This growth is expected to continue since demand is increasing. Most of the major players in the market have already set-up their manufacturing plant due to duty difference between trading and manufactures.

Risk and Concern

Like others, our business may also be affected by risk and uncertainties. Presently, to the best of our knowledge, we do not have faced any material risk and uncertainties.

A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin (Consolidated).

Amount in taka

Particulars	30 June 2020	30 June 2019
Revenues (Turnover)	1,947,024,768	2,818,043,017
Cost of goods sold	1,431,542,977	2,115,825,918
Gross profit	515,481,791	702,217,098
Net profit for the year after tax	8,409,450	120,087,299

Margin Analysis

Gross profit margin and Net profit margin compared with the previous year as hereunder :

	30 June 2020	30 June 2019
Gross Profit	26.47%	24.92%
Net Profit	0.43%	4.26%

Extra-Ordinary Events

No events of extra ordinary gain or loss reported in the financial statements which would require to adjust and/or disclosed during the reporting period.

The Variance between the Quarterly and Annual Financial Statements

Variance in financial performance from quarter to quarter has been considered usual based on the variation of economic activities.

Board of Directors Meetings

Total 11 meetings held by the Board of Directors during the year ended on 30 June 2020.

Name of Directors	Board Meeting attended
Mr. Shafiul Islam	8
Mrs. Khaleda Islam	5
Mr. Saiful Islam	9
Mr. Sajedul Islam	7
Ms. Farhana Islam	3
Mr. M. Obaidur Rahman, Independent Director	6
Mr. Syed Masud Hasan, Independent Director	3

We are saddened to inform you that M. Obaidur Rahman, Independent Director has expired on 07-10-2020.

Recommendations for Re-election

In terms of Article 125 and 126 of the Articles of Association of the Company, Mr. Shafiul Islam and Mrs. Khaleda Islam, Directors retire by rotation from the Board in the 40th Annual General Meeting. Being eligible under Article 127 of the Articles of Association of the Company, the retiring Directors have offered themselves for re-election.

Disclosure of information of the directors who are willing to be re-elected:**Mr. Shafiul Islam**

Mr. Shafiul Islam joined the Islam Group, a reputed business conglomerate in Bangladesh in 1967 and started his career with automobile business as well as in the construction, real estate business. In the early years, he gained valuable experience by being involved in the management of the Group's diverse business operations. He played a major role in establishing "Navana" as the Toyota brand car trading company in Bangladesh, and finally set up Aftab Automobiles Limited. He was also in charge of the construction company named Bengal Development Corporation (BDC) where he was directly responsible for the construction work of BDC in the Middle East and from 1981, he was also taking care of Eastern Housing Limited, then the largest real estate development company in Bangladesh. In 1996, the then Chairman of Islam Group, separated from Islam Group with Navana Limited and Aftab Automobiles Limited and formed Navana Group. He has a very good relationship with all business key people in the country.

Mr. Shafiul Islam is the Chairman of Navana Group, consisting of companies involved amongst others in vehicles assembling, bus body fabrication, trading, real estate, construction, CNG/LPG conversion and CNG/LPG station, electronics, petroleum and renewable energy.

Names of companies in which Mr. Shafiul Islam also holds the directorship:

Navana Limited, Aftab Automobiles Limited, Navana Real Estate Limited, Navana Construction Ltd., Navana Foods Ltd., Navana Building Products Ltd., Navana Interlinks Ltd., Navana Electronics Ltd., Navana Batteries Ltd., Navana Furniture Ltd., Navana Engineering Limited, Navana Welding Electrode Limited, Navana Plastic Products Ltd., Navana power Generation Ltd., Navana Toyota Service Center Ltd., The Essential Industries Ltd., Eastern Printing Press Ltd., Orion Complex Ltd., Kenhill Paper Mills Ltd., Navana Computer & Tech Ltd., Navana Services Ltd., Road Linkers Ltd., Navana Taxi Cab Co. Ltd., Navana Power Co. Ltd., Navana Feed Mills Ltd., Navana Software Ltd., Navana Plantation Ltd., Navana Exports Ltd., Navana Logistics Ltd., Navana Renewable Energy Ltd., Navana Gas Co. Ltd., Navana Paints Ltd., Navana Equities Ltd., Navana Electrical and Energy Saving Products Ltd., Navana Properties Ltd. and Navana LPG Ltd.

Membership in committees of the Board of other Companies-None.**Mrs. Khaleda Islam**

Mrs. Khaleda Islam is the wife of Mr. Shafiul Islam, Chairman of the Navana Group. She traveled many countries in the world.

At present, Mrs. Khaleda Islam is a Director of Navana Group, involved amongst others in vehicles assembling, bus body fabrication, trading, real estate, construction, CNG/LPG conversion and CNG/LPG stations, electronics, petroleum and renewable energy.

Names of companies in which Mrs. Khaleda Islam also holds the directorship:

Navana Limited, Aftab Automobiles Limited, Navana Real Estate Limited, Navana Construction Ltd., Navana Foods Ltd., Navana Electronics Ltd., Navana Toyota Service Center Ltd., Navana Engineering Limited, Navana Welding Electrode Limited, Navana Interlinks Ltd., The Essential Industries Ltd., Eastern Printing Press Ltd., Orion Complex Ltd., Kenhill Paper Mills Ltd., Biponon Ltd., Navana Computer & Tech Ltd., Navana Services Ltd., Road Linkers Ltd., Navana Taxi Cab Co. Ltd., Navana Plastic Products Ltd., Navana Power Generation Ltd., Navana Power Co. Ltd., Navana Feed Mills Ltd., Navana Software Ltd., Navana Plantation Ltd., Navana Exports Ltd., Navana Logistics Ltd., Navana Renewable Energy Ltd., Navana Gas Co. Ltd., Navana Building Products Ltd., Navana Equities Ltd., Navana Electrical and Energy Saving Products Ltd., Navana Properties Ltd., and Navana LPG Ltd.,

Membership in committees under the Board of other Companies-Audit Committee and NRC in Navana CNG Limited.

Fairness of Financial Statements

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and other related laws fairly present the Company's state of affairs, the results of its operations, cash flow, and changes in equity. Managing Director and Chief Financial Officer have given the declaration about the fairness of the financial statements for the year ended 30 June 2020 which is shown on page 17 of the report.

Books of Accounts

Proper books of accounts of the Company were maintained.

Accounting Policies

Appropriate accounting policies have been consistently applied in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

Application of IAS and IFRS

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) have been followed in the preparation of the financial statements and any deviation there from has been adequately disclosed.

Internal Control

The systems of internal controls were sound and implemented and monitored effectively. The Company has a strong internal Audit Department to ensure effective internal control mechanism. The Audit Committee always gives their suggestion and recommendation for official the accomplishment of their work as and when required.

Going Concern

There are no doubts about the Company's ability to continue as a going concern. The Board of Directors has reviewed the Company's business plan and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

Significant Variance deviations from the Last year's Operating Result

Significant decrease in profit compared to the previous year due to a decrease in sales revenue. Reasons for dropping the sales are mainly company's policy to discourage credit sale & encourage cash sale, decreasing of market demand, slow-down of investment in the transport sector and effected also due to Covid-19 pandemic prevailing in the country and world wide.

Consolidated Financial Result and Appropriation of Profit:

The consolidated financial results for the year ended 30 June 2020 is given hereunder comparing with the previous year ended on 30 June 2019.

		Amount in taka	
Particulars	30 June 2020	30 June 2019	
Retained Earnings Brought Forward	2,906,222,668	2,854,661,684	
Add: Net Profit for the year after tax	8411,576	120,085,308	
Recommended for appropriations:			
	<u>2020</u>	<u>2019</u>	
Cash Dividend @ 10% 10%	(68,524,324)	(68,524,324)	
Un appropriated profit carried forward	2,846,109,920	2,906,222,668	

Aftab Automobiles Limited (AAL)

The operating results of AAL for the year ended 30 June 2020 is given hereunder compared to the previous year ended on 30 June 2019.

		Amount in taka	
Particulars	30 June 2020	30 June 2019	
Turnover	1,411,377,402	1,957,393,139	
Gross Profit	375,158,709	494,511,587	
Net Profit for the year after tax	8,411,575	120,085,308	
Earnings Per Share (EPS)	0.09	1.25	
Net Assets Value Per Share (NAVPS)	60.20	60.95	
Net Operating Cash Flow Per Share (NOCFPS)	(6.56)	5.90	

Navana Batteries Limited (NBL), subsidiary of Aftab Automobiles Limited

Navana Batteries Limited is a fully owned subsidiary company of Aftab Automobiles Limited. The operating results of NBL for the year ended 30 June 2020 comparing with previous yearended on 30 June 2019 are given below:

Amount in taka

Particulars	30 June 2020	30 June 2019
Turnover	535,647,366	860,649,878
Gross Profit	140,323,081	207,705,511
Net Profit After Tax	(3,907,971)	3,660,092
Earnings Per Share (EPS)	(0.21)	0.20
Net Assets Value Per Share (NAVPS)	41.21	41.42

Investment in the associated company**Navana Real Estate Limited**

At Present Aftab Automobiles Limited is holding =60,00,000= shares of Tk.10/- each of Navana Real Estate Limited. The acquisition cost of the said shares was Tk. 3.33 per share. As Navana Real Estate Limited is not listed, its market price cannot be determined. However, Navana Real Estate Limited's Earning per share (EPS) and Net asset value (NAV) as on 30 June 2019 stood at Tk. 6.33 and Tk. 62.78 per share respectively.

Corporate Governance Compliance

The Company complied with the requirements of Corporate Governance Code.

- Declaration by Managing Director and CFO in page no. 17 (Annexure-A)
- Compliance Certificate on Corporate Governance Code in page no. 18 (Annexure-B)
- Corporate Governance Compliance Report in page no. 19 (Annexure-C)
- Pattern of shareholding in page no. 12
- Highlights of Financial key operating data in page no. 13

Next Year Plan

The Vehicle Assembling Unit of the Company is expected to assemble 200-250 units of Diesel Hino Bus Chassis.

The Bus Body Fabrication Unit is expected to fabricate around 120-150 units of Bus Body in the next financial year.

The Motorcycle unit is expected to assemble 3000 units of various types of motorcycles as per market demand.

Navana Batteries Limited is expected to produce various types of Batteries. To meet the market demand.

Dividend

The Board of Directors of Aftab Automobiles Limited has recommended a cash dividend @ 10% to the general shareholders only excluding sponsors and directors for the year ended 30 June 2020. The general shareholders whose names will appear in the share register of the Company and/or Depository Register of CDBL as on Record Date i.e., 18 November 2020 will be entitled to the dividend, subject to approval in the ensuing Annual General Meeting of the Company scheduled to be held on 29 December 2020.

Appointment of External Auditors

Being illegible the existing External Auditors of the Company, A.Haque & Co., Chartered Accountants, expressed their willingness to continue as External Auditors of the Company for the year ended 30 June 2021. The Board of Directors of the Company in a meeting dated 10 November 2020 recommended for re-appointment of A.Hoque & Co., Chartered Accountants for conducting audit as external an auditor of the Company for the year ended 30 June 2021. Matter to be placed for approval in the ensuing Annual General Meeting scheduled to be held on 29 December 2020.

Appointment of Compliance Auditors

Existing Compliance Auditors, Ahmed Zaker & Co., Chartered Accountants, expressed their willingness to continue as compliance auditors for the year ended 30 June 2021. The Board of Directors of the Company in a meeting dated 10 November 2020 recommended for re-appointment of Ahmed Zaker & Co., Chartered Accountants, for conducting an audit on compliance with the Corporate Governance Code for the year ended 30 June 2021. Matter to be placed for approval in the ensuing Annual General Meeting scheduled to be held on 29 December 2020.

Acknowledgement

The Board wishes to express its sincere appreciation to all employees of Aftab Automobiles Limited for their contribution, thanks to all stakeholders and the concerns for their continued support and confidence, even in this invert situation for Covid-19 pandemic in the country and world wide.

On behalf of the Board of Directors



(Saiful Islam)

Managing Director

The pattern of shareholdings of the Directors and others as on 30 June 2020 are as follows:

Pattern of Shareholding:

Namewise Details		No. of Shares held
i.	Parent/Subsidiary/Associated Companies and other related parties	
ii.	Directors, Chief Executive Officer(CEO), Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouse and minor children:	
	Directors, Chief Executive Officer :	
	Mr. Shafiul Islam - Chairman	18,626,415
	Mr. Saiful Islam - Managing Director	1,988,215
	Mrs. Khaleda Islam - Director	2,603,467
	Mr. Sajedul Islam - Director	1,988,078
	Ms. Farhana Islam - Director	1,988,078
	Syed Masud Hasan- Independent Director	Nil
	Chief Financial Officer, Company Secretary and Head of Internal Audit & Compliance and their spouse and minor children:	Nil
iii.	Executives	Nil
iv.	Shareholders holding ten percent (10 %) or more voting interest in the company:	
	Mr. Shafiul Islam	18,626,415

HIGHLIGHTS of FINANCIAL and KEY OPERATING DATA

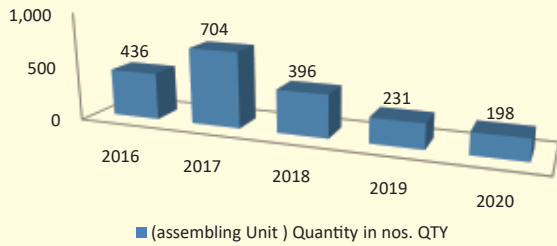
[Consolidated]

(Amount in '000' Taka)

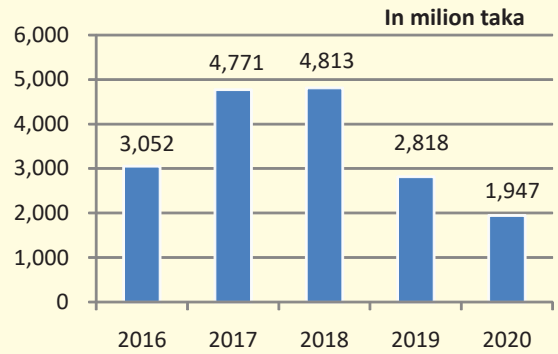
Particulars	2020	2019	2018	2017	2016
Authorized capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Paid-up capital	957,324	957,324	957,324	957,324	957,324
Face Value Per Share	Tk. 10/-	Tk.10/-	Tk.10/-	Tk.10/-	Tk.10/-
Shareholders equity	5,762,721	5,834,726	5,829,520	5,673,466	5,367,358
Fixed asset	1,986,692	2,048,456	2,012,035	1,742,323	1,265,524
Turnover (Net)	1,947,025	2,818,043	4,813,708	4,771,209	3,051,578
Gross profit	515,482	702,217	944,861	1,064,989	763,416
Net profit after tax	8,409	120,087	256,474	394,535	267,707
Total comprehensive income for the period/year	8,409	120,087	249,297	396,736	276,763
Operating cash flow per share	(6.02)	3.74	(4.24)	1.32	10.44
Book value per share	60.20	60.95	60.89	59.26	56.07
Earnings per share	0.09	1.25	2.68	4.12	2.89
Cash dividend	10%	10%	12%	16%	15%
Number of shareholders	21,182	21,902	22,682	25,898	34,403

GRAPHICAL PRESENTATION

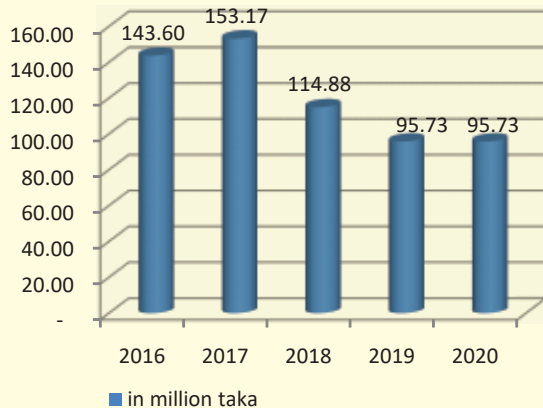
PRODUCTION (Assembling Unit)



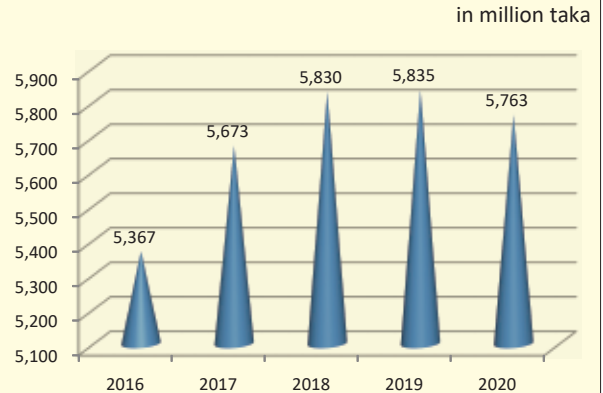
SALE



DIVIDEND



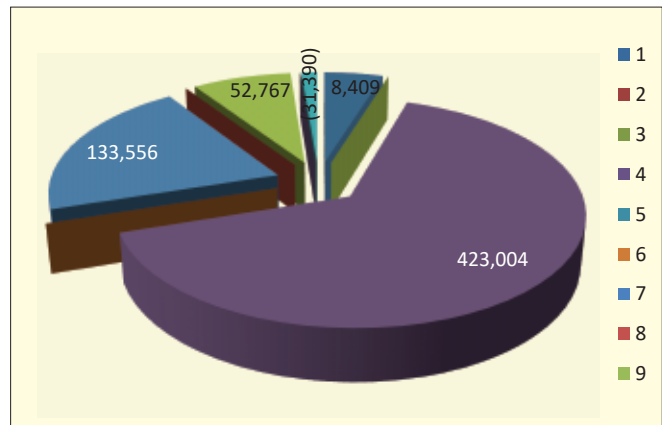
SHAREHOLDERS EQUITY



VALUE ADDED STATEMENT For the Period ended June 30, 2020

Amount in '000' Taka	
Sale/ Turnover	1,947,024
Bought in- Material & Service	1,360,678
Value Added	586,346
Application	
to National Exchequer	(31,390)
to Providers of Loan	
as Interest & Charges	423,004
to Providers Emp. Salaries	
Wages & other benefits	133,556
to Providers of Capital- as Dividend	52,767
Reserve & Surplus	8,409
	586,346

VALUE ADDED GRAPH





REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the system of rules, procedures by which companies are directed and controlled by the management to the best interest of the stakeholders. Code of Conduct for the Chairperson, other Board Members and Managing Directors clearly defines their rights and responsibilities. A good governance is the most valuable asset of a company. Corporate Governance Code to be Complied in order to enhance corporate governance in the greater interest of investors and the capital market. The Board of Directors of Aftab Automobiles Limited is committed to maintaining effective corporate governance culture of accountability and transparency.

Board of Directors

The Board of Directors comprises of 6(six) members including Independent Director. All Directors have sound knowledge in the area of related business, managerial expertise and sound academic and professional knowledge. They are well conversant with corporate governance code.

Independent Directors

The Board of Directors appointed two Independent Directors, Mr. M. Obaidur Rahman, FCA and Mr. Syed Masud Hasan. We saddened to inform that M. Obaidur Rahman, Independent Director has expired on 07-10-2020. The Board believes that his experience and knowledge to assist in providing both effective and constructive contribution to the Board.

The Role of the Chairman and the Managing Directors

The position of the Chairman and the Managing Director sare clearly defined. The responsibility of the Chairman is to provide leadership to the Board and to ensure that the Board works effectively & efficiently and discharges its responsibilities as directors of the Company and to preside over the meeting of the Board of Directors and General Meeting.

The Managing Director has the overall responsibility for the performance of the Company's business. He is also responsible for establishing and executing the Company's overall strategic and operating plan to achieve the Company's objectives.

Audit Committee

The Audit Committee is a sub-committee of the Board of Aftab Automobiles Limited. The Audit Committee is comprised of three members of the Board including Independent Directors, who is the Chairperson of the Committee. The Committee assists the Board to ensure that the financial statements reflect true and fair view of the state of affairs of the Company and ensuring a good monitoring system within the business and to oversee the determination of audit fees based on scope and magnitude, level of expertise deployed for effective audit and evaluate the performance of external auditors of the company.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee is a sub-committee of the Board of Directors of Aftab Automobiles Limited. The Nomination and Remuneration Committee is comprised of three members of the Board including Independent Directors, who is the Chairperson of the NRC. The Nomination and Remuneration Committee is responsible to the Board and to the Shareholders.

Company Secretary

Mohammad Jaman Khan ACS has been appointed as the Company Secretary of Aftab Automobiles Limited. He is responsible for dealing with corporate & various matters regulatory compliances, making bridge between the Board and other Stakeholders, custodian of the Shareholders and also conducts the statutory functions pursuant to the applicable laws and regulations. The Board of Directors clearly defined the respective roles, responsibilities and duties of the Company Secretary in compliance with the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC).

Chief Financial Officer

Mohammad Fakrul Islam FCA has been appointed as the Chief Financial Officer of Aftab Automobiles Limited. He is responsible for accounts and financial activities of the Company. The Board of Directors clearly defined the respective roles, responsibilities and duties of the Chief Financial Officer in compliance with the Corporate Governance Code of BSEC and other applicable rules and regulations.

Financial Reporting and Transparency

Financial Statements have been prepared in line with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and other legislations as applicable in Bangladesh. Publishing quarterly and annual audited financial statements with comprehensive details as per legal requirements.

Statutory Audit

Statutory Audit of the Company is governed by the Companies Act, 1994, Corporate Governance Code and other applicable laws. The Act and Code provides guidelines for the appointment, scope of work, retirement/re-appointment of auditors and fix their remuneration in the Annual General Meeting.

Internal Audit

Internal Audit to support the Company to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management and control. Internal Auditors activity is governed by the Internal Audit Team, other applicable laws.

Internal Control

The Company has an Internal Audit department and headed by the Head of Internal Audit and Compliance. The internal control system is maintained and reviewed by the Head of Internal Audit and prepare report. Internal Control mechanism is built for the Company's systems and procedures to reduce the risk of error and fraud. The Board of Directors ensures sound internal control to provide reasonable assurance regarding the achievement of the Company's objectives.

Declaration by Managing Director and Chief Financial Officer

24 October 2020

The Board of Directors
Aftab Automobiles Limited

Subject: Declaration on Financial Statements for the year ended on 30 June 2020.

Dear Sirs,

Pursuant to the condition No 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969 we do hereby declare that:

- (1) The Financial Statements of Aftab Automobiles Limited for the year ended on 30 June 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

- (i) We have reviewed the financial statements for the year ended on 30 June 2020 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.

Sincerely yours,



(Saiful Islam)
Managing Director



(Mohammad Fakrul Islam FCA)
Chief Financial Officer

**Head Office :**

89 Kakrail, Green City Edge (Level 10), Dhaka 1000, Bangladesh
 Website: www.ahmed-zaker.com Email: azc@ahmed-zaker.com
 Phone: +88-02-83005018, Fax: +88-02-8300509

Report to the Shareholders of Aftab Automobiles Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Aftab Automobiles Limited for the year ended 30 June 2020. This Code relates to the Notification No. BSEC/CMRRC-D/2006-158/207/Admin/80, dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our Examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission ;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

Dated: Dhaka
 November 12, 2020

Ahmed Zaker & Co.
 Chartered Accountants
 (Zabed A Mirdha, FCA)
 Partner

**Chittagong Office:**

74, Sk. Mujib Road, Agrabad, C/A Chittagong - 4100. Tel: 031-634103 E-mail: arupscly@yahoo.com, arupscly@ahmed-zaker.com

STATUS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Status of Compliance with the conditions imposed by the Commissions, Notification No. BSEC/CMR-RD/2006-158/207/Admin/80, dated;3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.	BOARD OF DIRECTORS			
1.1	Board's Size [The total number of members of a Company's Board of Directors (herein after referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty)].	✓		
1.2	Independent Directors:			
1.2(a)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	✓		
1.2(b)	Independent Director means a director:			
1.2(b) (i)	Who either does not hold any share in the Company or holds not less than one percent (1%) shares of the total paid-up shares of the Company	✓		
1.2(b) (ii)	Who is not a sponsor of the Company and is not connected with the Company's any sponsor or Director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the Company	✓		
1.2(b) (iii)	Who has not been executive of the Company in immediately preceding 2 (two) financial years.	✓		
1.2(b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/associated companies	✓		
1.2(b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder director or officer of any stock exchange	✓		
1.2(b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		
1.2(b) (vii)	Who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this code	✓		
1.2(b) (viii)	Who shall not independent director in more than 5 (Five) listed companies	✓		
1.2(b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or advance to a bank or Non-Bank Financial Institution	✓		
1.2(b) (x)	Who has not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (c)	The Independent Director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM)			
1.2 (d)	The post of Independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		Subsequently one Independent Director M. Obaidur Rahman FCA, has been Passed away on October 07, 2020
1.2 (e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.3	Qualification of Independent Director (ID)			
1.3(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws regulatory requirements and corporate laws and can make meaningful contribution to business.	✓		
1.3(b)	Independent director shall have following qualifications:			
1.3(b)(i)	Business Leader who is or was a promoter or director of an unlisted Company having minimum paid-up capital of Tk.100.00 million or any listed Company or a member of any national or international chamber of commerce or business association.			N/A
1.3(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Chief Financial Officer or Head of Finance Or Accounts or Company Secretary or Head of internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted Company having minimum paid up capital of TK 100.00 million or of a listed Company.	✓		
1.3(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, Who has at least educational background of bachelor degree in economics or commerce or business or Law.			N/A
1.3(b)(iv)	University teacher who has educational background in Economics or Commerce or Business Studies or Law.			N/A
1.3(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification.			N/A
1.3(c)	The independent director shall have at least 10 (ten) years of experience in any filed mentioned in clause (b)	✓		
1.3(d)	In special cases, the above qualification or experiences may be relaxed subject to prior approval of the Commission.			N/A
1.4	Duality of Chairperson of the Board of Directors and Managing Directors or Chief Executive Officer :-			
1.4(a)	The position of the Chairperson of the Board and the Managing Director (MD) and /or Chief Executive Officer (CEO) of the Company shall be filled by different individuals.	✓		
1.4(b)	The managing Director (MD) and/or Chief Executive Officer (CEO) of a listed Company shall not hold the same position in another listed Company.	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the Company.	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and /or Chief Executive Officer.	✓		
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Boards meeting the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.5	The Directors' Report to Shareholders			
1.5(i)	An Industry outlook & possible future development in the industry	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.5(ii)	The segment- wise or product- wise performance	✓		
1.5(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any.	✓		
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit and Net Profit Margin and Net profit Margin, Where applicable	✓		
1.5(v)	A discussion on continuity of any Extra-Ordinary activities and their implication (gain or loss)	✓		
1.5(vi)	A detailed discussion on related party transactions alongwith a statement showing amount, nature of related party,nature of transactions and basis of transactions of all relatedparty transactions;	✓		
1.5(vii)	A statement of utilization of proceeds raised through publicissues, rights issues and/or any other instruments;			N/A
1.5(viii)	An explanation if the financial results deteriorate after the Company goes for IPO, RPO, Rights offer, Direct listing etc.			N/A
1.5(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1.5(x)	A statement of Remuneration paid to directors including independent directors	✓		
1.5(xi)	A statement that The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1.5(xii)	Proper books of accounts have been maintained	✓		
1.5(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		
1.5(xiv)	IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure	✓		
1.5(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	✓		
1.5(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.	✓		
1.5(xvii)	A statement that there is no significant doubt upon the issuer Company's ability to continue as a going concern, if the issuer Company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1.5(xviii)	An explanation that significant deviations from the last year's operating results of the issuer Company shall be highlighted and the reasons thereof shall be explained;	✓		
1.5(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5(xx)	An explanation on the reasons if the issuer Company has not declared dividend (cash or stock) for the year			N/A
1.5(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	✓		
1.5(xxii)	The total number of Board meetings held during the year and attendance by each director	✓		
1.5(xxiii)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1.5(xxiii) (a)	Parent/Subsidiary/Associated Companies and other related parties (Name wise details)	✓		
1.5(xxiii) (b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children (Name wise details)	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.5(xxiii) (c)	Executives			
1.5(xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the Company (Name wise details)	✓		
1.5(xxiv)	Disclosure on Appointment/Re-appointment of Director:			
1.5(xxiv)(a)	A brief resume of the Director	✓		
1.5(xxiv)(b)	Nature of his /her expertise in specific functional areas	✓		
1.5(xxiv)(c)	Name of companies in which the person also holds the directorship and the membership of committees of that Board.	✓		
1.5(xxv)	Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1.5(xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		
1.5(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	✓		
1.5(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	✓		
1.5(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		
1.5(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	✓		
1.5(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the Company	✓		
1.5(xxv)(g)	Future plan or projection or forecast for Company's operation, performance and financial position, with justification thereof i.e., actual position shall be explained to the shareholders in the next AGM	✓		
1.5(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A	✓		
1.5(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C .	✓		
1.6	Meetings of the Board of Directors	✓		
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1.7(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the Company	✓		
1.7(b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency	✓		
2	Governance of Board of Directors of Subsidiary Company.			
2(a)	Provisions relating to the composition of the Board of the holding Company shall be made applicable to the composition of the Board of the subsidiary Company	✓		
2(b)	At least 1 (one) independent director on the Board of the holding Company shall be a director on the Board of the subsidiary Company	✓		
2(c)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
2(d)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company also.	✓		
2(e)	The Audit Committee of the holding Company shall also review the financial statements, in particular the investments made by the subsidiary Company.	✓		
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):			
3.1	Appointment	✓		
3.1(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	✓		
3.1(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	✓		
3.1(c)	The MD or CEO, CS, CFO and HIAC of a listed Company shall not hold any executive position in any other Company at the same time	✓		
3.1(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		
3.1(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	✓		
3.2	Requirement to attend Board of Directors' Meetings			
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.3(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief.	✓		
3.3(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3.3(a)(ii)	These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
3.3(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board or its members;	✓		
3.3(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4.i	Audit Committee	✓		
4.ii	Nomination and Remuneration Committee.	✓		
5	AUDIT COMMITTEE:			
5(i)	Responsibility to the Board of Directors	✓		
5.1(a)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors	✓		
5.1(b)	The Audit Committee shall assist the BOD in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business	✓		
5.1(c)	The Audit Committee shall responsible to the BOD. The duties of the Audit Committee shall be clearly set forth in writing	✓		
5.2	Constitution of the Audit Committee			
5.2(a)	The Audit Committee shall be composed of at least 3 (three) members	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5.2(b)	The BOD shall appoint members of the Audit Committee who shall be directors of the Company and shall include at least 1 (one) independent director.	✓		
5.2(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	✓		
5.2(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee			N/A
5.2(e)	The Company Secretary shall act as the Secretary of the Audit Committee	✓		
5.2(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		
5.3	Chairperson of the Audit Committee			
5.3 (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		
5.3 (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes			N/A
5.3 (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		
5.4	Meeting of the Audit Committee			
5.4(a)	The Audit Committee shall conduct at least its four meetings in a financial year	✓		
5.4(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	✓		
5.5	Role of Audit Committee the Audit Committee shall:			
5.5(a)	Oversee the financial reporting process	✓		
5.5(b)	Monitor choice of accounting policies and principles	✓		
5.5(c)	Monitor Internal Control Risk management process	✓		
5.5(d)	Oversee hiring and performance of external auditors	✓		
5.5(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5.5(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5.5(h)	Review the adequacy of internal audit function;	✓		
5.5(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5.5(j)	Review statement of all related party transactions submitted by the management;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5.5(k)	Review Management Letters or Letter of Internal Control Weakness issued by statutory auditors.			N/A
5.5(L)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		
5.5(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:			N/A
5.6	Reporting of the Audit Committee			
5.6.(a)	Reporting to the Board of Directors	✓		
5.6 (a) (i)	The Audit Committee shall report on its activities to the Board	✓		
5.6 (a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any			N/A
5.6 (a) (ii)(a)	Report on conflicts of interests			N/A
5.6 (a) (ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements			N/A
5.6 (a) (ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations			N/A
5.6 (a) (ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately			N/A
5.6.(b)	Reporting to the Authorities			N/A
5.7	Reporting to the Shareholders and General Investors	✓		
6	Nomination and Remuneration Committee (NRC).			
6.a	Responsibility to the Board of Directors	✓		
6.1(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	✓		
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive	✓		
6.1(c)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6.2	Constitution of the NRC			
6.2(a)	The Committee shall comprise of at least three members including an independent director	✓		
6.2(b)	All members of the Committee shall be non-executive directors	✓		
6.2(c)	Members of the Committee shall be nominated and appointed by the Board	✓		
6.2(d)	The Board shall have authority to remove and appoint any member of the Committee	✓		
6.2(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee			N/A
6.2(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6.2(g)	The Company Secretary shall act as the secretary of the Committee	✓		
6.2(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director	✓		
6.2(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company	✓		
6.3	Chairperson of the NRC			
6.3(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director	✓		
6.3(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes			N/A
6.3(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	✓		
6.4	Meeting of the NRC			
6.4(a)	The NRC shall conduct at least one meeting in a financial year	✓		
6.4(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			N/A
6.4(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)	✓		
6.4(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	✓		
6.5	Role of the NRC			
6.5(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	✓		
6.5(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6.5(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following	✓		
6.5(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the Company successfully	✓		
6.5(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	✓		
6.5(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals	✓		
6.5(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	✓		
6.5(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6.5(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	✓		
6.5(b)(v)	Identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	✓		
6.5(b)(vi)	Developing, recommending and reviewing annually the Company's human resources and training policies	✓		
6.5(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report	✓		
7.	EXTERNAL AUDITORS:			
7.1	The issuer Company shall not engage its external or statutory auditors to perform the following services of the Company, namely	✓		
7.1(i)	Appraisal or valuation services or fairness opinions	✓		
7.1(ii)	Financial information systems design and implementation	✓		
7.1(iii)	Book-keeping or other services related to the accounting records or financial statements	✓		
7.1(iv)	Broker-dealer services	✓		
7.1(v)	Actuarial services	✓		
7.1(vi)	Internal audit services or special audit services	✓		
7.1(vii)	Any service that the Audit Committee determines	✓		
7.1(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1)	✓		
7.1(ix)	Any other service that creates conflict of interest			N/A
7.2	No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any shares in the said Company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members	✓		
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	✓		
8.	Maintaining a website by the Company			
8.1	The Company shall have an official website linked with the website of the stock exchange	✓		
8.2	The Company shall keep the website functional from the date of listing	✓		
8.3	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9.	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
9.1	The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9.3	The directors of the Company shall state, in accordance with the Annexure-C attached, in the directors' report whether the Company has complied with these conditions or not.	✓		

Audit Committee

The Audit Committee of Aftab Automobiles Limited is a sub-committee of the Board of Directors. In compliance with the BSEC Notification the Board appointed 3(three) members of the Audit Committee including Independent Director.

