

Annual Report- 2019



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 for the year ended 30 June 2019


Dear Sir(s),

We are pleased to enclose a copy of Annual Report 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 2019 along with 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 Directors

M. Obaidur Rahman, FCA

Syed Masud Hasan

### Company Secretary

Mohammad Jaman Khan ACS

### Chief Financial Officer

Kazi Ehsanul Huq FCA

### Head of Internal Audit and Compliance

Muhammad Abidur Rahman FCA

### Subsidiary Company

Navana Batteries Limited

Vehicle Assembling and Navana Batteries Plant  
Fouzderhat Heavy Industrial Estate, Chittagong

Bus-body Fabrication Plant

Coatbari, Dipnagar, Gabtoli  
Mirpur, Dhaka, Bangladesh

### Legal Advisor

Abdur Razzaque & Associates  
Barristers & Advocates

### Audit Committee

M. Obaidur Rahman, FCA- Chairman

Sajedul Islam- Member

Syed Masud Hasan- Member

### Nomination and Remuneration Committee

M. Obaidur Rahman, FCA - Chairman

Sajedul Islam - Member

Syed Masud Hasan - Member

### External Auditors

Ata Khan & Co.

Chartered Accountants

### Corporate Governance Compliance Auditors

Atik Khaled Chowdhury

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, Bangladesh.

### Commercial Office

House#16/B, Road#93,

Gulshan-2, Dhaka, Bangladesh

### Registered Office

125/A, Motijheel C/A,

Dhaka, Bangladesh

e-mail: [info@aftabautomobiles.com](mailto:info@aftabautomobiles.com)

Website: [www.aftabautomobiles.com](http://www.aftabautomobiles.com)

# CONTENTS

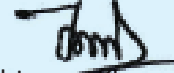
04	Notice of the 39 <sup>th</sup> Annual General Meeting	
05	Message from the Chairman	
07	Directors Report	
13	Highlights of Financial and Key Operating Data	
14	Graphical Presentation	
15	Statement of Corporate Governance	
17	Declaration by MD and CFO	
18	Certificate of Compliance to the Shareholders	
19	Report on Compliance on Corporate Governance Code	
28	Audit Committee	
29	Audit Committee Report	
30	Nomination & Remuneration Committee	
		33
		37
		41
		58
		62
		66
		82
		84
		88
		99

## Notice of the 39<sup>th</sup> Annual General Meeting

Notice is hereby given that the 39<sup>th</sup> Annual General Meeting (AGM) of the Shareholders of Aftab Automobiles Limited will be held on Monday, 23 December 2019 at 9:30 AM at Senamalancha, Dhaka Cantonment (Western Side of Naval Headquarters), Airport Road, Dhaka to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June 2019 together with Auditors' Reports and Directors' Reports thereon.
2. To declare Dividend for the year ended 30 June 2019.
3. To re-elect Directors.
4. To appoint External Auditors for the year ended 30 June 2020 and fix their remuneration.
5. To appoint Corporate Governance Compliance Auditors for the year ended 30 June 2020 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  
26 October 2019

### 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. 25 November 2019 will be entitled to attend the AGM and receive dividend.
- b) Attendance to the AGM will be on production of the Attendance Slip.
- 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 2019 of Aftab Automobiles Limited will be sent to the respective Shareholders' email IDs available on Record Date. The copy of Annual Report 2019 will be available in the Company's website [www.aftabautomobiles.com](http://www.aftabautomobiles.com).

সম্মানিত শেয়ারহোল্ডারবৃন্দের সদয় অবগতির জন্য জানানো যাচ্ছে যে, Bangladesh Securities and Exchange Commission এর বিধি-নিষেধ থাকায় আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/আপ্যায়নের ব্যবস্থা থাকবে না।



## Message from the Chairman

**Dear Shareholders,  
Assalamu Alaikum,**

I take the opportunity to welcome you all to the 39<sup>th</sup> 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 2019.

You are aware that now a day the Business in the transport sector is very competitive. Your Assembling Unit has assembled 231 Units of Hino Diesel Bus chassis. Your management is working hard to get more market share in this sector.

The Bus Body Fabrication Unit has fabricated 159 Units of non-air conditioned and air conditioned Hino Buses.

Navana Batteries Limited, subsidiary of Aftab Automobiles Limited has produced 12,560 nos. various types of Batteries in conformity with market demand.

The Motorcycle Unit has assembled 7,875 units of motorcycles. Hopefully in the next financial year, the quantity will be significantly increased.

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 read 'Shafiul Islam'.

**(Shafiul Islam)**  
Chairman

# চেয়ারম্যান এর বিবৃতি

প্রিয় শেয়ারহোল্ডারবৃন্দ,  
আসসালামু আলাইকুম।

আমি আপনাদের সবাইকে আফতাব অটোমোবাইলস্ লিমিটেড এর ৩৯তম বার্ষিক সাধারণ সভায় স্বাগত জানাচ্ছি এবং বিগত ৩০ জুন ২০১৯ তারিখে সমাপ্ত অর্থবছরে কোম্পানীর কার্যক্রমের একটি সংক্ষিপ্ত বিবরণ উপস্থাপন করছি।

আপনারা অবগত আছেন যে, বর্তমানে পরিবহন সেক্টরের ব্যবসা খুবই প্রতিযোগিতামূলক। কোম্পানীর সংযোজন ইউনিটে ২৩১টি হিনো ডিজেল বাস চেসিস সংযোজিত হয়েছে। আপনাদের ব্যবস্থাপনা কর্তৃপক্ষ আগামী অর্থবছরে আরো বেশী সংখ্যক গাড়ী বিক্রয়ের জন্য প্রচেষ্টা চালিয়ে যাচ্ছে।

বাস-বডি নির্মাণ ইউনিটটিতে ১৫৯টি এয়ারকন্ডিশড ও নন-এয়ারকন্ডিশড হিনো ডিজেল বাস তৈরী করা হয়েছে।

আফতাব অটোমোবাইলস্ লিমিটেড এর সাবসিডিয়ারী “নাভানা ব্যাটারীজ লিমিটেড” এ বিভিন্ন ধরনের ১২,৫৬০টি ব্যাটারী উৎপাদন করা হয়েছে।

মোটরসাইকেল ইউনিটটিতে ৭,৮৭৫টি মোটরসাইকেল সংযোজন করা হয়েছে। আমরা আশাবাদী আগামী অর্থবছরে এর উৎপাদন বহুলাংশে বৃদ্ধি পাবে।

আমি আশা করি কোম্পানীর শেয়ারহোল্ডারবৃন্দ, গ্রাহক, পৃষ্ঠপোষক ও অন্যান্য শুভকাজীদের অব্যাহত সমর্থন ও সহযোগিতা আগামীতেও অব্যাহত থাকবে।



(শফিউল ইসলাম)  
চেয়ারম্যান



# Directors' Report to the Shareholders

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## Dear Shareholders,

I take the opportunity, to place before you the Directors' Report on behalf of the Board of Directors and the Auditors' Report alongwith the Audited Financial Statements of Aftab Automobiles Limited for the year ended 30 June 2019.

## Principal Activities

The Principal activities of the Company during the year is summarized hereunder :

### Vehicle Assembling Unit

This Unit has assembled a total of 231 units of Hino Diesel Bus chassis, Model: AK1JMKA. The unit has contributed an amount of Tk. 113.31 crore to the Company's turn-over.

### Bus Body Fabrication Unit

This Unit has fabricated 159 units of Hino air-conditioned and non-air-conditioned bus body. An amount of Tk. 26.47 crore has been contributed to the sales of the Company.

### Motorcycle Unit

This Unit has assembled 7,875 units of motorcycles and added an amount of Tk. 55.96 crore to the Company's sales.

## Industry Outlook and Possible Future Development

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

### Bus

Sales of commercial vehicles are growing rapidly in Bangladesh and also increasing economic activities in the last one decade. According to Bangladesh Road Transport Authority (BRTA), Bangladesh has over 63,000 registered buses operating throughout the country. A study on the overall transport sector reveal that buses accommodating over 30% of all the trips made annually by the people. Bus operators are controlled by large fleet owners throughout the country and demand is dominated by non-air-conditioned bus. However, there is a growing demand for luxury air-conditioned buses owing to the increasing hot weather conditions, air pollution and growing income levels.

### Motorcycle

The motorcycle & scooters market has achieved more than 10% growth year on year for the last 2 years. Demand is driven by increasing income, desire for personal transport, insufficient public transport, traffic condition etc. Motorcycle transport is inexpensive and fast making it a desired option among young generation, middle income household and city dwellers. Growth has been facilitated by government policy which promotes local manufacturing of motorcycles by providing duty benefit to qualified manufacturers. This growth is expected to continue since demand is ever increasing. Most of the major players in the market have already set up their own manufacturing plant due to duty difference between trading and manufacturing.

## Risk and Concern

Our business may also be affected by risk and uncertainties. Presently, not known to us or that we currently believe to be immaterial.



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

Amount in '000' taka

Particulars	June 30, 2019	June 30, 2018
Revenues (Turnover)	2,818,043	4,813,708
Cost of goods sold	2,115,826	3,868,847
Gross profit	702,217	9,44,861
Net profit for the year after tax	120,087	256,474

### Margin Analysis

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

	2019	2018
Gross Profit	24.92%	19.63%
Net Profit	4.26%	5.33%

### Extra-Ordinary Events

No events of extra ordinary gain or loss which would require adjustment or disclosure in the financial statements occurred during the reporting period.

### Variance between the Quarterly and Annual Financial Statements

Variance in financial performance from quarter to quarter have been considered usual based on variation of economic activities. It is not always happens to be same. However, Variance in sales revenue did not resulted any mismatch with EPS.

### Board of Directors Meetings

Total 10 (ten) meetings held by the Board of Directors during the year 30 June 2019.

Name of Directors	Board Meeting attended
Mr. Shafiul Islam	8
Mrs. Khaleda Islam	4
Mr. Saiful Islam	6
Mr. Sajedul Islam	10
Ms. Farhana Islam	4
Mr. M. Obaidur Rahman	5
Mr. Ekramul Haq, Independent Director (upto 12.12.2018)	2
Mr. Syed Masud Hasan, Independent Director (from 12.12.2018)	3

### Recommendations for Re-election

In terms of Article 125 and 126 of the Articles of Association of the Company, Mr. Sajedul Islam and Ms. Farhana Islam, Directors retire by rotation from the Board in the 39th 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.

### Mr. Sajedul Islam

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

Navana Limited., Navana Real Estate Limited, Navana Construction Ltd., Navana Engineering Limited, Navana Welding Electrode Limited, Navana Foods Ltd., Navana Electronics Ltd., Navana Toyota Service Center Ltd., Navana Furniture Ltd., Navana Interlinks Ltd., The Essential Industries Ltd., Eastern Printing Press Ltd., Kenhill Paper Mills Ltd., Biponon Ltd., Navana Logistics Ltd., Navana Renewable Energy Ltd., Navana Building Products Ltd.

### **Ms. Farhana Islam**

Names of companies in which Ms. Farhana Islam also holds the directorship:

Navana Limited., Navana Real Estate Limited, Navana Construction Ltd., Navana Engineering Limited, Navana Welding Electrode Limited, Navana Foods Ltd., Navana Electronics Ltd., Navana Toyota Service Center Ltd., Navana Furniture Ltd., Navana Interlinks Ltd., The Essential Industries Ltd., Eastern Printing Press Ltd., Kenhill Paper Mills Ltd., Biponon Ltd., Navana Logistics Ltd., Navana Renewable Energy Ltd., Navana Building Products Ltd.

### **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 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 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 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 strong internal Audit Department to ensure effective internal control mechanism. The Audit Committee always gives their suggestion and recommendation for official accomplishment of their work as and when required.

### **Going Concern**

There are no significant 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 the going concern basis.

### **Significant Variance deviations from the Last year's Operating Result**

Significant contributory to reduction of profit compared to previous year was 41% reduction in sales revenue, whereas expenses were almost fixed and increased to some extent. Reasons for dropping the sales are mainly company's policy to discourage credit sale and encourage cash sale and slow-down of private investment in transport sector.

### **Consolidated Financial Result and Appropriation of Profit:**

The consolidated financial results for the year ended 30 June 2019 is given hereunder comparing with the previous year ended on 30 June 2018.

[amount in taka]

Particulars	June 30, 2019	June 30, 2018
Retained Earnings Brought Forward	2,854,661,684	2,720,243,834
Add: Net Profit for the year after tax	120,085,308	249,296,756
Recommended for appropriations:		
Cash Dividend @ $\frac{2019}{10\%}$ $\frac{2018}{12\%}$	(68,524,324)	(114,878,906)
Un appropriated profit carried forward	2,906,222,668	2,854,661,684

### Aftab Automobiles Limited (AAL)

The operating results of AAL for the year ended 30 June 2019 is given hereunder compared to results of the previous year ended on 30 June 2018

[amount in taka]

Particulars	June 30, 2019	June 30, 2018
Turnover	1,957,393,139	3,359,756,688
Gross Profit	494,511,587	668,259,731
Net Profit for the year after tax	120,085,308	256,456,025
Earnings Per Share (EPS)	1.25	2.68
Net Assets Value Per Share (NAVPS)	60.95	60.89
Net Operating Cash Flow Per Share (NOCFPS)	3.74	(0.63)

### Subsidiary Company of AAL– Navana Batteries Limited (NBL)

Navana Batteries Limited is a fully owned subsidiary company of Aftab Automobiles Limited (AAL). The operating results of NBL for the year ended 30 June 2019 comparing with previous year ended on 30 June 2018 are given below:

Particulars	June 30, 2019	June 30, 2018
Turnover	860,649,878	1,453,951,709
Gross Profit	207,705,511	276,601,512
Net Profit After Tax	3,660,091	32,231,423
Earnings Per Share (EPS)	0.20	1.75
Net Assets Value Per Share (NAVPS)	41.42	41.22

### Investment in the associated company

#### Navana Real Estate Limited

Aftab Automobiles Limited is holding =60,00,000= shares of Tk. 10/- each of Navana Real Estate Limited at present. 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 2018 stood at Tk. 2.76 and Tk. 56.36 per share respectively.

### Corporate Governance Compliance

The Company also 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: Annexure-D
- Highlights of Financial key operating data in Page no. 13: Annexure-E

### **Next Year Plan**

The Vehicle Assembling Unit of the Company is expected to assemble 440 units of Hino Diesel Bus Chassis.

The Bus Body Fabrication Unit is expected to fabricate around 175 units of Bus Body in the next financial year.

The Motorcycle unit is expected to assemble 30,000 units of various types of Benelli and Keeway Brand motorcycles as per market demand.

### **Dividend**

The Board of Directors of Aftab Automobiles Limited has recommended cash dividend @ 10% to the general shareholders only (excluding sponsors and directors) for the year ended 30 June 2019. The sponsors and directors surrendered their portion of dividend for better growth of the Company.

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. 25 November 2019 will be entitled to the dividend, subject to approval in the Annual General Meeting of the Company scheduled to be held on 23 December 2019.

### **Appointment of External Auditors**

The Board of Directors in a meeting dated 18 November 2019 recommended to appoint A. Hoque & Co., Chartered Accountants for conducting audit of Aftab Automobiles Limited for the year 30 June 2020 subject to approval by the shareholders in the ensuing Annual General Meeting scheduled to be held on 23 December 2019. The existing auditors Ata Khan & Co., Chartered Accountants expressed their inability to continue as auditors of the Company.

### **Appointment of Compliance Auditors**

The Board of Directors in a meeting dated 18 November 2019 recommended to appoint Ahmed Zaker & Co., Chartered Accountants for conducting Audit on Compliance of Corporate Governance Code for the year 30 June 2020, subject to approval by the shareholders in the ensuing Annual General Meeting scheduled to be held on 23 December 2019.

### **Acknowledgement**

The Company wishes to express its sincere appreciation to all employees of Aftab Automobiles Limited for their contribution and at the same time, thanks all the stakeholders and the concerns for their continued support and confidence.