The Audit Committee shall assist the Board to ensure that the financial statements reflect true and fair view of the state of affairs of the Company and to ensure a good monitoring system within the business and they shall be responsible to the Board.

Members of the Audit Committee :

Mr. Syed Masud Hasan	- Chairperson
Mrs. Khaleda Islam	- Member
Mr. Sajedul Islam	- Member

The Audit Committee met four times during the year ended on 30 June 2020. Mr. Mohammad Jaman Khan, Company Secretary acts as the Secretary of the Committee.

Role of Audit Committee

Role of audit committee shall include the following:

- a. Oversee the financial reporting process;
- b. Monitor choice of accounting policies and principles;
- c. Monitor and review the internal audit and compliance.
- d. Review internal control weakness issued by statutory/external auditors;
- e. Oversee hiring and performance of external auditors;
- f. Review the annual financial statements before submission to the Board for approval or adoption;
- g. Review the adequacy of internal audit function;
- h. Review the quarterly financial statements before submission to the Board for approval;
- i. Review statement of related party transactions submitted by the management;
- j. Audit committee shall submit their recommendation to the Board regarding the change or addition of any accounting principle if they think necessary;
- k. The Audit committee shall disclosed to the Board immediately on any matter if deems necessary; and
- l. Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed for effective audit and evaluate the performance of external auditors.

The Audit committee met four times during the year ended on 30 June 2020.

Audit Committee Report

24 October 2020

The Board of Directors
Aftab Automobiles Limited

Audit Committee Report

The Committee reviewed the financial statements of Navana Batteries Limited, subsidiary Company of Aftab Automobiles Limited for the year ended 30 June 2020 and found adequate arrangement to present a true and fair view of the financial statements of the Company.

The Committee also reviewed the procedure and task of the internal audit, financial audited report preparation and the external auditors' observations in their reports on the consolidated financial statements of Aftab Automobiles Limited for the year ended 30 June 2020. The Committee found adequate arrangement to present a true and fair view of the financial statements of the Company. We oversee the determination of audit fees based on scope and magnitude, expertise deployed for effective audit and evaluate the performance of external auditors.



(Syed Masud Hasan)
Chairperson
Audit Committee

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a sub-committee of the Board, constituted pursuant to the Corporate Governance Code of the Bangladesh Securities and Exchange Commission dated 3 June 2018. The Committee is accountable to the Board and to the shareholders.

The main activities of the Committee is to assist and advise the Board on the Company's remuneration policy for the Board , top level executive , in order to motivate and retain executives/high officials and ensue that the Company is able to attract the best talent person.

The Nomination and Remuneration Committee consists of the following members:

Mr. Syed Masud Hasan - Chairperson
Mrs. Khaleda Islam - Member
Mr. Sajedul Islam - Member

Mr. Mohammad Jaman Khan, Company Secretary acts as the Secretary of the Committee.

The term of reference of the Nomination and Remuneration Committee are set forth as per Corporate Governance Code. The Committee shall oversee, among others, the following matters and shall recommend the following for review and/or approval of the Board, as the case may be:

- a) the criteria for determining qualifications, positive attributes and independence of a director
- b) a policy relating to the remuneration of the Directors, top level executive, considering the following
- c) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors, top level executive to run the company successfully
- d) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- e) remuneration to directors top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals
- f) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria, and
- g) the criteria for evaluation of performance of independent directors, the Board and top-level executives.

During the year under review, the Committee held one meeting to reviewed the activities of the NRC.



(Syed Masud Hasan)

Chairperson

Nomination and Remuneration Committee

Glimpses of 39th Annual General Meeting





Hino Bus



Hino Air-condition Bus



Luxury seat

Independent Auditors' Report

To
The Shareholders of Aftab Automobiles Limited And Its Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Aftab Automobiles Limited and its Subsidiary which comprise the Consolidated Statement of Financial Position as at 30th June, 2020, the consolidated Statement of Profit or Loss and Other Comprehensive Income, consolidated Statement of Changes in Equity and consolidated 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 described in note no. 1 to 55 and Annexure A & B.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30th June, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We are required to report to you if we have conducted that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other Matter

The consolidated financial statements of Aftab Automobiles Limited and its Subsidiary for the year ended 30th June, 2019 were audited by another auditor and give fair opinion.

The financial statements of Navana Batteries Limited, Subsidiary Company of Aftab Automobiles Limited for the year ended 30th June, 2020 were audited by another auditor and give fair opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the basis for opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the key audit matters
<p>The company has reported a revenue of Taka 1,947,024,768 for the year ended 30th June, 2020.</p> <p>Following the application of the revenue recognition standard (IFRS 15, Revenue from contracts with customers), the company adopted its accounting policies. Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised goods or services.</p> <p>Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).</p> <p>The sales of the company are derived from a large number of distributors located over the country with relatively small amount of transactions. As a result, to obtain sufficient audit evidence, high magnitude of audit work and resource are required.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognized in the proper reporting periods.</p> <p>See note no. 3.07 and 17 to the financial statements</p>	<p>Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in note 3.07 and 17 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>With regard to the implementation of IFRS 15 we verified management's conclusion on assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations.</p> <p>We conducted substantive testing of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including sales invoices and depot wise sales bank reconciliation report, bank statement and also, we confirmed selected customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amount outstanding with those customers.</p> <p>We specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off.</p>

Key Audit Matters	How our audit addressed the key audit matters
	<p>We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p>
Valuation of Inventory	How our audit addressed the key audit matters
<p>The Company had inventory of Taka 2,058,799,168 at 30th June, 2020 held in different depot and warehouses.</p> <p>Inventories consisting of raw materials, working process, finished goods, spare parts, fuel and stock in transit are valued at lower of cost and net realizable value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.</p> <p>Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realizable value.</p> <p>Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>See note no. 3.08 and 8 to the financial statements.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgment involved and use of some manual process in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p>	<p>We tested the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> * evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse, and sales depots; * evaluating internal controls to monitor or keep track of Inventory Movement; * attending inventory count on 30th June, 2020 and reconciling the count results to the inventory listing to test the completeness of data; * comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; * reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; * challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete; * evaluating the correctness of the batch wise costing of final products; * evaluating the correctness of the valuation of raw materials and packing material as per weighted average method; * reviewing the calculation of standard labour hours and their regular comparison with actual labour hours of production; and reviewing the process of valuing work-in-process; * We have also considered the adequacy of the Company's disclosure in respect of the levels of provisions against inventory.

Current Tax Provisioning	How our audit addressed the key audit matters
<p>Current Tax provision amounting Tk. 7,554,545.</p> <p>At the year end the company reported total income tax expense (Current Tax) of BDT. 7,554,545 the calculation of the tax expense is a complex process that involves subjective judgments and uncertainties and require specific knowledge and competencies.</p> <p>We have determined this to be a key audit matter, due to the complexity in income tax provisioning.</p> <p>See note no. 3.14(a) and 23.01 to the Financial Statements.</p>	<p>Our audit procedure in this area included, among others:</p> <p>Use of own tax specialist to assess the company's tax computation. Our tax specialists were also taking into account the company's tax position and our knowledge and experience of the application of relevant tax legislation.</p> <p>To analysis and challenge the assumption used to determine tax provision based on our knowledge and experience of the application of the local legislation.</p> <p>Evaluating the adequacy of the financial statement disclosure, including disclosure of key assumption judgments and sensitive related to tax.</p>
Measurement of Deferred Tax Liability	How our audit addressed the key audit matters
<p>The Company reported net deferred tax liability totalling Tk. 127,922,821 as at 30th June, 2020. Significant judgement is required in relation to deferred tax liability as their liability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no. 3.14 (b) and 24</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense/income.</p> <p>We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of Deferred Tax Liability.</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved.</p> <p>We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

Other Information

Management is responsible for the other information. The other information comprises all the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In March, as the Coronavirus Pandemic spread over the Bangladesh, the country meaningfully has increased social distancing and shelter-in-place mandates. In markets, the company subsequently saw the transport sector and all other business sector are affected of the country. The company expects the net effect of these pandemic to have a significant impact on last quarter results as well as year 2019-2020. For context, since the beginning of April, the company has experienced a volume decline of revenue. The ultimate impact on the last quarter and full year 2019-2020 is unknown at this time, as it will depend heavily on the duration of social distancing and lockdown situation of the country, as well as the substance and pace of macroeconomic recovery. However, the impact to the last quarter will be material. The company believes the pressure on the business is temporary and remains optimistic on seeing sequential improvement in the year of 2020-2021. The company, alongwith its subsidiary, is continuing to adapt quickly to the current environment, with a focus on mitigating the near-term impact while positioning for success coming out of the crisis.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

After going through the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of Financial Statements in accordance with IFRS's, The Companies Act, 1994, The Securities and Exchange Rules, 1987 and applicable laws and regulations 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.

The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the Company.

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 not realistic alternative but to do so.

Those charged with governance 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) 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 International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism 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 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

We have not come across any key audit issues for the year under audit and as such nothing is reportable.

Report on Other Legal and Regulatory Requirements:

In accordance with the Companies Act, 1994, International Standards on Auditing (ISAs) and the Securities and Exchange Rules, 1987, we also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books adequate for the purposes of our audit;
- (c) the company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of account.
- (d) the expenditure incurred for the purposes of the company's business.


(A.K.M. Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

Dated: 24.10.2020
Place : Dhaka, Bangladesh

AFTAB AUTOMOBILES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

Particulars	Notes	Amount in Taka	
		30.06.2020	30.06.2019
Assets:			
Non-Current Assets:			
Property, Plant & Equipment	4.00	1,986,691,601	2,048,455,880
Capital Work-in-Progress	5.00	979,271,904	597,122,227
Investment in Securities & Share Money	6.01	28,395,758	28,395,758
Investment in Associate	6.02	389,120,103	376,087,205
Receivables - Non-Current Maturity	7.00	2,280,851,484	2,052,645,882
Right of Use Assets		11,326,984	-
		5,675,657,834	5,102,706,952
Current Assets:			
Receivables-Current Maturity	7.00	3,305,839,273	2,828,916,659
Stock and Stores	8.00	2,058,799,168	1,966,033,525
Current Account with Navana Group of Companies		3,656,207,754	3,530,849,255
Advances, Deposits & Pre-Payments	9.00	5,181,882,189	2,869,503,790
Cash and Bank Balances	10.00	299,822,733	285,560,347
		14,502,551,117	11,480,863,576
Total Assets		20,178,208,951	16,583,570,528
Shareholders' Equity and Liabilities			
Shareholders' Equity:			
Share Capital	11.00	957,324,220	957,324,220
Share Premium	12.00	1,925,858,339	1,925,858,339
Reserve	13.00	67,338,231	67,338,231
Retained Earnings		2,812,199,739	2,884,205,752
Equity Attributable to Owners of Company		5,762,720,529	5,834,726,542
Non-Controlling Interest		412,088	414,214
Non-Current Liabilities:			
Loan and Deferred Liabilities (Unsecured)	28.00	25,310,440	25,310,440
Long Term Loan-Non Current Maturity	14.00	3,927,803,421	3,284,569,678
Deferred Tax Liability	24.00	127,922,821	128,711,930
Lease Liability		9,826,360	-
		4,090,863,042	3,438,592,048
Current Liabilities:			
Long Term Loan-Current Maturity	14.00	1,309,267,807	1,094,856,559
Short Term Loan	15.00	7,674,755,610	4,687,578,819
Accrued and Other Current Liabilities	16.00	1,340,189,875	1,527,402,347
		10,324,213,292	7,309,837,725
Total Liabilities		14,415,076,334	10,748,429,773
Total Equity & Liabilities		20,178,208,951	16,583,570,528
Net Assets Value (NAV) per Share	26.00	60.20	60.95

The annexed notes from 1 to 55 and Annexure-A & B form an integral part of these Financial Statements.

The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director


(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

Place: Dhaka
Dated: 24 October 2020

AFTAB AUTOMOBILES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE, 2020

Particulars	Notes	Amount in Taka	
		01.07.2019 to 30.06.2020	01.07.2018 to 30.06.2019
Revenue (Net)	17.00	1,947,024,768	2,818,043,017
Less: Cost of Goods Sold	18.00	1,431,542,977	2,115,825,918
Gross Profit (a)		515,481,791	702,217,098
Less: Operating Expenses:			
Administrative Expenses	19.00	47,389,331	75,490,766
Selling and Distribution Expenses	20.00	58,557,807	115,030,324
Financial Charges	21.00	423,004,138	443,833,006
Total Operating Expenses (b)		528,951,275	634,354,096
Operating Profit(c) = (a-b)		(13,469,485)	67,863,002
Non-Operating Income			
Other Income-Non-Operating Income	22.00	17,194,330	15,848,057
Less: Foreign Exchange Loss		(514,305)	
Share of Profit from Associate Company	6.02	13,032,898	54,524,264
Profit before Contribution to WPPF		16,243,438	138,235,323
Less: Contribution to WPPF		1,068,553	6,582,634
Net Profit before Tax (f)		15,174,885	131,652,688
Less: Income Tax Expenses			
Current Tax	23.01	7,554,545	19,915,721
Deferred Tax	23.02	(789,109)	(8,350,332)
Total Income Tax Expenses (g)	23.00	6,765,436	11,565,389
Net Profit after Tax attributable to equity holders (h)=(f-g)		8,409,450	120,087,299
Other Comprehensive Income for the year:			
Investment Valuation Surplus in Share			
Revaluation Gain/Loss on Investment in Share		-	-
Deferred Tax		-	-
Total Comprehensive Income for the year (i)=(h+i)		8,409,450	120,087,299
Attributable to:			
Equity Holders of the Company		8,411,576	120,085,308
Non-Controlling Interests		(2,126)	1,991
Profit for the period/year		8,409,450	120,087,299
Consolidated Earnings per Share	25.00	0.09	1.25

The annexed notes from 1 to 55 and Annexure-A & B form an integral part of these Financial Statements.
The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


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Managing Director


(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

Place: Dhaka
Dated: 24 October 2020

AFTAB AUTOMOBILES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2020

Particulars	Share capital	Share Premium	Reserve	Retained Earnings	Attributable to Equity holders of the Company	Non-Controlling Interest	Total
Balance at 1st July, 2018	957,324,220	1,925,858,339	67,338,231	2,878,999,350	5,829,520,140	412,223	5,829,932,364
Cash Dividend	-	-	-	(114,878,906)	(114,878,906)	-	(114,878,906)
Transfer Comprehensive Income for the year	-	-	-	120,085,308	120,085,308	1,991	120,087,299
Balance at 30th June, 2019	957,324,220	1,925,858,339	67,338,231	2,884,205,752	5,834,726,542	414,214	5,835,140,755
Balance at 1st July, 2019	957,324,220	1,925,858,339	67,338,231	2,884,205,752	5,834,726,542	414,214	5,835,140,755
Adjustment for the Application of IFRS-16 (Lease)	-	-	-	(11,893,264)	(11,893,264)	-	(11,893,264)
Cash Dividend	-	-	-	(68,524,324)	(68,524,324)	-	(68,524,324)
Transfer Comprehensive Income for the year	-	-	-	8,411,576	8,411,576	(2,126)	8,409,450
Balance at 30th June, 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

The annexed notes from 1 to 55 and Annexure-A & B form an integral part of these Financial Statements.
The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

Place: Dhaka
Dated: 24 October 2020

AFTAB AUTOMOBILES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2020

Particulars	Notes	Amount in Taka	
		30.06.2020	30.06.2019
Cash Flows from Operating Activities:			
Cash Receipts from Customers		1,241,896,552	2,613,840,927
Cash Receipts of Other Income		17,194,330	15,848,057
Foreign Exchange Loss		(514,305)	-
Payments to Suppliers and Employees		(1,771,040,259)	(2,190,033,653)
Cash Generated from Operations		(512,463,682)	439,655,331
Income Tax Paid		(63,421,663)	(81,719,733)
Net Cash Generated from Operating Activities		(575,885,345)	357,935,598
Cash Flows from Investing Activities:			
Acquisition of Property, Plant and Equipment		(21,394,693)	(122,037,197)
Advance for capital assets		(2,250,000,000)	-
Investment in Share Money Deposit		-	29,500,000
Payments for Capital Work in Progress		(382,149,677)	(497,402,668)
Net Cash used in Investing Activities		(2,653,544,370)	(589,939,865)
Cash Flows from Financing Activities:			
Receipts /(Repayments) of Bank Loan		3,844,821,783	2,562,690,902
Inter Company Receipts / (Payments)		(125,358,499)	(1,940,456,811)
Bank Interest Paid		(423,004,138)	(443,833,006)
Dividend Paid		(52,767,047)	(120,982,721)
Net Cash Provided in Financing Activities		3,243,692,099	57,418,363
Net Changes in Cash and Cash Equivalents		14,262,384	(174,585,904)
Cash and Cash Equivalents at the Beginning of Year		285,560,347	460,146,251
Cash and Cash Equivalents at the End of Year		299,822,731	285,560,347
Net Operating Cash Flows Per Share	27.00	(6.02)	3.74

The annexed notes from 1 to 55 and Annexure-A & B form an integral part of these Financial Statements.
The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director


(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

Place: Dhaka
Dated: 24 October 2020

AFTAB AUTOMOBILES LIMITED AND ITS SUBSIDIARY
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2020
FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

1.00 Reporting Entity

1.01 Corporate Information—Domicile, Legal Form and Country of Incorporation

Aftab Automobiles Limited (the Company) was incorporated in erstwhile East Pakistan in year 1967 as East Pakistan Automobiles Limited under the Companies Act, 1913 vide Registration No. C-2860/57 E.P. of 1967-1968. Subsequently, after liberation, the Company changed the 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 inception. However, in 1981 it was transformed into Public Limited Company under Companies Act, 1913. The Company is listed with Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd. in the year 1987 and 1996 respectively.

Registered Office

The Registered Office and Principal Place of Business of Aftab Automobiles Limited is located at 125/A, Motijheel Commercial Area, Islam Chamber, 4th Floor, Dhaka-1000.

1.02 Nature of Business

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 single shift. The company has recently setup a motor cycle unit with a capacity of 10,000 units of motor cycle per year. Sales of motor cycle have been started in the year 2013-2014.

1.03 Subsidiary

Navana Batteries Limited

Navana Batteries Limited is a private limited company which was incorporated on the 21st April, 2009, Vide Registration No. C-76441/2009 of Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act, 1994 as a subsidiary with 99.95% shares owned by Aftab Automobiles Ltd. The principal activities of the Company are manufacturing of automotive, industrial and solar batteries in the plant located at Fouzdarhat Industrial Area, Chattagram, Bangladesh.

1.04 Associate Company

Navana Real Estate Limited

Navana Real Estate Limited (hereinafter referred to as "NREL" / "the Company") is a Public Limited Company incorporated in Bangladesh in 1996 under the Companies Act, 1994. Vide Registration No. C-31450(571)/96. NREL was initially registered as a Private Limited Company and subsequently converted into a Public Limited Company as on 8th September, 2010.

The Company is engaged in real estate development business of building development projects both commercial and residential and sale of lands.

1.05 Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by IAS 1: Presentation of financial statements. The financial statements comprise of:

- * Consolidated Statement of Financial Position as at 30th June, 2020;
- * Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2020;
- * Consolidated Statement of Changes in Equity for the year ended 30th June, 2020;
- * Consolidated Statement of Cash Flows for the year ended 30th June, 2020;
- * Notes comprising summary of significant accounting policies and other explanatory information.

2.00 Basis of Preparation of Financial Statements

2.01 Statement on Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standard (IAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant laws as applicable.

2.02 Other Regulatory Compliances

The Company is also required to comply with the following major legal provisions in addition to Companies-Act, 1994 and other applicable laws and regulations:

The Income Tax Ordinance, 1984;
The Income Tax Rules, 1984;
The Value Added Tax and Supplementary Duty Act, 2012;
The Value Added Tax Rules, 1991;
The Stamp Act, 1899;
DSE/CSE Rules;
Listing Regulations, 2015;
The Bangladesh Securities and Exchange Commission Act, 1993;
The Bangladesh Securities and Exchange Rules, 1987;
The Securities and Exchange Ordinance, 1969;
Bangladesh Labour Act, 2006 (as amended to 2013)

2.03 Compliance with the Financial Reporting Standards as applicable in Bangladesh

The Company as per para-12 of Securities & Exchange Rule, 1987, has followed the International Accounting Standards (IAS's) and International Financial Reporting Standards (IFRS's) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements.

Sl. No.	IAS No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied
2	2	Inventories	Complied
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	N/A
7	12	Income Taxes	Complied
8	16	Property, Plant and Equipment	Complied
9	19	Employee Benefits	Complied
10	20	Accounting for Govt. Grants and Disclosure of Govt. Assistance	N/A
11	21	The Effects of Changes in Foreign Exchange Rates	Complied
12	23	Borrowing Costs	Complied
13	24	Related Party Disclosures	Complied
14	26	Accounting and Reporting by Retirement Benefit Plan	Complied
15	27	Separate Financial Statements	Complied
16	28	Investment in Associated and Joint Venture	Complied
17	29	Financial Reporting in Hyperinflationary Economics	N/A
18	31	Interest in Joint Ventures	N/A
19	32	Financial Instruments: Presentation	Complied
20	33	Earnings per Share	Complied
21	34	Interim Financial Reporting	Complied
22	36	Impairment of Assets	Complied
23	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
24	38	Intangible Assets	N/A
25	40	Investment Property	N/A
26	41	Agriculture	N/A

Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time adoption of International Financial Reporting Standards	Complied
2	2	Share based Payment	N/A
3	3	Business Combinations	N/A
4	4	Insurance Contracts	N/A
5	5	Non-current Assets held for Sale and Discontinued Operations	N/A
6	6	Exploration for and Evaluation of Mineral Resources	N/A
7	7	Financial Instruments: Disclosures	Complied
8	8	Operating Segments	Complied
9	9	Financial Instrument	Complied
10	10	Consolidated Financial Statements	Complied
11	11	Joint Arrangements	N/A
12	12	Disclosure of Interests in Other Entities	Complied
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	N/A
15	15	Revenue from Contracts with Customers	Complied
16	16	Leases	Complied

2.04 Basis of Measurement

The consolidated financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non current assets which are stated either at revaluated amount or fair market value as explained in the accompanying notes.

2.05 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

Non-Controlling Interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do no result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements comprise consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and consolidated notes and explanatory materials covering accounting policies.

The consolidated financial statements have been prepared in accordance with IFRS 10: consolidated financial statements.

2.06 Accrual basis of Accounting

The Company prepares its consolidated financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the IFRS conceptual framework.

2.07 Functional and Presentation Currency

Functional and presentation currency items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest BDT except otherwise indicated.

2.08 Key Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards including IAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure during and at the date of the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include accrued expenses, inventory valuation and other payables.

2.09 Materiality, Aggregation and Off Setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards. The values of assets or liabilities as shown in the statement of financial position are not off-set by way of deduction from another liability or asset unless there exist a legal right, therefore no such incident existed during the year.

2.10 Going Concern Assumption

The consolidated financial statements are prepared on the basis of going concern assumption. As per management assessment there is no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

2.11 Comparative Information

Comparative information has been disclosed in respect of 2018-2019 in accordance with IAS-1 "Presentation of Financial Statements" for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current periods of financial statements. Prior year figure has been re-arranged wherever considered necessary to ensure comparability with the current period.

2.12 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of the financial statements as per requirements of Companies Act, 1994.

2.13 Reporting Period

The reporting period of the Company covers one year from 1st day of July, 2019 to 30th June, 2020.

2.14 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 24th day of October, 2020.

3.00 Significant Accounting Principles and Policies selected and applied for significant transactions and events

For significant transactions and events that have material effect, the Company's Directors selected and applied significant accounting principles and policies within the framework of IAS-1 Presentation of Financial Statements in preparation and presentation of financial statements that have been consistently applied throughout the year and were also consistent with those use in earlier years.

For proper understanding of the financial statements, accounting policies set out below in one place as prescribed by the IAS Presentation of Financial Statements:

Assets and Basis of their Valuation

3.01 Property, Plant and Equipments

3.01.1 Recognition and Measurements

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

In a situation where it can clearly be demonstrated that expenditure has resulted in an increase in future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Cost also includes initial estimate of the costs of dismantling, removing the item and restoring this site (generally called asset retirement obligation) are recognized and measured in accordance with IAS 37: Provision, Contingent Liabilities and Contingent Assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the statement of comprehensive income which is determined with reference to the net book value of assets and the net sales proceeds.

Capital Work-in-Progress represents capital works of a unit still in progress and not in a operation. Once a unit is completed, it is transferred to "Property, Plant and Equipment".

No revaluation of fixed assets has been made by the company.

3.01.2 Maintenance Activities

Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally-charged off as revenue expenditure in the year in which it is incurred.

3.01.3 Subsequent Cost

The Cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is possible that the future economic benefits embodied within the part will flow to the company and its cost measured reliably. The cost of the day to day servicing of property and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as repairs and maintenance where it is incurred.

3.01.4 Depreciation on Tangible Fixed Assets

As required in Paragraph 43 of IAS-16 Property and Equipments, depreciation in respect of all fixed assets is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment".

Depreciation on all other fixed assets is computed using diminishing balance method in amount sufficient to write-off depreciable assets over their estimated useful life. Depreciation has been charged on additions and when it is used. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in the Statement of Profit or Loss Account for the year ended. The annual depreciation rates applicable to the principal categories are:

Category of Fixed Assets	Rate of Depreciation
Land & Land Development	--
Building	2.5%
Sheds	20%
Plant & Machinery	10%
Tools & Equipment	20%
Office Equipments	10%
Furniture & Fixtures	10%
Transport Vehicles	20%
Electric Line Installation	10%
Gas Line Installation	10%
Office Decoration	10%

The whole amount of depreciation has been charged off partly to cost of sales and partly as expense in consistent with practice followed in the earlier years.

3.01.5 Impairment

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated to determine the extent of the impairment loss, if any, impairment loss is recorded on judgmental basis, for which provision may differ in the future years based on the actual experience.

3.01.6 Disposal of Property, Plant and Equipment

An item of Property, Plant and Equipment is removed from the statement of financial position when it is disposed off or when no future economic benefits are expected from its use or disposal. The gain or loss on the disposal of an item of Property, Plant and Equipment is included in the statement of income of the period in which the de-recognition occurs.

3.02 Investment in FDR and Shares

Investment is stated at its cost of acquisition and interest earned on deposits lying with the different banks and the profit earned on investments in shares have been duly accounted for on accrual basis. The statement of profit or loss and other comprehensive income reflects the income on account of interest on investment in FDRs and shares. It may be mentioned here that a fluctuation reserve/fair value reserve has been created in order to equalize the price go down below the cost price of the shares and during the year under audit unrealised gain /(loss) on investment in shares for price go down below the cost price of the shares has been charged directly to statement of profit or loss and other comprehensive income.

3.03 Investment in Associates

An entity in which an investor has significant influence, but which is neither a subsidiary nor an interest in a joint venture is classified as Investment in Associates. Equity Method accounting has been followed to recognize and measure the investment in associates in accordance with International Accounting Standard (IAS) 28 "Investments in Associates". The Aftab Automobiles Limited holds 20% of its associate's (Navana Real Estate Limited) equity shares as at year end.

3.04 Recognition of Investment in Subsidiary in a separate Financial Statement

The investments in subsidiary is being accounted for using equity method in the company's separate financial statements as directed by para 10 (c) of IAS 27 separate Financial Statements, "under the equity method, on initial recognition the investment in an associate or a joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income."

3.05 Sundry Debtors (Including Advance, Deposits and Pre-Payments)

These are carried at original invoice amounts, which represent net realizable value.

3.06 Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the Statement of Financial Position.

3.07 Revenue Recognition

In compliance with the requirements of IFRS 15 "Revenue" is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding VAT, discounts, commission, rebates and other sales taxes where applicable. Revenue recognized when the policies are made.

The Company recognizes as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, this standard establishes a five-step model as follows:

- * 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; and
- * Recognize revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised goods to a customer. Goods is considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

(a) Sale of Goods

Revenue from the sale of goods is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(b) Profit on Bank Deposits

Profit on bank deposits have been accounted on accrual basis.

(c) Other Revenues

Other revenues are recognized when services are rendered and bank interests are earned.

3.08 Inventories

In compliance with the requirements with IAS-2 "Inventories" Raw Materials and stores are valued at the lower of average cost and the net realizable value. Stock of finished vehicles, bus body building unit are valued at cost which is determined by taking into consideration the value of raw materials and production overhead. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to present condition and includes wherever applicable appropriate overheads based on normal level of activity.

No provision has been made for slow moving & obsolete stocks during the financial year.

3.09 Foreign Currency Transactions

Transactions in Foreign Currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period in compliance with the provision of IAS 21: The Effect of Changes in Foreign Exchange Rates-

- (a) Foreign currency monetary items are translated using the closing rate;
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction;
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

Amount in FCAD ERQ Account and any other foreign currency balance have been translated into taka at the reporting date at the exchange rate prevailing on that date and gain/(loss) have been accounted for as other income / (loss) in statement of profit or loss and comprehensive income.

3.10 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through Other Comprehensive Income (FVOCI)-debt investment; Fair Value through Other Comprehensive Income (FVOCI) - equity investment; or Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- (a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- (a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial Assts at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognition in profit or loss.

Financial Assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss. Trade receivables are classified as financial assets measured at amortized cost.

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. The company measures loss allowances at an amount equal to ECL from trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the company in full, without recourse by The company to actions such as realizing security (if any is held).

Measurement of Expected Credit Losses (ECL)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of Impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade receivables and others, including contract assets, are presented separately in the notes to the financial statement.

3.11 Impairment

i) Financial Assets

The company recognizes loss allowances for Expected Credit Losses ECLs on:

* financial assets measured at amortised cost;

* debt investments measured at FVOCI; and

* contract assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Loss allowances measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12 months ECLs:

* debt securities that are determined to have low credit risk at the reporting date; and

* other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

ii) Non-Financial Assets

The carrying amounts of the company's non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset of CGU.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.12 Derivatives

The company is not a party to any derivative contract at the statement of financial position date, such as forward exchange contract, currency swap agreement or interest rate option contract to hedge currency exposure related to import of raw materials and others or principal and interest obligations of foreign currency loans.

3.13 Leases

IFRS 16 introduces a single, on balance sheet lease accounting model for leases. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemption for short-term leases and leases of low value items.