On behalf of the Board of Directors



**(Saiful Islam)**  
Managing Director

The Pattern of Shareholdings of the Directors and others as on 30 June 2019 are as follows:

	Namewise Details	No. of Shares held
i.	Parent/Subsidiery/Associated Companies and other related parties	
ii.	Directors, Chief Executive Officer(CEO), Company Secretary, Chief Financial Officer, Head of Internal Audit & 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
	M. Obaidur Rahman - Independent Director	Nil
	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)

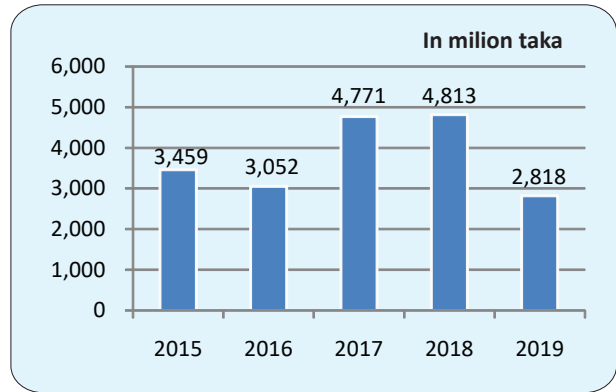
Particulars	2019	2018	2017	2016	2015
Authorized capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Paid-up capital	957,324	957,324	957,324	957,324	957,324
Face Value Per Share	Tk.10/-	Tk.10/-	Tk.10/-	Tk.10/-	Tk.10/-
Shareholders equity	5,834,726	5,829,520	5,673,466	5,367,358	5,198,109
Fixed asset	2,048,456	2,012,035	1,742,323	1,265,524	1,033,688
Turnover (Net)	2,818,043	4,813,708	4,771,209	3,051,578	3,459,065
Gross profit	702,217	944,861	1,064,989	763,416	840,812
Net profit after tax	120,087	256,474	394,535	267,707	291,928
Total comprehensive income for the period/year	120,087	249,297	396,736	276,763	311,101
Operating cash flow per share	3.74	(4.24)	1.32	10.44	(8.29)
Book value per share	60.95	60.89	59.26	56.07	54.30
Earnings per share	1.25	2.68	4.12	2.89	3.05
Cash dividend	10%	12%	16%	15%	16%
Number of shareholders	21,902	22,682	25,898	34,403	39,159

# GRAPHICAL PRESENTATION

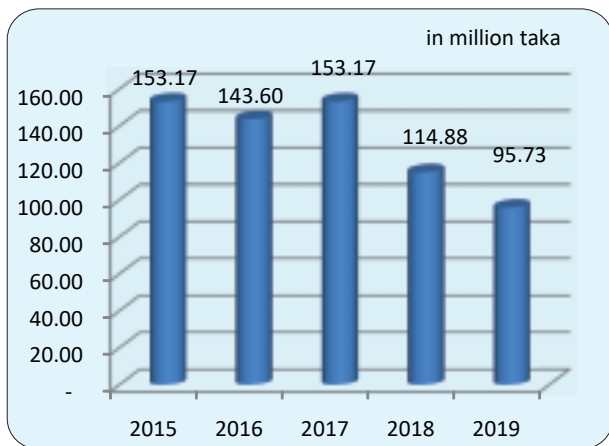
## PRODUCTION (Assembling Unit)



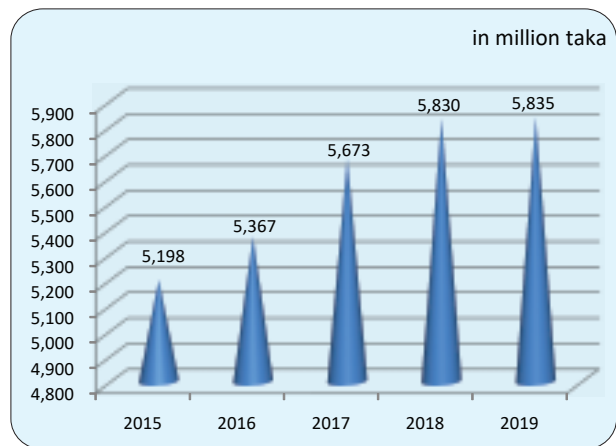
## TURNOVER (Net)



## DIVIDEND



## SHAREHOLDERS EQUITY

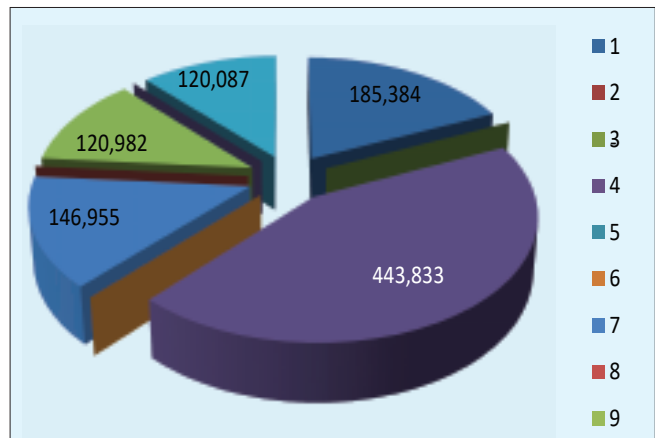


## VALUE ADDED STATEMENT

For the Period ended June 30, 2019

Sale/ Turnover	<b>2,818,043</b>
Bought in- Material & Service	<u>1,800,802</u>
<b>Value Added</b>	<b><u>1,017,241</u></b>
<b>VALUE ADDED</b>	
Application	
to National Exchequer	185,384
to Providers of Loan as Interest & Charges	443,833
to Providers Emp. Salaries Wages & other benefits	146,955
to Providers of Capital- as Dividend	120,982
Reserve & Surplus	120,087
	<b><u>1,017,241</u></b>

## VALUE ADDED GRAPH







# STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance is the system by which companies are directed and controlled by the management to the best interest of the stakeholders. Corporate Governance also clearly defines the rights and responsibilities of the Board of Directors, Management, Shareholders and other Stakeholders. A good corporate reputation is the most valuable asset of a company. The Board of Directors of Aftab Automobiles Limited is committed to maintaining effective corporate governance through a culture of accountability and transparency.

## **Board of Directors**

The Board of Directors comprises of 07 (Seven) members including two Independent Directors. 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.

## **Appointment of Independent Directors**

The Board of Directors appointed two Independent Directors subsequently the Shareholders approved appointment and re-appointment of Independent Directors in 38<sup>th</sup> Annual General Meeting held on 09 December 2018. In selecting Independent Directors, the Company always look for individuals who possess experience; strong inter personal skill and independence. The Board believes that their experience and knowledge assist in providing both effective and constructive contribution to the Board.

## **The Role of the Chairman and Managing Director**

The position of the Chairman and the Managing Director are clearly defined. The responsibility of the Chairman is to provide leadership to the Board and ensure that the Board works effectively & efficiently and discharges its responsibilities as directors of the Company.

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 operating plan that is necessary 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 two Independent Directors, one of them is the Chairman 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 ensuring a good monitoring system within the business.

### **Nomination and Remuneration Committee (NRC)**

The Nomination and Remuneration Committee is a sub-committee of the Board of Aftab Automobiles Limited. The Nomination and Remuneration Committee is comprised of three members of the board including two Independent Directors one of them is the Chairman of the Committee. 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, 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 issued by Bangladesh Securities and Exchange Commission (BSEC).

### **Chief Financial Officer**

Kazi Ehsanul Huq FCA has been appointed as the Chief Financial Officer of Aftab Automobiles Limited. He is responsible for accounts and finance 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.

### **Financial Reporting and Transparency**

Financial Statements have been prepared in line with the International Accounting Standards, Bangladesh Accounting Standards and other legislations as applicable in Bangladesh. Timely publication of quarterly and annual financial statements with comprehensive details as per legal requirements.

### **Statutory Audit**

Statutory Audit of the Company is governed by the Companies Act, 1994. The Act provides guidelines for the appointment, scope of work, retirement of auditors and fix their remuneration in the Annual General Meeting of the Company.

### **Internal Audit**

Internal Audit 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 Audit activity is governed by the Internal Audit Team.

### **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 an internal audit function that reports to Management and the Audit Committee. Internal Control mechanism is built by the Company's systems and procedures to reduce the risk of error and fraud. It may be able to reduce the risk that financial statements contain. 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

The Board of Directors  
Aftab Automobiles Limited  
House 16/B, Road 93,  
Gulshan-2, Dhaka

26 October 2019

Subject : Declaration on Financial Statements for the year ended on 30 June 2019.

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, 2019 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 statement;
- (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.

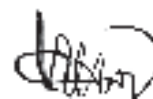
In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 30 June 2019 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



(Kazi Ehsanul Huq, FCA)  
Chief Financial Officer

**ATIK KHALED CHOWDHURY**  
Chartered Accountants

**Hasan Court (1st Floor)**  
23/1 Motijheel C/A,  
Dhaka-1000, Bangladesh  
Tel : 9553407, 9564972  
Fax : +88-02-7124940  
e-mail : atik.khaled@gmail.com  
website: www.atikkhaled.com

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

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We have examined the compliance status to the Corporate Governance Code by Aftab Automobiles Limited for the year ended on 30 June 2019. This Code relates to the Notification No.BSEC/CMRRCD /2006-158/207/Admin/80, dated 3 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 law; and
- (d) The governance of the company is satisfactory.

Dated : Dhaka  
05 November 2019

  
**Atik Khaled Chowdhury**  
Chartered Accountants

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE CODE

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

### (Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put $\checkmark$ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.	<b>BOARD OF DIRECTORS (BOD):</b>			
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)].	$\checkmark$		
1.2	<b>Independent Directors:</b>			
1.2(a)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	$\checkmark$		
1.2(b)	<b>Independent Director means a director:</b>			
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	$\checkmark$		
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	$\checkmark$		
1.2(b) (iii)	Who has not been executive of the Company in immediately preceding 2 (two) financial years.	$\checkmark$		
1.2(b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/associated companies	$\checkmark$		
1.2(b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder director or officer of any stock exchange	$\checkmark$		
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	$\checkmark$		
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	$\checkmark$		
1.2(b) (viii)	Who shall not independent director in more than 5 (Five) listed companies	$\checkmark$		
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 (NBFI)	$\checkmark$		
1.2(b) (x)	Who has not been convicted for a criminal offence involving moral turpitude	$\checkmark$		
1.2 (c)	Independent Director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM)	$\checkmark$		
1.2 (d)	The post of Independent director(s) cannot remain vacant for more than 90 (ninety) days			N/A
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]:	$\checkmark$		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
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.	√		
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.	√		
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
<b>1.4</b>	<b>Duality of Chairperson of the Board of Directors and Managing Directors or Chief Executive Officer :-</b>			
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.			N/A
<b>1.5</b>	<b>The Directors' Report to Shareholders</b>			
1.5(i)	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)	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)	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	✓		
<b>1.5(xxiii)</b>	<b>Pattern of shareholding and name wise details (disclosing aggregate number of shares):</b>			
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)	✓		
<b>1.5(xxiv)</b>	<b>Disclosure on Appointment/Re-appointment of Director:</b>			
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.	✓		
<b>1.5(xxv)</b>	<b>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:</b>			
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 <b>Annexure-A</b>	✓		
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 <b>Annexure-B and Annexure-C</b> .	✓		
<b>1.6</b>	<b>Meetings of the Board of Directors</b>			
<b>1.7</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
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	✓		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company.</b>			
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.	✓		
<b>3.</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):</b>			
<b>3.1</b>	<b>Appointment</b>	✓		
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			
<b>3.3</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
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.	✓		
<b>4</b>	<b>Board of Directors' Committee.</b>			
4.i	Audit Committee	✓		
4.ii	Nomination and Remuneration Committee.	✓		
<b>5</b>	<b>AUDIT COMMITTEE:</b>			
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	✓		
<b>5.2</b>	<b>Constitution of the Audit Committee</b>			
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	✓		
<b>5.3</b>	<b>Chairperson of the Audit Committee</b>			
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):	✓		
<b>5.4</b>	<b>Meeting of the Audit Committee</b>			
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	✓		
<b>5.5</b>	<b>Role of Audit Committee</b>			
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
<b>5.6</b>	<b>Reporting of the Audit Committee</b>			
<b>5.6.(a)</b>	<b>Reporting to the Board of Directors</b>	✓		
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
<b>5.6.(b)</b>	<b>Reporting to the Authorities</b>			N/A
<b>5.7</b>	<b>Reporting to the Shareholders and General Investors</b>	✓		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC).</b>			
<b>6.a</b>	<b>Responsibility to the Board of Directors</b>	✓		
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).	✓		
<b>6.2</b>	<b>Constitution of the NRC</b>			
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	✓		
<b>6.3</b>	<b>Chairperson of the NRC</b>			
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:	✓		
<b>6.4</b>	<b>Meeting of the NRC</b>			
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	✓		
<b>6.5</b>	<b>Role of the NRC</b>			
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	✓		
<b>7.</b>	<b>EXTERNAL / STATUTORY AUDITORS:</b>			
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	✓		
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	✓		
<b>8.</b>	<b>Maintaining a website by the Company</b>			
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).	✓		
<b>9.</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
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

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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 among them 2(two) are Independent Directors.

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. M. Obaidur Rahman FCA	: Chairman
Mr. Sajedul Islam, Director	: Member
Mr. Syed Masud Hasan	: Member

The Audit committee met four times during the Financial Year ended 30 June 2019. The Company Secretary acts as the Secretary of the Committee.

## Role of Audit Committee

Role of audit committee shall include the following :

- i) Oversee the financial reporting process.
- ii) Monitor choice of accounting policies and principles.
- iii) Monitor internal control risk management process.
- iv) Performance of external auditors.
- v) Review alongwith the management, the annual financial statements before submission to the Board for approval.
- vi) Review the adequacy of internal audit function etc.
- vii) Review the quarterly and annual audited financial statements.
- viii) Review statement of significant related party transaction submitted by the management.
- ix) Audit committee shall submit their recommendation to the Board regarding the change or addition of any accounting principle if they think necessary.
- x) Audit committee will examine the implementation/existence of practice of the acts, rules and regulations imposed by the regulatory authorities and other organization and also adopted by the Board of Directors of the Company on regular basis.



# Audit Committee Report

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26 October 2019

The Board of Directors  
Aftab Automobiles Limited

## Audit Committee Report

The Committee reviewed and discussed the procedure and task of the internal audit, financial report preparation and the external auditors' observations in their reports on the consolidated financial statements for the year ended 30 June 2019. The Committee found adequate arrangement to present a true and fair view of the financial statements of the Company and did not find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

The Committee also reviewed the financial statements of 'Navana Batteries Limited' subsidiary Company of Aftab Automobiles Limited for the year ended 30 June 2019 and also found adequate arrangement to present a true and fair view of the financial statements of the Companies.



**(M. Obaidur Rahman)**  
Chairman  
Audit Committee

## Nomination and Remuneration Committee(NRC)

The Board of Directors of Aftab Automobiles Limited has duly constituted a Nomination and Remuneration Committee (NRC) as per Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC). The Committee consists of three members including an Independent Director. Independent Director is the Chairman of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee (NRC) is the sub-committee of the Board. 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. Nomination and Remuneration policy has been approved by the Board of Directors of Aftab Automobiles Limited.

The Nomination and Remuneration Committee consists of the following members:

1. Mr. M. Obaidur Rahman - Chairman
2. Mr. Sajedul Islam - Member
3. Mr. Syed Masud Hasan - Member
4. Mr. Mohammad Jaman Khan - Secretary

### **Role of the NRC:**

NRC shall be independent and responsible to the Board and to the shareholders of the company.

NRC shall oversee and 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:

- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
- (ii) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (iii) 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;
- (iv) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- (v) 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;
- (vi) formulating the criteria for evaluation of performance of independent directors and the Board;
- (vii) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;

developing, recommending and reviewing annually the company's human resources and training policies and any other services that the Board of Directors determines time to time.

# Glimpses of 38<sup>th</sup> Annual General Meeting

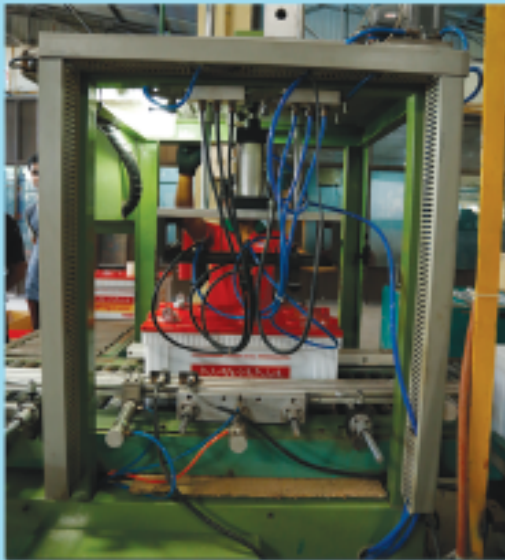




## Model: Hino AK1JMKA Buses



Work in progress at Plant  
of Navana Batteries Ltd.



# Independent Auditors' Report

To  
The Shareholders of Aftab Automobiles Limited And Its Subsidiary

## Report on the Audit of the Financial Statements:

### Opinion

We have audited the consolidated financial statements of **Aftab Automobiles Limited and Its Subsidiary** which comprise the consolidated statement of financial position as at 30 June 2019, 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, of the consolidated financial position of the **Aftab Automobiles Limited and Its Subsidiary** as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable rules and regulation.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, 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 audit opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the year ended 30 June 2019. These matters were addressed in the context of the 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, each matter mentioned below our description of how our audit addressed the matter is provided in the context.