Lessor accounting remains similar to the current standard-i.e. lessors continue to classify leases as finance or operating leases.

Finance leases, which transfer to the company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

IFRS 16 replaces existing leases guidelines, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a lease, SIC 15 Operating Leases - incentive and SIC -27 Evaluating the Substance of Transactions Involving the Legal Form of a lease.

Any initial direct costs are also added to the amount capitalized. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

The most significant impact identified is that, the company will recognize new assets and liabilities for its finance leases of corporate office and sales depot. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight line finance lease expense with a depreciation charge for right-of-use asset and interest expense on the lease liability.

Previously the company recognized finance lease expense on a straight-line basis over the term of lease, and recognized liabilities only to the extent that there was a timing difference between the actual lease payments and the expense recognized.

The company has no operating leases.

As a lessee the company plans to apply IFRS 16 initially on 1st July, 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1st July, 2019 with no restatement of comparative information.

The company is currently assessing the impact of initially applying the standard on the elements of financial statements.

3.14 Taxation

Income Tax expense comprises current and deferred taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity in accordance with IAS 12: Income Tax.

(a) Current Tax:

Current Tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The applicable tax rate of the company of Aftab Automobiles Ltd. is 25% and Navana Batteries Ltd. is 35% as the companies are qualified as a publicly traded company and private limited company respectively.

(b) Deferred Tax:

Deferred income tax is provided using the deferred method on temporary differences. Deferred tax assets and liabilities are recognized for all temporary differences, except:

Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the company and it is probable that the temporary differences will not reverse in the foreseeable future; and

In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilized.

(c) Value Added Tax:

Revenues, expenses and assets are recognized net of the amount of Value Added Tax except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivable and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, taxation authority is included as part of receivables or payables in the statement of financial position.

3.15 Dividend

10% Cash Dividend has been paid for the year 2019.

3.16 Employment Benefits

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined accordingly to the terms and conditions set forth in the respective trust deeds and rules. Both of the plans are funded and the contribution plan (provident fund) has been recognized / approved under Income Tax Ordinance, 1984 from National Board of Revenue (NBR). The company maintains the following benefits plans:

(a) Defined Contribution Plan (Provident Fund)

The company operates a contributory provident fund scheme for its permanent employees. The company's contribution to the fund is charged off as revenue expenditure during the year to which the contribution relates. The fund is operated by a Board of Trustees consisting 5 (Five) members. All confirmed employees of the company are contributing 10% of their basic salary as subscription to the fund. The company also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members account on yearly basis.

(b) Defined Benefit Plan (Gratuity)

A defined benefit plan is a post-employment benefit plan other than defined contribution plan. The employee gratuity plan is considered and defined benefit plan as meets the recognition criteria.

The company operates an unfunded gratuity scheme, provision in respect of which is made annually for the company's permanent eligible employees as per IAS-19, "Employee Benefits".

(c) Group Term Insurance Scheme

The company has group term insurance scheme for its permanent employees and the provision for premium of the same is made annually.

(d) Workers Profit Participation Fund (WPPF)

Provision for Workers Profit Participation Fund (WPPF) and Worker Welfare Fund (WWF) has been made @ 5% on net profit as per provision of The Bangladesh Labour Law, 2006 (amended 2013) and payable to workers as defined in the said law.

Provision for workers profit participation fund (WPPF) and workers welfare fund (WWF) has been restated in previous year due to consideration of share of profit from associate company's income.

3.17 Capitalization of Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds as per IAS 23: Borrowing Costs.

3.18 Accruals, Provisions and Contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade and other payables.

(b) Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. During the reporting year the company has made sufficient provisions where applicable.

(c) Contingencies

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. At the reporting date the company does not have any contingent asset.

Contingent liabilities and assets are not recognized in the statement of financial position of the company.

3.19 Segment Reporting

A business segments is a distinguishable component of an entity that is engaged in providing an individual product or service or group of related products or services and that is subject to risk and returns that are different from those of other business segment. The company has three distinguishable operating segments like assembling unit, motor cycle unit and body unit in case of Aftab Automobiles Ltd. which are disclosed in note no. 30.

A geographical segment is a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that different from those of components operating other economic environments. Since the company has operating all its activities in the same economic environment geographical segment reporting is not required.

3.20 Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and Cash Flows, cash in hand and bank balances represents cash and cash equivalents considering the IAS 1 "Presentation of Financial Statements" and IAS 7 "Cash Flow Statement" which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an in significant risks of changes in value and are not restricted as to use.

3.21 Statement of Cash Flows

The Statement of Cash Flow has been prepared in accordance with the requirements IAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and considering the provisions of Paragraph 19 of IAS 7 which provided that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

3.22 Earnings per Share (EPS)

Earnings Per Share (EPS) are calculated in accordance with the International Accounting Standard IAS-33 "Earnings Per Share".

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the entity by the weighted average number of ordinary shares outstanding during the year. The Basic EPS of previous year has been restated to adjust the effect of bonus issue of shares during the year.

Diluted Earnings Per Share

For the purpose of calculating diluted earnings per shares, an entity adjusts profit or loss attributable to each ordinary equity holders of the entity, and weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Diluted EPS is only calculated where the company has commitment to issue ordinary shares in future at reporting date. No such commitment is hold by company at reporting date.

3.23 Historical Cost Income and Expenditure

As there was no extra ordinary item, there was no difference in profit from ordinary activities before taxation and the net profit before tax. Furthermore, as there was no revaluation of fixed assets in previous years and during the year under review, there was no factor like the differences between historical cost depreciation and depreciation on re-valued amount, realization of revenue surplus on retirement or disposal of assets etc. Therefore, no separate note of historical cost profit and loss has been presented.

3.24 Risk Exposure

Interest Rate Risk

Interest rate risk is the risk that company faces due to unfavourable movements in the interest rates. Changes in the government's monetary policy, alongwith increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

Management Perception

The management of the company prefers procuring the long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. The company maintains low debt/equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant.

Exchange Rate Risk

Exchange rate risk occurs due to changes in exchange rates. As the company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavourable volatility or currency fluctuation may affect the profitability of the company. If exchange rate increases against local currency, opportunity arises for generating more profit.

Management Perception

The products of the company are sold mostly in local currency. Therefore, volatility of exchange rate will have no impact on profitability of the company.

Industry Risks

Industry risk refers to the risk of increased competition by an entry of new competitors from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

Management Perception

Management is optimistic about growth opportunity in CNG sector in Bangladesh.

Market Risk

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

Management Perception

Management is fully aware of the market risk, and act accordingly. Market for CNG sector in Bangladesh is growing at an exponential rate. Moreover, the company has a strong marketing and brand management to increase the customer base and customer loyalty.

Operational Risks

Non-availabilities of materials/equipment/services may affect the smooth operational activities of the company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

Management Perception

The company perceives that allocation of its resources properly can reduce this risk factor to a great extent. The company hedges such risks in costs and prices and also takes preventive measures therefore.

Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price.

Management Perception

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

Labour Unrest Risk

Smooth production is dependant on good relationship with factory workers and their ability to provide high quality services. In the event of disagreement with workers the company may face adverse impact.

Management Perception

The management personnel both in head office and production premises maintains a good atmosphere at the working place and provides with all necessary facilities to the workers like healthy remuneration, employee leave entitlement, termination benefits and workers profit participation fund for its employees which reduces the risk of labour unrest.

3.25 Events after the Reporting Period

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.26 Related Party Disclosure

As per International Accounting Standard, IAS-24: 'Related Party Disclosures', parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in **Note 31**.

3.27 General

These notes form an integral part of the financial statements and accordingly are to be read in conjunction therewith.

		Amount in Taka	
		30.06.2020	30.06.2019
4.00	Consolidated Property, Plant & Equipment's	1,986,691,601	2,048,455,880
	This is made up as follows:		
	Land and Land Development	1,148,608,502	1,148,608,502
	Building	246,383,331	251,823,441
	Shades	11,665,728	14,582,160
	Plant & Machinery	367,477,445	396,725,584
	Tools & Equipment	37,030,336	44,769,591
	Office Equipment	39,312,796	41,451,814
	Furniture & Fixture	25,269,651	28,012,890
	Transport Vehicles	38,026,375	43,607,824
	Electric Line Installation	10,333,642	11,466,407
	Office Decoration	49,126,011	53,474,633
	Gas Line Installation	13,457,784	13,933,034
		1,986,691,601	2,048,455,880
	The details of shown in Annexure - A.		
5.00	Consolidated Capital Work-In-Progress	979,271,904	597,122,227
	This is made up as follows:		
	Opening Balance	597,122,227	104,848,039
	Add: Addition during the year	382,149,677	497,402,668
		979,271,904	602,250,707
	Less: Transfer to Property, Plant and Equipment	-	5,128,480
	Closing Balance	979,271,904	597,122,227
	Capital Work-In-Progress represents land and land development, civil construction, plant and machinery for BMRE of Aftab Automobiles Ltd and Navana Batteries Ltd.		
6.00	Investment in Securities and Associate Company	417,515,861	404,482,963
	This is made up as follows:		
	Investment in Marketable Securities 6.01	28,395,758	28,395,758
	Investment in Associate 6.02	389,120,103	376,087,205
		417,515,861	404,482,963
6.01	Investment in Marketable Securities	28,395,758	28,395,758
	This is made up as follows:		
	Quantities details of Investments in Share 6.1a	-	-
	Invest in Share Money Deposits 6.1b	28,395,758	28,395,758
		28,395,758	28,395,758
6.1a	Quantities details of Investments in Share	-	-
	This is made up as follows:		
	Investment in Shares of Navana CNG Ltd.	-	-
	Opening Balance	-	-
	Less: Revaluation Gain Booked to OCI	-	-
	Less: Related Deferred Tax	-	-
	Less: Sale of Share	-	-
	Closing Balance	-	-

		Amount in Taka	
		30.06.2020	30.06.2019
6.1b	Invest in Share Money Deposits	28,395,758	28,395,758
This is made up as follows:			
Navana Construction Ltd.			
Opening Balance		28,395,758	57,895,758
Add: During the year		-	(29,500,000)
		28,395,758	28,395,758
Investment in Share Money Deposit are consist as advance for share holding of Navana Construction Ltd. which will be consider by the approval the board and also by the shareholders.			
6.02	Investment in Associate	389,120,103	376,087,205
The details are stated below:			
Share Investment in NREL at cost	6.3	20,000,000	20,000,000
Share of Equity from Associate			
Opening Balance		356,087,205	301,562,941
Share of Equity from Associate			
Net Income after Deferred Tax (PLAC)		10,426,318	43,619,411
Provision for Deferred Tax	24.1 a	2,606,580	10,904,853
		13,032,898	54,524,264
Closing Balance		369,120,103	356,087,205
Total Investment in Associate		389,120,103	376,087,205
NB: Share of Profit from Associate Company (NREL) has been taken for one year for Financial Year 2019-2020.			
6.3	Acquisition Quantity of Shares of Navana Real Estate Ltd.	20,000,000	20,000,000
Less: Shares Sale during the year		-	-
		20,000,000	20,000,000
Opening Balance		6,000,000	6,000,000
Number of Shares Purchased		-	-
Number of Bonus Shares received during the year		-	-
Total Number Shares		6,000,000	6,000,000
7.00	Consolidated Trade Debtors	5,586,690,757	4,881,562,541
Receivable Non-Current (Maturity Over 12 Months)		2,407,440,521	2,175,145,882
Less: Provision for Bad Debts		126,589,037	122,500,000
		2,280,851,484	2,052,645,882
Receivables Current (Maturity less than 12 Months)		3,305,839,273	2,828,916,659
		5,586,690,757	4,881,562,541
Ageing Schedule of Receivables:		5,586,690,757	4,881,562,541
Duration			
1-30 days		342,893,857	661,117,823
31-60 days		349,465,958	581,908,157
61-90 days		528,497,492	565,500,440
91-180 days		1,022,216,835	506,941,865
181-365 days		1,062,765,132	513,448,374
Over 365 days		2,280,851,484	2,052,645,882
		5,586,690,757	4,881,562,541

Amount in Taka	
30.06.2020	30.06.2019

Net receivables are considered good. The company holds no security other than debtors' personal security in the form of work orders etc.

8.00	Consolidated Stock and Stores	2,058,799,168	1,966,033,525
	This is made up as follows:		
	Finished Products	761,439,047	616,407,527
	Raw Materials	510,514,721	655,156,845
	Work-in-Process	279,243,833	150,417,975
	Stores and Spares 8.1	2,627,415	2,963,915
	Goods in Transit	504,974,152	541,087,263
		2,058,799,168	1,966,033,525
8.01	Stores and Spares	2,627,415	2,963,915
	This is made up as follows:		
	Opening Balances	2,963,915	3,080,234
	Less: Consumption during the year	(336,500)	(116,319)
	Closing Balance	2,627,415	2,963,915
9.00	Consolidated Advances, Deposits & Pre-payments	5,181,882,189	2,869,503,790
	This is made up as follows:		
	Advance to Suppliers	727,987,257	766,579,893
	Advance to Employees	45,219,388	33,406,244
	Advance to Others	479,516,205	452,351,534
	Current Account with VAT	102,564,939	37,483,127
	Deposits	400,475,573	466,985,828
	Advance for Capital Assets	2,250,000,000	-
	Advance Income Tax 9.1	1,176,118,827	1,112,697,165
		5,181,882,189	2,869,503,790
Advance paid to suppliers against work orders are considered good. Advance to employees against expenses, salary etc. which are realizable on production of documents and monthly salary respectively are considered good. Deposits consist of utility deposits, security money against tender and bank guarantee are considered good.			
9.01	Consolidated Income Tax Deducted at Source	1,176,118,827	1,112,697,165
	This is made up as follows:		
	Opening Balance	1,112,697,165	1,030,977,432
	Add: Addition during the year	63,421,662	81,719,733
		1,176,118,827	1,112,697,165
	Adjustment made during the year	-	-
	Closing Balance	1,176,118,827	1,112,697,165
	<u>Ageing Schedule of Advance to Suppliers, Advance to Others and Deposits:</u>		
10.00	Consolidated Cash and Bank Balances	299,822,733	285,560,347
	This is made up as follows:		
	Cash in Hand	6,063,368	4,567,780
	Cash at Banks 10.01	293,759,365	280,992,567
		299,822,733	285,560,347

10.01 **Cash at Bank**

The details break up of Cash at Banks:

Amount in Taka		
	30.06.2020	30.06.2019
	293,759,365	280,992,567
IFIC Bank Ltd.	30,728,233	15,397,465
Agrani Bank Ltd.	6,517	6,517
Pubali Bank Ltd.	44,481	44,481
IFIC Bank Ltd. (Federation)	16,487	507,790
Eastern Bank Ltd.	58,214	58,214
United Comm Bank Ltd.	16,507	16,507
Commercial Bank of Ceylon Ltd.	24,750	24,750
AB Bank Ltd (Motijheel)	2,619	2,619
Sonali Bank Ltd. (Local)	15,101	15,101
Janata Bank Ltd.	1,500	1,500
American Express	21,540	21,540
Arab Bangladesh	7,213	7,213
IFIC Bank Ltd.	5,885	505,700
Janata Bank Ltd.	812	812
The Oriental Bank Ltd.	39,670	39,670
Bank Alfalah Ltd.	360,114	360,114
IFIC Bank Ltd.	15,323	15,323
City Bank Ltd.	60,771	518,817
The Oriental Bank Ltd.	32,040	32,040
NCC Bank Ltd.	1,499	1,499
Mutual Trust Bank Ltd.	498,824	2,163,372
Islami Bank BD Ltd. (F.Ex.Br)	381,517	99,565
Jamuna Bank Ltd.	19,503	18,753
One Bank Ltd.	75,868	75,768
Agrani Bank Ltd. (F.EX)	404,991	937,203
Mercantile Bank Ltd.	123,168	123,168
BRAC Bank Ltd.1	3,353	3,353
Standard Bank Ltd. (Pri.Br)	869,282	869,282
Sahajalal Bank Ltd.	169,806	169,606
IFIC Bank Ltd. (Fed. Branch)	725	725
Bangladesh Krishi Bank Ltd.	-	28,812
IFIC Bank Ltd.	97,000	97,000
Al-Arafah Islami Bank Ltd.	65,344	1,154,172
United Commercial Bank Ltd.	199,305	199,305
Pubali Bank Ltd.	14,441	14,441
Dhaka Bank Ltd.	103,897	9,184,602
Standard Bank Ltd.	1	1,002
Exim Bank Ltd.	14,428	14,428
One Bank Ltd.	31,020	30,920
IFIC Bank Ltd.	27,498	628,892
AB Bank Ltd.	100,000	100,000
Standard Bank Ltd.	645,676	397,854
IFIC Bank Ltd. (Federation)	95,006	95,006
NCC Bank Ltd. (Sayamoli)	1,356,314	201
IFIC Bank Ltd. (Gulshan)	98,040	672,792
Meghna Bank Ltd. (Gulshan)	3,338,295	42,063
Prime Bank Ltd. (Baridhara)	235	3,915,190
Bank Asia Ltd.	194,518	1,825,617

	Amount in Taka	
	30.06.2020	30.06.2019
NRB Commercial Bank Ltd.	6,123	178,158
The City Bank Ltd. (Banani)	89,448	89,448
Midland bank Ltd.	88,656	367,347
BD Commerce Bank Ltd.	100,000	100,000
NRB Bank Ltd.	97,435	97,435
Premier Bank Ltd.	98,390	98,390
Al-Arafah Islamic Bank Ltd.	996,610	996,110
Mercantile Bank Ltd.	820	68,052
Southeast Bank Ltd.	238,158	3,887,070
Sahajalal Islamic Bank Ltd.	16,933	99,310
BRAC Bank Ltd.	50,490	-
First Security Islamic Bank Ltd.	154,005	154,005
Pubali Bank Ltd.	400,000	400,000
Rupali Bank Ltd. (Local)	10,000	10,000
AB Bank Ltd.	10,000	10,000
One Bank Ltd. (Gulshan)	10,000	-
Islami Bank Bangladesh Ltd. (Gulshan)	617,716	2,100,716
Dutch Bangla Bank Ltd.	390,854	1,123,754
United Commercial Bank Ltd. (Tejgaon)	94,180	94,870
Modhumoti Bank Ltd. (Gulshan)	5,204,770	117,031,943
National Bank Ltd., CD-15927, NBL, Dhaka	610,761	-
Uttara Bank Ltd.(Bhola)	876,509	-
Agrani Bank Ltd. (FDR-ID # 10583162)	11,568,975	10,989,155
Agrani Bank Ltd. (FDR-ID # 10583151)	11,686,132	11,100,441
Agrani Bank Ltd. (FDR-ID # 10583159)	17,548,689	16,669,175
Agrani Bank Ltd. (FDR-ID # 10583160)	11,556,127	10,976,950
Bank Asia Ltd. (FDR # 00855012111)	49,558,713	46,396,431
City Bank Ltd. (FDR # 4192-5651001)	13,421,825	12,734,180
One Bank Ltd. (FDR # 4120005867)	810,582	758,016
One Bank Ltd. (FDR # 4120006495)	518,351	484,877
Midas Finance Ltd. (FDR)	-	2,326,521
One Bank Ltd. (FDR # 4120006600)	126,643	118,430
One Bank Ltd. (FDR # 4120008537)	471,578	440,996
One Bank Ltd. (FDR # 4120008592)	465,658	435,602
One Bank Ltd. (FDR # 4120008606)	229,128	214,419
Phoenix Finance Ltd. (FDR)	125,247,777	-
	293,759,365	280,992,567

The above cash at bank balances represents the balance as per cash book which are in agreement with that of bank statement as on 30th June, 2020 except the following non-operating dormant accounts which are being carried forward for a long time but no steps have been taken to realize the under noted amounts:

Name of Bank	Account No.	Amount (Tk.)
Agrani Bank Ltd.	7465-9	6,517
Pubali Bank Ltd.	128	44,481
Eastern Bank Ltd.	3371	58,214
United Commercial Bank Ltd.	326	16,507
Commercial Bank of Ceylon Ltd.		24,750
AB Bank Ltd. (Motijheel)	071420	2,619
Sonali Bank Ltd. (Local)	12116	15,101
Janata Bank Ltd.	9321	1,500
Amirecan Express Bank Ltd.	293	21,540

Name of Bank	Account No.	Amount (Tk.)
Arab Bangladesh Bank Ltd.	1361	7,213
IFIC Bank Ltd.	1258	5,885
Janata Bank Ltd.	78	812
The Oriental Bank Ltd.	2758	39,670
Bank Al-Falah Ltd.	8-001	360,114
IFIC Bank Ltd.	81734	15,323
The Oriental Bank Ltd.	04290	32,040
NCC Bank Ltd.	17704	1,499
Islami Bank BD Ltd. (Foreign Exchange Branch)	5016	99,565
Jamuna Bank Ltd.	1820	15,232
One Bank Ltd.	7008	75,868
Mercantile Bank Ltd.	20178	123,168
BRAC Bank Ltd.	23001	3,353
Standard Bank Ltd. (Principal Branch)	7992	869,282
Sahjhal Islami Bank Ltd.	8504	169,806
IFIC Bank Ltd. (Federation Branch)	0041	725
IFIC Bank Ltd.	87525	97,000
United Commrecial Bank Ltd.	3144	199,305
Pubali Bank Ltd.	9826	14,441
EXIM Bank Ltd.	5651	14,428
One Bank Ltd.	6006	31,020
IFIC Bank Ltd.	9088	27,498
AB Bank Ltd.	43-000	100,000
Standard Bank Ltd.	1815	394,782
IFIC Bank Ltd. (Federation Branch)	Share A/C	95,006
Bank Asia Ltd.	667	80,058
The City Bank Ltd. (Banani)	90001	89,448
Midland Bank Ltd.	328	726
BD Commerce Bank Ltd.	832	100,000
NRB Bank Ltd.		97,435
Premier Bank Ltd.	0268	98,390
Al-Arafah Islami Bank Ltd.	16815	996,610
Shahjalal Islami Bank Ltd.	12906	9,310
First Security Islami Bank Ltd.	19713	154,005
Pubali Bank Ltd.	5678	400,000
Rupali Bank Ltd. (Local)	0216	10,000
AB Bank Ltd.	36000	10,000
Total		5,030,244

Amount in Taka	
30.06.2020	30.06.2019

11.00 **Shareholders' Equity and Liabilities**
Share Capital

Authorized Capital:

120,000,000 Ordinary Shares of Tk. 10/- each.

180,000,000 Cum. Redeemable Preference Shares of Tk. 10/- each.

1,200,000,000	1,200,000,000
1,800,000,000	1,800,000,000
3,000,000,000	3,000,000,000
957,324,220	957,324,220
272,080,980	272,080,980
685,243,240	685,243,240
957,324,220	957,324,220

Ordinary Shares Capital:

Issued, Subscribed and Paid up

95,732,422 Ordinary Shares @ Tk. 10/- each.

Sponsors

General Public

The position of Ordinary Shareholders as on 30th June, 2020 was as follows:

Particulars	No. of Investors	No. of Shares-2020	Shareholding % 2020	Shareholding % 2019
Sponsors	6	27,208,098	28.42%	28.42%
Financial Institutions including ICB	179	37,047,723	38.70%	38.66%
General Public	20,997	31,476,601	32.88%	32.92%
Total	21,182	95,732,422	100%	100%

The Classification of Shareholders by holding as on 30th June, 2020 was as follows:

Particulars	No. of Investors	No. of Shares-2020	% of Shares Holding 2020	Number of Shares 2019
1 to 500	13,795	2,129,842	2.22%	2,184,666
501 to 5000	6,236	10,010,940	10.46%	10,202,991
5001 to 10000	611	4,413,592	4.61%	4,151,466
10001 to 20000	258	3,642,349	3.80%	3,485,825
200001 to 30000	99	2,453,877	2.56%	2,354,021
300001 to 40000	34	1,196,945	1.25%	1,050,779
400001 to 50000	34	1,585,212	1.66%	1,393,343
500001 to 100000	54	3,753,495	3.92%	3,341,706
1000001 to 1000000	47	14,325,741	14.96%	14,860,012
Above 10000000	14	52,220,429	54.55%	52,707,613
Total	21,182	95,732,422	100%	95,732,422

12.00 **Share Premium**

This is made up as follows:

Net Premium up to 2006

Net Premium up to 2010

Amount in Taka	
30.06.2020	30.06.2019
1,925,858,339	1,925,858,339
250,191,730	250,191,730
1,675,666,609	1,675,666,609
1,925,858,339	1,925,858,339
67,338,231	67,338,231
12,338,231	12,338,231
4,000,000	4,000,000
51,000,000	51,000,000
67,338,231	67,338,231

13.00 **Reserves**

This is made up as follows:

Tax Holiday Reserve

Dividend Equalization Fund

General Reserve

The company obtained tax holiday facility for body building unit for the period of five years with effect from 5th May, 1997.

14.00 **Consolidated Long Term Loan-Net of Current Portion**

This is made up as follows:

Agrani Bank Ltd.

Meghna Bank Ltd.

SBAC Bank Ltd.

Mutual Trust Bank Ltd.

Prime Bank Ltd.

3,927,803,421	3,284,569,678
1,684,759,884	1,615,505,083
22,314,977	19,626,112
120,793,318	123,310,925
140,932,292	117,923,003
11,653,515	34,589,483

		Amount in Taka	
		30.06.2020	30.06.2019
	Midland Bank Ltd.	29,400,536	66,367,700
	Peoples Leasing & Financial Services Ltd.	143,325,391	157,546,943
	Mercantile Bank Ltd.	-	171,555,869
	One Bank Ltd.	64,656,771	64,717,841
	NCC Bank Ltd.	123,860,226	131,557,537
	Bay Leasing	102,517,921	97,000,000
	GSP Finance	249,204,434	226,520,509
	Midas Financing	40,980,611	42,194,387
	Union Capital	119,022,682	139,463,643
	BD Finance Ltd.	47,200,218	58,851,427
	Phoenix Finance	626,046,793	-
	Prime Finance & Investment Ltd.	-	750,000
	Shahjalal Islami Bank Ltd.	-	2,851,000
	Trust Bank Ltd.	411,323,083	394,011,750
	Dutch-Bangla Bank Ltd.	686,040,284	666,661,025
	Social Islami Bank Ltd.	61,285,348	-
	Modhumoti Bank Ltd.	507,687,250	248,422,000
	Hajj Finance Company Ltd.	44,065,694	-
		5,237,071,228	4,379,426,237
	Less: Long Term Loan-Current Maturity	1,309,267,807	1,094,856,559
	Long Term Loan-Net of Current Maturity	3,927,803,421	3,284,569,678
15.00	Consolidated Short Term Loan	7,674,755,610	4,687,578,819
	This is made up as follows:		
	Agrani Bank Ltd.	630,585,708	535,501,998
	Bank Asia Ltd.	884,744,037	889,250,209
	Standard Bank Ltd.	96,996,631	-
	NRB Commercial Bank Ltd.	447,643,218	410,885,931
	BRAC Bank Ltd.	40,991,042	
	NCC Bank Ltd.	50,387,922	61,161,620
	Dhaka Bank Ltd.	343,896,638	-
	Mercantile Bank Ltd.	466,753,873	136,567,494
	The City Bank Ltd.	75,206,530	-
	Midland Bank Ltd.	31,702,004	30,871,288
	Prime Bank Ltd.	52,806,214	51,607,048
	One Bank Ltd.	282,913,641	294,163,191
	SBAC Bank Ltd.	168,652,806	49,458,146
	Mutual Trust Bank Ltd.	55,618,726	204,477,546
	Southeast Bank Ltd.	958,559,517	684,528,623
	Dutch-Bangla Bank Ltd.	487,340,721	626,082,737
	Al-Arafah Islami Bank Ltd.	71,234,641	-
	IFIC Bank Ltd.	2,217,261,858	543,086,250
	Jamuna Bank Ltd.	186,906	165,904
	Shahjalal Islami Bank Ltd.	166,036,111	169,770,834
	Modhumoti Bank Ltd.	145,236,866	-
		7,674,755,610	4,687,578,819

		Amount in Taka	
		30.06.2020	30.06.2019
16.00	Consolidated Accrued and Other Current Liabilities	1,340,189,875	1,527,402,347
	This is made up as follows:		
	For Goods Supplied	138,836,368	332,379,616
	For Examples	150,120,276	103,616,678
	For Income Tax	844,714,435	837,159,890
	For Workers PPF and WF	28,628,898	28,417,449
	Provision for Bad Debts	5,176,851	6,176,851
	For Other Finance	90,094,323	81,821,302
	For Bond Liabilities	2,694,543	73,663,658
	Unclaimed Dividend	79,924,183	64,166,906
	Long Term Loan-Net of Current Portion	1,340,189,875	1,527,402,347
17.00	Consolidated Revenue	1,947,024,768	2,818,043,017
	This is made up as follows:		
	Aftab Automobiles Ltd.	1,411,377,402	1,957,393,139
	Navana Batteries Ltd.	535,647,366	860,649,878
		1,947,024,768	2,818,043,017
18.00	Consolidated Cost of Goods Sold	1,431,542,977	2,115,825,918
	This is made up as follows:		
	Opening Stock of Direct Raw Materials	655,156,845	597,801,527
	Purchase of Direct Raw Materials	1,360,678,168	1,800,802,761
	Direct Raw Materials available for Consumption	2,015,835,013	2,398,604,288
	Closing Stock of Direct Raw Materials 8	510,514,721	655,156,845
	Raw Materials Consumed	1,505,320,292	1,743,447,443
	Add: Opening Work in Progress	150,417,975	117,223,316
		1,655,738,267	1,860,670,759
	Less: Closing WIP 8	279,243,833	150,417,975
		1,376,494,434	1,710,252,784
	Indirect Materials	554,638	6,025,024
	Total Consumption	1,377,049,072	1,716,277,808
	Factory Overhead 18.1	199,525,425	211,117,982
	Cost of Production	1,576,574,497	1,927,395,790
	Opening Finished Products	616,407,527	804,837,655
		2,192,982,024	2,732,233,445
	Closing Finished Products 8	761,439,047	616,407,527
		1,431,542,977	2,115,825,918
18.01	Factory Overhead	199,525,425	211,117,982
	This is made up as follows:		
	Salary and Allowances	77,814,714	57,521,086
	Liveries and Uniform	89,663	406,640
	Telephone, Fax and Mobile	179,175	408,730
	Fuel and Lubricants	1,583,700	3,889,106
	Travelling and Conveyance	363,787	550,059

		Amount in Taka	
		30.06.2020	30.06.2019
	Entertainment	496,974	581,961
	Office Expenses	299,776	278,319
	Maintenance Expenses	3,289,831	786,094
	Electric Expenses	29,955,244	49,902,942
	Duty and Allowances	906,398	742,190
	Canteen Subsidies	1,121,226	1,847,596
	Eid Greetings	87,450	129,187
	Rent Rates & Taxes	2,624,092	5,159,184
	Insurance	4,599,172	6,526,372
	Gas	1,130,379	1,877,931
	Welfare Expenses	118,007	216,848
	Carrying & Handling	326,955	466,196
	Newspaper and Periodicals	47,830	-
	General Charges	-	56,390
	Repairs and Maintenance (Vehicle)	835,051	282,278
	Security Expenses	1,683,378	3,990,631
	Chemicals	88,080	39,809
	Stores & Spares	346,794	248,479
	Foreign Technician Remuneration	-	1,604,873
	Annual Picnic	224,850	378,825
	Printing & Stationery	163,831	108,492
	Screen Printing	11,780	70,965
	Labour Charges	87,398	193,729
	Laboratory Expenses	138,312	174,091
	Generator Maintenance	33,899	36,950
	Fire Extinguisher	53,405	46,255
	Depreciation	70,824,274	72,595,776
		199,525,425	211,117,982
19.00	Consolidated Administrative Expenses	47,389,331	75,490,766
	This is made up as follows:		
	Salary & Allowances	27,546,360	44,976,337
	Welfare Expenses	12,075	102,011
	Medical Expenses	25,975	5,897
	Entertainment	473,839	824,415
	AGM Expenses	606,074	482,613
	TA and Conveyance	765,981	995,997
	Travelling Expenses-Foreign	-	406,430
	Car Maintenance	625,222	1,839,494
	Stationery	305,177	644,900
	Fees and Registration	521,589	2,624,303
	Telephone	1,072,856	961,525
	Electrical Expenses	180,943	652,922
	Rent, Rates and Taxes	2,292,107	3,259,929
	Insurance Premium	156,418	123,657