Key Audit Matter	How our audit addressed the key audit matters
<p><b>Revenue</b> The company has reported a revenue of Taka 2,818,043,017 for the year ended 30 June 2019. Refer to note no. 16 of the financial statements.</p> <p>Revenue recognition has significant and wide influence on financial statements. Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are dispatched for delivery to the distributor. 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</p>	<p><b>Our audit procedures in this area included, among others:</b></p> <ul style="list-style-type: none"> <li>We understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and signoff, recording of sales, all the way through to cash receipts and customers' outstanding balances.</li> <li>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. We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and truck challans. In addition, we confirmed customer balances at the statement of financial position date.</li> <li>We conducted substantive testing of revenue recorded over the year using sampling techniques,</li> </ul>

<p>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 recognised in the proper reporting periods.</p>	<p>by examining the relevant supporting documents including sales invoices and truck challans. In addition, we confirmed customer balances at the statement of financial position date.</p> <ul style="list-style-type: none"> <li>Furthermore, we tested the sales transactions recognised shortly before and after the statement of financial position date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting periods.</li> </ul>
<p><b>Inventories</b> As of the reporting date the company reports Stock and Stores amounting to Taka 1,966,033,525</p> <p>Refer to note no. 07 to the Financial Statements</p> <p>Inventory is carried in the statement of financial position at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</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><b>Current Tax provisioning</b> <b>Current Tax provision amounting Taka 19,915,721</b> <b>Refer to note no. 22.1 to the Financial Statements</b> At year end the company reported total income tax expense (Current tax) of BDT19,915,721The 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><b>Our audit procedures were designed to challenge the adequacy of the Company's provisions against inventory included:</b></p> <ul style="list-style-type: none"> <li>Corroborating on a sample basis that items on the stock ageing by items were classified in the appropriate ageing bracket;</li> <li>Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels;</li> <li>Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current period; and</li> <li>We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory.</li> </ul>
<p><b>Measurement of deferred tax Liability</b></p> <p>Company reported net deferred tax liability totaling Taka 128,711,930 as at 30 June 2019 . significant judgments is required in relation to deferred tax liability as their liability is dependent on forecast of future probability over a number of years .</p> <p>see note no.23 to the financial statements</p>	<p>we obtained and understanding ,evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of Deferred Tax Asset/liability and taxable income/expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expenses/income.</p> <p>we evaluated the reasonableness of key assumption, timing of reversal of temporary difference and expiration of tax loss carry forwards , recognition and measurement of deferred tax liability/asset .</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability/asset balances and the level of estimation involved.</p> <p>we also assessed in evaluating the tax implications , the reasonableness of estimate and calculations determined by the management.</p> <p>finally assessed the appropriateness and presentation of disclosure against IAS -12 income Tax</p>



### **Other Matter**

The financial statements of **Aftab Automobiles Limited and Its Subsidiary** for the year ended 30 June 2018 was 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 30 June 2019 was audited by another auditor and give fair opinion.

### **Going Concern**

We are required to report if we have concluded 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 the financial statements. We have nothing to report in these respects.

### **Other Information**

Management is responsible for 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 those other information. 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 these 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 these other information and, in doing so, consider whether these other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance.

### **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 International Financial Reporting Standards and other applicable rules 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.

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.

### **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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained 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 company 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements:**

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, 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 account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (c) the company's financial statements dealt with by the report are in agreement with the books of account.
- (d) the expenditure incurred was for the purpose of company's business for the year.

Dated: Dhaka,  
26 October 2019

  
**ATA KHAN & CO.**  
Chartered Accountants

## Aftab Automobiles Limited & its Subsidiary

### Consolidated Statement of Financial Position As at June 30, 2019

Particulars	Notes	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>Assets:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	03	2,048,455,880	2,012,034,921
Capital work-in-progress	04	597,122,227	104,848,039
Investment in securities & Share Money	5.1	28,395,758	57,895,758
Investments in associate	5.2	376,087,205	321,562,941
Receivables -Non-Current Maturity	06	2,052,645,882	2,460,241,751
<b>Total non-current assets</b>		<b>5,102,706,952</b>	<b>4,956,583,410</b>
<b>Current assets</b>			
Receivables -Current Maturity	06	2,828,916,659	2,217,118,700
Stock and stores	07	1,966,033,525	1,930,448,231
Current account with Navana Group Companies		3,530,849,255	1,590,392,444
Advances, deposits and prepayments	08	2,869,503,790	2,546,181,187
Cash and bank balances	09	285,560,347	460,146,251
<b>Total current assets</b>		<b>11,480,863,576</b>	<b>8,744,286,812</b>
<b>Total assets</b>		<b>16,583,570,528</b>	<b>13,700,870,223</b>
<b>Equity and Liabilities:</b>			
<b>Capital &amp; reserves</b>			
Share capital	10	957,324,220	957,324,220
Share premium	11	1,925,858,339	1,925,858,339
Reserves	12	67,338,231	67,338,231
Retained earnings		2,884,205,752	2,878,999,350
<b>Equity attributable to owners of the Company</b>		<b>5,834,726,542</b>	<b>5,829,520,140</b>
<b>Non-controlling interests</b>		<b>414,214</b>	<b>412,223</b>
<b>Total equity</b>		<b>5,835,140,756</b>	<b>5,829,932,364</b>
<b>Non-current liabilities</b>			
Loan and deferred liabilities (unsecured)	27	25,310,440	25,310,440
Long Term loan-Non current Maturity	13	3,284,569,678	3,383,107,848
Deferred tax liability	23	128,711,930	137,062,262
<b>Total Non-current liabilities</b>		<b>3,438,592,047</b>	<b>3,545,480,550</b>
<b>Current liabilities</b>			
Long Term loan-Current Maturity	13	1,094,856,559	1,127,702,615
Short-term loan	14	4,687,578,819	1,993,503,690
Accrued and other current liabilities	15	1,527,402,347	1,204,251,006
<b>Total Current liabilities</b>		<b>7,309,837,725</b>	<b>4,325,457,310</b>
<b>Total liabilities</b>		<b>10,748,429,772</b>	<b>7,870,937,860</b>
<b>Total equity and liabilities</b>		<b>16,583,570,528</b>	<b>13,700,870,223</b>
<b>Net assets value per share (NAVPS)</b>		<b>60.95</b>	<b>60.89</b>

The annexed notes 1 to 40 and schedule-A form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 October 2019 and were signed on it's behalf by:

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

Signed in terms of our separate report of even date

Place: Dhaka  
Dated: 26 October 2019

  
**ATA KHAN & CO.**  
Chartered Accountants

## Aftab Automobiles Limited & its Subsidiary

### Consolidated Statement of Profit or Loss and other Comprehensive Income For the year ended June 30, 2019

Particulars	Notes	Amount in Taka	
		2018 - 2019	2017 - 2018
<b>Sales revenue</b>	16	<b>2,818,043,017</b>	<b>4,813,708,397</b>
Less : Cost of goods sold	17	2,115,825,918	3,868,847,153
<b>Gross profit (a)</b>		<b>702,217,098</b>	<b>944,861,244</b>
<b>Less: Operating expenses</b>			
Administrative expenses	18	75,490,766	115,142,320
Selling and distribution expenses	19	115,030,324	157,940,999
Financial charges	20	443,833,006	340,399,318
<b>Total Operating Expense (b)</b>		<b>634,354,096</b>	<b>613,482,637</b>
<b>Operating profit (c) = (a-b)</b>		<b>67,863,002</b>	<b>331,378,606</b>
<b>Non-operating income</b>			
Other Income	21	15,848,057	17,958,672
Share of profit from associate company	5.2	54,524,264	19,556,789
<b>Total non-operating income (d)</b>		<b>70,372,321</b>	<b>37,515,461</b>
<b>Profit before contribution to WPPF (e) = (c+d)</b>		<b>138,235,323</b>	<b>368,894,066</b>
Less: Contribution to WPPF		6,582,634	17,566,384
<b>Net profit before tax (f)</b>		<b>131,652,688</b>	<b>351,327,682</b>
<b>Less: Income tax expense</b>			
Current tax	22.1	19,915,721	83,725,612
Deferred tax	22.2	(8,350,332)	11,128,499
<b>Total Income Tax Expense (g)</b>	22	<b>11,565,389</b>	<b>94,854,111</b>
<b>Net profit After Tax (h) = (f-g)</b>		<b>120,087,299</b>	<b>256,473,571</b>
<b>Other comprehensive Income for the year :</b>			
<b>Investment Valuation surplus in share</b>			
Revaluation Gain/(Loss) on invest. in share		-	(6,609,021)
Deferred tax		-	(550,249)
<b>Total Investment Valuation surplus in share (i)</b>		<b>-</b>	<b>(7,159,270)</b>
<b>Total comprehensive Income for the year (j) =(h+i)</b>		<b>120,087,299</b>	<b>249,314,301</b>
<i>Attributable to:</i>			
<b>Equity holders of the company</b>		<b>120,085,308</b>	<b>249,296,755</b>
<i>Non-controlling interests</i>		1,991	17,545
<b>Profit for the period/year</b>		<b>120,087,299</b>	<b>249,314,302</b>
<b>Consolidated earnings per share</b>	24	<b>1.25</b>	<b>2.68</b>

The annexed notes 1 to 40 and schedule-A form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 October 2019 and were signed on it's behalf by:

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

Signed in terms of our separate report of even date

Place: Dhaka  
Dated: 26 October 2019

  
**ATA KHAN & CO.**  
Chartered Accountants

## Aftab Automobiles Limited & its Subsidiary

Consolidated Statement of Changes in Equity  
For the year ended June 30, 2019

Particulars	Amount in Taka						
	Share capital	Share premium	Reserves	Retained earnings	Attributable to equity holders of the company	Non-controlling interest	Total
<b>Balance as on July 01, 2017</b>	957,324,220	1,925,858,339	67,338,231	2,722,945,676	5,673,466,466	394,678	5,673,861,144
Cash dividend	-	-	-	(93,243,081)	(93,243,081)	-	(93,243,081)
Total comprehensive Income for the year	-	-	-	249,296,755	249,296,755	17,545	249,314,300
<b>Balance as at June 30, 2018</b>	957,324,220	1,925,858,339	67,338,231	2,878,999,350	5,829,520,140	412,223	5,829,932,364
<b>Balance as on July 01, 2018</b>	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)
Total comprehensive Income for the year	-	-	-	120,085,308	120,085,308	1,991	120,087,299
<b>Balance as at June 30, 2019</b>	957,324,220	1,925,858,339	67,338,231	2,884,205,752	5,834,726,542	414,214	5,835,140,755

The annexed notes 1 to 40 and schedule-A form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 October 2019 and were signed on it's behalf by:

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

Place: Dhaka  
Dated: 26 October 2019

## Aftab Automobiles Limited & its Subsidiary

### Consolidated Statement of Cash Flows For the year ended June 30, 2019

Particulars	Notes	Amount in Taka	
		2018 - 2019	2017 - 2018
<b>A. Cash flows from operating activities</b>			
Receipts from customers		2,613,840,927	3,738,704,862
Receipts from others		15,848,057	17,958,672
Payments to suppliers and employees		(2,190,033,653)	(4,013,661,719)
<b>Cash generated from operations</b>		<b>439,655,331</b>	<b>(256,998,185)</b>
Income tax paid		(81,719,733)	(149,215,052)
<b>Net cash generated by operating activities</b>		<b>357,935,598</b>	<b>(406,213,237)</b>
<b>B. Cash flows from investing activities</b>			
Acquisition of property, plant & equipment		(122,037,197)	(117,045,625)
Investment in Share money deposit		29,500,000	(26,924,137)
Payments for capital work in progress		(497,402,668)	(64,843,010)
Disposal Proceeds		-	700,000
Disposal of shares		-	6,528,786
<b>Net cash used investing activities</b>		<b>(589,939,865)</b>	<b>(201,583,986)</b>
<b>C. Cash flows from financing activities</b>			
Receipts/(Repayments) of bank loan		2,562,690,902	1,544,397,435
Inter company receipts/(payments)		(1,940,456,811)	(523,955,048)
Bank interest paid		(443,833,006)	(340,399,318)
Dividend paid		(120,982,721)	(93,243,081)
<b>Net cash provided by financing activities</b>		<b>57,418,363</b>	<b>586,799,988</b>
<b>D. Net changes in cash &amp; cash equ. for the year (A+B+C)</b>		<b>(174,585,904)</b>	<b>(20,997,235)</b>
<b>E. Cash &amp; cash equivalents at beginning of the period/year</b>		<b>460,146,251</b>	<b>481,143,486</b>
<b>F. Cash &amp; cash equivalents at end of the period/ year (D+E)</b>		<b>285,560,347</b>	<b>460,146,251</b>
<b>Net operating cash flows per share (NOCFPS)</b>	26	<b>3.74</b>	<b>(4.24)</b>

The annexed notes 1 to 40 and schedule-A form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 October 2019 and were signed on it's behalf by:

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

Place: Dhaka  
Dated: 26 October 2019

## Aftab Automobiles Limited & its Subsidiary

### Notes to the Financial Statements As at and for the year ended 30 June 2019

#### 1.0 Corporate Information and Mode of Business

##### 1.1 Corporate Information

Aftab Automobiles Limited (the company), was incorporated in erstwhile East Pakistan in year 1967 as East Pakistan Automobiles Limited under the Company Act, 1913. Subsequently, after liberation, the Company changed the name as Aftab Automobiles Limited and was certified by the Register of Joint Stock Companies, 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 Company Act 1913. The Registered Office of the Company is located at 125/A, Motijheel Commercial Area, Dhaka-1000. The Company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the year 1987 and 1996 respectively. And its subsidiary named Navana Batteries Limited also was incorporated on 21st April, 2009 under vide registration no. C76441/09.

##### 1.2 Mode 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 has been started in the year 2013-2014. The Company has one subsidiary company namely Navana Batteries Ltd., that produce and market Batteries.

#### 2.0 Significant Accounting Policies and basis of preparation of the financial statements

##### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and as per requirements of the Companies Act 1994, The Securities and Exchange Rules 1987, and other applicable laws and regulations.

##### 2.2 Basis of Preparation

The financial statements of the company have been prepared assuming going concern basis based on the accrual basis of accounting except financial charges following under the historical cost convention.

##### 2.3 Basis of Reporting

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

##### 2.4 Reporting Period

These financial statements cover one accounting year from July 01, 2018 to June 30, 2019.

##### 2.5 Regulatory and Legal Compliance

The company complied with the requirements of the following regulatory and legal authorities:

- i) The Companies Act, 1994;
- ii) The Securities and Exchange Rules, 1987;
- iii) The Securities and Exchange Ordinance, 1969;
- iv) The Income Tax Ordinance, 1984,
- v) The Value Added Tax (VAT), 1991,

##### 2.6 Functional and Presentation Currency

Financial statements are prepared in Bangladeshi Taka which is the company's functional currency.

##### 2.7 Basis of consolidation

The Company has consolidated the financial statements of Aftab Automobiles Limited audits sole subsidiary named Navana Batteries Ltd. The Consolidated financial statements has been prepared in accordance with IFRS-10. The company accrued 99.95 % of paid-up Capital of Navana Batteries Ltd.

##### 2.8 Recognition of Property, Plant and Equipment

These are capitalized at cost of acquisition and subsequently stated at original cost minus accumulated depreciation and accumulated impairment losses, if any, in compliance with the relevant accounting standard IAS-16. The

cost of the assets is inclusive of cost paid to the vendors along with all incidental expenses to install or construct the same assets for its intended use. Expenditure incurred after the assets have been put in to operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

On retirement or otherwise disposed of, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the Profit and Loss Account which is determined with reference to net book value of the assets and net sale 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.

### Depreciation

No depreciation has been charged on Land and Land Development considering the unlimited useful life. In respect of all other assets, the quantum of annual depreciation charge is calculated over their estimated useful lives using the diminishing balance method of depreciation. All the assets acquired or disposed of during the period have been depreciated for the period of its use. The rate at which the assets are depreciated per annum depended on the nature and estimated useful life of each assets are consistently applied since the inception of the company which are given below :

<u>Name of the Assets</u>	<u>Rate of Depreciation in (%)</u>
Land and land development	Nil
Building	2.5
Shades	20
Plant & Machinery	10
Tools & Equipment's	20
Office equipment	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.

## 2.9 Financial Instruments and Derivatives

### a) Investment in associates

Investment in associates has been disclosed as per **IAS-28** Investment in associates.

### b) Derivatives

The company is not a party to any derivative contract at the balance sheet 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.

## 2.10 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.

## 2.11 Cash and Cash Equivalent

Cash and Cash Equivalent includes cash in hand, cash at banks, which are held and available for use by the company without any restriction and having maturity dates of three months or less from the respective date of deposit. There is insignificant risk of change in value of same. No Foreign Currency transaction is involved in Cash and Cash Equivalent.

## 2.12 Taxation

### Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The applicable tax rate for the company of Aftab Automobiles Limited is 25.00 % & Navana Batteries Limited is 35.00 % as the company qualifies as a "publicly traded company & private limited company". Provision for taxation has been made as per law.



### **Deferred Tax**

Deferred tax is recognized liabilities in accordance with **IAS-12** "Income Tax" 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.

### **2.13 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.

### **2.14 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 from the sale of goods is recognized when the following conditions are satisfied:

- i) the enterprise has transferred to the buyer the significant risk and rewards of ownership of the goods;
- ii) the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) the amounts of revenue can be measured reliably;
- iv) it is probable that the economic benefits associated with the transaction will flow to the enterprise; and
- v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### **2.15 Provident Fund Scheme**

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.

### **Gratuity Scheme**

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".

### **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.

### **2.16 Cash Flows Statement**

Statement of cash flows is prepared principally in accordance with **IAS-7** "Cash Flow Statements" and cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules, 1987.

### **2.17 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.

#### **2.18 Liabilities for Expenses**

While the provision for certain standing charges and known liabilities is made at the balance sheet date based on estimate, the difference arising there from on receipts of bills/ demands and/ or actual payments is adjusted in the subsequent year when such liabilities are settled.

#### **2.19 Earnings per Share**

##### **Basic Earnings per Share**

The company calculates Earning per Share (EPS) in accordance with IAS-33. Basic earnings per share have been calculated taking a capital base of 95,732,422 Ordinary shares of Tk. 10 each as on June 30, 2019 which is shown in the face of the Statement of Comprehensive Income and the computation of EPS is stated in note # 24.