		Amount in Taka	
		30.06.2020	30.06.2019
Liveries and Uniform		23,737	125,029
Bank Charges		2,530,435	2,469,566
Bank Guarantee & Charge Documents		14,874	68,275
Audit Fees		464,000	356,500
Duty Allowance		100,000	50,000
Newspapers & Periodicals		50,859	93,915
Postage & Telegram		533,957	413,142
Publicity		186,657	464,473
Night Allowances		52,090	52,090
Advertisement and Publicity		142,999	15,950
Directors Fee		365,500	372,750
Office Maintenance		472,889	331,978
Maintenance Expenses		401,747	215,874
General Expenses		52,408	44,045
WASA Bill		40,227	30,333
Carrying & Handling		-	24,000
Gas		125,551	140,691
CDBL Fee		830,120	335,190
Canteen Subsidy		528,508	587,016
Security Expenses		268,550	98,325
Donation		-	656,366
Promotion Expenses		126,954	926,765
ISO		274,557	135,000
Fuel and Lubricants		339,576	448,852
Guest House Maintenance		300	1,020
Membership Fee and Others		-	58,720
Depreciation		4,878,221	9,074,472
		47,389,331	75,490,766
20.00 Consolidated Selling and Distribution Expenses		58,557,807	115,030,324
This is made up as follows:			
Salary & Allowances		28,196,273	44,458,410
Fuel and Lubricants		197,078	651,105
Transit Insurance		555,779	472,502
Promotional Expenses		431,784	8,318,750
Delivery Expenses		2,763,483	1,767,760
Rent, Rates & Taxes		2,090,030	16,487,793
Conveyance		1,142,492	602,195
Entertainment		236,002	466,948
Stationery		63,363	46,988
Telephone		494,059	1,273,616
Publicity Expenses		893,514	1,598,042
Fees & Registration		112,708	472,578
Maintenance		94,583	88,575
Car Maintenance		488,546	854,794
Electrical Expenses		987,591	2,002,541

		Amount in Taka	
		30.06.2020	30.06.2019
	Postage & Telegram	178,203	491,366
	Newspaper & Periodicals	25,903	39,108
	Bank Charges	45,643	808,706
	Security Guard Salary	604,835	2,884,778
	Office Maintenance	82,321	84,005
	Showroom Expenses	221,803	1,048,451
	Transpiration Charges	-	1,165,565
	Utility Bill (WASA)	61,428	384,495
	Gift & Donation	76,859	86,606
	Bad Debts	4,089,037	18,278,501
	Chemical & Packing Expenses	10,750	1,920
	Dealer Conference Expenses	62,582	1,095,907
	Others	29,487	23,848
	Depreciation of Right of Use Assets	6,865,192	-
	Depreciation	7,456,478	9,074,472
		58,557,807	115,030,324
21.00	Consolidated Financial Charges	423,004,138	443,833,006
	This is made up as follows:		
	Aftab Automobiles Ltd.	305,920,124	322,076,419
	Navana Batteries Ltd.	117,084,014	121,756,587
		423,004,138	443,833,006
22.00	Consolidated Non-Operating Income	17,194,330	15,848,057
	This is made up as follows:		
	FDR Interest	17,194,330	15,848,057
	Profit on Sale of Shares	-	-
	Profit on Sales of Car	-	-
		17,194,330	15,848,057
23.00	Consolidated Income Tax Expenses	6,765,436	11,565,389
	This is made up as follows:		
	Current Tax	7,554,545	19,915,721
	Deferred Tax	(789,109)	(8,350,332)
		6,765,436	11,565,389
23.01	Current Tax	7,554,545	19,915,721
	Aftab Automobiles Ltd.	4,334,781	15,917,077
	Navana Batteries Ltd.	3,219,764	3,998,644
		7,554,545	19,915,721

		Amount in Taka	
		30.06.2020	30.06.2019
23.1a	Current Tax - Aftab Automobiles Ltd.	(6,091,270)	15,917,077
	This is made up as follows:		
	Operating Profit	(7,485,257)	51,000,023
	Other Income	17,194,330	15,848,057
	Contribution to WPPF	(1,082,951)	(5,779,635)
	Bad Debts	4,089,037	17,740,000
	Add: Accounting Depreciation	40,188,013	43,989,919
	Less: Tax Depreciation	(52,726,152)	(59,130,055)
	Last year Adjustment	-	-
	Taxable Profit	177,021	63,668,309
	Corporate Tax Rate 25% & 32.5%	25%	32.5%
	Current Tax	(6,091,270)	15,917,077
	Minimum Tax on Gross Receipts	4,334,781	-
	Current Tax Liabilities	4,334,781	-
23.1b	Current Tax - Navana Batteries Ltd.	3,219,764	3,998,644
	This is made up as follows:		
	Profit before Tax	(6,196,172)	16,059,980
	Add: Accounting Depreciation	42,970,959	46,754,801
	Less: Tax Depreciation	(55,653,326)	(65,226,821)
	Adjusted Profit for Tax Calculation	(18,878,539)	(2,412,041)
	Tax @ 32.5% (Transferred to Comprehensive Income)	(6,135,525)	(844,214)
	Normal Tax Liability @ 32.5% on Profit before Tax	(6,135,525)	(844,214)
	Minimum Tax Liability @ 0.6% on Gross Receipts	3,219,764	3,998,644
	Current Tax Liabilities (Whichever is Higher)	3,219,764	3,998,644
23.2	Consolidated Income Tax Expenses		
	Deferred Tax Expenses	(789,109)	(8,350,332)
	Aftab Automobiles Ltd.	4,718,856	(16,751,577)
	Navana Batteries Ltd.	(5,507,965)	8,401,245
		(789,109)	(8,350,332)
24.00	Deferred Tax Liability	127,922,821	128,711,930
	This is made up as follows:		
		73,537,075	68,818,220
	Navana Batteries Ltd.	54,385,745	59,893,710
		127,922,821	128,711,930
	This is made up as follows:		
		73,537,075	68,818,220
	Associate Company	73,824,020	71,217,441
	Assembling Body Unit & Motor Cycle Unit	(286,945)	(2,399,221)
	Investment Valuation Surplus in Share	-	-
		73,537,075	68,818,220

		Amount in Taka	
		30.06.2020	30.06.2019
Calculation of Deferred Tax			
A Associate Company			
This is made up as follows:			
Opening Balance		73,824,020	71,217,441
Add: Provision during the year		71,217,441	60,312,588
Investment in Associate Balance as on 30.06.2020		2,606,580	10,904,853
Investment Valuation Surplus in Share		73,824,020	71,217,441
		-	-
B Aftab Automobiles Ltd.			
This is made up as follows:			
Depreciation:			
WDV on PPE as per Accounting Calculation		1,142,638,625	1,177,601,790
WDV on PPE as per Taxable Calculation		1,017,197,369	1,064,698,673
Temporary Difference		125,441,256	112,903,117
Deferred Tax 25% on Difference (B1)		31,360,314	28,225,779
Opening Deferred Tax		28,225,779	25,257,209
Deferred Tax Expense during the year (B2)		3,134,535	2,968,571
C Bad Debts as per Accounting Base			
Bad Debts as per Tax Base		-	-
Deductible Temporary Difference		(126,589,037)	(122,500,000)
Deferred Tax Liabilities 25% on Difference (C1)		(31,647,259)	(30,625,000)
Opening Deferred Tax		(30,625,000)	-
Deferred Tax Expenses during the year (C2)		(1,022,259)	(30,625,000)
Deferred Tax Liabilities on Regular Income (B1+C1)		(286,945)	(2,399,221)
Deferred Tax Expenses during the year on Regular Income (B2+C2)		2,112,276	(27,656,429)
D Navana Batteries Ltd.			
This is made up as follows:			
WDV on PPE as per Accounting Calculation		844,052,976	870,854,090
WDV on PPE as per Taxable Calculation		657,833,684	697,317,165
Temporary Difference		186,219,292	173,536,925
Deferred Tax 32.5% of difference		60,521,270	60,737,923
Less: Unabsorbed Depreciation		(6,135,525)	(844,214)
Deferred Tax Liabilities 32.5% on Difference after Unabsorbed		54,385,745	59,893,709
Opening Deferred Tax		60,737,923	51,492,465
Deferred Tax Expenses during the year		1,696,697	8,401,245
Movement of Deferred Tax			
A Aftab Automobiles Ltd.			
Opening Balance		(2,399,221)	25,257,209
Add: During the year (PLAC)		2,112,276	(27,656,430)
Closing Balance		(286,945)	(2,399,221)
Opening Balance		68,818,220	85,569,797
Add: During the year (PLAC)		2,112,276	(27,656,430)
Add: During the year (Associate Co.)		2,606,580	10,904,853
Add: During the year (OCI)		-	-
Closing Balance		73,537,076	68,818,220

		Amount in Taka	
		30.06.2020	30.06.2019
B Navana Batteries Ltd.			
	Opening Balance	59,893,710	51,492,465
	Add: During the year (PL AC)	(5,507,965)	8,401,245
	Closing Balance	54,385,745	59,893,710
	Total Deferred Tax Expenses (PL AC)	4,718,856	(16,751,577)
	Total Deferred Tax Liabilities (FS AC)	127,922,821	128,711,930
25.00	Consolidated Earning Per Share (EPS)	0.09	1.25
	Profit Attributable to the Equity holders	8,411,576	120,087,299
	No. of Shares	95,732,422	95,732,422
	Consolidated Earnings per Share (EPS)	0.09	1.25
	Note:		
	Earnings per Share (EPS) has been fallen down than previous year because of decreasing sale amount due to Covid Pandemic Situation.		
26.00	Consolidated Net Assets Value Per Share (NAVPS)	60.20	60.95
	Net Assets	5,762,720,529	5,834,726,542
	Ordinary Shares (Paid up Capital)	95,732,422	95,732,422
	Net Assets Value Per Share (NAVPS)	60.20	60.95
	Net asset value has been decreased due to impact of declaration of dividend payment.		
27.00	Consolidated Net Operating Cash Flows Per Share (NOCFPS)	(6.02)	3.74
	Consolidated Net Cash Generated by Operating Activities	(575,885,345)	357,935,598
	Ordinary Shares (Paid up Capital)	95,732,422	95,732,422
	Consolidated Net Operating Cash Flows Per Share (NOCFPS)	(6.02)	3.74
	Note:		
	During the year net operating cash flow per share has been decreased due to less collection for covid pandemic situation with that of previous year.		
28.00	Loan and Deferred Liabilities (Unsecured)	25,310,440	25,310,440
	Long Term interest free loan from sponsors is carried forward since 1982.		
29.00	Reconciliation of Consolidated Cash Flows from Operating Activities under Indirect Method:	(575,885,345)	357,935,597
	Net Profit/(Loss) before Interest & Income Tax during the year	426,214,678	526,741,066
	Adjustments to reconcile Net Income to Net Cash provided by Operating Activities:		
	Depreciation	90,024,165	90,744,720
	Payment of Lease Liability	(21,277,756)	-
	Interest on Lease Liability	1,018,675	-
	Payment of WPPF	2,751,541	(7,322,317)
	Income Tax Paid	(63,421,662)	(81,719,733)
	Changes in Current Assets and Liabilities:		
	Decrease/(Increase) in Inventories	(92,765,644)	(35,585,294)
	Decrease/(Increase) in Advance and Pre-payments	1,043,265	(241,602,872)
	Decrease/(Increase) in Payables & Accruals	(214,344,391)	310,882,120
	Decrease/(Increase) in Trade Receivables	(705,128,216)	(204,202,093)
	Consolidated Net Cash Flow from Operating Activities	(575,885,345)	357,935,597

30.00 Segment wise Financial Position as at 30th June, 2020

Particulars	Assembling Unit	Motor Cycle Unit	Body Unit	Total
Assets				
Non-Current Assets				
Property, Plant & Equipment	440,876,273	282,837,618	418,924,734	1,142,638,625
Capital Work-in-Progress	160,880,536	648,719,452	85,466,935	895,066,923
Investment in Subsidiary and Associates	1,174,120,460	-	-	1,174,120,460
Receivable-Non-Current Maturity	2,027,191,073	169,063,143	84,597,268	2,280,851,484
Right of Use Assets	-	11,326,984	-	11,326,984
Total of Non-Current Assets	3,803,068,342	1,111,947,197	588,988,937	5,504,004,476
Current Assets:				
Receivable-Current Maturity	2,187,706,270	350,000,000	100,093,549	2,637,799,819
Stock and Stores	495,493,257	530,531,013	43,531,601	1,069,555,871
Current Account with Navana Batteries Ltd.	1,331,361,368	-	-	1,331,361,368
Current Account with Navana Group Companies	554,947,611	654,159,843	-	2,209,107,454
Current Account with Motor Cycle Unit	616,372,313	-	-	-
Current Account with Body Building Unit	423,993,709	-	-	-
Advances, Deposits and Pre-Payments	3,163,004,084	226,414,285	50,139,391	3,439,557,761
Cash and Bank Balances	130,267,561	143,688,212	17,584,837	291,540,610
Total Current Assets	9,903,146,173	1,904,793,353	211,349,378	10,978,922,883
Total Assets	13,706,214,515	3,016,740,550	800,338,315	16,482,927,358
Equity and Liabilities:				
Shareholders' Equity:				
Share Capital	957,324,220	-	-	957,324,220
Share Premium	1,925,858,339	-	-	1,925,858,339
Reserves	44,332,688	-	23,005,543	67,338,231
Retained Earnings	2,547,245,642	18,512,696	246,441,401	2,812,199,739
Total Shareholders' Equity	5,474,760,889	18,512,696	269,446,944	5,762,720,529
Non-Current Liabilities:				
Loan and Deferred Liabilities (Unsecured)	25,310,440	-	-	25,310,440
Long Term Loan - Non-Current Maturity	1,874,561,399	542,999,833	-	2,417,561,232
Deferred Tax Liability	62,486,905	9,062,483	1,987,689	73,537,076
Lease Liability	-	9,826,359	-	9,826,359
Total Non-Current Liabilities	1,962,358,744	561,888,674	1,987,689	2,526,235,107
Current Liabilities:				
Long Term Loan-Current Maturity	624,853,800	180,999,944	-	805,853,744
Short Term Loan	4,690,951,322	1,589,704,625	186,906	6,280,842,853
Accrued and Other Current Liabilities	953,289,759	49,262,298	104,723,068	1,107,275,125
Current Account with Assembling Unit	-	616,372,313	423,993,709	-
Total Current Liabilities	6,269,094,881	2,436,339,180	528,903,683	8,193,971,722
Total Liabilities	8,231,453,625	2,998,227,853	530,891,372	10,720,206,829
Total Equity and Liabilities	13,706,214,514	3,016,740,549	800,338,316	16,482,927,358

Segment wise Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2020

Particulars	Assembling Unit	Motor Cycle Unit	Body Unit	Total
Sales Revenue	910,117,914	373,693,488	127,566,000	1,411,377,402
Less: Cost of Goods Sold	629,104,105	306,234,846	100,879,742	1,036,218,693
Gross Profit (a)	281,013,809	67,458,642	26,686,258	375,158,709
Less: Operating Expenses:				
Administrative Expenses	24,889,828	9,570,110	5,928,648	40,388,586
Selling & Distribution Expenses	4,356,129	30,529,234	1,237,949	36,123,312
Financial Charges	250,210,973	55,690,649	18,502	305,920,124
Total Operating Expenses (b)	279,456,930	95,789,992	7,185,099	382,432,022
Operating Profit (c) = (a-b)	1,556,879	(28,331,350)	19,501,159	(7,273,313)
Non-Operating Income:				
Other Income	7,423,996	9,347,449	422,885	17,194,330
Less: Foreign Exchange Loss	(514,305)	-	-	(514,305)
Add: Share of Profit from Associate Company	13,032,898	-	-	13,032,898
Total Non-Operating Income (d)	19,942,589	9,347,449	422,885	29,712,923
Profit before Contribution to WPPF (e)=(c+d)	21,499,468	(18,983,901)	19,924,044	22,439,610
Less: Contribution to WPPF	1,023,784	(903,995)	948,764	1,068,553
Profit after Contribution to WPPF	20,475,684	(18,079,906)	18,975,280	21,371,057
Add: Share of Profit from Subsidiaries	(3,905,845)	-	-	(3,907,971)
Net Profit before Tax (f)	16,569,839	(18,079,906)	18,975,280	17,463,086
Less: Income Tax Expenses				
Current Tax	2,718,254	1,127,422	489,105	4,334,781
Deferred Tax	3,068,736	1,383,685	266,435	4,718,856
Total Income Tax Expenses (g)	5,786,990	2,511,107	755,540	9,053,637
Profit after Tax (h) = (f-g)	10,782,847	(20,591,012)	18,219,741	8,411,575
Other Comprehensive Income for the year:				
Investment Valuation Surplus in Share				
Revaluation Gain/(Loss) on Investment in Share	-	-	-	-
Deferred Tax	-	-	-	-
Total Investment Valuation Surplus in Share (i)	-	-	-	-
Total Comprehensive Income for the year (j)=(h+i)	10,782,847	(20,591,012)	18,219,741	8,411,575

31.00 Related Party Transactions

As per note 3.24 of financial statements with related parties are as follows:

- (i) There is no long term unsecured loan taken from directors (including managing director) or sponsors of the company;
- (ii) No loan has been given to any director or sponsor shareholders of the company;
- (iii) No office rent amount is received by any director or sponsor shareholders of the company;
- (iv) There is no compensation for chairman, director & managing director except board meeting fee total and for each of the following categories:
 - (a) Short-term employee benefits;
 - (b) Post employment benefits;
 - (c) Other long term benefits;
 - (d) Termination benefits;
 - (e) Share based payment.

32.00 Payment/Perquisites to Directors

No amount of money was spent by the company for compensating any member of the Board for services rendered other than Board Meeting Fee.

33.00 Foreign Earning

During the year under audit the company incurred a foreign exchange loss of Tk. 514,305 against foreign exchange.

34.00 Brokerage Commission

No brokerage or discount other than usual trade discount against sales was paid during the year. As there was no sales agent, commission therefor was not paid.

35.00 Acknowledgment of Claim and Refund

There were aggregating claims of Tk. 46,134,665. In respect of assessment years 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019 and 2019-2020 respectively against the company for income tax and there were aggregating refund in favor of the company for income tax in different years but no asset or liability was recognized for the claims are refundable. The company filed income tax reference case with high court division of the supreme court & appeals remained pending and have applied for adjustment for remaining cases.

36.00 Amount due by Directors

There is no advance in the name of the directors or associates undertaking of the company.

37.00 Amount Paid to Directors

The Directors have been paid only the meeting attendance fee during the year.

38.00 Number of Employees

During the year total number of employees/workers for the company was 329 who drawing Tk. 8,000 or more per month.

39.00 Significant Disclosure

Sales amount has been fallen down but gross profit (GP) ratio increased due to decreases of production cost by ceasing workers, management employees and monitoring production strictly.

40.00 Remuneration

Salary & Allowances	Number of Person	Amount (Tk.)
Managing Director/Director	5	-
Managers	33	24,599,524
Officers	132	59,354,472

No amount of money was spent by the company for the directors except board meeting attendance fee.

41.00 Capital Expenditure Commitment

There was no commitment for capital expenditure and also not incurred or provided for the year ended 30th June, 2020.

42.00 Contingent Assets

There was no contingent assets as on 30th June, 2020.

43.00 Remittance of Dividend

As there were no non-resident shareholders, no dividend was remitted to or received from abroad.

44.00 Credit Facility not Availed

There was no credit facility available to the Company under any contract and also not availed as on 30th June, 2020 other than trade credit available in the ordinary course of business

45.00 Attendance Status of Board Meeting of Directors

During the year there was 15 Board Meetings were held. The attendance status of all the meetings is as follows:

Name of the Directors	Position	Meeting Held	Attended
Shafiul Islam	Chairman	15	12
Khaleda Islam	Director	11	5
Saiful Islam	Managing Director	15	13
Sajedul Islam	Director	15	11
Farhana Islam	Director	15	7
M. Obaidur Rahman	Independent Director	11	6
Syed Masud Hasan	Independent Director	11	3

46.00 Auditors fees for service rendered

As per schedule XI, part II, para 6 of Companies Act, 1994, auditors are only paid audit fees (including VAT) of Tk. 350,000. No other service has been taken from auditor hence other then this no other fees given to auditor.

**47.00 Disclosures as per Requirement of Schedule XI, Part II of the Companies Act, 1994
(Employee Position as on 30th June, 2020)**

(A) Disclosure as per requirement of Schedule XI, Part II, Notes 5 of Para 3

Monthly Salary Range	Head Office	Factory	No. of Employee
Above 3000	26,228,288	107,329,059	476
Below 3000	Nil	Nil	Nil

**(B) Disclosure as per requirement of Schedule XI, Part II, Para 4
Payment/Perquisites to Directors and Officers**

Name	Position	Per Meeting Attendance Fee	No. of Meeting	Amount (Tk.)
Shafiul Islam	Chairman	5,000	12	60,000
Khaleda Islam	Director	5,000	5	25,000
Saiful Islam	Managing	5,000	13	65,000
Sajedul Islam	Director	5,000	11	55,000
Farhana Islam	Director	5,000	7	35,000
M. Obaidur Rahman	Ind. Director	5,000	6	30,000
Syed Masud Hasan	Ind. Director	5,000	3	15,000

During the year under Review:

- (i) No compensation was allowed by the company to the Chief Executive Officer of the company who is also a Director;
- (ii) The rate at which Directors have drawn Board Meeting attendance fees @ Tk. 5,000/- per Director per meeting.
The total Board Meeting attendance fee incurred during the year under review was Tk. 327,750/- including VAT;
- (iii) No amount of money was spent by the company for compensating any member of the board for special services rendered.

48.00 Information regarding Accounts Receivables, Advance in line with Schedule XI

i. Disclosure in line with 4(a) of part I of Schedule XI

The details of trade receivable are given below:

Sl. No.	Particulars	Amount (Tk.) 30.06.2020	Amount (Tk.) 30.06.2019
1	Within 3 Months	974,148,141	1,808,526,420
2	Within 6 Months	815,648,663	506,941,865
3	Within 12 Months	848,003,015	513,448,374
4	More than 12 Months	2,948,890,938	2,052,645,882

ii. Disclosure in line with 4(b) of part I of Schedule XI

There are no debts outstanding in this respect.

49.00 Disclosure in line with Instruction of Part of Schedule XI

In regard to sundry debtors the following particulars shall be given separately:

- (I) **Debt considered good in respect of which the company is fully secured**
Within six months trade debtors occurred in the ordinary course of business are considered good but no security given by the debtors.
- (II) **Debt considered good for which the company holds no security other than the debtors' personal security**
Within six months trade debtors have arisen in the ordinary course of business in good faith as well as market reputation of the company for the above mentioned reasons no personal security taken from debtors.
- (III) **Debt considered doubtful or bad**
The company considered more than one year debts are doubtful and provision is created for Tk. 126,589,037.
- (IV) **Debt due by directors or other officers of the Company**
There is no debt due by directors or other officers of the company.
- (V) **Debt due by common management**
There is no debt under common management.
- (VI) **The maximum amount due by directors or other officers of the Company**
There is no such debt in this respect.

50.00 Disclosure as per requirement of Schedule XI, Part II, Para 7

Details of Production Capacity Utilization:

Particulars	Assembling	Body	Mortar Cycle	Total
Production Capacity (Vehicle/Battery)	2400	220	10,000	12,620
Production during the year	198	111	2,551	2,860
Capacity Utilization (%)	8.25%	50.45%	25.51%	22.66%

The production capacity of the company is 2400 units Toyota & hino vehicles in assembling unit under three shifts and 400 units hino buses in body building unit. Actual production for the year 198 units bus assembled in assembling unit 111 units body fabrication in body building unit.

The production capacity of the company is 10,000 units motor cycle in motor cycle units under three shifts. Actual production for the period 2551 Units biks assembled in motor cycle unit.

51.00 Schedule XI, Part II, Para 8(b) & Para 8(d) Foreign Currencies remitted during the year

During the year under review the company did not remit any amount as dividend, technical know-how, royalty, professional consultation fees, interest and other matters either its shareholder or others.

52.00 Disclosure for purchase in foreign currency during the year

Disclosure as per Para 8 of Schedule XI (kh) of the Companies Act, 1994 regarding purchase made in foreign currency during the year are as follows:

Type of Expenditure	Amount in Foreign Currency	Amount in BDT.
Import of Raw Material (Hino Bus Chassis CKD)	¥ 723,051,400	564,920,059
Import of Raw Material (Mahindra Motor Cycle SKD)	US\$ 1615439	252,415,640
Total		817,335,699

53.00 Financial Instrument-Fair Values and Risk Management

53.01 Accounting Classifications and Fair Values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable appro

Reconciliation of Carrying Amount	Carrying Amount Tk. '000								
	Note	Held for Trading	Designated at Fair Value	Fair Value Hedging Instruments	Held to Maturity	Loans and Receivables	Available for Sale	Financial Liabilities	Total Amount
30.06.2020	-	-	-	-	-	-	-	-	-
Financial Assets not measured at Fair Value	-	-	-	-	-	-	-	-	-
Trade and Other Receivables	-	-	-	-	-	3,305,840	-	-	3,305,840
Investment	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	-	-	-	-	-	299,823	-	-	299,823
Investment in Subsidiaries	-	-	-	-	-	-	389,120	-	389,120
	-	-	-	-	-	3,605,663	389,120	-	3,994,783
Financial Liabilities not measured at fair value	-	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-	-	1,340,190	1,340,190
Other Non-Current Liabilities	-	-	-	-	-	-	-	4,090,864	4,090,864
	-	-	-	-	-	-	-	5,431,054	5,431,054
30.06.2019									
Financial Assets not measured at Fair Value	-	-	-	-	-	-	-	-	-
Trade and Other Receivables	-	-	-	-	-	2,828,916	-	-	2,828,916
Investment	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	-	-	-	-	-	285,560	-	-	285,560
Investment in Subsidiaries	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	3,114,476	-	-	3,114,476
Financial Liabilities not measured at fair value	-	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-	-	1,527,402	1,527,402
Other Non-Current Liabilities	-	-	-	-	-	-	-	3,438,592	3,438,592
	-	-	-	-	-	-	-	4,965,994	4,965,994

Advances, deposits and prepayments are not included in the financial assets.

The company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, investment in subsidiaries, trade and other payables, and other non-current liabilities because their carrying amounts

53.02 Financial Risk Management

The Company management has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

53.02.1 Credit Risk, 53.02.2 Liquidity Risk 53.02.3 Market Risk.

53.02.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of customer, including the default risk of the industry and financial strength of the customer, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

The debtors management review committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum outstanding amount of credit sale without requiring approval from the committee; these limits are reviewed as per guideline of Nava CNG Limited in each quarter. Customers that fail to meet the company's benchmark creditworthiness may transact with the company only on a cash / deposit scheme basis.

Management has a credit policy in place and the exposure to credit risk is monitor on an ongoing basis. As at 30th June, 2020, substantial part of the receivables are as follows and subject to insignificant credit risk. Risk exposure from other financial assets, i.e. Cash at bank and other external receivables are also nominal.

(i) Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting data was:

	Amount in Taka	
	30.06.2020	30.06.2019
Non-Derivative Financial Assets:		
Receivables-Current Assets	3,305,839,273	4,881,562,541
Inter Company Receivables	3,656,207,754	5,330,849,255
Advance to Suppliers	727,987,256	766,579,893
Advance to Employees	45,219,388	33,406,244
Advance to Others	479,516,205	37,483,127
Security Deposit	400,475,573	466,985,828
Cash at Bank	293,759,365	280,992,567
Cash in Hand	6,063,368	4,567,780
	8,915,068,182	11,802,427,235
Ageing Schedule of Receivables:		
	5,586,690,758	4,881,562,541
Duration		
1-30 days	342,893,857	661,117,823
31-60 days	349,465,958	581,908,157
61-90 days	528,497,492	565,500,440
91-180 days	1,022,216,835	506,941,865
181-365 days	1,062,765,132	513,448,374
Over 365 days	2,280,851,484	2,052,645,882
	5,586,690,758	4,881,562,541

To mitigate the credit risk against trade receivables and others, the company has a system of specific credit line period to the customers. This outstanding period and amount are regularly monitored. The company endeavors to cover the credit risks on all other receivables, where possible, by restricting credit facility and stringent monitoring.

53.02.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepaid based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity / fund to make the expected payment within due date.

The carrying amount of financial liabilities represent the maximum exposure to liquidity risk. The maximum exposure to liquidity risk as at 30th June, 2020 was:

	Amount in Taka	
	30.06.2020	30.06.2019
Non-Derivative Financial Liability:		
Accrued and Other Current Liabilities	1,340,189,875	1,527,402,347
Non-Current Liabilities	4,090,863,042	3,438,592,047
	<u>5,431,052,917</u>	<u>4,965,994,394</u>

53.02.3 Market Risk

Market risk is the risk that any change in market price, such as foreign exchange rates and interest rates 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.

(i) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Exposure to fair value movement relates to fixed rate instrument subject to fair value accounting and exposure to cash flow fluctuation relates to variable rate instruments. The company is primarily exposed to cash flow fluctuation arising from variable rate borrowings. The objective of interest rate management for the Navana CNG Ltd. and its subsidiaries is to reduce financial cost and ensure predictability.

(ii) Currency Risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad.

54.00 Capital Management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing company's internal capital adequacy to ensure company's operation as a going concern. Capital consists of share capital, general reserve and revaluation reserve. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the board. The board of directors monitors the level of dividends to ordinary shareholders.

55.00 Event after the Reporting Period

The directors in the meeting held on 24th October, 2020 recommended 10% cash dividend for the shareholders excluding sponsor shareholders whose name will be appeared in the shareholders' registers at the date of book closure which is subject to shareholders' approval at the forthcoming annual general meeting to be held on 29th December, 2020.

"Except the fact stated above, no circumstances have been arisen since the balance sheet date which would require adjustment or disclosure in the financial statements or notes thereto."

AFTAB AUTOMOBILES LIMITED
Schedule of Property, Plant and Equipment as on 30th June, 2020

Particulars	Cost			Rate of Dep.	Depreciation			Written Down Value as on 30.06.2020	Written Down Value as on 30.06.2019
	Opening Balance 01.07.2019	Addition during the year	Adjustment/ Disposal during the year		Charged during the year	Adjustment/ Disposal during the year	Total as on 30.06.2020		
Land and Land Development	1,148,608,502	-	-	0%	-	-	0	1,148,608,502	1,148,608,502
Building	317,697,625	871,823	-	2.50%	6,311,933	-	72,186,117	246,383,332	251,823,441
Shades	38,078,882	-	-	20%	2,916,432	-	26,413,154	11,665,728	14,582,160
Plant & Machinery	777,225,186	11,215,588	-	10%	40,463,728	-	420,963,329	367,477,445	396,725,584
Tools & Equipment	128,875,792	1,398,728	-	20%	9,137,983	-	93,244,184	37,030,336	44,769,591
Office Equipment	76,423,389	2,146,307	-	10%	4,285,325	-	39,256,900	39,312,796	41,451,814
Furniture & Fixtures	47,037,352	62,368	-	10%	2,805,607	-	21,830,069	25,269,651	28,012,891
Transport Vehicles	133,907,410	3,636,240	-	20%	9,217,689	-	99,517,275	38,026,375	43,607,823
Electric Line Installation	17,139,757	15,000	-	10%	1,147,766	-	6,821,115	10,333,642	11,466,408
Office Decoration	71,959,267	1,056,149	-	10%	5,404,771	-	23,889,405	49,126,011	53,474,633
Gas Line Installation	20,677,880	992,490	-	10%	1,467,740	-	8,212,586	13,457,784	13,933,034
Total	2,777,631,042	21,394,693	-		83,158,972	-	812,334,135	1,986,691,601	2,048,455,881

Depreciation charged to:	Total Tk.
Cost of Goods Sold (Factory (O/H)	70,824,274
Profit & Loss Accounts (Admin)	4,878,221
Profit & Loss Accounts (Selling)	7,456,478
Total	83,158,972

Annexure-B

Schedule of Right Use of Assets as on 30th June, 2020

Particulars	Cost			Rate of Dep.	Depreciation			Carrying amount	
	As at 01.07.19	Add./ (Adj.) Dur. the year	Adj. D. the Year		As at 01.07.19	Add./ (Adj.) Dur. the year	Adj. D. the Year	As at 30.06.20	As at 30.06.19
Motor Cycle	-	18,192,176	-	18,192,176	-	6,865,192	-	11,326,984	-
Total	-	18,192,176	-	18,192,176	-	6,865,192	-	11,326,984	-

Independent Auditors' Report

To the Shareholders of Aftab Automobiles Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aftab Automobiles Limited which comprise the Statement of Financial Position as at 30th June, 2020 the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and 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 described in note no. 1 to 55 and Annexure A & B.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30th June, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We are required to report to you if we have conducted that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other Matter

The financial statements of Aftab Automobiles Limited for the year ended 30th June, 2019 were audited by another auditor and give fair 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 year. 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. In addition to the matter described in the basis for opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matters
<p>The company has reported a revenue of Taka 1,411,377,402 for the year ended 30th June, 2020. Following the application of the revenue recognition standard (IFRS 15, Revenue from contracts with customers), the company adopted its accounting policies. Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised goods or services.</p> <p>Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).</p> <p>The sales of the company are derived from a large number of distributors located over the country with relatively small amount of transactions. As a result, to obtain sufficient audit evidence, high magnitude of audit work and resource are required.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognized in the proper reporting periods.</p> <p>See note no. 3.07 and 17 to the financial statements</p>	<p>Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in note 3.07 and 17 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>With regard to the implementation of IFRS 15 we verified management's conclusion on assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations.</p> <p>We conducted substantive testing of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including sales invoices and depot wise sales bank reconciliation report, bank statement and also, we confirmed selected customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amount outstanding with those customers.</p> <p>We specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off.</p>

Key Audit Matter	How our audit addressed the key audit matters
	<p>We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p>
Valuation of Inventory	How our audit addressed the key audit matters
<p>The Company had inventory of Taka 1,069,555,871 at 30th June, 2020 held in different depot and warehouses.</p> <p>Inventories consisting of raw materials, working process, finished goods, spare parts, fuel and stock in transit are valued at lower of cost and net realizable value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.</p> <p>Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realizable value.</p> <p>Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgment involved and use of some manual process in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p> <p>See note no. 3.08 and 8 to the financial statements.</p>	<p>We tested the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> * evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse, and sales depots; * evaluating internal controls to monitor or keep track of Inventory Movement; * attending inventory count on 30th June, 2020 and reconciling the count results to the inventory listing to test the completeness of data; * comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; * reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; * challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete; * evaluating the correctness of the batch wise costing of final products; * evaluating the correctness of the valuation of raw materials and packing material as per weighted average method; * reviewing the calculation of standard labour hours and their regular comparison with actual labour hours of production; and reviewing the process of valuing work-in-process; * We have also considered the adequacy of the Company's disclosure in respect of the levels of provisions against inventory.