##### **Diluted Earnings per Share**

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

#### **2.20 Event after the Reporting Period**

As per IAS-10, Events after the reporting period are those events, favorable and unfavorable, 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 26 October 2019. No material event had occurred after the balance sheet date of issue of these financial statements, which could affect the values stated in the financial statement.

#### **2.21 Workers Profit Participation Fund**

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 and payable to workers as defined in the said law.

Provision for Workers Profit Participation Fund (WPPF) and Worker Welfare Fund (WWF) has been restated in previous year due to consideration of share of profit from associate company's income

#### **2.22 Recognition of Investment in Subsidiary in separate financial statements**

The investment in subsidiaries are 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."

#### **2.23 Financial Assets and Liabilities**

Financial assets and liabilities are recognized on the balance sheet date when the entity has become a party to a contractual provision of the instruments.

##### **i) Receivables**

Receivables are stated their real value and consider good. No provision has been made for doubtful debts except the amount was written off as bad debt. Receivables that would mature after one from the date of Statement of Financial Position has been shown as long term.

##### **ii) Payable**

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

**iii) 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.

**iv) Borrowings**

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Financial charges are accounted for on an accrual basis.

**2.24 Comparative Figure:**

Comparative information has been disclosed in respect of the period 2018 for all numerical data in the financial statements and also the narrative descriptive information when it is relevant for understanding of the current year's financial statements presentation. The financial information for the period July 01, 2018 to June 30, 2019 comparative for the period of July 01, 2017 to June 30, 2018 which is the last audited financial statements.

**2.25 General**

- i) Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.
- ii) 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.

**2.26 Compliances with the requirement of Notifications of the Securities and Exchange Commission dated 01.06.2008 under ref # SEC/CMMMP/2008-181/53/adm/03/28**

1. Notes to the financial statements set out the accounting policies on all material accounting areas. These accounting policies are based on IFRS and IAS.
2. The following applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards) has been adopted and applied by the company from the IFRS and IAS issued by International Accounting Standard Board (IASB) as adopted by ICAB.

Particulars	IAS NO.	Status of Application
Presentation of Financial Statements	IAS-1	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors.	IAS-8	Applied
Events After The Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosure	IAS-24	Applied
Consolidated and Separate Financial Statement	IAS-27	Applied
Financial Instrument Presentation	IAS-32	Applied
Earnings Per Share (EPS)	IAS-33	Applied
Impairment	IAS-36	Applied
Provision, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instrument : Recognition and Measurement	IAS-39	Applied
First-time Adoption of International Financial Reporting Standards	IFRS-1	Applied
Financial Instrument	IFRS-9	Under Review
Revenue from Contracts with Customers	IFRS-15	Applied

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>03</b>	<b>Consolidated property, plant and equipment, net</b>		
	Land & Land Development	1,148,608,502	1,063,604,227
	Building	251,823,441	253,007,485
	Shades	14,582,160	18,227,700
	Plant & Machinery	396,725,584	418,760,243
	Tools & Equipments	44,769,591	53,784,097
	Office Equipment	41,451,814	43,634,486
	Furniture & Fixture	28,012,890	31,106,217
	Transport Vehicles	43,607,824	52,352,188
	Electrical line installation	11,466,407	12,238,925
	Office Decoration	53,474,633	50,331,673
	Gas line installation	13,933,034	14,987,679
		<b>2,048,455,880</b>	<b>2,012,034,921</b>
<b>04</b>	<b>Consolidated capital work in progress</b>		
	<b>Opening balance</b>	<b>104,848,039</b>	<b>289,001,994</b>
	Addition during the year	497,402,668	64,843,010
		<b>602,250,707</b>	<b>353,845,004</b>
	Less: Transfer to property, plant & equipment	5,128,480	248,996,965
	<b>Closing balance</b>	<b>597,122,227</b>	<b>104,848,039</b>
	Capital work in progress represents Land and Land Development , civil constructions Plant and Machinery for BMRE of Aftab Automobiles Ltd and Navana Batteries Ltd .		
<b>05</b>	<b>Investments in Securities and associate Company</b>		
	Investment in securities & Share Money ( Note: 5.1 )	28,395,758	57,895,758
	Investment in associate ( Note : 5.2 )	376,087,205	321,562,941
		<b>404,482,963</b>	<b>379,458,699</b>
<b>5.1</b>	<b>Investment in securities &amp; Share Money</b>		
	Quantities details of investments in share ( Note: 5.1a )	-	-
	Investment in Share Money deposit ( Note: 5.1b )	28,395,758	57,895,758
		<b>28,395,758</b>	<b>57,895,758</b>
<b>5.1 (a)</b>	<b>Quantities details of investments in share</b>		
	Investment in shares of Navana CNG Ltd		
	<b>Opening Balance</b>	-	<b>7,620,709</b>
	Less: revaluation gain booked to OCI	-	6,609,021
	Less: Related deferred Tax	-	550,249
	Less: sale of Share	-	461,439
	<b>Closing Balance</b>	-	-
<b>5.1 (b)</b>	<b>Investment in Share Money deposit</b>		
	Navana Construction Ltd.		
	<b>Opening Balance</b>	<b>57,895,758</b>	<b>30,971,621</b>
	Add : During the year	(29,500,000)	26,924,137
		<b>28,395,758</b>	<b>57,895,758</b>
	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 .		
<b>5.2</b>	<b>Investment in associate</b>		
	The details are stated below :		
	Share Invest of NREL at cost (5.3)	<b>20,000,000</b>	<b>20,000,000</b>
	<b>Share of equity from associate:</b>		
	<b>Opening Balance</b>	<b>301,562,941</b>	<b>277,116,955</b>
	Net Income after deferred tax	43,619,411	19,556,789
	Provision for deferred tax ( note - 23.1 A )	10,904,853	4,889,197
	<b>Share of profit from associate company</b>	<b>54,524,264</b>	<b>24,445,986</b>
	<b>Closing Balance</b>	<b>356,087,205</b>	<b>301,562,941</b>
	<b>Total Investment in Associates</b>	<b>376,087,205</b>	<b>321,562,941</b>

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>5.3</b>	<b>Acquisition quantity of shares of Navana Real Estate Ltd.</b>	<b>20,000,000</b>	<b>20,000,000</b>
	Less: shares sale during the year	-	-
		<b>20,000,000</b>	<b>20,000,000</b>
	<b>Opening Balance</b>	<b>6,000,000</b>	<b>6,000,000</b>
	Number of shares purchased	-	-
	Number of bonus shares received during the year	-	-
	<b>Total number of shares</b>	<b>6,000,000</b>	<b>6,000,000</b>
<b>06</b>	<b>Consolidated trade debtors</b>		
	<b>Receivable Non-Current (Maturity over 12 months )</b>	<b>2,175,145,882</b>	<b>2,565,001,751</b>
	Less: Provision for Bad debts	122,500,000	104,760,000
		2,052,645,882	2,460,241,751
	<b>Receivable current (Maturity less than 12 months )</b>	<b>2,828,916,659</b>	<b>2,217,118,700</b>
		<b>4,881,562,541</b>	<b>4,677,360,451</b>
	<b>Ageing schedule of receivables :</b>		
	<u>Duration</u>		
	1- 30 days	661,117,823	494,334,186
	31- 60 days	581,908,157	462,951,775
	61- 90 days	565,500,440	348,231,482
	91- 180 days	506,941,865	381,941,065
	181- 365 days	513,448,374	385,888,542
	Over 365 days	2,052,645,882	2,604,013,401
		<b>4,881,562,541</b>	<b>4,677,360,451</b>
	Net receivables are considered good . The Company holds no security other than debtors' personal security in the form of work orders etc.		
<b>07</b>	<b>Consolidated stock and stores</b>		
	Finished products	616,407,527	804,837,655
	Raw materials	655,156,845	597,801,527
	Work-in-process	150,417,975	117,223,316
	Stores and spares (Note: 07.1)	2,963,915	3,080,234
	Goods in transit	541,087,263	407,505,499
		<b>1,966,033,525</b>	<b>1,930,448,231</b>
<b>07.1</b>	<b>Stores and spares</b>		
	<b>Opening Balance</b>	<b>3,080,234</b>	<b>3,080,234</b>
	Less: Consumption During the year	(116,319)	-
	<b>Closing Balance</b>	<b>2,963,915</b>	<b>3,080,234</b>
<b>08</b>	<b>Consolidated advances, deposits and prepayments</b>		
	Advance to suppliers	766,579,893	778,216,271
	Advance to employees	33,406,244	49,882,754
	Advance to others	452,351,534	186,144,888
	Current Account with VAT	37,483,127	99,522,387
	Deposits	466,985,828	401,437,455
	Advance Income tax (note-8.1)	1,112,697,165	1,030,977,432
		<b>2,869,503,790</b>	<b>2,546,181,187</b>
	Advance paid to suppliers against work orders are considered good. Advance to employees against expenses, salary etc. which are realisable 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.		
<b>8.1</b>	<b>Consolidated Income tax deducted at source</b>		
	<b>Opening balance</b>	<b>1,030,977,432</b>	<b>881,762,380</b>
	Addition during the year	81,719,733	149,215,052
		1,112,697,165	1,030,977,432
	Adjustment made during the year	-	-
	<b>Closing Balance</b>	<b>1,112,697,165</b>	<b>1,030,977,432</b>
<b>09</b>	<b>Consolidated cash &amp; bank balances</b>		
	Cash in hand	4,567,780	60,996,075
	Cash at bank	280,992,567	399,150,176
		<b>285,560,347</b>	<b>460,146,251</b>

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>10</b>	<b>Share capital</b>		
	<b>Authorized capital:</b>		
	120,000,000 Ordinary shares of Tk. 10 each	1,200,000,000	1,200,000,000
	180,000,000 Cum. redeemable preference shares of Tk. 10 each	1,800,000,000	1,800,000,000
		<b>3,000,000,000</b>	<b>3,000,000,000</b>
	<b>Ordinary Share capital:</b>		
	<b>Issued, subscribed and paid up</b>		
	95,732,422 Ordinary shares of Tk. 10 each		
	Sponsors	272,080,980	272,080,980
	General Public	685,243,240	685,243,240
		<b>957,324,220</b>	<b>957,324,220</b>

The Position of Ordinary shareholders as on June 30, 2019 was as follows :

Particulars	Num. of Investors	Num. of Shares-2019	Share Holding (%) '2019	Share Holding (%) '2018
Sponsors	6	27,208,098	28.42%	28.42%
Financial Institutions including ICB	248	37,009,733	38.66%	37.33%
General Public	21,648	31,514,591	32.92%	34.25%
<b>Total</b>	<b>21,902</b>	<b>95,732,422</b>	<b>100%</b>	<b>100.00%</b>

The classification of shareholders by holding as on June 30, 2019 was as follows :

No. of share holdings	Num. of Investors	No. of share holders-2019	Share Holding (%) '2019	No. of shares '2018
1 to 500	14,392	2,184,666	2.28%	2,282,821
501 to 5000	6,414	10,202,991	10.66%	9,796,897
5001 to 10000	580	4,151,466	4.33%	3,943,851
10001 to 20000	251	3,485,825	3.64%	3,337,909
20001 to 30000	95	2,354,021	2.46%	1,960,017
30001 to 40000	29	1,050,779	1.10%	1,066,082
40001 to 50000	30	1,393,343	1.46%	1,032,257
50001 to 100000	48	3,341,706	3.49%	3,649,088
100001 to 1000000	49	14,860,012	15.52%	17,165,029
Above 1000000	14	52,707,613	55.06%	51,498,471
<b>Total</b>	<b>21,902</b>	<b>95,732,422</b>	<b>100%</b>	<b>95,732,422</b>

<b>11</b>	<b>Share premium.</b>		
	Net Premium Up to 2006	250,191,730	250,191,730
	Net Premium in 2010	1,675,666,609	1,675,666,609
		<b>1,925,858,339</b>	<b>1,925,858,339</b>
<b>12</b>	<b>Reserves</b>		
	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
		<b>67,338,231</b>	<b>67,338,231</b>

The Company obtained tax holiday facility for body building unit for the period of five years with effect from May 05, 1997.

<b>13</b>	<b>Consolidated Long Term loan-Net of current portion</b>		
	Agrani Bank Ltd.	1,615,505,083	1,027,162,123
	Meghna bank Ltd.	19,626,112	56,570,080
	SBAC bank Ltd.	123,310,925	71,049,368
	Standard bank Ltd.	-	141,902,741
	Mutual trust bank Ltd.	117,923,003	264,304,560
	Bank Asia Ltd.	-	200,119,253
	The City Bank Ltd.	-	64,991,141
	Prime bank Ltd.	34,589,483	63,903,407
	Midland Bank Ltd.	66,367,700	99,145,612





Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
<b>17</b>	<b>Consolidated cost of goods sold</b>		
	<b>Opening stock of direct raw materials</b>	<b>597,801,527</b>	<b>385,462,716</b>
	Purchases of direct raw material	1,800,802,761	3,232,224,650
	Direct raw materials available for consumption	2,398,604,288	3,617,687,366
	<b>Closing stock of direct raw materials (Note 7 )</b>	<b>655,156,845</b>	<b>597,801,527</b>
	Raw materials consumed	1,743,447,443	3,019,885,839
	<b>Add : Opening WIP</b>	<b>117,223,316</b>	<b>77,093,746</b>
		1,860,670,759	3,096,979,585
	<b>Less : Closing WIP ( Note-7 )</b>	<b>150,417,975</b>	<b>117,223,316</b>
		1,710,252,784	2,979,756,269
	Indirect materials	6,025,024	79,998,358
	<b>Total consumption</b>	<b>1,716,277,809</b>	<b>3,059,754,627</b>
	Factory overhead ( Note-17.1 )	211,117,982	220,606,506
	Cost of production	1,927,395,790	3,280,361,133
	<b>Opening Finished products</b>	<b>804,837,655</b>	<b>1,393,323,677</b>
		2,732,233,445	4,673,684,810
	<b>Closing Finished products ( Note-7 )</b>	<b>616,407,527</b>	<b>804,837,655</b>
		<b>2,115,825,918</b>	<b>3,868,847,153</b>
<b>17.1</b>	<b>Factory overhead</b>		
	Salary and allowances	57,521,086	59,665,105
	Liveries and Uniform	406,640	175,970
	Telephone,Fax, Mobile	408,730	592,130
	Fuel and Lubricants	3,889,106	4,161,593
	Travelling and Conveyance	550,059	604,332
	Entertainment	581,961	1,238,908
	Office Expenses	278,319	316,809
	Maintenance expenses	786,094	910,495
	Electric Expenses	49,902,942	43,837,609
	Duty and Allowance	742,190	2,284,300
	Canteen Subsidies	1,847,596	2,479,399
	Eid greeting	129,187	159,768
	Rent Rates & Taxes	5,159,184	9,220,790
	Insurance	6,526,372	7,440,972
	Gas	1,877,931	2,066,177
	Welfare expenses	216,848	521,179
	Carrying & handling	466,196	698,778
	Papers & periodical	-	1,475,951
	General charges	56,390	80,463
	Repairs and maintenance ( vehicle)	282,278	440,743
	Security Exps	3,990,631	-
	Chemicals	39,809	33,088
	store & Spare	248,479	141,040
	Foreign Technician Remuneration	1,604,873	1,587,838
	Annual picnic	378,825	1,202,436
	Printing & Stationary	108,492	159,782
	Screen Printing	70,965	64,411
	Labour Charges	193,729	335,488
	Laboratory Exps	174,091	285,452
	Generator Maintenance	36,950	803,098
	Fire Extinguisher	46,255	159,438
	Depreciation	72,595,776	77,462,966
		<b>211,117,982</b>	<b>220,606,506</b>
<b>18</b>	<b>Consolidated administrative expenses</b>		
	Salary and allowances	44,976,337	70,673,758
	Welfare expenses	102,011	144,680
	Medical Expenses	5,897	1,183,402
	Entertainment	824,415	1,737,343
	AGM expenses.	482,613	452,844
	TA and Conveyance	995,997	1,155,332

Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
	Travelling Exp - Foreign	406,430	834,839
	Car maintenance	1,839,494	2,217,530
	Stationery	644,900	936,594
	Fees and Registration	2,624,303	2,685,123
	Telephone	961,525	806,217
	Electric expenses	652,922	707,396
	Rent, rates and taxes	3,259,929	4,598,696
	Insurance premium	123,657	2,477,272
	Liveries and Uniform	125,029	90,895
	Bank charges	2,469,566	2,119,714
	Bank Guarantee & Charge documents	68,275	112,527
	Audit fees	356,500	533,500
	Duty allowance	50,000	115,875
	Paper and periodicals	93,915	33,514
	Postage and telegram	413,142	603,370
	Publicity	464,473	-
	Night allowances	52,090	62,772
	Advertisement and Publicity	15,950	50,000
	Directors fee	372,750	233,500
	Office maintenance	331,978	929,858
	Maintenance expenses	215,874	305,136
	General Expenses	44,045	389,865
	WASA Bill	30,333	7,694
	Carrying & Handling	24,000	1,612,038
	Gas	140,691	111,909
	CDBL Fee	335,190	37,000
	Canteen Subsidy	587,016	589,390
	Security Exps	98,325	982,111
	Donation	656,366	757,845
	Promotion Exp.	926,765	3,649,546
	ISO	135,000	341,213
	Fuel & Lubricants	448,852	627,479
	Guest House Maintenance	1,020	152,119
	Membership fee & others	58,720	399,556
	Depreciation	9,074,472	9,682,871
		<b>75,490,766</b>	<b>115,142,320</b>
<b>19</b>	<b>Consolidated selling and distribution expenses</b>		
	Salary & Allowance	44,458,410	72,267,160
	Welfare	-	109,057
	Fuel & Lubricant	651,105	1,196,044
	Transit Insurance	472,502	292,572
	Promotional Exps	8,318,750	9,264,064
	Trade fare Exp.	-	997,780
	Training Exp.	-	4,940,674
	Driving Charge	-	160,789
	Toll Charge	-	147,931
	Delivery Exps	1,767,760	1,006,821
	Rent Rates & Taxes	16,487,793	15,594,507
	Conveyance	602,195	1,043,881

Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
	Entertainment	466,948	1,396,508
	Stationery	46,988	58,852
	Telephone	1,273,616	1,144,591
	Publicity Exp.	1,598,042	2,207,662
	Fees & Registration	472,578	625,230
	Maintenance	88,575	332,594
	Car Maintenance	854,794	1,174,968
	Electrical Expenses	2,002,541	2,431,404
	Postage & Telegram	491,366	325,126
	Papers & Periodicals	39,108	52,619
	Bank Charges	808,706	149,921
	Security Guard salary	2,884,778	2,424,930
	Office Maintenance	84,005	181,661
	Showroom Exps	1,048,451	863,875
	Transportation Charges	1,165,565	1,785,081
	Utility Bill ( WASA )	384,495	321,101
	Gift & Donation	86,606	329,221
	Bad debts	18,278,501	23,784,222
	Chemical & Packing exps	1,920	162,433
	Dealer conference Exp.	1,095,907	1,055,808
	Transit Insurance	-	403,541
	Others	23,848	25,500
	Depreciation	9,074,472	9,682,871
		<b>115,030,324</b>	<b>157,940,999</b>
<b>20</b>	<b>Consolidated financial charges</b>		
	Aftab Automobiles Ltd.	322,076,419	220,765,998
	Navana Batteries Ltd.	121,756,587	119,633,320
		<b>443,833,006</b>	<b>340,399,318</b>
<b>21</b>	<b>Consolidated non-operating income</b>		
	FDR Interest	15,848,057	11,203,287
	Profit on sale of shares	-	6,067,347
	Profit on sale of car	-	688,038
		<b>15,848,057</b>	<b>17,958,672</b>
<b>22</b>	<b>Consolidated Income tax expense</b>		
	Current tax (22.1)	19,915,721	83,725,612
	Deferred tax (22.2)	(8,350,332)	11,128,499
		<b>11,565,389</b>	<b>94,854,111</b>
<b>22.1</b>	<b>Current tax</b>		
	Aftab Automobiles Ltd. (Note: 22.1a)	15,917,077	74,084,182
	Navana Batteries Ltd (Note: 22.1b)	3,998,644	9,641,430
		<b>19,915,721</b>	<b>83,725,612</b>
<b>22.1(a)</b>	<b>Current Tax</b>		
	Operating profit	51,000,023	279,312,459
	Other Income	15,848,057	17,958,672
	Contribution to WPPF	(5,779,635)	(15,087,044)
	Bad debts	17,740,000	17,634,243
	Add: Accounting depreciation	43,989,919	47,778,782
	Less: Tax depreciation	(59,130,055)	(58,171,115)
	Last year adjustment	-	6,910,731
	<b>Taxable Profit</b>	<b>63,668,309</b>	<b>296,336,728</b>
	Corporate tax rate	25.00%	25.00%
	<b>Current Tax</b>	<b>15,917,077</b>	<b>74,084,182</b>

Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
<b>22.1(b) Current Tax</b>			
	Profit before Tax	16,059,980	49,586,804
	Add: Accounting Depreciation	46,754,801	49,049,926
	Less: Tax Depreciation	(65,226,821)	(71,089,790)
	Adjusted Profit for tax calculation	(2,412,041)	27,546,940
	<b>Tax @ 35 % ( transferred to Compreh. Income statement )</b>	<b>(844,214)</b>	<b>9,641,429</b>
	Normal Tax liability @ 35% on profit before tax	(844,214)	9,641,429
	Minimum Tax liabilities @ 0.6% on Gross Receipt	3,998,644	7,816,179
	<b>Current Tax Liabilities (whichever is higher)</b>	<b>3,998,644</b>	<b>9,641,429</b>
<b>22.2 Deferred tax</b>			
	Aftab Automobiles Ltd.	(16,751,577)	3,414,548
	Navana Batteries Ltd	8,401,245	7,713,952
		<b>(8,350,332)</b>	<b>11,128,499</b>
<b>23 Deferred tax Liability:</b>			
	Aftab Automobiles Ltd. (23.1)	68,818,220	85,569,797
	Navana Batteries Ltd. (23.2)	59,893,710	51,492,465
		<b>128,711,930</b>	<b>137,062,262</b>
<b>23.1 Aftab Automobiles Ltd.</b>			
	Associate Company (23.1.A)	71,217,441	60,312,588
	Assembling ,Body unit & M.Cycle Unit (23.1.B)	(2,399,221)	25,257,209
	Investment Valuation surplus in share	-	-
		<b>68,818,220</b>	<b>85,569,797</b>
	<b>Calculation of Deferred tax</b>		
<b>23.1.A. Associate company</b>			
	<b>Opening Balance</b>	<b>60,312,588</b>	<b>55,423,391</b>
	Add: Provision during the year	10,904,853	4,889,197
	Investment in Associate Balance as on 30.06.19	<b>71,217,441</b>	<b>60,312,588</b>
	Investment Valuation surplus in share	-	-
<b>23.1.B. Aftab Automobiles Ltd.</b>			
	<b>DEPRECIATION:</b>		
	WDV on PPE as per Accounting Calculation	1,177,601,790	1,186,639,545
	WDV on PPE as per Taxable Calculation	1,064,698,673	1,085,610,708
	<b>Temporary Defference</b>	<b>112,903,117</b>	<b>101,028,837</b>
	<b>Deferred Tax 25% on difference (i)</b>	<b>28,225,779</b>	<b>25,257,209</b>
	<b>BAD DEBTS:</b>		
	Bad debts as per accounting base	122,500,000	-
	Bad debts as per tax base	-	-
	<b>Temporary difference</b>	<b>122,500,000</b>	-
	<b>Deferred Tax 25% on difference (ii)</b>	<b>(30,625,000)</b>	-
	<b>Total deferred tax (i+ii)</b>	<b>(2,399,221)</b>	<b>25,257,209</b>
	<b>NB: Deferred tax on bad debts has been considered only for this year.</b>		
<b>23.2 Navana Batteries Ltd</b>			
	WDV on PPE as per Accounting Calculation	870,854,090	825,395,376
	WDV on PPE as per Taxable Calculation	697,317,165	678,274,047
	<b>Temporary Defference</b>	<b>173,536,925</b>	<b>147,121,329</b>
	Deferred Tax 35% on different	60,737,923	51,492,465
	Less: Unabsorbed Depreciation	(844,214)	-
	<b>Actual Difference after unabsorbed Depreciation</b>	<b>59,893,710</b>	<b>51,492,465</b>

Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
	<b>Movement of deferred tax</b>		
<b>A</b>	<b>Aftab Automobiles Ltd.</b>		
	<b>Opening Balance [Deferred Tax 25% on difference (i)]</b>	<b>25,257,209</b>	<b>21,842,661</b>
	Add : During the year	(27,656,430)	3,414,548
	<b>Closing Balance</b>	<b>(2,399,221)</b>	<b>25,257,209</b>
	<b>Opening Balance</b>	<b>85,569,797</b>	<b>77,816,301</b>
	Add : During the year	(27,656,430)	3,414,548
	Add : During the year (Associate co. )	10,904,853	4,889,197
	Add : During the year( OCI )	-	(550,249)
	<b>Closing Balance</b>	<b>68,818,220</b>	<b>85,569,797</b>
<b>B</b>	<b>Navana Batteries Ltd</b>		
	<b>Opening Balance</b>	<b>51,492,465</b>	-
	Add : During the year (PL AC )	8,401,245	-
	<b>Closing Balance</b>	<b>59,893,710</b>	-
	<b>Total Deferred Tax Expenses (PL AC)</b>	<b>(16,751,577)</b>	-
	<b>Total Deferred Tax Liabilities (FS AC)</b>	<b>128,711,930</b>	-
<b>24</b>	<b>Consolidated earnings per share (EPS )</b>		
	Profit attributable to the equity holders	120,087,299	256,456,026
	No. of shares	95,732,422	95,732,422
	<b>Earnings per Share (EPS )</b>	<b>1.25</b>	<b>2.68</b>
	Note: Earnings Per Share (EPS ) has been fallen down than previous year because of decreasing sale amount due to parliament election		
<b>25</b>	<b>Net assets value per share (NAVPS)</b>		
	Equity attributable to equity holders	5,834,726,542	5,829,520,140
	Ordinary share(Paid Up capital )	95,732,422	95,732,422
	<b>Net assets value per share (NAVPS)</b>	<b>60.95</b>	<b>60.89</b>
<b>26</b>	<b>Net operating cash flows per share (NOCFPS)</b>		
	<b>Net cash generated by operating activities</b>	<b>357,935,598</b>	<b>(406,213,237)</b>
	Ordinary share(Paid Up capital )	95,732,422	95,732,422
	<b>Net operating cash flows per share (NOCFPS)</b>	<b>3.74</b>	<b>(4.24)</b>
	Note: During the year net operating cash flow per share has been increased because of collection from sales risen along with decreased the payment of suppliers & employees		
<b>27</b>	<b>Loan and deferred liabilities (Unsecured )</b>	<b>25,310,440</b>	<b>25,310,440</b>
	Long- term interest free loan from sponsors is carried forward since 1982		
<b>28</b>	<b>Claims against the Company :</b>		
	There is no known claim against the Company.		
<b>29</b>	<b>Reconciliation of cash flows from operating activities under indirect method:</b>		
	Net profit/Loss before interest, income tax & WPPF during	<b>526,741,066</b>	-
	Depreciation	90,744,720	-
	Payment of WPPF	(7,322,317)	-
	Income tax paid	(81,719,733)	-
	<b>Changes in current assets and liabilities:</b>		
	Decrease/ (increase) in inventories	(35,585,294)	-
	Decrease/ (increase) in advance and prepayments	(241,602,872)	-
	(Decrease)/ increase in payables & accruals	310,882,120	-
	Decrease/ (increase) in trade receivable	(204,202,093)	-
	<b>Net cash flow from operating activities</b>	<b>357,935,597</b>	-

**30. Amount Due by Directors**

There is no advance in the name of directors or Associate undertakings of the company.

**31. Amount paid to Directors**

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

**32. General Nature of Credit Facilities:**

There is no Credit facility available to the Company other than the credit facilities shown in these Financial Statements.

**33. 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)	¥1,011,225,600	790,070,561
Import of Raw material (Mahindra motorcycle SKD)	\$ 2,846,656	239,119,104
Import of Raw material (Various Items)	\$ 5,662,863	475,680,492
<b>Total</b>		<b>1,504,870,157</b>

**34. Production Capacity :**

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 231 units bus assembled in Assembling unit 159 units body fabrication in Body Building Unit.

The production capacity of the company is 10000 .units Motor Cycle in Motor Cycle unit under three shifts . Actual production for the period 7875 units bike assembled in Motor Cycle unit.

**35. Event after the Reporting Period**

The Directors in the meeting held on 26 October 2019 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 23 December 2019.

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

**36. Payment / Perquisites to Directors and officers :**

The aggregate amount paid / provided during the period in respect of " Directors " and " Officers " of the Company as defined in the Securities and Exchange Commission Rules 1987 are disclosed below :

Particulars	Amount
Board meeting attendance fee	341,250
Managerial remuneration	2,743,409

**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.5000/- per Director per meeting. The total Board meeting attendance fee incurred during the year under review was Tk. 3,35,000/- and
- iii) No amount of money was spent by the company for compensating any member of the board for special services rendered.

**37 Significant Discloser:**

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

**38 Number of Employees:**

During the year total number of employees/workers for the companies was 356 who drawing Tk. 8,000 or more per month.

**39 Remuneration:**

Salary & Allowances	Number of person	Amount
Managing Director/ Director	05	-
Managers	38	47,799,668
Officers	92	31,814,597

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

**40 Production capacity Utilization:**

Particulars	Assembling	Body	M. Cycle	Battery
Production Capacity (Vehicle/Battery)	2400	220	10000	30000
Production during the year	231	159	7875	12560
<b>Capacity Utilization (%)</b>	<b>9.63%</b>	<b>72.27%</b>	<b>78.75%</b>	<b>41.87%</b>



## Aftab Automobiles Limited and its Subsidiary

### PROPERTY, PLANT AND EQUIPMENT, NET

Particulars	Cost				Rate of Dep.	Depreciation				Carrying amount	
	As at 01.07.18	Add./ (Adj.) Dur. the Year	Adj. D. the Year	As at 30.06.19		As at 01.07.18	Charged D. the period	Adj. D. the Year	As at 30.06.19	As at 30.06.19	As at 30.06.18
Land & Land Development	1,063,604,227	85,004,275		1,148,608,502	-	-	-	-	1,148,608,502	1,063,604,227	
Building	312,490,475	5,207,150		317,697,625	2.50%	59,482,990	6,391,195	-	65,874,185	253,007,485	
Shades	38,078,882	-		38,078,882	20%	19,851,182	3,645,540	-	23,496,722	18,227,700	
Plant & Machinery	756,130,684	21,094,502		777,225,186	10%	337,370,441	43,129,161	-	380,499,602	418,760,243	
Tools & Equipments	126,883,597	1,992,195		128,875,792	20%	73,099,500	11,006,701	-	84,106,201	53,784,097	
Office Equipment	74,090,806	2,332,583		76,423,389	10%	30,456,320	4,515,255	-	34,971,575	43,634,486	
Furniture & Fixture	47,019,147	18,205		47,037,352	10%	15,912,930	3,114,532	-	19,024,462	31,106,217	
Transport Vehicles	131,986,574	1,920,836		133,907,410	20%	79,634,386	10,665,200	-	90,299,586	52,352,188	
Electrical line installation	16,652,257	487,500		17,139,757	10%	4,413,332	1,260,017	-	5,673,349	12,238,925	
Office Decoration	63,330,969	8,628,298		71,959,267	10%	12,999,294	5,485,341	-	18,484,635	50,331,673	
Gas line installation	20,197,747	480,133		20,677,880	10%	5,210,068	1,534,778	-	6,744,846	14,987,679	
<b>Total</b>	<b>2,650,465,365</b>	<b>127,165,677</b>		<b>2,777,631,042</b>		<b>638,430,442</b>	<b>90,744,719</b>	<b>-</b>	<b>729,175,162</b>	<b>2,048,455,880</b>	
<b>Depreciation charged to :</b>		<b>Taka</b>									
Cost of goods sold ( Factory O/H)		72,595,776									
Profit & Loss Account (Admin)		9,074,472									
Profit & Loss Account (Selling)		9,074,472									
<b>T O T A L</b>		<b>90,744,719</b>									

Schedule- A

# Independent Auditors' Report

To  
The Shareholders of Aftab Automobiles Limited

## Report on the Audit of the Financial Statements:

### Opinion

We have audited the financial statements of **Aftab Automobiles Limited** which comprise the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the **Aftab Automobiles Limited** as at 30 June 2019, 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 rules and regulation.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (**ISA**). 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) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, 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 audit opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2019. These matters were addressed in the context of the 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, each matter mentioned below our description of how our audit addressed the matter is provided in the context.

### Matter of Emphasis

The company has not been applied IFRS 9 "financial Instrument" though this IFRS is applicable for the company.