Current Tax Provisioning	How our audit addressed the key audit matters
<p>Current Tax provision amounting Tk. 4,334,781.</p> <p>At the year end the company reported total income tax expense (Current Tax) of BDT. 4,334,781 the calculation of the tax expense is a complex process that involves subjective judgments and uncertainties and require specific knowledge and competencies.</p> <p>We have determined this to be a key audit matter, due to the complexity in income tax provisioning.</p> <p>See note no. 3.14(a) and 23.01 to the Financial Statements.</p>	<p>Our audit procedure in this area included, among others:</p> <p>Use of own tax specialist to assess the company's tax computation. Our tax specialists were also taking into account the company's tax position and our knowledge and experience of the application of relevant tax legislation.</p> <p>To analysis and challenge the assumption used to determine tax provision based on our knowledge and experience of the application of the local legislation.</p> <p>Evaluating the adequacy of the financial statement disclosure, including disclosure of key assumption judgments and sensitive related to tax.</p>
Measurement of Deferred Tax Liability	How our audit addressed the key audit matters
<p>The Company reported net deferred tax liability totalling Tk. 73,537,076 as at 30th June, 2020. Significant judgement is required in relation to deferred tax liability as their liability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no. 3.14 (b) and 24 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense/income.</p> <p>We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of Deferred Tax Liability.</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved.</p> <p>We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

Other Information

Management is responsible for the other information. The other information comprises all the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In March, as the Coronavirus Pandemic spread over the Bangladesh, the country meaningfully has increased social distancing and shelter-in-place mandates. In markets, the company subsequently saw the transport sector and all other business sector are affected of the country.

The company expects the net effect of these pandemic to have a significant impact on last quarter results as well as year 2019-2020. For context, since the beginning of April, the company has experienced a volume decline of revenue. The ultimate impact on the last quarter and full year 2019-2020 is unknown at this time, as it will depend heavily on the duration of social distancing and lockdown situation of the country, as well as the substance and pace of macroeconomic recovery. However, the impact to the last quarter will be material. The company believes the pressure on the business is temporary and remains optimistic on seeing sequential improvement in the year of 2020-2021. The company, alongwith its subsidiary, is continuing to adapt quickly to the current environment, with a focus on mitigating the near-term impact while positioning for success coming out of the crisis.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

After going through the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of Financial Statements in accordance with IFRS's, The Companies Act, 1994, The Securities and Exchange Rules, 1987 and applicable laws and regulations 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. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the Company.

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 not realistic alternative but to do so.

Those charged with governance 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) 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 International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism 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 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

We have not come across any key audit issues for the year under audit and as such nothing is reportable.

Report on Other Legal and Regulatory Requirements:

In accordance with the Companies Act, 1994, International Standards on Auditing (ISAs) and the Securities and Exchange Rules, 1987, we also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books adequate for the purposes of our audit;
- (c) the company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of account.
- (d) the expenditure incurred for the purposes of the company's business.

Dated: 24.10.2020
Place: Dhaka, Bangladesh


(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

AFTAB AUTOMOBILES LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30th June, 2020

Particulars	Notes	Amount in Taka	
		30.06.2020	30.06.2019
Property and Assets			
Non-Current Assets:			
Property, Plant & Equipment	4.00	1,142,638,625	1,177,601,790
Capital Work-in-Progress	5.00	895,066,923	515,986,241
Investment in Subsidiary and Associates	6.00	1,174,120,460	1,164,993,407
Receivables-Non-Current Maturity	7.00	2,280,851,484	2,052,645,882
Right of Use Assets		11,326,984	-
		5,504,004,476	4,911,227,320
Current Assets:			
Receivables-Current Maturity	7.00	2,637,799,819	2,159,897,233
Stock and Stores	8.00	1,069,555,871	1,033,432,636
Current Account with Navana Batteries Ltd.		1,331,361,368	381,661,368
Current Account with Navan Group Companies		2,209,107,454	2,630,506,913
Advances, Deposits and Pre-payments	9.00	3,439,557,761	2,112,837,534
Cash and Bank Balances	10.00	291,540,609	278,156,567
		10,978,922,882	8,596,492,251
Total Property and Assets		16,482,927,358	13,507,719,571
Shareholders' Equity and Liabilities			
Shareholders' Equity:			
Share Capital	11.00	957,324,220	957,324,220
Share Premium	12.00	1,925,858,339	1,925,858,339
Reserves	13.00	67,338,231	67,338,231
Retained Earnings		2,812,199,739	2,884,205,751
Total Equity Attributable to Equity holders		5,762,720,529	5,834,726,541
Non-Current Liabilities:			
Loan and Deferred Liabilities (Unsecured)	28.00	25,310,440	25,310,440
Long Term Loan-Non-Current Maturity	14.00	2,417,561,232	1,897,271,183
Deferred Tax Liability	24.00	73,537,076	68,818,219
Lease Liability		9,826,359	-
		2,526,235,107	1,991,399,843
Current Liabilities:			
Long Term Loan-Current Maturity	14.00	805,853,744	632,423,728
Short Term Loan	15.00	6,280,842,853	3,761,802,832
Accrued and Other Current Liabilities	16.00	1,107,275,125	1,287,366,628
		8,193,971,722	5,681,593,188
Total Liabilities		10,720,206,829	7,672,993,030
Total Shareholders' Equity & Liabilities		16,482,927,358	13,507,719,570
Net Assets Value (NAV) per Share	26.00	60.20	60.95

The annexed notes from 1 to 55 and Annexure-A & B form an integral part of these Financial Statements.

The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

Signed in term of our separate report of even date annexed.

Dated: 24.10.2020
Place: Dhaka, Bangladesh


(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

AFTAB AUTOMOBILES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended 30th June, 2020

Particulars	Note	Amount in Taka	
		01.07.2019 to 30.06.2020	01.07.2018 to 30.06.2019
Sales Revenue	17.00	1,411,377,402	1,957,393,139
Less: Cost of Goods Sold	18.00	1,036,218,693	1,462,881,552
Gross Profit (a)		375,158,709	494,511,587
Less: Operating Expenses:			
Administrative Expenses	19.00	40,388,586	58,626,276
Selling & Distribution Expenses	20.00	36,123,312	62,808,868
Financial Charges	21.00	305,920,124	322,076,420
Total Operating Expenses (b)		382,432,022	443,511,564
Operating Profit (c) = (a-b)		(7,273,313)	51,000,023
Non-Operating Income:			
Other Income	22.00	17,194,330	15,848,057
Less: Foreign Exchange Loss		(514,305)	-
Add: Share of Profit from Associate Company	6.03	13,032,898	54,524,264
Total Non-Operating Income (d)		29,712,923	70,372,321
Profit before Contribution to WPPF (e)=(c+d)		22,439,610	121,372,343
Less: Contribution to WPPF		1,068,553	5,779,635
Profit after Contribution to WPPF		21,371,057	115,592,708
Add: Share of Profit from Subsidiaries		(3,905,845)	3,658,100
Net Profit before Tax (f)		17,465,212	119,250,808
Less: Income Tax Expenses			
Current Tax	23.01	4,334,781	15,917,077
Deferred Tax	23.02	4,718,856	(16,751,577)
Total Income Tax Expenses (g)	23.00	9,053,637	(834,500)
Profit after Tax attributable to equity holders (h)=(f-g)		8,411,575	120,085,308
Other Comprehensive Income for the year:			
Investment Valuation Surplus in Share:			
Revaluation Gain/(Loss) on Investment in Share	6.02	-	-
Deferred Tax		-	-
Total Investment Valuation Surplus in Share (i)		-	-
Total Comprehensive Income for the year (j)=(h+i)		8,411,575	120,085,308
Earnings per Share	25.00	0.09	1.25

The annexed notes from 1 to 55 and Annexure-A & B form an integral part of these Financial Statements.

The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

Signed in term of our separate report of even date annexed.

Dated: 24.10.2020
Place: Dhaka, Bangladesh


(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

AFTAB AUTOMOBILES LIMITED
STATEMENT OF CHANGES IN EQUITY
For The Year Ended 30th June, 2020

Particulars	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Balance at 1st July, 2018	957,324,220	1,925,858,339	67,338,231	2,878,999,350	5,829,520,141
Cash Dividend	-	-	-	(114,878,906)	(114,878,906)
Total Comprehensive Income for the year	-	-	-	120,085,308	120,085,308
Balance at 30th June, 2019	957,324,220	1,925,858,339	67,338,231	2,884,205,751	5,834,726,541
Balance at 1st July, 2019	957,324,220	1,925,858,339	67,338,231	2,884,205,751	5,834,726,541
Adjustment the Application of IFRS-16 (Lease)	-	-	-	(11,893,264)	(11,893,264)
Cash Dividend	-	-	-	(68,524,324)	(68,524,324)
Total Comprehensive Income for the year	-	-	-	8,411,575	8,411,575
Balance at 30th June, 2020	957,324,220	1,925,858,339	67,338,231	2,812,199,738	5,762,720,529

The annexed notes from 1 to 55 and Annexure-A & B form an integral part of these Financial Statements

The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

Signed in term of our separate report of even date annexed.

Dated: 24.10.2020
Place: Dhaka, Bangladesh

এ, হক এড কোং
A. HOQUE & CO.
CHARTERED ACCOUNTANTS


(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

AFTAB AUTOMOBILES LIMITED
STATEMENT OF CASH FLOWS
For The Year Ended 30th June, 2020

Particulars	Note	Amount in Taka	
		30.06.2020	30.06.2019
Cash Flows from Operating Activities:			
Cash Receipts from Customers		705,269,214	1,947,400,220
Cash Receipts of Other Income		17,194,330	15,848,057
Payments for Suppliers and Employees		(1,305,189,412)	(1,343,600,871)
Foreign Exchange Loss		(514,305)	-
Cash Generated from Operations		(583,240,173)	619,647,406
Income Tax Paid		(44,842,631)	(54,445,736)
Net Cash Generated from Operating Activities		(628,082,804)	565,201,670
Cash Flows from Investing Activities:			
Acquisition of Property, Plant and Equipment		(5,224,848)	(29,823,682)
Advance for capital assets		(1,300,000,000)	-
Investment in Share Money Deposits		-	29,500,000
Payments for Capital Work in Progress		(379,080,682)	(427,334,675)
Disposal Proceeds		-	-
Disposal of Shares		-	-
Net Cash used in Investing Activities		(1,684,305,530)	(427,658,357)
Cash Flows from Financing Activities:			
Received of Bank Loan		3,212,760,086	1,908,019,160
Inter Company Receipts/(Payments)		421,399,459	(1,552,944,989)
Inter Company Payments		(949,700,000)	(138,433,433)
Bank Interest Paid		(305,920,124)	(322,076,419)
Dividend Paid		(52,767,047)	(120,982,720)
Net Cash Provided in Financing Activities		2,325,772,374	(226,418,401)
Net Changes in Cash and Cash Equivalents for the year		13,384,041	(88,875,088)
Cash and Cash Equivalents at the Beginning of Year		278,156,567	367,031,655
Cash and Cash Equivalents at the End of Year		291,540,608	278,156,567
Net Operating Cash Flows Per Share	27.00	(6.56)	5.90

The annexed notes from 1 to 55 and Annexure-A & B form an integral part of these Financial Statements.

The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

Signed in term of our separate report of even date annexed.

Dated: 24.10.2020
Place: Dhaka, Bangladesh


(A.K.M Aminul Hoque, FCA)
Enrolment No. 407
A. Hoque & Co.
Chartered Accountants

AFTAB AUTOMOBILES LIMITED

Notes To The Financial Statements For The Year Ended 30th June, 2020 Forming An Integral Part Of The Financial Statements

1.00 Reporting Entity

1.01 Corporate Information—Domicile, Legal Form and Country of Incorporation

Aftab Automobiles Limited (the Company) was incorporated in erstwhile East Pakistan in year 1967 as East Pakistan Automobiles Limited under the Companies Act, 1913 vide Registration No. C-2860/57 E.P. of 1967-1968. Subsequently, after liberation, the Company changed the 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 inception. However, in 1981 it was transformed into Public Limited Company under Companies Act, 1913. The Company is listed with Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd. in the year 1987 and 1996 respectively.

The company has one subsidiary company namely Navana Batteries Ltd. incorporated in Bangladesh under the Companies Act, 1994 vide Registration No. C-76441/2009 that produces and markets batteries.

Registered Office

The Registered Office and Principal Place of Business of Aftab Automobiles Limited is located at 125/A, Motijheel Commercial Area, Islam Chamber, 4th Floor, Dhaka-1000.

1.02 Nature of Business

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 single shift. The company has recently setup a motor cycle unit with a capacity of 10,000 units of motor cycle per year. Sales of motor cycle have been started in the year 2013-2014.

1.03 Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by IAS 1: Presentation of financial statements. The financial statements comprise of:

- . Statement of Financial Position as at 30th June, 2020;
- . Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2020;
- . Statement of Changes in Equity for the year ended 30th June, 2020;
- . Statement of Cash Flows for the year ended 30th June, 2020;
- . Notes comprising summary of significant accounting policies and other explanatory information.

2.00 Basis of Preparation of Financial Statements

2.01 Statement on Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standard (IAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant laws as applicable.

2.02 Other Regulatory Compliances

The Company is also required to comply with the following major legal provisions in addition to Companies Act, 1994 and other applicable laws and regulations:

The Income Tax Ordinance, 1984;
The Income Tax Rules, 1984;
The Value Added Tax and Supplementary Duty Act, 2012;
The Value Added Tax Rules, 1991;
The Stamp Act, 1899;
DSE/CSE Rules;
Listing Regulations, 2015;
The Bangladesh Securities and Exchange Commission Act, 1993;
The Bangladesh Securities and Exchange Rules, 1987;
The Securities and Exchange Ordinance, 1969;
Bangladesh Labour Act, 2006 (as amended to 2013)

2.03 Compliance with the Financial Reporting Standards as applicable in Bangladesh

The Company as per para-12 of Securities & Exchange Rule, 1987, has followed the International Accounting Standards (IAS's) and International Financial Reporting Standards (IFRS's) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements.

Sl. No.	IAS No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied
2	2	Inventories	Complied
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	N/A
7	12	Income Taxes	Complied
8	16	Property, Plant and Equipment	Complied
9	19	Employee Benefits	Complied
10	20	Accounting for Govt. Grants and Disclosure of Govt. Assistance	N/A
11	21	The Effects of Changes in Foreign Exchange Rates	Complied
12	23	Borrowing Costs	Complied
13	24	Related Party Disclosures	Complied
14	26	Accounting and Reporting by Retirement Benefit Plan	Complied
15	27	Separate Financial Statements	Complied
16	28	Investment in Associated and Joint Venture	Complied
17	29	Financial Reporting in Hyperinflationary Economics	N/A
18	31	Interest in Joint Ventures	N/A
19	32	Financial Instruments: Presentation	Complied
20	33	Earnings per Share	Complied
21	34	Interim Financial Reporting	Complied
22	36	Impairment of Assets	Complied
23	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
24	38	Intangible Assets	N/A
25	40	Investment Property	N/A
26	41	Agriculture	N/A

Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time adoption of International Financial Reporting Standards	Complied
2	2	Share based Payment	N/A
3	3	Business Combinations	N/A
4	4	Insurance Contracts	N/A
5	5	Non-current Assets held for Sale and Discontinued Operations	N/A
6	6	Exploration for and Evaluation of Mineral Resources	N/A
7	7	Financial Instruments: Disclosures	Complied
8	8	Operating Segments	Complied
9	9	Financial Instrument	Complied
10	10	Consolidated Financial Statements	Complied
11	11	Joint Arrangements	N/A
12	12	Disclosure of Interests in Other Entities	Complied
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	N/A
15	15	Revenue from Contracts with Customers	Complied
16	16	Leases	Complied

2.04 Basis of Measurement

The financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non current assets which are stated either at revaluated amount or fair market value as explained in the accompanying notes.

2.05 Accrual basis of Accounting

The Company prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the IFRS conceptual Framework.

2.06 Functional and Presentation Currency

Functional and presentation currency items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest BDT except other wise indicated.

2.07 Key Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards including IAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure during and at the date of the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include accrued expenses, inventory valuation and other payables.

2.08 Materiality, Aggregation and Off Setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards. The values of assets or liabilities as shown in the statement of financial position are not off-set by way of deduction from another liability or asset unless there exist a legal right, therefore no such incident existed during the year.

2.09 Going Concern Assumption

The financial statements are prepared on the basis of going concern assumption. As per management assessment there is no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

2.10 Comparative Information

Comparative information has been disclosed in respect of 2018-2019 in accordance with IAS-1 "Presentation of Financial Statements" for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current periods of financial statements. Prior year figure has been re-arranged wherever considered necessary to ensure comparability with the current period.

2.11 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of the financial statements as per requirements of Companies Act, 1994.

2.12 Reporting Period

The reporting period of the Company covers one year from 1st day of July, 2019 to 30th June, 2020.

2.13 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 24th day of October, 2020.

3.00 Significant Accounting Principles and Policies selected and applied for significant transactions and events

For significant transactions and events that have material effect, the Company's Directors selected and applied significant accounting principles and policies within the framework of IAS-1 Presentation of Financial Statements in preparation and presentation of financial statements that have been consistently applied throughout the year and were also consistent with those use in earlier years.

For proper understanding of the financial statements, accounting policies set out below in one place as prescribed by the IAS Presentation of Financial Statements:

Assets and Basis of their Valuation

3.01 Property, Plant and Equipments

3.01.1 Recognition and Measurements

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

In a situation where it can clearly be demonstrated that expenditure has resulted in an increase in future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Cost also includes initial estimate of the costs of dismantling, removing the item and restoring this site (generally called asset retirement obligation) are recognized and measured in accordance with IAS 37: Provision, Contingent Liabilities and Contingent Assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the statement of comprehensive income which is determined with reference to the net book value of assets and the net sales proceeds.

Capital Work-in-Progress represents capital works of a unit still in progress and not in a operation. Once a unit is completed, it is transferred to "Property, Plant and Equipment".

No revaluation of fixed assets has been made by the company.

3.01.2 Maintenance Activities

Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the year in which it is incurred.

3.01.3 Subsequent Cost

The Cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is possible that the future economic benefits embodied within the part will flow to the company and its cost measured reliably. The cost of the day to day servicing of property and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as repairs and maintenance where it is incurred.

3.01.4 Depreciation on Tangible Fixed Assets

As required in Paragraph 43 of IAS-16 Property and Equipments, depreciation in respect of all fixed assets is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment".

Depreciation on all other fixed assets except land and land development is computed using diminishing balance method in amount sufficient to write-off depreciable assets over their estimated useful life. Depreciation has been charged on additions and when it is used. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in the Statement of Profit or Loss Account for the year ended. The annual depreciation rates applicable to the principal categories are:

<u>Category of Fixed Assets</u>	<u>Rate of Depreciation</u>
Land & Land Development	--
Building	2.5%
Sheds	20%
Plant & Machinery	10%
Tools & Equipment	20%
Office Equipments	10%
Furniture & Fixtures	10%
Transport & Vehicles	20%
Electric Line Installation	10%
Gas Line Installation	10%
Office Decoration	10%

The whole amount of depreciation has been charged off partly to cost of sales and partly as expense in consistent with practice followed in the earlier years.

3.01.5 Impairment

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated to determine the extent of the impairment loss, if any, impairment loss is recorded on judgmental basis, for which provision may differ in the future years based on the actual experience.

3.01.6 Disposal of Property, Plant and Equipment

An item of Property, Plant and Equipment is removed from the statement of financial position when it is disposed off or when no future economic benefits are expected from its use or disposal. The gain or loss on the disposal of an item of Property, Plant and Equipment is included in the statement of income of the period in which the de-recognition occurs.

3.02 Investment in FDR

Investment is stated at its cost of acquisition and interest earned on deposits lying with the different banks has been duly accounted for on accrual basis. The statement of profit or loss and other comprehensive income reflects the income on account of interest on investment in FDR.

3.03 Investment in Associates

An entity in which an investor has significant influence, but which is neither a subsidiary nor an interest in a joint venture is classified as Investment in Associates. Equity Method accounting has been followed to recognize and measure the investment in associates in accordance with International Accounting Standard (IAS) 28 "Investments in Associates". The Aftab Automobiles Limited holds 20% of its associate's (Navana Real Estate Limited) equity shares as at year end.

3.04 Recognition of Investment in Subsidiary in a separate Financial Statement

The investments in subsidiary is being accounted for using equity method in the company's separate financial statements as directed by para 10 (C) of IAS 27 separate Financial Statements, "under the equity method, on initial recognition the investment in an associate or a joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income."

3.05 Sundry Debtors (Including Advance, Deposits and Pre-Payments)

These are carried at original invoice amounts, which represent net realizable value.

3.06 Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the Statement of Financial Position.

3.07 Revenue Recognition

In compliance with the requirements of IFRS 15 "Revenue" is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue represents invoiced value of policies. Revenue recognized when the policies are made.

The Company recognizes as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, this standard establishes a five-step model as follows:

- . 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; and
- . Recognize revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised goods to a customer. Goods is considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

(a) Sale of Goods

Revenue from the sale of goods is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(b) Profit on Bank Deposits

Profit on bank deposits have been accounted on accrual basis.

(c) Other Revenues

Other revenues are recognized when services are rendered and bank interests are earned.

3.08 Inventories

In compliance with the requirements with IAS-2 "Inventories" Raw Materials and stores are valued at the lower of average cost and the net realizable value. Stock of finished vehicles, bus body building unit are valued at cost which is determined by taking into consideration the value of raw materials and production overhead. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to present condition and includes wherever applicable appropriate overheads based on normal level of activity. No provision has been made for slow moving & obsolete stocks during the financial year.

3.09 Foreign Currency Transactions

Transaction in Foreign Currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period in compliance with the provision of IAS 21: The Effect of Changes in Foreign Exchange Rates-

- (a) Foreign currency monetary items are translated using the closing rate;
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction;
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

Amount in FCAD ERQ Account and any other foreign currency balance have been translated into taka at the reporting date at the exchange rate prevailing on that date and gain/(loss) have been accounted for as other income / (loss) in statement of profit or loss and comprehensive income.

3.10 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and Measurement of Financial Assets and Financial Liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) - debt investment; Fair Value through Other Comprehensive Income (FVOCI)-equity investment; or Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as a FVTPL:

- a. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial Assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss. Trade receivables are classified as financial assets measured at amortized cost.

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS-39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. The company measures loss allowances at an amount equal to ECL from trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on The Company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

Measurement of Expected Credit Losses (ECL)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of Impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade receivables and others, including contract assets, are presented separately in the notes to the financial statement.

3.11 Impairment

(i) Financial Assets

The company recognizes loss allowances for Expected Credit Losses ECLs on:

- . financial assets measured at amortised cost;
- . debt investments measured at FVOCI; and
- . contract assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Loss allowances measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12 month ECLs:

- . debt securities that are determined to have low credit risk at the reporting date; and
- . other debt securities and bank balances for which credit risk (i.e. the risk default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

(ii) Non-Financial Assets

The carrying amounts of the Company's non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.12 Derivatives

The company is not a party to any derivative contract at the statement of financial position date, such as forward exchange contract, currency swap agreement or interest rate option contract to hedge currency exposure related to import of raw materials and others or principal and interest obligations of foreign currency loans.

3.13 Leases

IFRS 16 introduces a single, on balance sheet lease accounting model for leases. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items.

Lease accounting remains similar to the current standard-i.e. lessors continue to classify leases as finance or operating leases.

Finance leases, which transfer to the company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

IFRS 16 replaces existing leases guidelines, including **IAS 17** Leases, **IFRIC 4** Determining whether an Arrangement contains a lease, **SIC 15** Operating Leases - incentive and **SIC -27** Evaluating the Substance of Transactions Involving the Legal Form of a lease.

Any initial direct costs are also added to the amount capitalized. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

The most significant impact identified is that, the company will recognize new assets and liabilities for its finance leases of corporate office and sales depot. In addition, the nature of expenses related to those leases will now change as **IFRS 16** replaces the straight-line finance lease expense with a depreciation charge for right-of-use asset and interest expense on the lease liability.

Previously the company recognized finance lease expense on a straight line basis over the term of lease, and recognized liabilities only to the extent that there was a timing difference between the actual lease payment and the expense recognized.

The company has no operating leases.

As a lessee the company plans to apply **IFRS 16** initially on 1st July, 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting **IFRS 16** will be recognized as an adjustment to the opening balance of retained earnings at 1st July, 2019 with no restatement of comparative information.

The company is currently assessing the impact of initially applying the standard on the elements of financial statements.

3.14 Taxation

Income Tax expense comprises current and deferred taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity in accordance with IAS 12: Income Tax.

(a) Current Tax:

Current Tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The applicable tax rate of the company of Aftab Automobiles Ltd. is 25% and Navana Batteries Ltd. is 35% as the companies are qualified as a publicly traded company and private limited company respectively.

(b) Deferred Tax:

Deferred income tax is provided using the deferred method on temporary differences. Deferred tax assets and liabilities are recognized for all temporary differences, except:

Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the company and it is probable that the temporary differences will not reverse in the foreseeable future; and

In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilized.

(c) Value Added Tax:

Revenues, expenses and assets are recognized net of the amount of Value Added Tax except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivable and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, taxation authority is included as part of receivables or payables in the statement of financial position.

3.15 Dividend

10% Cash Dividend has been paid for the year 2019.

3.16 Cost of Post Employment Benefits

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined accordingly to the terms and conditions set forth in the respective trust deeds and rules. Both of the plans are funded and the contribution plan (provident fund) has been recognized / approved under Income Tax Ordinance, 1984 from National Board of Revenue (NBR). The company maintains the following benefits plans:

(a) Defined Contribution Plan (Provident Fund)

The company operates a contributory provident fund scheme for its permanent employees. The company's contribution to the fund is charged off as revenue expenditure during the year to which the contribution relates. The fund is operated by a Board of Trustees consisting 5 (Five) members. All onfirmed employees of the company are contributing 10% of their basic salary as subscription to the fund. The company also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members account on yearly basis.

(b) Defined Benefit Plan (Gratuity)

A defined benefit plan is a post-employment benefit plan other than defined contribution plan. The employee gratuity plan is considered and defined benefit plan as meets the recognition criteria.

The company operates an unfunded gratuity scheme, provision in respect of which is made annually for the company's permanent eligible employees as per IAS-19, "Employee Benefits".

(c) Group Term Insurance Scheme

The company has group term insurance scheme for its permanent employees and the provision for premium of the same is made annually.

(d) Workers Profit Participation Fund (WPPF)

Provision for Workers Profit Participation Fund (WPPF) and Worker Welfare Fund (WWF) has been made @ 5% on net profit as per provision of The Bangladesh Labour Law, 2006 (amended 2013) and payable to workers as defined in the said law.

Provision for workers profit participation fund (WPPF) and workers welfare fund (WWF) has been restated in previous year due to consideration of share of profit from associate company's income.

3.17 Capitalization of Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds as per IAS 23: Borrowing Costs.

3.18 Accruals, Provisions and Contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade and other payables.

(b) Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. During the reporting year the company has made sufficient provisions where applicable.

(c) Contingencies

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. At the reporting date the company does not have any contingent asset.

Contingent liabilities and assets are not recognized in the statement of financial position of the company.

3.19 Operating Segments

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risk and returns that are different from those of other business segment. The company has three distinguishable operating segments viz assembling unit, motor cycle unit and body unit which are disclosed in note 30.

A geographical segment is a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment and that is subject to risks and return that different from those of components operating in other economic environments. Since the company has operating all its activities in the same economic environment geographical segment reporting is not required.

3.20 Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and Cash Flows, cash in hand and bank balances represents cash and cash equivalents considering the IAS 1 "Presentation of Financial Statements" and IAS 7 "Cash Flow Statement" which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risks of changes in value and are not restricted as to use.

3.21 Statement of Cash Flows

The Statement of Cash Flow has been prepared in accordance with the requirements IAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and considering the provisions of Paragraph 19 of IAS 7 which provided that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

3.22 Earnings per Share (EPS)

Earnings Per Share (EPS) are calculated in accordance with the International Accounting Standard IAS-33 "Earnings Per Share".

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the entity by the weighted average number of ordinary shares outstanding during the year. The Basic EPS of previous year has been restated to adjust the effect of bonus issue of shares during the year.

Diluted Earnings Per Share

For the purpose of calculating diluted earnings per shares, an entity adjusts profit or loss attributable to each ordinary equity holders of the entity, and weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Diluted EPS is only calculated where the company has commitment to issue ordinary shares in future at reporting date. No such commitment is hold by company at reporting date.

3.23 Historical Cost Income and Expenditure

As there was no extra ordinary item, there was no difference in profit from ordinary activities before taxation and the net profit before tax. Furthermore, as there was no revaluation of fixed assets in previous years and during the year under review, there was no factor like the differences between historical cost depreciation and depreciation on re-valued amount, realization of revenue surplus on retirement or disposal of assets etc. Therefore, no separate note of historical cost profit and loss has been presented.

3.24 Risk Exposure

Interest Rate Risk

Interest rate risk is the risk that company faces due to unfavourable movements in the interest rates. Changes in the government's monetary policy, alongwith increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

Management Perception

The management of the company prefers procuring the long term fund with minimum fixed interest rate and the short term fund with reasonable competitive rate. The company maintains low debt/equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant.

Exchange Rate Risk

Exchange rate risk occurs due to changes in exchange rates. As the company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavourable volatility or currency fluctuation may affect the profitability of the company. If exchange rate increases against local currency, opportunity arises for generating more profit.

Management Perception

The products of the company are sold mostly in local currency. Therefore, volatility of exchange rate will have no impact on profitability of the company.

Industry Risks

Industry risk refers to the risk of increased competition by an entry of new competitors from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

Management Perception

Management is optimistic about growth opportunity in CNG sector in Bangladesh.

Market Risk

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

Management Perception

Management is fully aware of the market risk, and act accordingly. Market for CNG sector in Bangladesh is growing at an exponential rate. Moreover, the company has a strong marketing and brand management to increase the customer base and customer loyalty.

Operational Risks

Non-availabilities of materials/equipment/services may affect the smooth operational activities of the company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

Management Perception

The company perceives that allocation of its resources properly can reduce this risk factor to a great extent. The company hedges such risks in costs and prices and also takes preventive measures therefore.

Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price.

Management Perception

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

Labour Unrest Risk

Smooth production is dependant on good relationship with factory workers and their ability to provide high quality services. In the event of disagreement with workers the company may face adverse impact.

Management Perception

The management personnel both in head office and production premises maintains a good atmosphere at the working place and provides with all necessary facilities to the workers like healthy remuneration, employee contributory provident fund, gratuity scheme, group term scheme and workers profit participation fund for its employees which reduces the risk of labour unrest.

3.25 Events after the Reporting Period

As per IAS-10 events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

(i) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(ii) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

These financial statements were authorized for issued by the Board of Directors on 24th day of October, 2020. No material events had occurred after the balance sheet date of issue of these statements, which could affect the values stated in the financial statements.

3.26 Related Party Disclosure

As per International Accounting Standard, IAS-24: 'Related Party Disclosures', parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in **Note 31**.

3.27 General

These notes form an integral part of the financial statements and accordingly are to be read in conjunction therewith.

		Amount in Taka	
		30.06.2020	30.06.2019
4.00	Property, Plant & Equipment's	1,142,638,625	1,177,601,790
	This is made up as follows:		
	Land and Land Development	745,334,299	745,334,299
	Building	119,212,687	122,269,423
	Shed	11,665,728	14,582,160
	Plant & Machinery	165,730,939	182,034,378
	Tools & Equipment	12,362,491	14,873,862
	Office Equipment	18,654,821	19,848,101
	Furniture & Fixture	12,555,399	13,935,264
	Transport Vehicles	23,684,175	28,495,699
	Electrical Line Installation	1,551,815	1,724,239
	Office Decoration	31,886,271	34,504,366
		1,142,638,625	1,177,601,790
	The break up PPE are shown in Annexure - A.		
5.00	Capital Work-In-Progress	895,066,923	515,986,241
	This is made up as follows:		
	Opening Balance	515,986,241	93,780,046
	Add: Addition during the year	379,080,682	427,334,675
		895,066,923	521,114,721
	Less: Transfer to Property, Plant and Equipment	-	5,128,480
	Closing Balance	895,066,923	515,986,241
Capital Work-In-Progress represents land and land development, civil construction, plant and machinery for BMRE of assembling unit, body building unit and motor cycle unit, primarily estimated cost of BMRE project is Tk. 100.00 crore.			
6.00	Investment in Subsidiary and Associate	1,174,120,460	1,164,993,407
	This is made up as follows:		
	Investment in Subsidiary 6.01	756,604,599	760,510,444
	Investment in Securities & Share Money 6.02	28,395,758	28,395,758
	Investment in Associate 6.03	389,120,103	376,087,205
		1,174,120,460	1,164,993,407
6.01	Investment in Subsidiary	756,604,599	760,510,444
	Navana Batteries Limited:		
	This is made up as follows:		
	Opening Balance	760,510,444	756,852,344
	Add: Profit during the year	(3,905,845)	3,658,100
	Closing Balance	756,604,599	760,510,444

		Amount in Taka	
		30.06.2020	30.06.2019
6.02	Investment in Securities	28,395,758	28,395,758
6.2(a)	Quantities details in Investments in Shares	-	-
	Investment in Shares of Navana CNG Ltd.:	-	-
	Opening Balance	-	-
	Less: Revaluation Gain Booked to OCI	-	-
	Less: Related Deferred Tax	-	-
	Less: Sale of Share	-	-
	Closing Balance	-	-
6.2(b)	Invest in Share Money Deposits	28,395,758	28,395,758
	This is made up as follows:		
	Navana Construction Ltd.:		
	Opening Balance	28,395,758	57,895,758
	Add: During the year	-	(29,500,000)
	Closing Balance	28,395,758	28,395,758

Investment in Share Money Deposit represents the advance for share holding of Navana Construction Ltd. which will be considered by the approval the board and also by the shareholders.

6.03	Investment in Associate	389,120,103	376,087,205
	The details are stated below:		
	Share Investment of NREL at cost	20,000,000	20,000,000
	Share of Equity from Associates:		
	Opening Balance:	356,087,205	301,562,941
	Share of Equity from Associates:		
	Net Income after Deferred Tax (PLAC)	10,426,318	43,619,411
	Provision for Deferred Tax	2,606,580	10,904,853
		13,032,898	54,524,264
	Closing Balance	369,120,103	356,087,205
	Total Investment in Associates	389,120,103	376,087,205

NB: Share of profit from Associate Company (NREL) has been taken for one year for the financial year 2019-2020.

6.3(a)	Acquisition Quantity of Shares of Navana Real Estate Ltd.	20,000,000	20,000,000
	Less: Shares Sale during the year	-	-
		20,000,000	20,000,000
	Opening Balance	6,000,000	6,000,000
	Number of Shares Purchased	-	-
	Number of Bonus Shares received during the year	-	-
	Total Number Shares	6,000,000	6,000,000

		Amount in Taka	
		30.06.2020	30.06.2019
7.00	Receivables	4,918,651,303	4,212,543,115
	Receivables Non-Current (Maturity Over 12 Months)	2,407,440,521	2,175,145,882
	Less: Provision for Bad Debts	126,589,037	122,500,000
	Receivables non-current Maturity	2,280,851,484	2,052,645,882
	Receivables Current (Maturity less than 12 Months)	2,637,799,819	2,159,897,233
		4,918,651,303	4,212,543,115
	Ageing Schedule of Receivables:	4,918,651,303	4,212,543,115
	Duration:		
	1-30 days	273,602,338	447,064,900
	31-60 days	278,846,358	422,691,888
	61-90 days	421,699,445	431,763,457
	91-180 days	815,648,663	430,251,529
	181-365 days	848,003,015	428,125,459
	Over 365 days	2,280,851,484	2,052,645,882
		4,918,651,303	4,212,543,115
Net receivables are considered good. The company holds no security other than debtors' personal security in the form of work orders etc.			
8.00	Stock and Stores	1,069,555,871	1,033,432,636
	This is made up as follows:		
	Finished Products	556,745,097	426,785,453
	Raw Materials	156,323,533	206,403,045
	Work-in-Process	6,516,267	5,799,936
	Stores and Spares 8.01	2,627,415	2,963,915
	Goods in Transit	347,343,559	391,480,287
		1,069,555,871	1,033,432,636
8.01	Stores and Spares	2,627,415	2,963,915
	This is made up as follows:		
	Opening Balances	2,963,915	3,080,234
	Less: Consumption during the year	336,500	(116,319)
	Closing Balance	2,627,415	2,963,915
Value of Stock of Finished Product & Raw Materials inclusive of 96 units hino bus 1 unit RM2 hino bus chassis and 1954 units of motor cycle.			
9.00	Advances, Deposits & Pre-payments	3,439,557,761	2,112,837,534
	This is made up as follows:		
	Advance to Suppliers	559,420,902	567,511,567
	Advance to Employees	9,431,125	8,627,989
	Advance to Others	392,754,903	382,599,733
	Current Account with VAT	(659,131)	3,932,793
	Deposits	352,124,239	368,522,361
	Advance fo Capital Assets	1,300,000,000	-
	Advance Income Tax 9.1	826,485,723	781,643,092
		3,439,557,761	2,112,837,534

Amount in Taka	
30.06.2020	30.06.2019

Advance paid to suppliers against work orders are considered good. Advance to employees against expenses, salary etc. which are realizable on production of documents and monthly salary respectively are considered good. Deposits consist of utility deposits, security money against tender and bank guarantee are considered good.

9.01 Advance Income Tax	826,485,723	781,643,092
This is made up as follows:		
Opening Balance	781,643,092	727,197,356
Add: Addition during the year	44,842,631	54,445,736
	826,485,723	781,643,092
Adjustment made during the year	-	-
Closing Balance	826,485,723	781,643,092

The above amount was deducted at the import point as well as from the bills in different times at delivery point. Appeal to Hon'ble High Court against tax assessment u/s 160 for the assessment years 2011-2012 to 2017-2018 is pending. Adjustment of any amount therefrom is subject to decision of Hon'ble High Court.

10.00 Cash and Bank Balances	291,540,609	278,156,567
This is made up as follows:		
Cash in Hand	2,387,163	915,650
Cash at Banks 10.01	289,153,446	277,240,917
	291,540,609	278,156,567

FDR amounting to Tk. 106,570,000 is under lien against loan from various banks out of total cash at bank balance of Tk. 289,153,445.

10.01 Cash at Banks	289,153,446	277,240,917
This is made up as follows:		
IFIC Bank Ltd.	30,728,233	15,660,761
Agrani Bank Ltd.	6,517	6,517
Pubali Bank Ltd.	44,481	44,481
IFIC Bank Ltd. (Federation)	16,487	507,790
Eastern Bank Ltd.	58,214	58,214
United Commercial Bank Ltd.	16,507	16,507
Commercial Bank of Ceylon Ltd.	24,750	24,750
AB Bank Ltd. (Motijheel)	2,619	2,619
Sonali Bank Ltd. (Local)	15,101	15,101
Janata Bank Ltd.	1,500	1,500
American Express Bank Ltd.	21,540	21,540
Arab Bangladesh Bank Ltd.	7,213	7,213
IFIC Bank Ltd.	5,885	505,700
Janata Bank Ltd.	812	812
The Oriental Bank Ltd.	39,670	39,670
Bank Al-Falah Ltd.	360,114	360,114

	Amount in Taka	
	30.06.2020	30.06.2019
IFIC Bank Ltd.	15,323	15,323
City Bank Ltd.	60,771	518,817
The Oriental Bank Ltd.	32,040	32,040
NCC Bank Ltd.	1,499	1,499
Mutual Trust Bank Ltd.	-	10
Islami Bank BD Ltd. (Foreign Exchange Branch)	99,565	99,565
Jamuna Bank Ltd.	19,503	18,753
One Bank Ltd.	75,868	75,768
Agrani Bank Ltd. (Foreign Exchange)	404,991	937,203
Mercantile Bank Ltd.	123,168	123,168
BRAC Bank Ltd.	3,353	3,353
Standard Bank Ltd. (Principal Branch)	869,282	869,282
Sahajalal Islami Bank Ltd.	169,806	169,606
IFIC Bank Ltd.	725	-
IFIC Bank Ltd. (Federation Branch)	-	725
Bangladesh Krishi Bank Ltd.	-	28,812
IFIC Bank Ltd.	97,000	97,000
All-Arafah Islami Bank Ltd.	28,099	29,594
United Commercial Bank Ltd.	199,305	199,305
Pubali Bank Ltd.	14,441	14,441
Dhaka Bank Ltd.	103,897	9,184,602
Standard Bank Ltd.	1	1,002
EXIM Bank Ltd.	14,428	14,428
One Bank Ltd.	31,020	30,920
IFIC Bank Ltd.	27,498	628,892
AB Bank Ltd.	100,000	100,000
Standard Bank Ltd.	394,782	394,782
IFIC Bank Ltd. (Federation Branch)	95,006	95,006
NCC Bank Ltd. (Shayamoli)	192	201
IFIC Bank Ltd. (Gulshan)	98,040	672,792
Meghna Bank Ltd. (Gulshan)	3,338,295	42,063
Prime Bank Ltd. (Baridhara)	235	3,915,190
Bank Asia Ltd.	194,518	1,825,617
NRB Commercial Bank Ltd.	6,123	178,158
The City Bank Ltd. (Banani)	89,448	89,448
Midland Bank Ltd.	88,656	367,347
BD Commerce Bank Ltd.	100,000	100,000
NRB Bank Ltd.	97,435	97,435
Premier Bank Ltd.	98,390	98,390
Al-Arafah Islami Bank Ltd.	996,610	996,110
Mercantile Bank Ltd.	820	68,052
Southeast Bank Ltd.	51,291	3,761,127
Shahjalal Islami Bank Ltd.	9,310	99,310
BRAC Bank Ltd.	50,490	-
First Security Islami Bank Ltd.	154,005	154,005
Pubali Bank Ltd.	400,000	400,000

	Amount in Taka	
	30.06.2020	30.06.2019
Rupali Bank Ltd. (Local)	10,000	10,000
AB Bank Ltd.	10,000	10,000
One Bank Ltd. (Gulshan)	10,000	-
Islami Bank BD Ltd. (Gulshan Branch)	617,716	2,100,716
Dutch-Bangla Bank Ltd.	51,191	789,059
United Commercial Bank Ltd. (Tejgaon)	94,180	94,870
Modhumati Bank Ltd. (Gulshan)	5,045,310	117,031,943
Agrani Bank Ltd. (FDR ID # 10583162)	11,568,975	10,989,155
Agrani Bank Ltd. (FDR ID # 10583151)	11,686,132	11,100,441
Agrani Bank Ltd. (FDR ID # 10583159)	17,548,689	16,669,175
Agrani Bank Ltd. (FDR ID # 10583160)	11,556,127	10,976,950
Bank Asia Ltd. (FDR ID # 00855012111)	49,558,713	46,396,431
City Bank Ltd. (FDR ID # 4192-5651001)	13,421,825	12,734,180
One Bank Ltd. (FDR ID # 4120005867)	810,582	758,016
One Bank Ltd. (FDR ID # 4120006495)	518,351	484,877
Midas Finance Ltd. (FDR)	-	2,326,521
One Bank Ltd. (FDR ID # 4120006600)	126,643	118,430
One Bank Ltd. (FDR ID # 4120008537)	471,578	440,996
One Bank Ltd. (FDR ID # 4120008592)	465,658	435,602
One Bank Ltd. (FDR ID # 4120008606)	229,128	214,419
Phoenix Finance Ltd. (FDR)	125,247,777	-
	289,153,446	277,240,917

The above cash at bank balances represents the balance as per cash book which are in agreement with that of bank statement as on 30th June, 2020 except the following non-operating dormant accounts which are non-operative for a long time but no steps have been taken to realize the under noted amount:

Name of Bank	Account No.	Amount (Tk.)
Agrani Bank Ltd.	7465-9	6,517
Pubali Bank Ltd.	128	44,481
Eastern Bank Ltd.	3371	58,214
United Commercial Bank Ltd.	326	16,507
Commercial Bank of Ceylon Ltd.		24,750
AB Bank Ltd. (Motijheel)	071420	2,619
Sonali Bank Ltd. (Local)	12116	15,101
Janata Bank Ltd.	9321	1,500
Amirecan Express Bank Ltd.	293	21,540
Arab Bangladesh Bank Ltd.	1361	7,213
IFIC Bank Ltd.	1258	5,885
Janata Bank Ltd.	78	812
The Oriental Bank Ltd.	2758	39,670
Bank Al-Falah Ltd.	8-001	360,114
IFIC Bank Ltd.	81734	15,323
The Oriental Bank Ltd.	04290	32,040
NCC Bank Ltd.	17704	1,499
Islami Bank BD Ltd. (Foreign Exchange Branch)	5016	99,565
Jamuna Bank Ltd.	1820	15,232
One Bank Ltd.	7008	75,868
Mercantile Bank Ltd.	20178	123,168
BRAC Bank Ltd.	23001	3,353

Name of Bank	Account No.	Amount (Tk.)
Standard Bank Ltd. (Principal Branch)	7992	869,282
Sahjahal Islami Bank Ltd.	8504	169,806
IFIC Bank Ltd. (Federation Branch)	0041	725
IFIC Bank Ltd.	87525	97,000
United Commercial Bank Ltd.	3144	199,305
Pubali Bank Ltd.	9826	14,441
EXIM Bank Ltd.	5651	14,428
One Bank Ltd.	6006	31,020
IFIC Bank Ltd.	9088	27,498
AB Bank Ltd.	43-000	100,000
Standard Bank Ltd.	1815	394,782
IFIC Bank Ltd. (Federation Branch)	Share A/C	95,006
Bank Asia Ltd.	667	80,058
The City Bank Ltd. (Banani)	90001	89,448
Midland Bank Ltd.	328	726
BD Commerce Bank Ltd.	832	100,000
NRB Bank Ltd.		97,435
Premier Bank Ltd.	0268	98,390
Al-Arafah Islami Bank Ltd.	16815	996,610
Shahjalal Islami Bank Ltd.	12906	9,310
First Security Islami Bank Ltd.	19713	154,005
Pubali Bank Ltd.	5678	400,000
Rupali Bank Ltd. (Local)	0216	10,000
AB Bank Ltd.	36000	10,000
Total		5,030,244

Shareholders' Equity and Liabilities

11.00 Share Capital

Authorized Capital:

120,000,000 Ordinary Shares of Tk. 10/- each.

180,000,000 Cum. Redeemable Preference Shares of Tk. 10/- each.

1,200,000,000

1,200,000,000

1,800,000,000

1,800,000,000

3,000,000,000

3,000,000,000

Ordinary Shares Capital:

957,324,220

957,324,220

Issued, Subscribed and Paid up

95,732,422 Ordinary Shares @ Tk. 10/- each.

Sponsors

272,080,980

272,080,980

General Public

685,243,240

685,243,240

957,324,220

957,324,220

The position of Ordinary Shareholders as on 30th June, 2020 was as follows:

Particulars	No. of Investors	No. of Shares-2020	Shareholding % 2020	Shareholding % 2019
Sponsors	6	27,208,098	28.42%	28.42%
Financial Institutions including ICB	179	37,009,733	38.70%	38.66%
General Public	20,997	31,514,591	32.88%	32.92%
Total	21,182	95,732,422	100%	100%

Amount in Taka	
30.06.2020	30.06.2019

The Classification of Shareholders by holding as on 30th June, 2020 was as follows:

Particulars	No. of Investors	No. of Shares-2020	% of Shares Holding 2020	% of Shares Holding 2019
1 to 500	13,795	2,129,842	2.22%	2,184,666
501 to 5000	6,236	10,010,940	10.46%	10,202,991
5001 to 10000	611	4,413,592	4.61%	4,151,466
10001 to 20000	258	3,642,349	3.80%	3,485,825
200001 to 30000	99	2,453,877	2.56%	2,354,021
300001 to 40000	34	1,196,945	1.25%	1,050,779
400001 to 50000	34	1,585,212	1.66%	1,393,343
500001 to 100000	54	3,753,495	3.92%	3,341,706
1000001 to 1000000	47	14,325,741	14.96%	14,860,012
Above 10000000	14	52,220,429	54.55%	52,707,613
Total	21,182	95,732,422	100%	95,732,422

12.00 Share Premium

1,925,858,339

1,925,858,339

This is made up as follows:

Net Premium up to 2006

250,191,730

250,191,730

Net Premium up to 2010

1,675,666,609

1,675,666,609

1,925,858,339

1,925,858,339

13.00 Reserves

67,338,231

67,338,231

This is made up as follows:

Tax Holiday Reserve

12,338,231

12,338,231

Dividend Equalization Fund

4,000,000

4,000,000

General Reserve

51,000,000

51,000,000

67,338,231

67,338,231

The company enjoyed tax holiday facility for body building unit for the period of five years with effect from 5th May, 1997 and the dated was expired 5th May, 2002.

14.00 Long Term Loan-Net of Current Portion

2,417,561,232

1,897,271,183

This is made up as follows:

Agrani Bank Ltd.

881,180,673

837,098,151

Meghna bank Ltd.

22,314,977

19,626,112

SBAC bank Ltd.

120,793,318

123,310,925

Standard bank Ltd.

-

-

Mutual trust bank Ltd.

140,932,292

117,923,003

Bank Asia Ltd.

-

-

The City Bank Ltd.

-

-

Uttara Finance

-

-

		Amount in Taka	
		30.06.2020	30.06.2019
Prime bank Ltd.		11,653,515	34,589,48
Midland Bank Ltd.		29,400,536	66,367,700
Peoples Leasing		143,325,391	157,546,943
Mercantile bank Ltd.		-	171,555,869
One Bank Ltd.		64,656,771	64,717,841
NCC Bank Ltd.		116,497,594	120,905,918
NRB Commercial Ltd.		-	-
Bay Leasing		102,517,921	97,000,000
GSP Finance		249,204,434	226,520,509
Midas financing		40,980,611	42,194,387
Union Capital		119,022,682	139,463,643
BD Finance Ltd.		47,200,218	58,851,427
Phoenix Finance		626,046,793	-
Southeast Bank Ltd.		-	-
Prime Finance & Investment Ltd.		-	750,000
Shahjalal Islami Bank Ltd.		-	2,851,000
Modhumoti bank Ltd.		507,687,250	248,422,000
		3,223,414,976	2,529,694,911
Less: Long Term Loan-Current Maturity		805,853,744	632,423,728
Long Term Loan-Net of Non-Current Maturity		2,417,561,232	1,897,271,183
15.00 Short Term Loan		6,280,842,853	3,761,802,832
This is made up as follows:			
Agrani Bank Ltd.		630,585,708	535,501,998
Bank Asia Ltd.		884,744,037	889,250,209
Standard Bank Ltd.		96,996,631	-
NRB Commercial Ltd.		447,643,218	410,885,931
BRAC Bank Ltd.		40,991,042	-
NCC bank Ltd.		-	-
Dhaka Bank Ltd.		343,896,638	-
Mercantile Bank Ltd.		220,536,339	126,252,584
The City Bank Ltd.		75,206,530	-
Midland Bank Ltd.		31,702,004	30,871,288
Prime bank Ltd.		52,806,214	51,607,048
One Bank Ltd.		282,913,641	294,163,191
SBAC bank Ltd.		168,652,806	49,458,146
Mutual trust bank Ltd.		55,618,726	204,477,546
Southeast Bank Ltd.		243,759,834	-
Dutch-Bangla Bank Ltd.		487,340,721	626,082,737
Al-Arafah Islami Bank Ltd.		-	-
IFIC Bank Ltd.		2,217,261,858	543,086,250
Jamuna Bank Ltd.		186,906	165,904
Modhumoti bank Ltd.		-	-
		6,280,842,853	3,761,802,832

		Amount in Taka	
		30.06.2020	30.06.2019
16.00	Accrued and Other Current Liabilities	1,107,275,125	1,287,366,628
	This is made up as follows:		
	For Goods Supplied	132,993,879	325,637,229
	For Expenses (Including Salary, PF & GF)	129,055,505	81,719,920
	For Income Tax	649,048,418	644,713,636
	For Workers PPF and WF	28,628,898	24,808,804
	For Other Finance	84,929,699	72,656,475
	For Bond Liabilities	2,694,543	73,663,658
	Unclaimed Dividend	79,924,183	64,166,906
		1,107,275,125	1,287,366,628
17.00	Revenues (Net Sales)	1,411,377,402	1,957,393,139
	This is made up as follows:		
	Aftab Automobiles Ltd.	910,117,914	1,133,131,285
	Body Building Unit	127,566,000	264,672,115
	Motor Cycle Unit	373,693,488	559,589,739
		1,411,377,402	1,957,393,139
	The quantities of sales during the year are hino bus chassis 188 units, RM2 AC Bus 0 unit, Hino RN8J 0 unit and 3067 Units of Motor Cycle.		
18.00	Cost of Goods Sold	1,036,218,693	1,462,881,552
	This is made up as follows:		
	Opening Stock of Direct Raw Materials	206,403,045	219,212,998
	Purchase of Direct Raw Materials	996,008,865	1,121,209,755
	Direct Raw Materials available for Consumption	1,202,411,910	1,340,422,753
	Closing Stock of Direct Raw Materials 8.00	156,323,533	206,403,045
	Raw Materials Consumed	1,046,088,377	1,134,019,708
	Add: Opening Work in Progress	5,799,936	20,176,667
		1,051,888,313	1,154,196,375
	Less: Closing WIP 8.00	6,516,267	5,799,936
		1,045,372,046	1,148,396,439
	Indirect Materials	554,638	6,025,024
	Total Consumption	1,045,926,684	1,154,421,463
	Factory Overhead 18.01	120,251,653	106,839,924
	Cost of Production	1,166,178,337	1,261,261,387
	Opening Finished Products	426,785,453	628,405,618
		1,592,963,790	1,889,667,005
	Closing Finished Products 8.00	556,745,097	426,785,453
		1,036,218,693	1,462,881,552

		Amount in Taka	
		30.06.2020	30.06.2019
18.01	Factory Overhead	120,251,653	106,839,924
	This is made up as follows:		
	Salary and Allowances (Including PF)	69,813,321	47,962,085
	Liveries and Uniform	89,663	129,740
	Telephone, Fax and Mobile	28,991	66,798
	Fuel and Lubricants	1,320,700	3,170,581
	Travelling and Conveyance	308,231	394,140
	Entertainment	477,885	554,767
	Office Expenses	248,851	225,393
	Maintenance Expenses	3,247,259	611,325
	Electric Expenses	4,640,136	9,227,964
	Duty and Allowances	475,848	207,390
	Canteen Subsidies	247,769	182,072
	Eid Greetings	87,450	100,500
	Rent, Rates & Taxes	2,624,092	5,159,184
	Insurance	2,729,292	2,958,691
	Welfare Expenses	115,357	69,547
	Carrying & Handling	130,835	147,245
	Newspaper and Periodicals	47,830	-
	General Charges	-	56,390
	Repairs and Maintenance (Vehicle)	742,551	190,363
	Security Expenses	-	-
	Chemicals	-	1,994
	Annual Picnic	224,850	7,009
	Printing & Stationery	163,831	108,492
	Stores & Spares	336,500	116,319
	Depreciation	32,150,411	35,191,935
		120,251,653	106,839,924
19.00	Administrative Expenses	40,388,586	58,626,276
	This is made up as follows:		
	Salary and Allowances (Including PF)	22,958,067	35,863,515
	Welfare Expenses	12,075	102,011
	Medical Expenses	25,975	5,897
	Entertainment	449,539	765,983
	AGM Expenses	606,074	482,613
	TA and Conveyance	685,785	858,080
	Travelling Expenses-Foreign	-	406,430
	Car Maintenance	609,315	1,686,315
	Stationery	300,472	592,920

		Amount in Taka	
		30.06.2020	30.06.2019
	Fees and Registration	490,639	2,302,683
	Telephone	821,456	559,504
	Electrical Expenses	180,943	493,990
	Rent, Rates and Taxes	1,670,000	1,960,750
	Insurance Premium	156,418	123,657
	Liveries and Uniform	23,737	125,029
	Bank Charges	2,530,435	2,469,566
	Bank Guarantee & Charge Documents	-	37,500
	Audit Fees	414,000	345,000
	Duty Allowance	100,000	50,000
	Newspapers & Periodicals	48,222	91,557
	Printing	533,957	413,142
	Postage & Telegram	186,657	464,473
	Night Allowances	52,090	52,090
	Advertisement and Publicity	142,999	15,950
	Directors Fee	235,750	241,500
	Office Maintenance	458,689	249,042
	Maintenance Expenses	364,597	117,786
	General Expenses	52,408	44,045
	WASA Bill	40,227	30,333
	Carrying & Handling	-	24,000
	Gas	125,551	140,691
	CDBL Fee	830,120	335,190
	Canteen Subsidy	528,508	587,016
	Security Expenses	268,550	98,325
	Donation	-	656,366
	Promotion Expenses	126,954	926,765
	Fuel and Lubricants	339,576	448,852
	Membership Fee and Others	-	58,720
	Depreciation	4,018,801	4,398,992
		40,388,586	58,626,276
20.00	Selling and Distribution Expenses	36,123,312	62,808,868
	This is made up as follows:		
	Salary and Allowances (Including PF)	15,101,740	14,662,694
	Fuel and Lubricants	-	5,340
	Transit Insurance	555,778	472,502
	Promotional Expenses	-	8,009,149
	Delivery Expenses	2,005,217	775,959
	Rent, Rates & Taxes	438,743	9,963,546
	Conveyance	1,068,272	529,134
	Entertainment	100,828	112,241
	Stationery	615	17,000

		Amount in Taka	
		30.06.2020	30.06.2019
	Telephone	400,424	1,152,367
	Publicity Expenses	893,514	1,564,606
	Fees & Registration	35,150	-
	Car Maintenance	300,810	582,352
	Postage & Telegram	99,185	418,150
	Bank Charges	-	759,753
	Showroom Expenses	150,005	718,297
	Transportation Charges	-	168,817
	Bad Debts	4,089,037	17,740,000
	Dealer Conference Expenses	-	757,970
	Depreciation of Right Use Asset	6,865,192	-
	Depreciation	4,018,801	4,398,992
		36,123,312	62,808,868
21.00	Financial Charges	305,920,124	322,076,420
	Aftab Automobiles Limited		
	This is made up as follows:		
	Assembling Unit	250,210,973	275,210,973
	Body Building Unit	18,502	-
	Motor Cycle Unit	54,671,974	46,865,447
	Interest on Lease Liability	1,018,675	-
		305,920,124	322,076,420
22.00	Non-Operating Income	17,194,330	15,848,057
	This is made up as follows:		
	Interest on FDR & SND	17,194,330	15,848,057
	Profit on Sales of Shares	-	-
	Profit on Sales of Car	-	-
		17,194,330	15,848,057
23.00	Income Tax Expenses	9,053,637	(834,500)
	This is made up as follows:		
	Current Tax	4,334,781	15,917,077
	Deferred Tax	4,718,856	(16,751,577)
		9,053,637	(834,500)

		Amount in Taka	
		30.06.2020	30.06.2019
23.01	Current Tax Expenses	4,334,781	15,917,077
	This is made up as follows:		
	Operating Profit	(7,787,618)	51,000,023
	Other Income	17,194,330	15,848,057
	Contribution to WPPF	(1,068,553)	(5,779,635)
	Bad Debts	4,089,037	17,740,000
	Add: Accounting Depreciation	40,188,013	43,989,919
	Less: Tax Depreciation	(52,726,152)	(59,130,055)
	Last year Adjustment	-	-
	Taxable Profit	(110,943)	63,668,309
	Corporate Tax Rate	25%	-
	Less: Tax Rebate	-	-
	Net Tax Rate	25%	-
	Current Tax	(27,736)	15,917,077
	Minimum Tax on Gross Receipt @ 0.6%	4,334,781	11,779,490
	Current Tax Liabilities (whichever is Higher)	4,334,781	15,917,077
23.02	Deferred Tax Expenses	4,718,856	(16,751,577)
	This is made up as follows:		
	Deferred Tax on Regular Income	2,112,276	(27,656,430)
	Deferred Tax on Share of Profit of Associate	2,606,580	10,904,853
		4,718,856	(16,751,577)
24.00	Deferred Tax Liability	73,537,076	68,818,219
	This is made up as follows:		
	Associate Company (A)	73,824,021	71,217,441
	Assembling Unit, Body Unit & Motor Cycle Unit (AAL) (B)	(286,945)	(2,399,221)
	Investment Valuation Surplus in Share	-	-
		73,537,076	68,818,219
	Calculation of Deferred Tax:		
	A Associate Company	73,824,021	71,217,441
	This is made up as follows:		
	Opening Balance	71,217,441	60,312,588
	Add: Provision during the year	2,606,580	10,904,853
	Investment in Associate Balance as on 30.06.2020	73,824,021	71,217,441
		-	-
	Investment Valuation Surplus in Share	-	-

		Amount in Taka	
		30.06.2020	30.06.2019
B Assembling Unit, Body Unit & Motor Cycle Unit (AAL)		(286,945)	(2,399,220)
This is made up as follows:			
WDV on PPE as per Accounting Calculation		1,142,638,625	1,177,601,790
WDV on PPE as per Taxable Calculation		1,017,197,369	1,064,698,673
Temporary Difference		125,441,256	112,903,117
Deferred Tax 25% on Difference (B1)		31,360,314	28,225,779
Opening Deferred Tax 01.07.2019		28,225,779	25,257,209
Deferred Tax Expenses during the year (B2)		3,134,535	2,968,571
C Bad Debts:			
Bad Debts as per Accounting Base		126,589,037	122,500,000
Bad Debts as per Tax Base		-	-
Temporary Difference		(126,589,037)	122,500,000
Deferred Tax 25% on Difference (C1)		(31,647,259)	(30,625,000)
Opening Deferred Tax 01.07.2019		(30,625,000)	-
Deferred Tax Expnses during the year (C2)		(1,022,259)	(30,625,000)
Deferred Tax Liability on regular income (B1+C1)		(286,945)	(2,399,221)
Deferred Tax Expenses during the year on regular income		2,112,276	(27,656,430)
NB: Deferred Tax on Bad Debts has been considered only from last year.			
Opening Balance		(2,399,221)	25,257,209
Add: During the year (PLAC)		2,112,276	(27,656,429)
Closing Balance		(286,945)	(2,399,220)
Movement of Deferred Tax:			
Opening Balance		68,818,220	85,569,797
Add: During the year (PLAC)		2,112,276	(27,656,430)
Add: During the year (Associate Company)		2,606,580	10,904,853
Add: During the year (OCI)		-	-
Closing Balance		73,537,075	68,818,220
25.00 Earning Per Share (EPS)		0.09	1.25
Profit Attributable to Ordinary Equity Shareholders		8,411,575	120,085,308
Number of Ordinary Share		95,732,422	95,732,422
Earnings per Share (EPS)		0.09	1.25

Note: Earning per Share (EPS) has been fallen down compared with that of previous year because of decreasing in sale amount due to Covid-19 pandemic situation.