Key Audit Matter	How our audit addressed the key audit matters
<p><b>Revenue</b> The company has reported a revenue of Taka 1,957,393,139 for the year ended 30 June 2019.</p> <p>Refer to note no. 16 of the financial statements.</p> <p>Revenue recognition has significant and wide influence on financial statements. Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are dispatched for delivery to the distributor. 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><b>Our audit procedures in this area included, among others:</b></p> <ul style="list-style-type: none"> <li>We understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and signoff, recording of sales, all the way through to cash receipts and customers' outstanding balances.</li> <li>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.</li> <li>We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and truck challans. In addition, we confirmed customer balances at the statement of financial position date</li> </ul>

<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 recognised in the proper reporting periods.</p>	<ul style="list-style-type: none"> <li>We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and truck challans. In addition, we confirmed customer balances at the statement of financial position date.</li> <li>Furthermore, we tested the sales transactions recognised shortly before and after the statement of financial position date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting periods.</li> </ul>
<p><b>Inventories:</b> As of the reporting date the company reports Stock and Stores amounting to Taka 1,033,432,636</p> <p>Refer to note no. 07 to the Financial Statements</p> <p>Inventory is carried in the statement of financial position at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</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 have determined this to be a key audit matter, due to the complexity in income tax provisioning.</p>	<p><b>Our audit procedures were designed to challenge the adequacy of the Company's provisions against inventory included:</b></p> <ul style="list-style-type: none"> <li>Corroborating on a sample basis that items on the stock ageing by items were classified in the appropriate ageing bracket;</li> <li>Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels;</li> <li>Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current period; and</li> <li>We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory.</li> </ul>
<p><b>Current Tax provisioning:</b></p> <p>Current Tax provision amounting Taka 15,917,077.</p> <p>Refer to note no. 22.1 to the Financial Statements</p> <p>At year end the company reported total income tax expense (Current tax) of BDT 15,917,077 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><b>Our audit procedure in this area included ,among others :</b></p> <p>Use of our own tax specialist to assess the company's tax computation. Our tax specialist 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>
<p><b>Measurement of deferred tax Liability:</b></p> <p>Company reported net deferred tax liability totaling Taka 68,818,220 as at 30 June 2019 . significant judgments is required in relation to deferred tax liability as their liability is dependent on forecast of future probability over a number of years .</p> <p>see note no.23 to the financial statements</p>	<p>we obtained and understanding ,evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of Deferred Tax Asset/liability and taxable income/expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expenses/income.</p> <p>we evaluated the reasonableness of key assumption, timing of reversal of temporary difference and expiration of tax loss carry forwards ,recognition and measurement</p>

	<p>of deferred tax liability/asset .</p> <p>We assessed the adequacy of the company’s disclosures setting out the basis of deferred tax liability/asset balances and the level of estimation involved.</p> <p>we also assessed in evaluating the tax implications , the reasonableness of estimate and calculations determined by the management .</p> <p>finally assessed the appropriateness and presentation of disclosure against IAS -12 income Tax</p>
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**Other Matter**

The financial statements of **Aftab Automobiles Limited** for the year ended 30 June 2018 was audited by another auditor and give fair opinion.

**Going Concern**

We are required to report if we have concluded 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 the financial statements. We have nothing to report in these respects.

**Other Information**

Management is responsible for 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 those other information. 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 these 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 these other information and, in doing so, consider whether these other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance.

**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 International Financial Reporting Standards and other applicable rules 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.

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.

**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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained 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 company 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other Legal and Regulatory Requirements:**

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, 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 account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (c) the company's financial statements dealt with by the report are in agreement with the books of account.
- (d) the expenditure incurred was for the purpose of company's business for the year.

Dated: Dhaka,  
26 October 2019

  
**ATA KHAN & CO.**  
Chartered Accountants

## AFTAB AUTOMOBILES LIMITED

### Statement of Financial Position As at June 30, 2019

Particulars	Notes	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>Assets :</b>			
<b>Non-current assets :</b>			
Property, plant and equipment	03	1,177,601,790	1,186,639,545
Capital work-in-progress	04	515,986,241	93,780,046
Investments in subsidiary and associates	05	1,164,993,407	1,136,311,043
Receivables - Non current maturity	06	2,052,645,882	2,460,241,751
<b>Total Non-current assets</b>		<b>4,911,227,320</b>	<b>4,876,972,385</b>
<b>Current assets :</b>			
Receivables -Current maturity	06	2,159,897,233	1,742,308,445
Stock and stores	07	1,033,432,636	1,129,353,103
Current account with Navana Batteries Ltd.		381,661,368	243,227,935
Current account with Navana Group Companies		2,630,506,913	1,077,561,924
Advances, deposits and prepayments	08	2,112,837,534	1,853,292,948
Cash and bank balances	09	278,156,567	367,031,655
<b>Total Current assets</b>		<b>8,596,492,251</b>	<b>6,412,776,010</b>
<b>Total Assets</b>		<b>13,507,719,571</b>	<b>11,289,748,396</b>
<b>Equity and Liabilities :</b>			
<b>Equity attributable to equity holders</b>			
Share capital	10	957,324,220	957,324,220
Share premium	11	1,925,858,339	1,925,858,339
Reserves	12	67,338,231	67,338,231
Retained earnings		2,884,205,751	2,878,999,350
<b>Total Equity attributable to equity holders</b>		<b>5,834,726,541</b>	<b>5,829,520,140</b>
<b>Non-current liabilities :</b>			
Loan and deferred liabilities (Unsecured)	27	25,310,440	25,310,440
Long Term loan-Non current maturity	13	1,897,271,183	2,201,719,971
Deferred tax liability	23	68,818,220	85,569,797
<b>Total Non-current liabilities</b>		<b>1,991,399,843</b>	<b>2,312,600,207</b>
<b>Current liabilities :</b>			
Long Term loan-Current maturity	13	632,423,728	733,906,656
Short term loan	14	3,761,802,832	1,447,851,956
Accrued and other current liabilities	15	1,287,366,628	965,869,437
<b>Total current liabilities</b>		<b>5,681,593,188</b>	<b>3,147,628,049</b>
<b>Total liabilities</b>		<b>7,672,993,031</b>	<b>5,460,228,256</b>
<b>Total Equity and Liabilities</b>		<b>13,507,719,571</b>	<b>11,289,748,396</b>
<b>Net assets value per share (NAVPS)</b>	25	<b>60.95</b>	<b>60.89</b>

The annexed notes 1 to 40 and schedule-A form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 October 2019 and were signed on its behalf by:

 Chief Financial Officer	 Company Secretary	 Director	 Managing Director	 Chairman
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Signed in terms of our separate report of even date

Place: Dhaka  
Dated: 26 October 2019

  
**ATA KHAN & CO.**  
Chartered Accountants



## AFTAB AUTOMOBILES LIMITED

### Statement of Profit or Loss and other Comprehensive Income For the year ended June 30, 2019

Particulars	Notes	Amount in Taka	
		2018 - 2019	2017 - 2018
Sales revenue	16	1,957,393,139	3,359,756,688
Less: Cost of goods sold	17	1,462,881,552	2,691,496,957
<b>Gross profit (a)</b>		<b>494,511,587</b>	<b>668,259,731</b>
<b>Less: Operating Expense</b>			
Administrative expenses	18	58,626,276	89,868,109
Selling and distribution expenses	19	62,808,868	78,313,163
Financial charges	20	322,076,420	220,765,998
<b>Total Operating Expenses (b)</b>		<b>443,511,564</b>	<b>388,947,271</b>
<b>Operating Profit (c) = (a-b)</b>		<b>51,000,023</b>	<b>279,312,460</b>
<b>Non-operating income :</b>			
Other Income	21	15,848,057	17,958,672
Add : Share of profit from associate company	5.3	54,524,264	19,556,789
<b>Total Non-Operating Income (d)</b>		<b>70,372,321</b>	<b>37,515,461</b>
<b>Profit before contribution to WPPF (e) =(c+d)</b>		<b>121,372,343</b>	<b>316,827,921</b>
Less: Contribution to WPPF		5,779,635	15,087,044
<b>Profit after contribution to WPPF</b>		<b>115,592,708</b>	<b>301,740,877</b>
Add : Share of profit from subsidiaries		3,658,100	32,213,878
<b>Net profit before tax (f)</b>		<b>119,250,808</b>	<b>333,954,756</b>
<b>Less: Income tax Expenses :</b>			
Current tax	22.1	15,917,077	74,084,182
Deferred tax	22.2	(16,751,577)	3,414,548
<b>Total income tax expense (g)</b>	22	<b>(834,500)</b>	<b>77,498,730</b>
<b>Profit after Tax (h) = (f-g)</b>		<b>120,085,308</b>	<b>256,456,025</b>
<b>Other comprehensive Income for the year :</b>			
<b>Investment Valuation surplus in share</b>			
Revaluation Gain/(Loss) on invest. in share	5.2	-	(6,609,021)
Deferred tax		-	(550,249)
<b>Total Investment Valuation surplus in share (i)</b>		<b>-</b>	<b>(7,159,270)</b>
<b>Total comprehensive income for the year (j) =(h+i)</b>		<b>120,085,308</b>	<b>249,296,755</b>
<b>Earnings per share</b>	24	<b>1.25</b>	<b>2.68</b>

The annexed notes 1 to 40 and schedule-A form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 October 2019 and were signed on it's behalf by:



Chief Financial Officer



Company Secretary



Director



Managing Director



Chairman

Signed in terms of our separate report of even date

Place: Dhaka  
Dated: 26 October 2019



ATA KHAN & CO.  
Chartered Accountants



## AFTAB AUTOMOBILES LIMITED

Statement of Changes in Equity  
For the year ended June 30, 2019

Particulars	Amount in Taka				
	Share Capital	Share premium	Reserves	Retained earnings	Total
<b>Balance as on July 01, 2017</b>	957,324,220	1,925,858,339	67,338,231	2,722,945,676	5,673,466,466
Cash Dividend	-	-	-	(93,243,081)	(93,243,081)
Total comprehensive income for the year	-	-	-	249,296,755	249,296,755
<b>Balance as at June 30, 2018</b>	<b>957,324,220</b>	<b>1,925,858,339</b>	<b>67,338,231</b>	<b>2,878,999,350</b>	<b>5,829,520,141</b>
<b>Balance as on July 01, 2018</b>	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
<b>Balance as at June 30, 2019</b>	<b>957,324,220</b>	<b>1,925,858,339</b>	<b>67,338,231</b>	<b>2,884,205,751</b>	<b>5,834,726,541</b>

The annexed notes 1 to 40 and schedule-A form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 October 2019 and were signed on it's behalf by:



Chief Financial Officer



Company Secretary



Director



Managing Director



Chairman

Place: Dhaka  
Dated: 26 October 2019

## AFTAB AUTOMOBILES LIMITED

### Statement of Cash Flows For the year ended June 30, 2019

Particulars	Notes	Amount in Taka	
		2018 - 2019	2017 - 2018
<b>A. Cash flows from operating activities</b>			
Receipts from customers		1,947,400,220	2,436,008,375
Receipts as other income		15,848,057	17,958,672
Payments to suppliers and employees		(1,343,600,871)	(2,429,919,612)
<b>Cash generated from operations</b>		<b>619,647,406</b>	<b>24,047,435</b>
Income tax paid		(54,445,736)	(84,521,714)
<b>Net cash generated by operating activities</b>		<b>565,201,670</b>	<b>(60,474,279)</b>
<b>B. Cash flows from investing activities</b>			
Acquisition of property, plant & equipment		(29,823,682)	(62,657,245)
Investment in Share money deposit		29,500,000	(26,924,137)
Payments for capital work in progress		(427,334,675)	(23,775,017)
Disposal Proceeds		-	700,000
Disposal of shares		-	6,528,786
<b>Net cash used by investing activities</b>		<b>(427,658,357)</b>	<b>(106,127,613)</b>
<b>C. Cash flows from financing activities</b>			
Receipt of bank loan		1,908,019,160	950,693,917
Inter company receipts/(payments)		(1,552,944,989)	(478,899,584)
Inter company payments		(138,433,433)	(49,123,623)
Bank interest paid		(322,076,419)	(220,765,998)
Dividend paid		(120,982,720)	(93,243,081)
<b>Net cash used by financing activities</b>		<b>(226,418,401)</b>	<b>108,661,630</b>
<b>D. Net changes in cash &amp; cash equ. for the year (A+B+C)</b>		<b>(88,875,088)</b>	<b>(57,940,262)</b>
<b>E. Cash &amp; cash equivalents at beginning of the year</b>		<b>367,031,655</b>	<b>424,971,917</b>
<b>F. Cash &amp; cash equivalents at end of the year (D+E)</b>		<b>278,156,567</b>	<b>367,031,655</b>
<b>Net operating cash flows per share (NOCFPS)</b>	26	<b>5.90</b>	<b>(0.63)</b>

The annexed notes 1 to 40 and schedule-A form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 October 2019 and were signed on it's behalf by:

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

Place: Dhaka  
Dated: 26 October 2019

## **AFTAB AUTOMOBILES LIMITED**

### **Notes to the Financial Statements As at and for the year ended 30 June 2019**

#### **1.0 Corporate Information and Mode of Business**

##### **1.1 Corporate Information**

Aftab Automobiles Limited (the company), was incorporated in erstwhile East Pakistan in the year 1967 as East Pakistan Automobiles Limited under the Companies Act, 1913. Subsequently, after liberation, the Company changed the name as Aftab Automobiles Limited and was certified by the Registrar of Joint Stock Companies, 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 Companies under Company Act 1913. The Registered Office of the Company is located at 125/A, Motijheel Commercial Area, Dhaka-1000. The Company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the year 1987 and 1996 respectively.

##### **1.2 Mode 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 in single shift. The Company has recently setup a Motor Cycle Unit with a capacity of assembling 10,000 units of Motor Cycle per year. Sales of Motor Cycle has been started in the year 2013-2014. The Company has one subsidiary company is Navana Batteries Ltd, that produce and market various types of Batteries.

#### **2.0 Significant Accounting Policies and basis of preparation of the financial statements**

##### **2.1 Statement of Compliance**

The financial statements have been prepared in accordance with International Accounting Standards (**IASs**) and International financial Reporting Standards (**IFRSs**) and as per requirements of the Companies Act 1994, The Securities and Exchange Rules 1987, and other applicable laws and regulations.

##### **2.2 Basis of Preparation**

The financial statements of the company have been prepared assuming going concern basis based on the accrual basis of accounting except financial charges following under the historical cost convention.

##### **2.3 Basis of Reporting**

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

##### **2.4 Reporting Period**

These financial statements cover one accounting year from July 01, 2018 to June 30, 2019.

##### **2.5 Regulatory and Legal Compliance**

The company complied with the requirements of the following regulatory and legal authorities:

- i) The Companies Act, 1994;
- ii) The Securities and Exchange Rules, 1987;
- iii) The Securities and Exchange Ordinance, 1969;
- iv) The Income Tax Ordinance, 1984,
- v) The Value Added Tax (VAT), 1991,

##### **2.6 Functional and Presentation Currency**

Financial statements are prepared in Bangladeshi Taka which is the company's functional currency.

##### **2.7 Basis of consolidation**

The Company has consolidated the financial statements of Aftab Automobiles Limited audits sole subsidiary named Navana Batteries Ltd. The Consolidated financial statements has been prepared in accordance with **IFRS-10**. The company accrued 99.95 % of paid-up Capital of Navana Batteries Ltd.

##### **2.8 Recognition of Property, Plant and Equipment**

These are capitalized at cost of acquisition and subsequently stated at original cost minus accumulated depreciation and accumulated impairment losses, if any, in compliance with the relevant accounting standard **IAS-16**. The cost of the Assets is inclusive of cost paid to the vendors along with all incidental expenses to install or construct

the same assets for its intended use. Expenditure incurred after the assets have been put in to operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

On retirement or otherwise disposed of, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the Profit and Loss Account which is determined with reference to net book value of the assets and net sale 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.

### **Depreciation**

No depreciation has been charged on Land and Land Development considering the unlimited useful life. In respect of all other assets, the quantum of annual depreciation charge is calculated over their estimated useful lives using the diminishing balance method of depreciation. All the assets acquired or disposed of during the period have been depreciated for the period of its use. The rate at which the assets are depreciated per annum depended on the nature and estimated useful life of each assets are consistently applied since the inception of the company which are given below :

<b>Name of the Assets</b>	<b>Rate of Depreciation in (%)</b>
Land and land development	Nil
Building	2.5
Shades	20
Plant & Machinery	10
Tools & Equipment's	20
Office equipment	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.

## **2.9 Financial Instruments and Derivatives**

### **a) Investment in associates**

Investment in associates has been disclosed as per **IAS-28** Investment in associates.

### **b) Derivatives**

The company is not a party to any derivative contract at the balance sheet 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.

## **2.10 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.

## **2.11 Cash and Cash Equivalent**

Cash and Cash Equivalents includes cash in hand, cash at banks, which are held and available for use by the company without any restriction and having maturity dates of three months or less from the respective date of deposit. There is insignificant risk of change in value of same. No Foreign Currency transaction is involved in Cash and Cash Equivalents.

## **2.12 Taxation**

### **Current Tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The applicable tax

rate for the company is 25.00 % as the company qualifies as a “publicly traded company”. Provision for taxation has been made as per law.

#### **Deferred Tax**

Deferred tax is recognized liabilities in accordance with **IAS-12** “Income Tax” 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.

#### **2.13 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.

#### **2.14 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 from the sale of goods is recognized when the following conditions are satisfied:

- i) the enterprise has transferred to the buyer the significant risk and rewards of ownership of the goods;
- ii) the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) the amounts of revenue can be measured reliably;
- iv) it is probable that the economic benefits associated with the transaction will flow to the enterprise; and
- vi) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **2.15 Provident Fund Scheme**

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.

#### **Gratuity Scheme**

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”.

#### **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.

#### **2.16 Cash Flows Statement**

Statement of cash flows is prepared principally in accordance with **IAS-7** “Cash Flow Statements” and cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules, 1987.

#### **2.17 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.

## **2.18 Liabilities for Expenses**

While the provision for certain standing charges and known liabilities is made at the balance sheet date based on estimate, the difference arising there from on receipts of bills/ demands and/ or actual payments is adjusted in the subsequent year when such liabilities are settled.

## **2.19 Earnings per Share**

### **Basic Earnings per Share**

The company calculates Earning per Share (EPS) in accordance with **IAS-33**. Basic earnings per share have been calculated taking a capital base of 95,732,422 Ordinary shares of Tk. 10 each as on June 30, 2019 which is shown in the face of the Statement of Comprehensive Income and the computation of EPS is stated in note # 24.