		Amount in Taka	
		30.06.2020	30.06.2019
26.00	Net Assets Value Per Share (NAVPS)	60.20	60.95
	Net Assets	5,762,720,529	5,834,726,541
	Number of Ordinary Shares	95,732,422	95,732,422
	Net Assets Value Per Share (NAVPS)	60.20	60.95
	Note: Net Asset Value has been decreased due to impact of declaration of dividend payment.		
27.00	Net Operating Cash Flows Per Share (NOCFPS)	(6.56)	5.90
	Net Cash Generated by Operating Activities	(628,082,804)	565,201,670
	Number of Ordinary Shares	95,732,422	95,732,422
	Net Operating Cash Flows Per Share (NOCFPS)	(6.56)	5.90
28.00	Loan and Deferred Liabilities (Unsecured)	25,310,440	25,310,440
	Long Term interest free loan from sponsors is carried forward since 1982.		
29.00	Reconciliation of Cash Flows from Operating Activities under Indirect Method:	(628,082,804)	565,201,670
	Net Profit/(Loss) before Interest & Income Tax during the year	315,326,835	388,924,499
	Adjustments to reconcile Net Income to Net Cash provided by Operating Activities:		
	Depreciation	47,053,206	43,989,919
	Payment of Lease Liability	(21,277,756)	-
	Interest on Lease Liability	1,018,675	-
	Payment of WPPF	2,751,541	(7,322,317)
	Income Tax Paid	(44,842,631)	(54,445,736)
	Changes in Current Assets and Liabilities:		
	Decrease/(Increase) in Inventories	(36,123,235)	95,920,467
	Decrease/(Increase) in Advance and Pre-payments	18,122,405	(205,098,851)
	Decrease/(Increase) in Payables & Accruals	(204,003,656)	313,226,610
	Decrease/(Increase) in Trade Receivables	(706,108,188)	(9,992,922)
	Net Cash Flow from Operating Activities	(628,082,804)	565,201,670

30.00 Segment wise Financial Position as at 30th June, 2020

Particulars	Assembling Unit	Motor Cycle Unit	Body Unit	Total
Assets				
Non-Current Assets				
Property, Plant & Equipment	440,876,273	282,837,618	418,924,734	1,142,638,625
Capital Work-in-Progress	160,880,536	648,719,452	85,466,935	895,066,923
Investment in Subsidiary and Associates	1,174,120,460	-	-	1,174,120,460
Receivable-Non-Current Maturity	2,027,191,073	169,063,143	84,597,268	2,280,851,484
Right of Use Assets	-	11,326,984	-	11,326,984
Total of Non-Current Assets	3,803,068,342	1,111,947,197	588,988,937	5,504,004,476
Current Assets:				
Receivable-Current Maturity	2,187,706,270	350,000,000	100,093,549	2,637,799,819
Stock and Stores	495,493,257	530,531,013	43,531,601	1,069,555,871
Current Account with Navana Batteries Ltd.	1,331,361,368	-	-	1,331,361,368
Current Account with Navana Group Companies	1,554,947,611	654,159,843	-	2,209,107,454
Current Account with Motor Cycle Unit	616,372,313	-	-	-
Current Account with Body Building Unit	423,993,709	-	-	-
Advances, Deposits and Pre-Payments	3,163,004,084	226,414,285	50,139,391	3,439,557,761
Cash and Bank Balances	130,267,561	143,688,212	17,584,837	291,540,610
Total Current Assets	9,903,146,173	1,904,793,353	211,349,378	10,978,922,883
Total Assets	13,706,214,515	3,016,740,550	800,338,315	16,482,927,358
Equity and Liabilities:				
Shareholders' Equity:				
Share Capital	957,324,220	-	-	957,324,220
Share Premium	1,925,858,339	-	-	1,925,858,339
Reserves	44,332,688	-	23,005,543	67,338,231
Retained Earnings	2,547,245,642	18,512,696	246,441,401	2,812,199,739
Total Shareholders' Equity	5,474,760,889	18,512,696	269,446,944	5,762,720,529
Non-Current Liabilities:				
Loan and Deferred Liabilities (Unsecured)	25,310,440	-	-	25,310,440
Long Term Loan - Non-Current Maturity	1,874,561,399	542,999,833	-	2,417,561,232
Deferred Tax Liability	62,486,905	9,062,483	1,987,689	73,537,076
Lease Liability	-	9,826,359	-	9,826,359
Total Non-Current Liabilities	1,962,358,744	561,888,674	1,987,689	2,526,235,107
Current Liabilities:				
Long Term Loan-Current Maturity	624,853,800	180,999,944	-	805,853,744
Short Term Loan	4,690,951,322	1,589,704,625	186,906	6,280,842,853
Accrued and Other Current Liabilities	953,289,759	49,262,298	104,723,068	1,107,275,125
Current Account with Assembling Unit	-	616,372,313	423,993,709	-
Total Current Liabilities	6,269,094,881	2,436,339,180	528,903,683	8,193,971,722
Total Liabilities	8,231,453,625	2,998,227,853	530,891,372	10,720,206,829
Total Equity and Liabilities	13,706,214,514	3,016,740,549	800,338,316	16,482,927,358

Segment wise Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2020

Particulars	Assembling Unit	Motor Cycle Unit	Body Unit	Total
Sales Revenue	910,117,914	373,693,488	127,566,000	1,411,377,402
Less: Cost of Goods Sold	629,104,105	306,234,846	100,879,742	1,036,218,693
Gross Profit (a)	281,013,809	67,458,642	26,686,258	375,158,709
Less: Operating Expenses:				
Administrative Expenses	24,889,828	9,570,110	5,928,648	40,388,586
Selling & Distribution Expenses	4,356,129	30,529,234	1,237,949	36,123,312
Financial Charges	250,210,973	55,690,649	18,502	305,920,124
Total Operating Expenses (b)	279,456,930	95,789,992	7,185,099	382,432,022
Operating Profit (c) = (a-b)	1,556,879	(28,331,350)	19,501,159	(7,273,313)
Non-Operating Income:				
Other Income	7,423,996	9,347,449	422,885	17,194,330
Less: Foreign Exchange Loss	(514,305)	-	-	(514,305)
Add: Share of Profit from Associate Company	13,032,898	-	-	13,032,898
Total Non-Operating Income (d)	19,942,589	9,347,449	422,885	29,712,923
Profit before Contribution to WPPF (e)=(c+d)	21,499,468	(18,983,901)	19,924,044	22,439,610
Less: Contribution to WPPF	1,023,784	(903,995)	948,764	1,068,553
Profit after Contribution to WPPF	20,475,684	(18,079,906)	18,975,280	21,371,057
Add: Share of Profit from Subsidiaries	(3,905,845)	-	-	(3,907,971)
Net Profit before Tax (f)	16,569,839	(18,079,906)	18,975,280	17,463,086
Less: Income Tax Expenses				
Current Tax	2,718,254	1,127,422	489,105	4,334,781
Deferred Tax	3,068,736	1,383,685	266,435	4,718,856
Total Income Tax Expenses (g)	5,786,990	2,511,107	755,540	9,053,637
Profit after Tax (h) = (f-g)	10,782,847	(20,591,012)	18,219,741	8,411,575
Other Comprehensive Income for the year:				
Investment Valuation Surplus in Share				
Revaluation Gain/(Loss) on Investment in Share	-	-	-	-
Deferred Tax	-	-	-	-
Total Investment Valuation Surplus in Share (i)	-	-	-	-
Total Comprehensive Income for the year (j)=(h+i)	10,782,847	(20,591,012)	18,219,741	8,411,575

31.00 Related Party Transactions

As per note 3.25 of financial statements with related parties are as follows:

- (i) There is no long term unsecured loan taken from directors (including managing director) or sponsors of the company;
- (ii) No loan has been given to any director or sponsor shareholders of the company;
- (iii) No office rent amount is received by any director or sponsor shareholders of the company;
- (iv) There is no compensation for chairman, director & managing director except board meeting fee in total and for each of the following categories;
 - (a) Short-term employee benefits;
 - (b) Post employment benefits;
 - (c) Other long term benefits;
 - (d) Termination benefits;
 - (e) Share based payment.

32.00 Payment/Perquisites to Directors

No amount of money was spent by the company for compensating any member of the Board for services rendered other than Board Meeting Fee.

33.00 Foreign Earning

During the year under audit the company incurred a foreign exchange loss of Tk. 514,305 against foreign exchange.

34.00 Brokerage Commission

No brokerage or discount other than usual trade discount against sales was paid during the year. As there was no sales agent, commission therefor was not paid.

35.00 Acknowledgment of Claim and Refund

There were aggregating claims of Tk. 46,134,665. In respect of assessment years 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019 and 2019-2020 respectively against the company for income tax and there were aggregating refund in favor of the company for income tax in different years but no asset or liability was recognized for the claims are refundable. The company filed income tax reference case with high court division of the supreme court & appeals remained pending and have applied for adjustment for remaining cases.

36.00 Amount due by Directors

There is no advance in the name of the directors or associates undertaking of the company.

37.00 Amount Paid to Directors

The Directors have been paid only the meeting attendance fee during the year.

38.00 Number of Employees

During the year total number of employees/workers for the company was 329 who drawing Tk. 8,000 or more per month.

39.00 Significant Disclosure

Sales amount has been fallen down but gross profit (GP) ratio increased due to decreases of production cost by ceasing workers, management employees and monitoring production strictly.

40.00 Remuneration

Salary & Allowances	Number of Person	Amount (Tk.)
Managing Director/Director	5	-
Managers	19	12,173,716
Officers	107	48,694,864

No amount of money was spent by the company for the directors except board meeting attendance fee.

41.00 Capital Expenditure Commitment

There was no commitment for capital expenditure and also not incurred or provided for the year ended 30th June, 2020.

42.00 Contingent Assets

There was no contingent assets as on 30th June, 2020.

43.00 Remittance of Dividend

As there were no non-resident shareholders, no dividend was remitted to or received from abroad.

44.00 Credit Facility not Availed

There was no credit facility available to the Company under any contract and also not availed as on 30th June, 2020 other than trade credit available in the ordinary course of business.

45.00 Attendance Status of Board Meeting of Directors

During the year there was 11 Board Meetings were held. The attendance status of all the meetings is as follows:

Name of the Directors	Position	Meeting Held	Attended
Shafiul Islam	Chairman	11	8
Khaleda Islam	Director	11	5
Saiful Islam	Managing Director	11	9
Sajedul Islam	Director	11	7
Farhana Islam	Director	11	3
M. Obaidur Rahman	Independent Director	11	6
Syed Masud Hasan	Independent Director	11	3

46.00 Auditors fees for service rendered

As per schedule XI, part II, para 6 of Companies Act, 1994, auditors are only paid audit fees (including VAT) of Tk. 350,000. No other service has been taken from auditor hence other then this no other fees given to auditor.

47.00 Disclosures as per Requirement of Schedule XI, Part II of the Companies Act, 1994

(Employee Position as on 30th June, 2020)

(A) Disclosure as per requirement of Schedule XI, Part II, Notes 5 of Para 3

Monthly Salary Range	Head Office	Factory	No. of Employee
Above 3000	8,545,462	99,327,666	437
Below 3000	Nil	Nil	Nil

(B) Disclosure as per requirement of Schedule XI, Part II, Para 4

Payment/Perquisites to Directors and Officers

Name	Position	Per Meeting Attendance Fee	No. of Meeting	Amount (Tk.)
Shafiul Islam	Chairman	5,000	8	40,000
Khaleda Islam	Director	5,000	5	25,000
Saiful Islam	Managing Director	5,000	9	45,000
Sajedul Islam	Director	5,000	7	35,000
Farhana Islam	Director	5,000	3	15,000
M. Obaidur Rahman	Independent Director	5,000	6	30,000
Syed Masud Hasan	Independent Director	5,000	3	15,000

During the year under Review:

- (i) No compensation was allowed by the company to the Chief Executive Officer of the company who is also a Director;
- (ii) The rate at which Directors have drawn Board Meeting attendance fees @ Tk. 5,000/- per Director per meeting. The total Board Meeting attendance fee incurred during the year under review was Tk. 235,750/- including VAT;
- (iii) No amount of money was spent by the company for compensating any member of the board for special services rendered.

48.00 Information regarding Accounts Receivables, Advance in line with Schedule XI

i. Disclosure in line with 4(a) of part I of Schedule XI

The details of trade receivable are given below:

Sl. No.	Particulars	Amount (Tk.) 30.06.2020	Amount (Tk.) 30.06.2019
1	Within 3 Months	974,148,141	1,301,520,245
2	Within 6 Months	815,648,663	430,251,529
3	Within 12 Months	848,003,015	428,125,459
4	More than 12 Months	2,280,851,484	2,052,645,882

ii. Disclosure in line with 4(b) of part I of Schedule XI

There are no debts outstanding in this respect.

49.00 Disclosure in line with Instruction of Part of Schedule XI

In regard to sundry debtors the following particulars shall be given separately:

(I) Debt considered good in respect of which the company is fully secured

Within six months trade debtors occurred in the ordinary course of business are considered good but no security given by the debtors.

(II) Debt considered good for which the company holds no security other than the debtors' personal security

Within six months trade debtors have arisen in the ordinary course of business in good faith as well as market reputation of the company for the above mentioned reasons no personal security taken from debtors.

(III) Debt considered doubtful or bad

The company considered more than one year debts are doubtful and provision is created for Tk. 126,589,037.

(IV) Debt due by directors or other officers of the Company

There is no debt due by directors or other officers of the company.

(V) Debt due by common management

There is no debt under common management.

(VI) The maximum amount due by directors or other officers of the Company

There is no such debt in this respect.

50.00 Disclosure as per requirement of Schedule XI, Part II, Para 7

Details of Production Capacity Utilization:

Particulars	Assembling	Body	Motorcycle	Total (AAL)
Production Capacity (Vehicle/Battery)	2400	400	10000	12,800
Production during the year	198	111	2551	2,860
Capacity Utilization (%)	8.25%	50.45%	25.51%	22.34%

The production capacity of the company is 2400 units Toyota & hino vehicles in assembling unit under three shifts and 400 units hino buses in body building unit. Actual production for the year 198 units bus assembled in assembling unit 111 units body fabrication in body building unit

The production capacity of the company is 10,000 units motor cycle in motor cycle units under three shifts. Actual production for the period 2551 Units bikes assembled in motor cycle unit.

51.00 Schedule XI, Part II, Para 8(b) & Para 8(d) Foreign Currencies remitted during the year

During the year under review the company did not remit any amount as dividend, technical know-how, royalty, professional consultation fees, interest and other matters either its shareholder or others.

52.00 Disclosure for purchase in foreign currency during the year

Disclosure as per Para 8 of Schedule XI (kh) of the Companies Act, 1994 regarding purchase made in foreign currency during the year are as follows:

Type of Expenditure	Amount in Foreign Currency	Amount in BDT.
Import of Raw Material (Hino Bus Chassis CKD)	¥ 723,051,400	564,920,059
Import of Raw Material (Mahindra Motor Cycle SKD)	US\$ 1615439	252,415,640
Total		817,335,699

53.00 Financial Instrument-Fair Values and Risk Management

53.01 Accounting Classifications and Fair Values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable appro

Reconciliation of Carrying Amount	Carrying Amount Tk. '000								
	Note	Held for Trading	Designated at Fair Value	Fair Value Hedging Instruments	Held to Maturity	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Amount
30.06.2020		-	-	-	-	-	-	-	-
Financial Assets not measured at Fair Value		-	-	-	-	-	-	-	-
Trade and Other Receivables		-	-	-	-	2,637,800	-	-	2,637,800
Investment		-	-	-	-	-	-	-	-
Cash and Cash Equivalents		-	-	-	-	291,541	-	-	291,541
Investment in Subsidiaries		-	-	-	-	-	1,174,120	-	1,174,120
		-	-	-	-	2,929,341	1,174,120	-	4,103,461
Financial Liabilities not measured at fair value		-	-	-	-	-	-	-	-
Trade and other payables		-	-	-	-	-	-	1,107,276	1,107,276
Other Non-Current Liabilities		-	-	-	-	-	-	2,526,236	2,526,236
		-	-	-	-	-	-	3,633,512	3,633,512
30.06.2019		-	-	-	-	-	-	-	-
Financial Assets not measured at Fair Value		-	-	-	-	-	-	-	-
Trade and Other Receivables		-	-	-	-	2,159,897	-	-	2,159,897
Investment		-	-	-	-	-	-	-	-
Cash and Cash Equivalents		-	-	-	-	278,420	-	-	278,420
Investment in Subsidiaries		-	-	-	-	-	1,164,993	-	1,164,993
		-	-	-	-	2,438,317	1,164,993	-	3,603,310
Financial Liabilities not measured at fair value		-	-	-	-	-	-	-	-
Trade and other payables		-	-	-	-	-	-	1,287,367	1,287,367
Other Non-Current Liabilities		-	-	-	-	-	-	1,991,400	1,991,400
		-	-	-	-	-	-	3,278,767	3,278,767

Advances, deposits and prepayments are not included in the financial assets.

The company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, investment in subsidiaries, trade and other payables, and other non-current liabilities because their carrying amounts

53.02 Financial Risk Management

The Company management has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

53.02.1 Credit Risk, 53.02.2 Liquidity Risk 53.02.3 Market Risk.

53.02.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of customer, including the default risk of the industry and financial strength of the customer, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

The debtors management review committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum outstanding amount of credit sale without requiring approval from the committee; these limits are reviewed as per guideline of Nava CNG Limited in each quarter. Customers that fail to meet the company's benchmark creditworthiness may transact with the company only on a cash / deposit scheme basis.

Management has a credit policy in place and the exposure to credit risk is monitor on an ongoing basis. As at 30th June, 2020, substantial part of the receivables are as follows and subject to insignificant credit risk. Risk exposure from other financial assets, i.e. Cash at bank and other external receivables are also nominal.

(i) Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting data was:

	Amount in Taka	
	30.06.2020	30.06.2019
Non-Derivative Financial Assets:		
Receivables-Current Maturity	2,637,799,819	2,159,897,233
Inter Company Receivables	3,540,468,822	3,012,168,281
Advance to Suppliers	559,420,902	567,511,567
Advance to Employees	9,431,125	8,627,989
Advance to Others	392,754,903	382,599,733
Security Deposits	352,124,239	368,522,361
Cash at Bank	289,153,446	277,240,917
Cash in Hand	2,387,163	915,650
	<u>7,783,540,419</u>	<u>6,777,483,731</u>

The ageing of Trade Receivable at the reporting date is as follows:

Duration:

1-30 days	273,602,338	447,064,900
31-60 days	278,846,358	422,691,888
61-90 days	421,699,445	431,763,457
91-180 days	815,648,663	430,251,529
181-365 days	848,003,015	428,125,459
Over 365 days	2,280,851,484	2,052,645,882
	<u>4,918,651,303</u>	<u>4,212,543,115</u>

To mitigate the credit risk against accounts receivables, the company has a system of specific credit line period to the customers. This outstanding period and amount are regularly monitored. The company endeavors to cover the credit risks on all other receivables, where possible, by restricting credit facility and stringent monitoring.

53.02.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepaid based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity / fund to make the expected payment within due date.

The carrying amount of financial liabilities represent the maximum exposure to liquidity risk. The maximum exposure to liquidity risk as at 30th June, 2020 was:

Non-Derivative Financial Liabilities:

Accrued and Other Current Liabilities

Non-Current Liabilities

Amount in Taka	
30.06.2020	30.06.2019
1,107,275,125	1,287,366,628
2,526,235,107	1,991,399,843
<u>3,633,510,232</u>	<u>3,278,766,471</u>

53.02.3 Market Risk

Market risk is the risk that any change in market price, such as foreign exchange rates and interest rates 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.

(i) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Exposure to fair value movement relates to fixed rate instrument subject to fair value accounting and exposure to cash flow fluctuation relates to variable rate instruments. The company is primarily exposed to cash flow fluctuation arising from variable rate borrowings. The objective of interest rate management for the Navana CNG Ltd. and its subsidiaries is to reduce financial cost and ensure predictability.

(ii) Currency Risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad.

54.00 Capital Management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing company's internal capital adequacy to ensure company's operation as a going concern. Capital consists of share capital, general reserve and revaluation reserve. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the board. The board of directors monitors the level of dividends to ordinary shareholders.

55.00 Event after the Reporting Period

The directors in the meeting held on 24th October, 2020 recommended 10% cash dividend for the shareholders excluding sponsor shareholders whose name will be appeared in the shareholders' registers at the date of book closure which is subject to shareholders' approval at the forthcoming annual general meeting to be held on 29th December, 2020.

"Except the fact stated above, no circumstances have been arisen since the balance sheet date which would require adjustment or disclosure in the financial statements or notes thereto."

Annexure-A

AFTAB AUTOMOBILES LIMITED
Schedule of Property, Plant and Equipment as on 30th June, 2020

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as on 30.06.2020	Written Down Value as on 30.06.2019
	Opening Balance 01.07.2019	Addition during the year	Adjustment/ Disposal during the year	Total as on 30.06.2020		Opening Balance 01.07.2019	Charged during the year	Adjustment/ Disposal during the year	Total as on 30.06.2020		
Land and Land Development	745,334,299	-	-	745,334,299	0%	-	-	-	-	745,334,299	745,334,299
Building	163,444,179	-	-	163,444,179	2.5%	41,174,756	3,056,736	-	44,231,492	119,212,687	122,269,423
Shed	38,078,882	-	-	38,078,882	20%	23,496,722	2,916,432	-	26,413,154	11,665,728	14,582,160
Plant & Machinery	378,375,196	2,000,000	-	380,375,196	10%	196,340,819	18,303,438	-	214,644,257	165,730,939	182,034,377
Tools & Equipment	43,042,915	514,890	-	43,557,805	20%	28,169,053	3,026,261	-	31,195,314	12,362,491	14,873,862
Office Equipment	35,872,789	833,189	-	36,705,978	10%	16,024,688	2,026,470	-	18,051,158	18,654,820	19,848,101
Furniture & Fixture	24,227,958	14,380	-	24,242,338	10%	10,292,693	1,394,245	-	11,686,938	12,555,400	13,935,265
Transport Vehicles	85,214,266	986,240	-	86,200,506	20%	56,718,568	5,797,764	-	62,516,332	23,684,174	28,495,698
Electric Line Installation	2,408,249	-	-	2,408,249	10%	684,010	172,424	-	856,434	1,551,815	1,724,239
Office Decoration	46,070,856	876,149	-	46,947,005	10%	11,566,490	3,494,244	-	15,060,734	31,886,271	34,504,366
Total	1,562,069,589	5,224,848	-	1,567,294,437		384,467,799	40,188,013	-	424,655,812	1,142,638,625	1,177,601,790

Depreciation charged to:	Total Tk.
Cost of Goods Sold (Factory (O/H))	32,150,411
Profit & Loss Accounts (Admin)	4,018,801
Profit & Loss Accounts (Selling)	4,018,801
Total	40,188,013

Annexure-B

Schedule of Right Use of Assets as on 30th June, 2020

Particulars	Cost			Rate of Dep.	Depreciation				Carrying amount	
	As at 01.07.19	Add./ (Adj.) Dur. the year	Adj. D. the Year		As at 01.07.19	Add./ (Adj.) Dur. the year	Adj. D. the Year	As at 30.06.20	As at 30.06.20	As at 30.06.19
Motor Cycle	-	18,192,176	-		-	6,865,192	-	6,865,192	11,326,984	-
Total	-	18,192,176	-		-	6,865,192	-	6,865,192	11,326,984	-



Independent Auditors' Report

To

The Shareholders of Navana Batteries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Navana Batteries Limited, which comprise the statement of financial position as at June 30, 2020 and the statement of comprehensive income, statement of changes in equity and 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.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at June 30, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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. For each matter below our description of how our audit addressed the matters provided in that context.

Risk Revenue Recognition	Our response to the risk
<p>Revenue is the most financially significant item in the statement of profit and loss and other comprehensive income. The company has revenue of Taka 535,647,366 for the year ended 30 June 2020.</p> <p>Application of IFRS 15 including section of transaction method involves significant judgment in determining when control of the goods or services underlying the performance obligation is transferred to the customer and the transition method to be applied. As the revenue recognition, due to the significant of the balance to the financial statement as a whole, we regard this as a Key audit matter.</p> <p>Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring a promised good or service.</p> <p>See note no 3.06 and 10 to the financial statements.</p>	<p>Our procedures included obtaining and understanding of management's revenue recognition process. We tested a sample of transaction to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in Note-3.06 and 10 of the financial statement. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>With regard to the implementation of IFRS 15, We verified management's conclusion we assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and</p>

<p>The company has reported a revenue of Taka 1,411,377,402 for the year ended 30th June, 2020. Following the application of the revenue recognition standard (IFRS 15, Revenue from contracts with customers), the company adopted its accounting policies. Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised goods or services.</p> <p>Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).</p> <p>The sales of the company are derived from a large number of distributors located over the country with relatively small amount of transactions. As a result, to obtain sufficient audit evidence, high magnitude of audit work and resource are required.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognized in the proper reporting periods.</p> <p>See note no. 3.07 and 17 to the financial statements</p>	<p>our understanding of the business. We tested the appropriateness of the accounting treatment on sample basis. In addition we verified the accuracy of IFRS 15 related disclosures.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>We conducted substantive testing of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including sales invoice, bank reconciliation report, bank statement and also, we confirmed selected customers receivable balances at the financial position date, selected on sample basis by considering the amount outstanding with those customers.</p> <p>We specifically put emphasis on those transactions occurring close before or after the financial position date to obtain sufficient evidence over the accuracy of cut-off. Finally assessed the appropriateness and presentation of disclosure against relevant accounting standards.</p>
<p style="text-align: center;">Valuation of inventory</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Inventories are maintained by manual interfaces and inputs, there is a risk that inappropriate management override and/ or error may occur.</p> <p>See note no 3.07 and 5.02 to the financial statements.</p>	<p>We challenged the appropriateness of managements assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> * Evaluating the design and Implementation of key inventory controls operating across the company; * Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; * Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to

Carrying value (CV) of Property, plant and equipment (PPE) and its impairment	
<p>PPE includes the Company's long term assets, which flow economic benefits to the entities more than one year. PPE is measured at cost less accumulated depreciation.</p> <p>The carrying value of PPE represents significant portion of total assets, which is amounting to Tk. 844,052,976 for the Company at the reporting date.</p> <p>The carrying value of PPE is the function of Depreciation charges on cost/ revaluated amount that involved estimation. Therefore, it has been considered as a significant area of auditor's judgment and requires special attention. It is a matter of consideration that the carrying value of PPE may be higher than the recoverable amount and the impairment charges thereon may not have been recognized.</p> <p>See note no 3.05 and 4.01 to the financial statements.</p>	<p>We have tested the design and operating effectiveness of key controls over PPE. Our audit procedures included, among others, considering the impairment risk of the assets. Followings are our audit procedures on the carrying value and impairment risk of PPE:</p> <p>Reviewing basis of recognition, measurement and valuation of assets;</p> <ul style="list-style-type: none"> * Observing procedures of assets acquisition, depreciation and disposal; * Checking ownership of the major assets; * Checking the Capital-Work-in-Progress (CWIP) and its transfer to PPE as well as capital expenditure commitment; * Performing due physical asset verification on sample basis at the year-end; * Checking estimated rates of depreciation being used and assessing its fairness; * Discussing with the management about the fair value of the assets and assessing independently whether the CV approximates the fair value at the reporting date; <p>Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.</p> <p>Our testing did not identify any issues with regard to CV of PPE and any indicators that would trigger impairment.</p>

Other Information:

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

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 appeared 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 Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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

In accordance with the Companies Act 1994 and other rules and regulations, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.



Mohammad Anwarul Hoque FCA

Partner

S.K. Barua & Co.

Chartered Accountants

Dated; Dhaka
October 15, 2020

Navana Batteries Limited

Statement of Financial Position

As at June 30, 2020

PARTICULARS	NOTES	Amount in BDT	
		June 30, 2020	June 30, 2019
Assets :			
Non-Current Assets:	4.00	928,257,957	951,990,076
Property, Plant and Equipment	4.01	844,052,976	870,854,090
Capital Work-In-Progress	4.02	84,204,981	81,135,986
Current Account with Navana Group of Companies		1,447,100,300	900,342,342
Current Assets:	5.00	3,407,889,303	2,365,690,351
Receivables-Current Maturity	5.01	668,039,454	669,019,426
Stock and Stores	5.02	989,243,297	932,600,889
Advances, Deposits and Pre-payments	5.03	1,742,324,428	756,666,256
Cash and Bank Balances	5.04	8,282,123	7,403,780
Total Assets		5,783,247,561	4,218,022,770
Equity and Liabilities :			
Authorized Capital:	6.00	500,000,000	500,000,000
50,000,000 Ordinary Shares of Tk. 10/- each			
Equity Attributable to Equity Holders	7.00	757,016,687	760,924,658
Share Capital	7.01	183,702,690	183,702,690
Retained Earnings	7.02	573,313,997	577,221,968
Non Current Liabilities:	8.00	1,564,627,934	1,447,192,204
Deferred Tax Liability	8.01	54,385,745	59,893,710
Long Term Loan-Non Current Maturity	8.02	1,510,242,189	1,387,298,494
Current Liabilities:	9.00	3,461,602,940	2,009,905,908
Long Term Loan-Current Maturity	9.01	503,414,063	462,432,831
Short Term Loan	9.02	1,393,912,757	925,775,987
Inter Company Liabilities (Aftab Automobiles Ltd.)	9.03	1,331,361,368	381,661,368
Accrued and Other Current Liabilities	9.04	232,914,751	240,035,722
Total Current Liabilities		5,026,230,874	3,457,098,112
Total Equity and Liabilities		5,783,247,561	4,218,022,770
Net assets value per share (NAVPS)		41.21	41.42

The annexed notes 1 to 15 & Schedules form an integral part of these financial statements.



Director


Director

Signed in terms of our separate report of even date annexed.


Company Secretary

Dated; Dhaka
October 15, 2020


Mohammad Anwarul Hoque FCA
Partner
S.K. Barua & Co.
Chartered Accountants

Navana Batteries Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2020

Particulars	Note	Amount in BDT	
		June 30,2020	June 30,2019
Revenues	10.00	535,647,366	860,649,878
Cost of Goods Sold	11.00	(395,324,285)	(652,944,365)
Gross Profit		140,323,081	207,705,512
Operating Expenses:		146,519,253	190,842,532
Administrative Expenses	12.00	7,000,745	16,864,490
Selling and Distribution Expenses	13.00	22,434,494	52,221,455
Financial Charges		117,084,014	121,756,587
Operating Profit		(6,196,172)	16,862,980
Non-Operating Income		-	-
Profit before Contribution to WPPF		(6,196,172)	16,862,980
Contribution to WPPF		-	802,999
Net Profit before Tax		(6,196,172)	16,059,981
Provision for Income Tax:		(2,288,201)	12,399,889
Current Tax	14.00	3,219,764	3,998,644
Deferred Tax		(5,507,965)	8,401,245
Net Profit after Tax		(3,907,971)	3,660,092
Earning per Share (EPS)	14.01	(0.21)	0.20

The annexed notes 1 to 15 & Schedules form an integral part of these financial statements.



Director




Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated; Dhaka
October 15, 2020



Mohammad Anwarul Hoque FCA
Partner
S.K. Barua & Co.
Chartered Accountants

Navana Batteries Limited

Statement of Changes in Equity

For the year ended June 30, 2020

Particulars	Share Capital	Retained Earnings	Total
Balance as on July 01, 2018	183,702,690	573,561,877	757,264,567
Surplus for the year	-	3,660,092	3,660,092
Balance as on June 30, 2019	183,702,690	577,221,968	760,924,658
Balance as on July 01, 2019	183,702,690	577,221,968	760,924,658
Surplus for the year	-	(3,907,971)	(3,907,971)
Balance as on June 30, 2020	183,702,690	573,313,997	757,016,687

The annexed notes 1 to 15 & Schedules form an integral part of these financial statements.



Director


Director


Company Secretary

Signed in terms of our separate report of even date annexed.