### **Diluted Earnings per Share**

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

## **2.20 Event after the Reporting Period**

As per **IAS-10**, Events after the reporting period are those events, favorable and unfavorable, 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 26 October 2019. No material event had occurred after the balance sheet date of issue of these financial statements, which could affect the values stated in the financial statement.

## **2.21 Workers Profit Participation Fund**

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 and payable to workers as defined in the said law. Provision for Workers Profit Participation Fund (WPPF) and Worker Welfare Fund (WWF) has been restated in previous year due to consideration of share of profit from associate company's income.

## **2.22 Recognition of Investment in Subsidiary in separate financial statements**

The investment in subsidiary are 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."

## **2.23 Financial Assets and Liabilities**

Financial assets and liabilities are recognized on the balance sheet date when the entity has become a party to a contractual provision of the instruments.

### **i) Receivables**

Receivables are stated their real value and consider good. No provision has been made for doubtful debts except the amount was written off as bad debt. Receivables that would mature after one from the date of Statement of Financial position has been shown as long term.

### **ii) Payable**

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

**iii) 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.

**iv) Borrowings**

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Financial charges are accounted for on an accrual basis.

**2.24 Comparative Figure:**

Comparative information has been disclosed in respect of the period 2018 for all numerical data in the financial statements and also the narrative descriptive information when it is relevant for understanding of the current year's financial statements presentation. The financial information for the period July 01, 2018 to June 30, 2019 comparative for the period of July 01, 2017 to June 30, 2018 which is the last audited financial statements.

**2.25 General**

1. Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.
2. 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.

**2.26 Compliances with the requirement of Notifications of the Securities and Exchange Commission dated 01.06.2008 under ref # SEC/CMMMP/2008-181/53/adm/03/28**

1. Notes to the financial statements set out the accounting policies on all material accounting areas. These accounting policies are based on IFRS and IAS.
2. The following applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards) has been adopted and applied by the company from the IFRS and IAS issued by International Accounting Standard Board (IASB) as adopted by ICAB.

Particulars	IAS NO.	Status of Application
Presentation of Financial Statements	IAS-1	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors.	IAS-8	Applied
Events After The Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosure	IAS-24	Applied
Financial Instrument Presentation	IAS-32	Applied
Earnings Per Share (EPS)	IAS-33	Applied
Impairment	IAS-36	Applied
Provision, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instrument : Recognition and Measurement	IAS-39	Applied
First-time Adoption of International Financial Reporting Standards	IFRS-1	Applied
Financial Instrument	IFRS-9	Under Review
Revenue from Contracts with Customers	IFRS-15	Applied



Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>03</b>	<b>Property, plant and equipment, net</b>		
	Land & Land Development	745,334,299	740,205,819
	Building	122,269,423	120,279,401
	Shades	14,582,160	18,227,700
	Plant & Machinery	182,034,378	188,371,361
	Tools & Equipments	14,873,862	17,491,003
	Office Equipment	19,848,101	21,076,550
	Furniture & Fixture	13,935,264	15,464,411
	Transport Vehicles	28,495,699	33,518,959
	Electrical line installation	1,724,239	1,897,349
	Office Decoration	34,504,366	30,106,992
		<b>1,177,601,790</b>	<b>1,186,639,545</b>
<b>04</b>	<b>Capital work-in-progress</b>		
	<b>Opening balance</b>	<b>93,780,046</b>	<b>224,581,944</b>
	Addition during the year	427,334,675	23,775,017
		521,114,721	248,356,961
	Less: transfer to property, plant & equipment	5,128,480	154,576,915
	<b>Closing balance</b>	<b>515,986,241</b>	<b>93,780,046</b>
	Capital work in progress represents Land and Land Development , civil constructions, Plant and Machinery for BMRE of Assembling Unit , Body Building Unit and Motor Cycle Unit. Primarily estimated cost of BMRE project is Taka 100.00 crore.		
<b>05</b>	<b>Investments in subsidiary and associate</b>		
	Investment in subsidiary (Note: 5.1 )	760,510,444	756,852,344
	Investment in securities & Share Money ( Note: 5.2 )	28,395,758	57,895,758
	Investment in associate ( Note : 5.3 )	376,087,205	321,562,941
		<b>1,164,993,407</b>	<b>1,136,311,043</b>
<b>5.1</b>	<b>Investment in subsidiary</b>		
	<b>Navana Batteries Limited</b>		
	<b>Opening Balance</b>	<b>756,852,344</b>	<b>724,638,466</b>
	Add: Profit during the year	3,658,100	32,213,878
	<b>Closing Balance</b>	<b>760,510,444</b>	<b>756,852,344</b>
<b>5.2</b>	<b>Investment in securities (a+b)</b>	<b>28,395,758</b>	<b>57,895,758</b>
<b>5.2 (a)</b>	<b>Quantities details of investments in share</b>		
	Investment in shares of Navana CNG Ltd		
	<b>Opening Balance</b>	-	<b>7,620,709</b>
	Less: revaluation gain booked to OCI	-	6,609,021
	Less: Related deferred Tax	-	550,249
	Less: sale of Share	-	461,439
	<b>Closing Balance</b>	-	-
<b>5.2 (b)</b>	<b>Investment in Share Money deposit</b>		
	Navana Construction Ltd.		
	<b>Opening Balance</b>	<b>57,895,758</b>	<b>30,971,621</b>
	Add : During the year	(29,500,000)	26,924,137
		<b>28,395,758</b>	<b>57,895,758</b>
<b>5.3</b>	<b>Investment in associate</b>		
	The details are stated below :		
	Share of NREL at cost	<b>20,000,000</b>	<b>20,000,000</b>

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
	<b>Share of equity from associate</b>		
	<b>Opening Balance</b>	<b>301,562,941</b>	<b>277,116,955</b>
	<b>Share of equity from associate</b>		
	Net Income after deferred tax	43,619,411	19,556,789
	Provision for deferred tax ( Note - 23.1 A )	10,904,853	4,889,197
	<b>Closing Balance</b>	<b>54,524,264</b>	<b>24,445,986</b>
	<b>Total Investment in associate</b>	<b>356,087,205</b>	<b>301,562,941</b>
	<b>376,087,205</b>	<b>321,562,941</b>	
5.3 (a)	<b>Acquisition quantity of shares of Navana Real Estate Ltd.</b>	20,000,000	20,000,000
	Less: shares sale during the year	-	-
	<b>20,000,000</b>	<b>20,000,000</b>	
	<b>Opening Balance</b>	<b>6,000,000</b>	<b>6,000,000</b>
	Number of shares purchased	-	-
	Number of bonus shares received during the year	-	-
	Total number of shares	<b>6,000,000</b>	<b>6,000,000</b>
06	<b>Receivables</b>		
	<b>Receivable Non-Current (Maturity over 12 months )</b>	2,175,145,882	2,565,001,751
	Less: Provision for Bad debts	122,500,000	104,760,000
		2,052,645,882	2,460,241,751
	<b>Receivable current (Maturity less than 12 months )</b>	2,159,897,233	1,742,308,445
		<b>4,212,543,115</b>	<b>4,202,550,196</b>
	<b>Ageing schedule of receivables :</b>		
	<u>Duration</u>		
	1- 30 days	447,064,900	494,334,186
	31- 60 days	422,691,888	462,951,775
	61- 90 days	431,763,457	348,231,482
	91- 180 days	430,251,529	381,941,065
	181- 365 days	428,125,459	385,888,542
	Over 365 days	2,052,645,882	2,129,203,146
		<b>4,212,543,115</b>	<b>4,202,550,196</b>
	Net receivables are considered good . The Company holds no security other than debtors' personal security in the form of work orders etc.		
07	<b>Stock and stores</b>		
	Finished products	426,785,453	628,405,618
	Raw materials	206,403,045	219,212,998
	Work-in-process	5,799,936	20,176,667
	Stores and spares (Note: 07.1)	2,963,915	3,080,234
	Goods in transit	391,480,287	258,477,586
		<b>1,033,432,636</b>	<b>1,129,353,103</b>
07.1	<b>Stores and spares</b>		
	<b>Opening Balance</b>	<b>3,080,234</b>	<b>3,080,234</b>
	Less: Consumption During the year	(116,319)	-
	<b>Closing Balance</b>	<b>2,963,915</b>	<b>3,080,234</b>
	Value of Stock of Finished product & Raw materials inclusive of 86 units Hino bus 01 unit RM2 Hino Bus chassis and 1954 units of Motor cycle .		
08	<b>Advances, deposits and prepayments</b>		
	Advance to suppliers	567,511,567	603,867,553
	Advance to employees	8,627,989	2,869,964
	Advance to others	382,599,733	144,778,280
	Current Account with VAT	3,932,793	6,228,303
	Deposits	368,522,361	368,351,492
	Advance Income tax (note-9.1)	781,643,092	727,197,356
		<b>2,112,837,534</b>	<b>1,853,292,948</b>

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
	Advance paid to suppliers against work orders are considered good. Advance to employees against expenses, salary etc. which are realisable 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.		
<b>8.1</b>	<b>Advance Income tax</b>		
	<b>Opening balance</b>	<b>727,197,356</b>	<b>642,675,642</b>
	Addition during the year	54,445,736	84,521,714
		<b>781,643,092</b>	<b>727,197,356</b>
	Adjustment made during the year	-	-
	<b>Closing Balance</b>	<b>781,643,092</b>	<b>727,197,356</b>

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.

**09 Cash & bank balances**

Cash in hand	915,650	6,293,654
Cash at bank	277,240,917	360,738,001
	<b>278,156,567</b>	<b>367,031,655</b>

FDR amounting to Taka 106,570,000 is under lien against loan from various banks out of total Cash at Bank balance of Tk. 277,240,917.

**10 Share capital**

**Authorized capital:**

120,000,000 Ordinary shares of Tk. 10 each	1,200,000,000	1,200,000,000
180,000,000 Cum. redeemable preference shares of Tk. 10 each	1,800,000,000	1,800,000,000
	<b>3,000,000,000</b>	<b>3,000,000,000</b>

**Ordinary Share capital:**

**Issued, subscribed and paid up**

95,732,422 Ordinary shares of Tk. 10 each		
Sponsors	272,080,980	272,080,980
General Public	685,243,240	685,243,240
	<b>957,324,220</b>	<b>957,324,220</b>

The Position of Ordinary shareholders as on June 30, 2019 was as follows :

Particulars	No. of Investors	No. of Shares	Share Holding (%) '2019	Share Holding (%) '2018
Sponsors	6	27,208,098	28.42%	28.42%
Financial Institutions including ICB	248	37,009,733	38.66%	37.33%
General Public	21,648	31,514,591	32.92%	34.25%
<b>Total</b>	<b>21,902</b>	<b>95,732,422</b>	<b>100.00%</b>	<b>100.00%</b>

The classification of shareholders by holding as on June 30, 2019 was as follows :

No. of share holdings	No. of Investors	No. of share holders	Share Holding (%) '2019	No. of shares '2018
1 to 500	14,392	2,184,666	2.28%	2,282,821
501 to 5000	6,414	10,202,991	10.66%	9,796,897
5001 to 10000	580	4,151,466	4.34%	3,943,851
10001 to 20000	251	3,485,825	3.64%	3,337,909
20001 to 30000	95	2,354,021	2.46%	1,960,017
30001 to 40000	29	1,050,779	1.10%	1,066,082
40001 to 50000	30	1,393,343	1.46%	1,032,257
50001 to 100000	48	3,341,706	3.49%	3,649,088
100001 to 1000000	49	14,860,012	15.52%	17,165,029
Above 1000000	14	52,707,613	55.06%	51,498,471
<b>Total</b>	<b>21,902</b>	<b>95,732,422</b>	<b>100.00%</b>	<b>95,732,422</b>

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>11</b>	<b>Share premium.</b>		
	Net Premium Up to 2006	250,191,730	250,191,730
	Net Premium in 2010	1,675,666,609	1,675,666,609
		<b>1,925,858,339</b>	<b>1,925,858,339</b>
<b>12</b>	<b>Reserves</b>		
	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
		<b>67,338,231</b>	<b>67,338,231</b>
	The Company obtained tax holiday facility for body building unit for the period of five years with effect from may 05, 1997.		
<b>13</b>	<b>Long Term loan-Net of current portion</b>		
	Agrani Bank Ltd.	837,098,151	512,617,234
	Meghna bank Ltd.	19,626,112	56,570,080
	SBAC bank Ltd.	123,310,925	71,049,368
	Standard bank Ltd.	-	141,902,741
	Mutual trust bank Ltd.	117,923,003	264,304,560
	Bank Asia Ltd.	-	200,119,253
	The City Bank Ltd.	-	64,991,141
	Prime bank Ltd.	34,589,483	63,903,407
	Midland Bank Ltd.	66,367,700	99,145,612
	Peoples Leasing	157,546,943	162,637,460
	Mercantile bank Ltd.	171,555,869	76,496,136
	One Bank Ltd.	64,717,841	400,341,511
	NCC Bank Ltd.	120,905,918	152,930,641
	NRB Commercial Ltd.	-	25,229,197
	Bay Leasing	97,000,000	89,239,082
	GSP Finance	226,520,509	187,429,117
	Midas financing	42,194,387	31,225,924
	Union Capital	139,463,643	145,093,674
	BD Finance Ltd.	58,851,427	
	Southeast Bank Ltd.	-	127,805,806
	Prime Finance & Investment Ltd.	750,000	-
	Shahjalal Islami Bank Ltd.	2,851,000	-
	Modhumoti bank Ltd.	248,422,000	62,594,683
		<b>2,529,694,911</b>	<b>2,935,626,627</b>
	<b>less: Long Term loan-Current maturity</b>	<b>632,423,728</b>	<b>733,906,656</b>
	<b>Long Term loan-Net of Non-current maturity</b>	<b>1,897,271,183</b>	<b>2,201,719,971</b>
<b>14</b>	<b>Short-term loan</b>		
	Agrani Bank Ltd.	535,501,998	-
	Bank Asia Ltd.	889,250,209	465,037,971
	Standard Bank Ltd.	-	42,794,066
	NRB Commercial Ltd.	410,885,931	228,022,713
	NCC bank Ltd.	-	82,725,899
	Dhaka Bank Ltd.	-	51,388,456
	Mercantile Bank Ltd.	126,252,584	61,746,132
	The City Bank Ltd.	-	31,896,563
	Midland Bank Ltd.	30,871,288	21,350,740
	Prime bank Ltd.	51,607,048	51,554,429
	One Bank Ltd.	294,163,191	-
	SBAC bank Ltd.	49,458,146	34,206,739
	Mutual trust bank Ltd.	204,477,546	52,705,121
	Southeast Bank Ltd.	-	82,188,304
	Dutch-Bangla Bank Ltd.	626,082,737	199,999,768
	IFIC Bank Ltd.	543,086,250	39,895,590
	Jamuna Bank Ltd.	165,904	2,339,465
		<b>3,761,802,832</b>	<b>1,447,851,956</b>

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>15</b>	<b>Accrued and other current liabilities</b>		
	For goods supplied	325,637,229	73,124,406
	For expenses	81,719,920	100,757,730
	For Income tax	644,713,636	628,796,559
	For Workers' P.P.F. and W.F.	24,808,804	26,351,486
	For other finance	72,656,475	66,568,536
	For Bond Liabilities	73,663,658	-
	Unclaimed dividend	64,166,906	70,270,720
		<b>1,287,366,628</b>	<b>965,869,437</b>

Appeal to Hon'ble High Court against tax assessment u/s 160 for the assessment years 2011-2012 to 2017-2018 is pending.

	Amount in Taka	
	2018 - 2019	2017 - 2018
<b>16</b>	<b>Revenues ( Net Sales )</b>	
	Automobiles assembling unit	1,133,131,285
	Body building unit	264,672,115
	Motor Cycle unit	559,589,739
		<b>1,957,393,139</b>
		<b>3,359,756,688</b>

The quantity of sales during the year are Hino Bus chassis 215 units, RM2 AC Bus 06 units , Hino RN8J 01 unit and 5325 units of Motor cycle.