Dated; Dhaka
October 15, 2020


Mohammad Anwarul Hoque FCA
Partner
S.K. Barua & Co.
Chartered Accountants

Navana Batteries Limited

Statement of Cash Flows

For the year ended June 30, 2020

Particulars	Amount in BDT	
	June 30, 2020	June 30, 2019
Cash Flows from Operating Activities		
Cash Collection from Sales	536,627,338	666,440,707
Receipts from other Income	-	-
Cash Paid to Suppliers and Employees	(465,850,847)	(846,432,782)
Cash generated from operations	70,776,491	(179,992,075)
Income tax Paid	(18,579,032)	(27,273,997)
Net Cash generated from operations	52,197,459	(207,266,072)
Cash Flows from Investing Activities		
Acquisition of property, plant & equipment	(16,169,845)	(92,213,515)
Advance for Capital Asset	(950,000,000)	-
Payments for capital work in progress	(3,068,995)	(70,067,993)
Net Cash used in Investing Activities	(969,238,840)	(162,281,508)
Cash Flows from Financing Activities		
Proceeds from bank loan	632,061,697	654,671,742
Inter company Liabilities	949,700,000	138,433,432
Current Account with Navana Group of Companies	(546,757,958)	(387,511,822)
Bank Interest Paid	(117,084,014)	(121,756,587)
Net Cash provided by Financing Activities	917,919,725	283,836,764
Net Changes in Cash & Cash Equivalents	878,343	(85,710,816)
Cash & Cash Equivalents at the Beginning of the year	7,403,780	93,114,596
Cash & Cash Equivalents at the End of the year	8,282,123	7,403,780
Net operating cash flows per share (NOCFPS)	2.84	(11.28)

The annexed notes 1 to 15 & Schedules form an integral part of these financial statements.



Director


Director


Company Secretary

Signed in terms of our separate report of even date annexed.

Dated; Dhaka
October 15, 2020


Mohammad Anwarul Hoque FCA
Partner
S.K. Barua & Co.
Chartered Accountants

Navana Batteries Limited

Notes to the Financial Statements For the Year Ended 30 June, 2020

1.00 Reporting Entity

Navana Batteries Limited is a private limited company which was incorporated on the 21st April, 2009, Vide Registration number C-76441/2009 of Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act, 1994. It's a Subsidiary of Aftab Automobiles Ltd. that is listed in DSE & CSE.

The Registered Office of the Company is located at 125/A, Motijheel Commercial Area, (4th Floor), Dhaka-1000.

The Corporate Office of the Company is located at Bashati Aristocrats (4th Floor), Block-SW(H) 6, Bir Uttam Mir Shawkat Sarak, Gulshan Avenue, Dhaka-1212.

1.02 Nature of Business

The principal activities of the Company are manufacturing of automotive, industrial and solar batteries in the plant located at Fouzdarhat Industrial Area, Chattagram, Bangladesh.

1.03 Components of Financial Statements

- . Statement of Financial Position as at 30th June, 2020;
- . Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2020;
- . Statement of Changes in Equity for the year ended 30th June, 2020;
- . Statement of Cash Flows for the year ended 30th June, 2020;
- . Accounting Policies and Explanatory Notes.

1.04 Operating Segments

No operating segment is applicable for the Company as required by IFRS 8: Operating Segments as the Company has only one operating segments and the operation of Company is within the geographical territory in Bangladesh.

2.00 Basis of Presentation of Financial Statements

2.01 Basis of Measurement

The financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non current assets.

2.02 The financial statements are prepared and presented for external users by the enterprise in accordance with identified reporting framework. Presentation has been made in compliance with the standards adopted by the ICAB for reporting, IAS-1 Presentation of Financial Statements.

2.03 Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1994 and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRS's) including International Accounting Standards (IAS's). The following IASs & IFRSs are applicable for the financial statements for the year under details review:

- IAS - 1 Presentation of Financial Statements
- IAS - 2 Inventories
- IAS - 7 Statements of Cash Flows
- IAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS - 10 Events after the Reporting Period
- IAS - 12 Income Taxes
- IAS - 16 Property, Plant and Equipment
- IAS - 19 Employee Benefits
- IAS - 21 The effects of Changes in Foreign Exchange Rates
- IAS - 23 Borrowing Costs
- IAS - 24 Related Party Disclosures
- IAS - 32 Financial Instruments: Presentation
- IAS - 33 Earnings Per Share
- IAS - 36 Impairment of Assets
- IAS - 37 Provisions, Contingent Liabilities and Contingent Assets
- IFRS-7 Financial Instruments: Disclosure
- IFRS-15 Revenue from Contracts with Customers

2.04 Going Concern

The Company has adequate resources to continue in operation for the foreseeable future. For the reason the Directors continue to adopt going concern basis in preparing the accounts.

2.05 Reporting Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka) which is Company's functional currency.

2.06 Key Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with IFRS's including IAS's requires managements to make the judgments, estimates and assumption that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosures during and at the date of the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed as on going concern basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, the key areas of estimation, uncertainly and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include accrued expenses, inventory valuation and other payables.

2.07 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of provision of the financial statements as per requirements of Companies Act, 1994.

2.08 Comparative Figures

Comparative figure and account titles in the financial statements have been re-arranged and classified, where necessary, to conform with changes in presentation in the current year.

2.09 Events after the Reporting Period

Where necessary all the material events after the reporting period have been considered and appropriate adjustment/disclosure have been made in the financial statements.

2.10 Reporting Period

The reporting period of the Company covers one year from 1st day of July, 2019 to 30th June, 2020.

2.11 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 24th day of October, 2020.

3.00 Accounting Principles and Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements:

3.01 Off-setting:

The Company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such off-setting is permitted by applicable accounting standard.

3.02 Re-arrangement/Reclassification:

Comparative figures and account titles in the financial statements have been re-arranged/re-classified where necessary, to conform to changes in presentation in the current year.

3.03 Materiality And Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3.04 Current versus non-current classification:

The company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.05 Property, Plant and Equipments

3.05.1 Recognition and Measurements

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. In a situation where it can clearly be demonstrated that expenditure has resulted in an increase in future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Cost also includes initial estimate of the costs of dismantling, removing the item and restoring this site (generally called asset retirement obligation) are recognized and measured in accordance with IAS 37: Provision, Contingent Liabilities and Contingent Assets.

3.05.2 Maintenance Activities

Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the year in which it is incurred.

3.05.3 Subsequent Cost

The Cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is possible that the future economic benefits embodied within the part will flow to the company and its cost measured reliably. The cost of the day of day servicing of property and equipment are recognized in the Statement of Comprehensive Income as incurred.

3.05.4 De-recognition :

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.05.5 Depreciation on Tangible Fixed Assets

As required in Paragraph 43 of IAS-16 Property and Equipments, depreciation in respect of all fixed assets is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment".

No depreciation has been charged on land and land development. Depreciation on all other fixed assets is computed using diminishing balance method in amount sufficient to write-off depreciable assets over their estimated useful life. Depreciation has been charged on additions and when it is used. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized. The cost and

accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in the comprehensive income statement for the year ended. The annual depreciation rates applicable to the principal categories are:

Category of Fixed Assets	Rate of Depreciation
Land and Land Development	--
Building	2.5%
Plant & Machinery	10%
Tools & Equipment	20%
Office Equipments	10%
Furniture & Fixture	10%
Transport & Vehicles	20%
Electric Line Installation	10%
Gas Line Installation	10%
Office Decoration	10%

Depreciation has been allocated to factory overhead and administrative overhead.

3.05.6 PPE pledged as security for liabilities:

In compliance with the requirements of IAS-16 "Para 74, The following PPE had pledged as security for liabilities.

Sl.	Nature of Assets	Name of Bank/Institutions	Pledged Amount/ Decimal
1.	Capital Machineries	Hajj Finance Company Limited	5,31,33,390
2.	Land and Land Development	NCC Bank Limited	74, Decimal Land in Bogura

3.06 Revenue Recognition

In compliance with the requirements of IFRS-15 "Revenue" is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding VAT, discounts, commission, rebates, and other sales taxes where applicable. Revenue recognized when the policies are made.

The company recognizes as revenue the amount that reflects the consideration to which the company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, this standard establishes a five-step model as follows:

- 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; and
- Recognize revenue when (as or) the entity satisfies a performance obligation.

Considering the five model, the company recognizes revenue when (or as) the Company satisfies a performance obligations by transferring a promised good to a customer. Goods is considered as transferred when (or as) the customer obtains control of that goods. Revenue from sales of goods is measured at the fair value of consideration received or receivable net of returns and allowances, trade discounts, rebates & Value Added Tax (VAT).

(a) Sale of Goods

Revenue from the sale of goods is recognized when control of goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customers.

(b) Profit on Bank Deposits

Profit on bank deposit have been accounted on accrual basis.

(c) Other revenues

In this operational activities there is no any other revenues to recognize as profit.

3.07 Inventories

Inventories comprise of Raw Materials, Work-in-process and Finished Goods. They are stated at the lower of cost or net realizable value in accordance with IAS-2 "Inventories" after making due allowance for any obsolete or slow moving items. The cost of inventories is assigned by using weighted average cost. Net realizable value represents the estimated selling price for the inventories less all estimated cost of completion and cost necessary to make the sale.

No provision has been made for slow moving & obsolete stocks during the financial year.

3.07.1 Inventory written off as an expense:

In accordance with the guidelines as prescribed by IAS-2, para-36 inventory is needed to be written off as an expense if applicable, but during the financial year any inventory was not available to be recognized as written off as an expense.

3.7.2 Inventory pledged as security for liabilities:

No inventory has been pledged as security against any liabilities.

3.08 Accounts Receivables

Accounts receivable are created at original invoice amount less any provision for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When an accounts receivable is determined to be uncollectible it is written off, firstly against any provision available and then to the statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of profit or loss and other comprehensive income.

3.09 Advance, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to Profit or Loss Account and Other Comprehensive Income.

3.10 Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and Cash Flows, cash in hand and bank balances represent cash and cash equivalents considering the IAS 1 "Presentation of Financial Statements" and IAS 7 "Cash Flow Statement" which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value and are not restricted as to use.

3.11 Liabilities and Basis of their Valuation

3.11.1 Liabilities for Expenses and Finance

Liabilities are recognized for amounts to be paid in future for goods and services received, whether or not billed by the supplier.

3.11.2 Financial Liability

All other financial liabilities are recognized initially on the transaction date at the Company becomes a party to the contractual provision of the liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities include loans and borrowing, accounts payables and other payables.

(a) Loans and Borrowings

Principal amounts of the loans and borrowings are stated at their amortized amount. Borrowings repayable after twelve months from the date of statement of financial position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest and other charges are classified as current liabilities.

(b) Payables

The Company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

3.11.3 Provisions

The preparation of the financial statements in conformity with the International Accounting Standards IAS-37 "Provision, Contingent Liabilities and Contingent Assets" requires management to make estimates and assumptions that effect of the reported amounts of revenue and expenses, assets and liabilities and the disclosure requirements for contingent assets and liabilities at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS-37, provisions were recognized in the following situations:

- i) When the company has a present obligation as a result of past event;
- ii) When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- iii) Reliable estimates can be made of the amount of obligation.

The provisions have been made in the accounts at an appropriate level with regard to an adequate risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the balance sheet date.

And the nature of the obligation and the expected time of any resulting outflows of economic benefit of the company in case of wages, salary and other obligations against expenses will be paid within the next twelve months.

3.12 Statement of Cash Flows

The Statement of Cash Flow has been prepared in accordance with the requirements IAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and considering the provisions of Paragraph 19 of IAS 7 which provided that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

3.13 Income Tax Expenses

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the comprehensive income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(a) Current Tax

Income tax is calculated and provision has been made in accordance with IAS -37 on taxable income.

(b) Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit.

Considering the practices generally followed in Bangladesh the company have been reserved deferred tax assets or deferred tax liabilities in accordance with IAS 12 "Income Tax".

3.14 Borrowing Costs

In compliance with the requirements of IAS 23 "Borrowing Costs" borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs are recognized as expenses in the period in which they incurred and capitalized the same that incurred before commencement of commercial operation.

3.15 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company. Contingent liabilities and assets are not recognized on the statement of financial position of the Company.

3.16 Related party disclosure

As per IAS-24 parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties. At the end of financial year as on 30.06.2020 intercompany balance were following;

Sl.	Related Party	Accounting Head	Amount
1.	Aftab Automobiles Ltd. (MU)	Receivable	3,756,923
2.	Navana Ltd.	Current Account	1,447,100,300
3.	Aftab Automobiles Ltd.	Inter Company Liabilities	1,331,361,368

Key management personnel compensation package

Key management personnel compensation package has been disclosed in the preparation of financial statement as per IAS-24, Para-17.

Key Management Personnel During the year FY 2019-2020

Name	Designation	Short term benefits		Post Employment benefit	Other long term benefit	Termination benefit	Share based benefit
		Remuneration /salary (taka)	Bonus				
Muhammed Osman	GM, Sales & Marketing	1,620,000	148,500	n/a	n/a	n/a	n/a
Mr. Saleh Ahmmad	AGM (F & A), FCMA	986,400	90,420	n/a	n/a	n/a	n/a

3.17 Earnings per Share (EPS)

Earnings per Share (EPS) is calculated in accordance with the International Accounting Standard IAS-33 "Earnings per Share".

Earnings per Share have been calculated by dividing the earnings attributable to the weighted average number of ordinary shares outstanding during the year.

3.18 Employees Benefit Plans

Provident Fund Benefit

The Company has applied to recognized contributory provident fund scheme. The fund will wholly administered by a Board of Trustees.

Workers Profit Participation Fund

The Company makes a regular allocation of 5% on Net Profit before tax to these funds and payment is made to the workers as per provisions of Labour Law 2006 Chapter-15.

3.19 Financial risk management & others risk management

The company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze these risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adhere to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company has exposure to the following risk:

- a. Credit risk
- b. Interest Rate Risk
- c. Market Risk
- d. Liquidity risk
- e. Internal Control and Compliance Risk
- f. Information and Communication Technology Security Risk

3.20 General

Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.

		Amount in BDT	
		30.06.2020	30.06.2019
4.00	Non-Current Assets	928,257,957	951,990,076
	This is made up as follows:		
	4.01 Property, Plant & Equipments	844,052,976	870,854,090
	4.02 Capital Work-In-Progress	84,204,981	81,135,986
		<u>928,257,957</u>	<u>951,990,076</u>
4.01	Property, Plant and Equipment(Carrying Amount)	844,052,976	870,854,090
	This is made up as follows:		
	Land & Land Development	403,274,203	403,274,203
	Building	127,170,644	129,554,018
	Plant & Machinery	201,746,505	214,691,207
	Tools & Equipments	24,667,846	29,895,729
	Office Equipment	20,657,975	21,603,713
	Furniture & Fixture	12,714,252	14,077,626
	Transport Vehicles	14,342,200	15,112,125
	Electric line Installation	8,781,827	9,742,169
	Office Decoration	17,239,740	18,970,267
	Gas line Installation	13,457,784	13,933,034
		<u>844,052,976</u>	<u>870,854,090</u>
4.02	Capital work in progress	84,204,981	81,135,986
	This is made up as follows:		
	Opening balance	81,135,986	11,067,993
	Add : Addition made during the period / year	3,068,995	70,067,993
		<u>84,204,981</u>	<u>81,135,986</u>
	Less: Transferred to Property ,plant & equipment	-	-
		<u>84,204,981</u>	<u>81,135,986</u>
	Capital work-in-progress represents Land and Land Development, civil constructions etc.		
5.00	Current Assets	3,407,889,303	2,365,690,351
	This is made up as follows:		
	5.01 Receivables -Current Maturity	668,039,454	669,019,426
	5.02 Stock and Stores	989,243,297	932,600,889
	5.03 Advances, Deposits & Pre-payments	1,742,324,428	756,666,256
	5.04 Cash and Cash Equivalents	8,282,123	7,403,780
		<u>3,407,889,303</u>	<u>2,365,690,351</u>
5.01	Receivables - Current Maturity	668,039,454	669,019,426
	This is made up as follows:		
	Receivable Current (Maturity less than 12 Months)	668,039,454	669,019,426
		<u>668,039,454</u>	<u>669,019,426</u>
5.02	Stock and Stores	989,243,297	932,600,889
	This is made up as follows:		
	Finished Stock	204,693,950	189,622,074
	Raw Materials	354,191,188	448,753,800
	Work-in-Process	272,727,565	144,618,039
	Goods in Transit	157,630,594	149,606,976
		<u>989,243,297</u>	<u>932,600,889</u>

5.03 Advances, Deposits & Pre-payments	1,742,324,428	756,666,256
This is made up as follows:		
Advance to suppliers	168,566,354	199,068,326
Advance to employees	35,788,263	24,778,255
Advance to others	86,761,302	69,751,801
Deposits	48,351,334	33,550,334
Current Account with VAT	103,224,070	98,463,467
Advance for Capital Asset	950,000,000	0
Income Tax Deducted at Source	349,633,105	331,054,073
	1,742,324,428	756,666,256
The above advance for Capital Asset in respect of advances for floor purchase in gulshan area, total investment in this regard has estimated Tk. 400 crore.		
5.03.a Income Tax Deducted at Source	349,633,105	331,054,073
This is made up as follows:		
Opening balance	331,054,073	303,780,076
Add: during the year	18,579,032	27,273,997
	349,633,105	331,054,073
Less: Adjustment	-	-
	349,633,105	331,054,073
The above amount was deducted at the import point as well as from the Bills in different times at Advance paid to suppliers against work order and considered good. Advance to employees against		
5.04 Cash & Cash Equivalents	8,282,123	7,403,780
This is made up as follows:		
Cash in Hand Factory	1,491,369	1,005,216
Cash Balance of Sales Center	2,184,836	2,646,914
Cash at Bank	4,605,918	3,751,650
	8,282,123	7,403,780
6.00 Authorized Capital	500,000,000	500,000,000
50,000,000 Ordinary Shares of Tk. 10/- each.		
7.00 Equity Attributable to Equity Holders	757,016,687	760,924,658
This is made up as follows:		
7.01 Share Capital	183,702,690	183,702,690
7.02 Retained Earnings	573,313,997	577,221,968
	757,016,687	760,924,658
7.01 Share Capital	183,702,690	183,702,690
This is made up as follows:		
Ordinary Shares 18,370,269 Shares of Taka 10/- each.		
Aftab Automobiles Ltd.	183,602,690	183,602,690
Non-Controlling Interest (Sponsors)	100,000	100,000
	183,702,690	183,702,690
7.02 Retained Earnings	573,313,997	577,221,968
This is made up as follows:		
Opening Balance	577,221,968	573,561,877
Add: during the year	(3,907,971)	3,660,091
	573,313,997	577,221,968
Less: Adjustment	-	-
	573,313,997	577,221,968

8.00	Non-Current Liabilities	1,564,627,934	1,447,192,204
	This is made up as follows:		
	8.01 Deferred Tax Liability	54,385,745	59,893,710
	8.02 Long Term Loan-Non-Current Maturity	1,510,242,189	1,387,298,494
		1,564,627,934	1,447,192,204
8.01	Deferred Tax Liability	(5,507,965)	8,401,245
	This is made up as follows:		
	Accounting WDV	844,052,976	870,854,090
	Tax WDV	657,833,684	697,317,165
	Temporary Timing Difference	186,219,292	173,536,925
	Deferred Tax 32.5%/(35%)	60,521,270	60,737,924
	Less: Unabsorbed Depreciation	(6,135,525)	(844,214)
	Current year deferred tax	54,385,745	59,893,710
	Opening deferred tax	59,893,710	51,492,465
	Deferred tax expense	(5,507,965)	8,401,245
8.02	Long Term Loan-Non-Current Maturity	1,510,242,189	1,387,298,494
	This is made up as follows:		
	Trust Bank Ltd.	411,323,083	394,011,750
	Dutch-Bangla Bank Ltd.	686,040,284	666,661,025
	Social Islami Bank Ltd.	61,285,348	-
	Agrani Bank Ltd.	803,579,211	778,406,932
	NCC Bank Ltd.	7,362,632	10,651,619
	Hajj Finance Company Ltd.	44,065,694	
		2,013,656,253	1,849,731,326
	Less: Long Term loan-Current portion	503,414,063	462,432,831
	Long Term loan-Net of current portion	1,510,242,189	1,387,298,494
9.00	Current Liabilities	3,461,602,940	2,009,905,908
	This is made up as follows:		
	9.01 Long Term Loan-Current Maturity	503,414,063	462,432,831
	9.02 Short Term Loan	1,393,912,757	925,775,987
	9.03 Inter Company Liabilities-Aftab Automobiles Ltd.	1,331,361,368	381,661,368
	9.04 Accrued and Other Current Liabilities	232,914,751	240,035,722
		3,461,602,940	2,009,905,908
9.01	Long Term Loan-Current Maturity	503,414,063	462,432,831
	This is made up as follows:		
	Trust Bank Ltd.	411,323,083	394,011,750
	Dutch-Bangla Bank Ltd.	686,040,284	666,661,025
	Social Islami Bank Ltd.	61,285,348	-
	Agrani Bank Ltd.	803,579,211	778,406,932
	NCC Bank Ltd.	7,362,632	10,651,619
	Hajj Finance Company Ltd.	44,065,694	
		2,013,656,253	1,849,731,326
	Less: Long Term loan-Current portion	503,414,063	462,432,831
	Long Term loan-Net of current portion	1,510,242,189	1,387,298,494

9.02 Short Term Loan	1,393,912,757	925,775,987
This is made up as follows:		
NCC Bank Ltd.	50,387,922	61,161,620
Mercantile Bank Ltd.	246,217,534	10,314,910
Southeast Bank Ltd.	714,799,683	684,528,623
Modhumoti Bank Ltd.	145,236,866	
Al-Arafah Islami Bank Ltd.	71,234,641	-
Shahjalal Islami bank Ltd.	166,036,111	169,770,834
	1,393,912,757	925,775,987
9.03 Inter Company Liabilities-Aftab Automobiles Ltd.	1,331,361,368	381,661,368
The above amount is payable against Inter Company transactions.		
9.04 Accrued and Other Current Liabilities	232,914,751	240,035,722
This is made up as follows:		
For goods supplied	5,842,487	6,742,387
For expenses	21,064,772	25,505,403
For income tax	195,666,017	192,446,253
For Bad Debts	5,176,851	6,176,851
For other finance	5,164,624	9,164,827
	232,914,751	240,035,722
10.00 Revenue	535,647,366	860,649,878
	535,647,366	860,649,878
11.00 Cost of Goods Sold	395,324,285	652,944,366
This is made up as follows:		
Raw Materials Consumed	451,719,171	602,515,959
Direct Materials	7,512,744	6,911,777
Total consumption	459,231,915	609,427,736
Add: Opening WIP	144,618,039	97,046,649
	603,849,954	706,474,385
Less: Closing WIP	272,727,565	144,618,039
	331,122,389	561,856,346
Factory Overhead	79,273,772	104,278,058
Cost of Production	410,396,161	666,134,403
Finished Products (Opening)	189,622,074	176,432,037
	600,018,235	842,566,440
Finished Products (Closing)	204,693,950	189,622,074
	395,324,285	652,944,366
11.01 Raw Materials Consumed	451,719,171	602,515,959
This is made up as follows:		
Opening stock	448,753,800	378,588,529
Purchases	357,156,559	672,681,230
	805,910,359	1,051,269,759
Closing stock	354,191,188	448,753,800
	451,719,171	602,515,959

11.02 Factory Overhead

This is made up as follows:

	79,273,772	104,278,058
Salary, Wages and allowances	8,001,393	9,559,001
Liveries & Uniform	-	276,900
Telephone & Mobile	150,184	341,932
Fuel & Lubricants for Generator	263,000	718,525
Travelling & Conveyance	55,556	155,919
Entertainment	19,089	27,194
Office exp.	50,925	52,926
Repairs & Maintenance	42,572	174,769
Electricity Expenses	25,315,108	40,674,978
Night allowance	430,550	534,800
Canteen Subsidy	873,457	1,665,524
Eid Gratia		28,687
Insurance Exp	1,869,880	3,567,681
Gas bill	1,130,379	1,877,931
Welfare expenses	2,650	147,301
Carrying & Handling	196,120	318,951
Car Maintenance	92,500	91,915
Security Expenses	1,683,378	3,990,631
Chemicals	88,080	37,815
Store & spares	10,294	132,160
Foreign Technician Remu.	-	1,604,873
Annual picnic	-	371,816
Screen Printing	11,780	70,965
Labour Charges	87,398	193,729
Laboratory Exps	138,312	174,091
Generator Maintenance	33,899	36,950
Fire Extinguisher	53,405	46,255
Depreciation	38,673,863	37,403,840
	79,273,772	104,278,058

12.00 Administrative Expenses

This is made up as follows:

	7,000,745	16,864,490
Salary and allowances	4,588,293	9,112,822
Entertainment	24,300	58,432
TA and Conveyance	80,196	137,917
Travelling Exp - Foreign		-
Car maintenance	15,907	153,178
Stationery	4,705	51,981
Fees and Registration	30,950	321,620
Telephone	251,400	402,021
Office Rent	622,107	1,299,179
Bank Guarantee & Charge documents	14,874	30,775
Audit fees	50,000	11,500
Paper & peoridicals	2,637	2,358
Postage & Telegram		-
Directors / Professionals	129,750	131,250
Electricity Bill	-	158,932
Office maintenance	14,200	82,936

Maintenance	37,150	98,088
Carrying & Handling		-
ISO Audit	274,557	135,000
Guest House Maintenance	300	1,020
Membership Fee & Others	-	-
Depreciation	859,419	4,675,480
	7,000,745	16,864,490
13.00 Selling and Distribution Expenses	22,434,494	52,221,455
This is made up as follows:		
Salary & Allowance	13,094,533	29,795,716
Fuel & Lubricant	197,078	645,765
Promotional Exps	431,784	309,601
Delivery Exps	758,266	991,801
Rent (Showrooms)	1,651,287	6,524,247
Conveyance	74,220	73,061
Entertainment	135,174	354,707
Stationery	62,748	29,988
Telephone	93,635	121,249
Publicity Exp.	-	33,436
Fees & Registration	77,558	472,578
Maintenance	94,583	88,575
Car Maintenance	187,736	272,442
Electrical Expenses	987,591	2,002,541
Postage & Telegram	79,018	73,216
Papers & Periodicals	25,903	39,108
Bank Charges	45,643	48,953
Security Guard salary	604,835	2,884,778
Office Maintenance	82,321	84,005
Acid Purchases	71,798	330,154
Transportation Charges	-	996,748
Utility Bill (WASA)	61,428	384,495
Gift & Donation	76,859	86,606
Bad debts	-	538,501
Chemical exps	10,750	1,920
Dealer conference Exp.	62,582	337,937
Others	29,487	23,848
Depreciation	3,437,677	4,675,480
	22,434,494	52,221,455
14.00 Income Tax Expenses		
This is made up as follows:		
Profit before Tax	(6,196,172)	16,059,981
Add: Accounting Depreciation	42,970,959	46,754,801
Less: Tax Depreciation	(55,653,326)	(65,226,821)
Adjusted Profit for tax calculation	(18,878,539)	(2,412,040)
Tax @ 32.5 % ((35%) transferred to Compreh. Income statement))	(6,135,525)	(844,214)
Normal Tax liability @ 32.5% on profit before tax	-	-
Minimum Tax liabilities @ 0.6% on gross received or	3,219,764	3,998,644
Current Tax Liabilities (whichever is higher)	3,219,764	3,998,644

14.01	Net profit after tax	(3,907,971)	3,660,092
	Number of ordinary share	18,370,269	18,370,269
	Earning per share (EPS)	(0.21)	0.20
15.00	Cash Flows from Operating Activities		
	Net profit/(loss) before interest & income tax during the year	110,887,842	137,816,567
	Adjustment to reconcile net income to net cash provided by operating Activities		
	Depreciation	42,970,959	46,754,801
	Income tax expenses	(18,579,033)	(3,998,644)
	Changes in current assets and liabilities		
	Advance,deposits & prepayments	(17,079,140)	(63,778,018)
	Trade Receivables	979,972	(194,209,171)
	Inventories	(56,642,408)	(131,505,761)
	Accrued and other liabilities	(10,340,734)	1,654,154
	Net cash flow from operating activities	52,197,459	(207,266,072)
	Net operating cash flow per share	2.84	(11.28)

NAVANA BATTERIES LIMITED
 Schedule of Property Plant and Equipment
 For thr year ended June 30, 2020

Schedule- A

Particulars	Cost			Rate of Dep.	Depreciation			Carrying Amount	
	As at 01.07.19	Addition During the year	Adj. During the Year		As at 01.07.19	Charged During the period	Adj. During the Year	As at 30.06.20	As at 30.06.19
Land & Land Development	403,274,203			-	-	-	-	403,274,203	403,274,203
Building	154,253,446	871,823		2.50%	24,699,428	3,255,197	-	127,170,644	129,554,018
Plant & Machinery	398,849,990	9,215,588		10%	184,158,783	22,160,290	-	201,746,505	214,691,207
Tools & Equipments	85,832,877	883,838		20%	55,937,148	6,111,722	-	24,667,846	29,895,729
Office Equipment	40,550,600	1,313,118		10%	18,946,887	2,258,855	-	20,657,975	21,603,713
Furniture & Fixture	22,809,394	47,988		10%	8,731,768	1,411,362	-	12,714,252	14,077,626
Transport Vehicles	48,693,144	2,650,000		20%	33,581,019	3,419,925	-	14,342,200	15,112,125
Electric Line Installation	14,731,508	15,000		10%	4,989,339	975,342	-	8,781,827	9,742,169
Office Decoration	25,888,411	180,000		10%	6,918,144	1,910,527	-	17,239,740	18,970,267
Gas Line Installation	20,677,880	992,490		10%	6,744,846	1,467,740	-	13,457,784	13,933,034
Total	1,215,561,453	16,169,845			344,707,363	42,970,959	-	844,052,976	870,854,090

Depreciation Charged to:

Cost of Goods Sold (Factory O/H)

Administrative

Selling & Distribution

Amount (Tk.)

38,673,863

859,419

3,437,677

42,970,959

NAVANA BATTERIES LIMITED
Schedule of Property Plant and Equipment (TAX BASE)
For thr year ended June 30, 2020

Schedule- B

Particulars	Cost			Rate of Dep.	Depreciation			Carrying Amount	
	As at 01.07.19	Addition During the year	Adj. D. the Year		As at 01.07.19	Charged During the period	Adj. Durin g the Year	As at 30.06.20	As at 30.06.19
Land & Land Development	403,274,203			-	-	-	-	403,274,203	403,274,203
Building	154,253,446	871,823		20%	102,254,943	10,530,474	-	42,339,852	52,870,326
Plant & Machinery	398,849,990	9,215,588		20%	272,603,679	26,631,600	-	108,830,298	135,461,899
Tools & Equipments	85,832,877	883,838		20%	86,716,715	6,111,722	-	62,048,869	30,779,568
Office Equipment	40,550,600	1,313,118		10%	41,863,718	2,258,855	-	21,205,743	22,916,830
Furniture & Fixture	22,809,394	47,988		10%	8,731,769	1,411,362	-	10,143,130	14,125,613
Transport Vehicles	48,693,144	2,650,000		20%	33,581,019	3,419,925	-	14,342,200	17,762,125
Electric Line Installation	14,731,508	15,000		20%	8,370,353	1,274,481	-	5,101,674	6,376,155
Office Decoration	25,888,411	180,000		10%	6,918,145	1,910,527	-	17,239,739	19,150,266
Gas Line Installation	20,677,880	992,490		20%	10,900,344	2,104,381	-	8,665,646	10,770,026
Total	1,215,561,453	16,169,845			518,244,288	55,653,326	-	657,833,684	713,487,010



aftab automobiles limited

125/A, Motijheel C/A Dhaka-1000

Proxy Form

I/We.....of
.....being
a member of Aftab Automobiles Limited do hereby appoint Mr./Mrs.
of
as my/our proxy to attend and vote for me/us and on my/our behalf at the 40th Annual General Meeting of the Company to
be held on Tuesday, 29 December 2020 at 10:00 a.m. under Digital Platform and at any adjournment thereof.

Revenue Stamp
Taka 20.00

Name of Shareholder

Name of Proxy.....

No. of Shares held.....

Signature of Proxy.....

Folio No.....

Date.....

B.O. A/C. No.

--	--	--

--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature of Shareholder

Cell.....

Signature Verified

Authorized signatory

Note :

A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her behalf. The Proxy Form, duly stamped must be deposited at the Registered Office of the Company atleast 48 hours before the meeting.

aftab automobiles limited

Registered Office :
Islam Chamber, 125/A, Motijheel C/A, Dhaka, Bangladesh.