<b>17</b>	<b>Cost of goods sold</b>		
	<b>Opening stock of direct raw materials</b>	<b>219,212,998</b>	<b>182,895,268</b>
	Purchases of direct raw material	1,121,209,755	1,926,775,355
	Direct raw materials available for consumption	1,340,422,753	2,109,670,623
	<b>Closing stock of direct raw materials (Note 7 )</b>	<b>206,403,045</b>	<b>219,212,998</b>
	Raw materials cosumed	1,134,019,708	1,890,457,625
	<b>Add : Opening WIP</b>	<b>20,176,667</b>	<b>5,636,141</b>
		1,154,196,375	1,896,093,766
	<b>Less : Closing WIP ( Note-7 )</b>	<b>5,799,936</b>	<b>20,176,667</b>
		1,148,396,439	1,875,917,099
	Indirect materials	6,025,024	70,134,566
	<b>Total consumption</b>	<b>1,154,421,463</b>	<b>1,946,051,665</b>
	<b>Factory overhead ( Note-17.1 )</b>	<b>106,839,924</b>	<b>113,362,031</b>
	Cost of production	1,261,261,387	2,059,413,696
	<b>Opening Finished products</b>	<b>628,405,618</b>	<b>1,260,488,880</b>
		1,889,667,005	3,319,902,576
	<b>Closing Finished products ( Note-7 )</b>	<b>426,785,453</b>	<b>628,405,618</b>
		<b>1,462,881,552</b>	<b>2,691,496,957</b>

<b>17.1</b>	<b>Factory overhead</b>		
	Salary and allowances	47,962,085	43,626,064
	Liveries and Uniform	129,740	175,970
	Telephone,Fax, Mobile	66,798	279,424
	Fuel and Lubricants	3,170,581	3,442,722
	Travelling and Conveyance	394,140	457,680
	Entertainment	554,767	1,041,058
	Office Expenses	225,393	199,770
	Maintenance expenses	611,325	738,994
	Electric Expenses	9,227,964	8,645,856
	Duty and Allowance	207,390	1,349,150
	Canteen Subsidies	182,072	510,906
	Eid greeting	100,500	135,000
	Rent Rates & Taxes	5,159,184	9,220,790
	Insurance	2,958,691	3,827,388
	Welfare expenses	69,547	374,788
	Carrying & handling	147,245	355,125
	Papers & periodical	-	8,913
	General charges	56,390	80,463
	Repairs and maintenance ( vehicle)	190,363	245,628
	Chemicals	1,994	2,268
	Annual picnic	7,009	261,268
	Printing & Stationary	108,492	159,782
	Stores and spares	116,319	-
	Depreciation	35,191,935	38,223,025
		<b>106,839,924</b>	<b>113,362,031</b>

Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
<b>18</b>	<b>Administrative expenses</b>		
	Salary and allowances	35,863,515	55,163,136
	Welfare expenses	102,011	127,168
	Medical Expenses	5,897	1,183,402
	Entertainment	765,983	1,375,363
	AGM expenses.	482,613	452,844
	TA and Conveyance	858,080	1,031,784
	Travelling Exp - Foreign	406,430	397,321
	Car maintenance	1,686,315	2,065,168
	Stationery	592,920	884,224
	Fees and Registration	2,302,683	2,370,123
	Telephone	559,504	586,020
	Electric expenses	493,990	707,396
	Rent, rates and taxes	1,960,750	3,639,364
	Insurance premium	123,657	2,477,272
	Liveries and Uniform	125,029	90,895
	Bank charges	2,469,566	2,119,714
	Bank Guarantee & Charge documents	37,500	91,588
	Audit fees	345,000	287,500
	Duty allowance	50,000	115,875
	Paper and periodicals	91,557	31,094
	Printing	413,142	-
	Postage and telegram	464,473	601,390
	Night allowances	52,090	62,772
	Advertisement and Publicity	15,950	50,000
	Directors fee	241,500	218,500
	Office maintenance	249,042	843,906
	Maintenance expenses	117,786	198,240
	General Expenses	44,045	389,865
	WASA Bill	30,333	7,694
	Carrying & Handling	24,000	765,336
	Gas	140,691	111,909
	CDBL Fee	335,190	37,000
	Canteen Subsidy	587,016	589,390
	Security Exps	98,325	982,111
	Donation	656,366	757,845
	Promotion Exp.	926,765	3,649,546
	Fuel & Lubricants	448,852	627,479
	Membership fee & others	58,720	-
	Depreciation	4,398,992	4,777,878
		<b>58,626,276</b>	<b>89,868,109</b>
<b>19</b>	<b>Selling and distribution expenses</b>		
	Salary & Allowance	14,662,694	20,941,573
	Welfare	-	109,057
	Fuel & Lubricant	5,340	652,144
	Transit Insurance	472,502	292,572
	Promotional Exps	8,009,149	8,914,064
	Training Exp.	-	4,940,674
	Driving Charge	-	160,789
	Toll Charge	-	147,931
	Delivery Exps	775,959	1,006,821
	Rent Rates & Taxes	9,963,546	9,550,345
	Conveyance	529,134	897,302
	Entertainment	112,241	470,019
	Stationery	17,000	36,352

Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
	Telephone	1,152,367	1,026,078
	Publicity Exp.	1,564,606	1,981,675
	Fees & Registration	-	150,230
	Maintenance	-	62,300
	Car Maintenance	582,352	844,088
	Electrical Expenses	-	310,636
	Postage & Telegram	418,150	243,780
	Papers & Periodicals	-	6,120
	Bank Charges	759,753	25,790
	Security Guard salary	-	205,120
	Office Maintenance	-	105,790
	Showroom Exps	718,297	555,932
	Transportation Charges	168,817	852,695
	Gift & Donation	-	178,431
	Bad debts	17,740,000	17,634,243
	Chemical & Packing exps	-	22,154
	Dealer conference Exp.	757,970	807,039
	Transit Insurance	-	403,541
	Depreciation	4,398,992	4,777,878
		<b>62,808,868</b>	<b>78,313,163</b>
<b>20</b>	<b>Financial charges</b>		
	<b>Aftab Automobiles Ltd.</b>		
	Assembling Unit	275,210,973	191,285,103
	Body building unit	-	2,327,019
	Motor cycle Unit	46,865,447	27,153,876
		<b>322,076,420</b>	<b>220,765,998</b>
<b>21</b>	<b>Non-operating income</b>		
	Interest on FDR & SND	15,848,057	11,203,287
	Profit on sale of shares	-	6,067,347
	Profit on sale of car	-	688,038
		<b>15,848,057</b>	<b>17,958,672</b>
<b>22</b>	<b>Income tax expense</b>		
	Current tax (22.1)	15,917,077	74,084,182
	Deferred tax (22.2)	(16,751,577)	3,414,548
		<b>(834,500)</b>	<b>77,498,730</b>
<b>22.1</b>	<b>Current Tax</b>		
	Operating profit	51,000,023	279,312,459
	Other Income	15,848,057	17,958,672
	Contribution to WPPF	(5,779,635)	(15,087,044)
	Bad debts	17,740,000	17,634,243
	Add: Accounting depreciation	43,989,919	47,778,782
	Less: Tax depreciation	(59,130,055)	(58,171,115)
	Last year adjustment	-	6,910,731
	<b>Taxable Profit</b>	<b>63,668,309</b>	<b>296,336,728</b>
	Corporate tax rate	25.00%	25.00%
	<b>Current Tax</b>	<b>15,917,077</b>	<b>74,084,182</b>
<b>22.2</b>	<b>Deferred tax</b>		
	Deferred tax on regular income	(27,656,430)	3,414,548
	Deferred tax on share of profit of associate	10,904,853	-
		<b>(16,751,577)</b>	<b>3,414,548</b>
<b>23</b>	<b>Deferred tax Liability</b>		
	Associate Company (A)	71,217,441	60,312,588
	Assembling Unit, Body unit & M.Cycle Unit (AAL) (B)	(2,399,221)	25,257,209
	Investment Valuation surplus in share	-	-
		<b>68,818,220</b>	<b>85,569,797</b>



Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
	<b>Calculation of Deferred tax</b>		
<b>A.</b>	<b>Associate company</b>		
	<b>Opening Balance</b>	<b>60,312,588</b>	<b>55,423,391</b>
	Add: Provision during the year	10,904,853	4,889,197
	<b>Closing Balance</b>	<b>71,217,441</b>	<b>60,312,588</b>
	Investment Valuation surplus in share	-	-
<b>B.</b>	<b>Aftab Automobiles Ltd.</b>		
	<b>DEPRECIATION:</b>		
	WDV on PPE as per Accounting Calculation	1,177,601,790	1,186,639,545
	WDV on PPE as per Taxable Calculation	1,064,698,673	1,085,610,708
	<b>Temporary Defference</b>	<b>112,903,117</b>	<b>101,028,837</b>
	<b>Deferred Tax 25% on difference (i)</b>	<b>28,225,779</b>	<b>25,257,209</b>
	<b>BAD DEBTS:</b>		
	Bad debts as per accounting base	122,500,000	-
	Bad debts as per tax base	-	-
	<b>Temporary difference</b>	<b>(122,500,000)</b>	-
	<b>Deferred Tax 25% on difference (ii)</b>	<b>(30,625,000)</b>	-
	<b>Total deferred tax B-(i+ii)</b>	<b>(2,399,221)</b>	<b>25,257,209</b>
	<b>NB: Deferred tax on bad debts has been considered only for this year.</b>		
	<b>Movement of deferred tax</b>		
	<b>Opening Balance [Deferred Tax 25% on difference (i)]</b>	<b>25,257,209</b>	<b>21,842,661</b>
	Add : During the year	(27,656,430)	3,414,548
	<b>Closing Balance</b>	<b>(2,399,221)</b>	<b>25,257,209</b>
	<b>Opening Balance</b>	<b>85,569,797</b>	<b>77,816,301</b>
	Add : During the year	(27,656,430)	3,414,548
	Add : During the year (Associate co. )	10,904,853	4,889,197
	Add : During the year( OCI )	-	(550,249)
	<b>Closing Balance</b>	<b>68,818,220</b>	<b>85,569,797</b>
	<b>Total Deferred Tax Expenses (PL AC)</b>	<b>(16,751,577)</b>	<b>3,414,548</b>
	<b>Total Deferred Tax Liabilities (FS AC)</b>	<b>68,818,220</b>	<b>85,569,797</b>
<b>24</b>	<b>Earnings per share (EPS )</b>		
	Total comprehensive income	120,085,308	256,456,026
	Ordinary share(Paid Up capital )	95,732,422	95,732,422
	<b>Earnings per share (EPS )</b>	<b>1.25</b>	<b>2.68</b>

Though the gross profit increased in the corresponding year, the beefed up financial expenses adversely affected bottom line profitability & consequently resulted reduced EPS.

Notes No.	Particulars	Amount in Taka	
		2018 - 2019	2017 - 2018
<b>25</b>	<b>Net assets value per share (NAVPS)</b>		
	Equity attributable to equity holders	5,834,726,541	5,829,520,140
	Ordinary share(Paid Up capital )	95,732,422	95,732,422
	<b>Net assets value per share (NAVPS)</b>	<b>60.95</b>	<b>60.89</b>
<b>26</b>	<b>Net operating cash flows per share (NOCFPS)</b>		
	Net cash generated by operating activities	565,201,670	(60,474,279)
	Ordinary share(Paid Up capital )	95,732,422	95,732,422
	<b>Net operating cash flows per share (NOCFPS)</b>	<b>5.90</b>	<b>(0.63)</b>

NOCFPS has substantially been increased in current year compared to the previous year due to decrease in credit sale along with drop off payments of suppliers.

<b>27</b>	<b>Loan and deferred liabilities (Unsecured ) :</b>	<b>25,310,440</b>	<b>25,310,440</b>
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Long- term interest free loan from sponsors is carried forward since 1982

**28 Claims against the Company :**

There is no known claim against the Company.

**29 Reconciliation of cash flows from operating activities under indirect method:**

Net profit/Loss before interest, income tax & WPPF during the period

Depreciation

Payment of WPPF

Income tax paid

**Changes in current assets and liabilities:**

Decrease/ (increase) in inventories

Decrease/ (increase) in advance and prepayments

(Decrease)/ increase in payables & accruals

Decrease/ (increase) in trade receivable

**Net cash flow from operating activities**

388,924,499

43,989,919

(7,322,317)

(54,445,736)

95,920,467

(205,098,851)

313,226,610

(9,992,922)

**565,201,670**

-

-

-

-

-

-

-

-

-

**30 Amount Due by Directors:**

There is no advance in the name of directors or Associate undertakings of the company.

**31 Amount paid to Directors:**

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

**32 General Nature of Credit Facilities:**

There is no Credit facility available to the Company other than the credit facilities shown in these Financial Statements.

**33 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 Chassis CKD)	¥1,011,225,600	790,070,561
Import of Raw material (Mahindra motorcycle SKD)	\$ 2,846,656	239,119,104
<b>Total</b>		<b>1,029,189,665</b>

**34 Production Capacity :**

The production capacity of the company is 2400 units Toyota & Hino vehicles in Assembling unit under three shifts and 400 units Hino buses in Bandody Building unit. Actual production for the year was 231 units bus assembled in Assembling unit 159 units body fabrication in Body Building Unit.

The production capacity of the company is 10,000 Motor Cycles in Motor Cycle Unit under three shifts . Actual production for the period was 7,875 units assembled in Motor Cycle Unit.

**35 Event after the Reporting Period**

The Directors in the meeting held on 26 October 2019 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 23 December 2019.

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

**36 Payment / Perquisites to Directors and officers :**

The aggregate amount paid / provided during the period in respect of " Directors " and " Officers " of the Company as defined in the Securities and Exchange Commission Rules 1987 are disclosed below :

Particulars	Amount
Board meeting attendance fee	210,000
Managerial remuneration	2,743,409

**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 is @ Tk.5000/- per Director per meeting. The total Board meeting attendance fee incurred during the year under review was Tk.2,10,000/- and:

iii) no amount of money was spent by the company for compensating any member of the board for special services rendered.

**37 Significant Discloser:**

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

**38 Number of Employees:**

During the year total number of employees/workers for the company was 356 who drawing Tk. 8,000 or more per month.

**39 Remuneration:**

Salary & Allaowances	Number of person	Amount
Managing Director/ Director	05	-
Managers	30	38,106,161
Officers	72	19,697,713

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

**40 Production capacity Utilization:**

Particulars	Assembling	Body	M. Cycle
Production Capacity (Vehicle)	2400	220	10000
Production during the year	231	159	7875
<b>Capacity Utilization (%)</b>	<b>9.63%</b>	<b>72.27%</b>	<b>78.75%</b>

## Aftab Automobiles Limited

### 3. PROPERTY, PLANT AND EQUIPMENT, NET

Schedule - A

Particulars	Cost				Rate of Dep.	Depreciation				Carrying amount	
	As at 01.07.18	Add./Adj. D. the year	Adj. D. the Year	As at 30.06.19		As at 01.07.18	Charged D. the Year	Adj. D. the Year	30.06.19	As at 30.06.19	As at 30.06.18
Land & Land Development	740,205,819	5,128,480	-	745,334,299	-	-	-	-	745,334,299	740,205,819	
Building	158,383,919	5,060,260	-	163,444,179	2.50%	38,104,518	3,070,238	-	41,174,756	120,279,401	
Sheds	38,078,882	-	-	38,078,882	20%	19,851,182	3,645,540	-	23,496,722	18,227,700	
Plant & Machinery	365,217,141	13,158,055	-	378,375,196	10%	176,845,780	19,495,039	-	196,340,819	182,034,377	
Tools & Equipments	42,063,960	978,955	-	43,042,915	20%	24,572,957	3,596,096	-	28,169,053	14,873,862	
Office Equipment	34,947,309	925,480	-	35,872,789	10%	13,870,759	2,153,929	-	16,024,688	19,848,101	
Furniture & Fixture	24,209,753	18,205	-	24,227,958	10%	8,745,342	1,547,351	-	10,292,693	13,935,265	
Trabsport Vehicles	83,347,009	1,867,257	-	85,214,266	20%	49,828,050	6,890,518	-	56,718,568	28,495,698	
Electrical line installation	2,390,749	17,500	-	2,408,249	10%	493,400	190,610	-	684,010	1,724,239	
Office Decoration	38,272,886	7,797,970	-	46,070,856	10%	8,165,892	3,400,598	-	11,566,490	34,504,366	
<b>Total</b>	<b>1,527,117,427</b>	<b>34,952,162</b>	<b>-</b>	<b>1,562,069,589</b>		<b>340,477,880</b>	<b>43,989,919</b>	<b>-</b>	<b>384,467,799</b>	<b>1,177,601,790</b>	
										<b>1,186,639,545</b>	

**Depreciation charged to :**

	Taka
Cost of goods sold ( Factory O/H)	35,191,934
Profit & Loss Account (Admin)	4,398,992
Profit & Loss Account (Selling)	4,398,992
<b>T O T A L</b>	<b>43,989,919</b>

## Independent Auditors' Report To The Shareholders of Navana Batteries Limited

### Opinion

We have audited the accompanying financial statements of **Navana Batteries Limited** which comprise the Statement of Financial Position as at 30th June, 2019 and the related Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended 30th June, 2019 and notes to the Financial Statements including a Summary of Significant Accounting Policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30th June, 2019 and 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 of 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.

### 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.

### Other Information

Management is responsible for the other information. 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 connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS's) 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.

### 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a 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: 15th October, 2019  
Place: Dhaka, Bangladesh

  
**A. Hoque & Co.**  
Chartered Accountants

## NAVANA BATTERIES LIMITED

### Statement of Financial Position As At 30th June, 2019

Particulars	Notes	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>Assets:</b>			
<b>Non-Current Assets:</b>	4.00	<b>951,990,076</b>	<b>836,463,369</b>
Property, Plant and Equipment	4.01	870,854,090	825,395,376
Capital Work-In-Progress	4.02	81,135,986	11,067,993
<b>Current Account with Navana Group Companies</b>		<b>900,342,342</b>	<b>512,830,520</b>
<b>Current Assets:</b>	5.00	<b>2,365,690,351</b>	<b>2,061,908,217</b>
Receivables-Current Maturity	5.01	669,019,426	474,810,255
Stock and Stores	5.02	932,600,889	801,095,128
Advances, Deposits and Pre-payments	5.03	756,666,256	692,888,238
Cash and Bank Balances	5.06	7,403,780	93,114,596
<b>Total Assets</b>		<b>4,218,022,770</b>	<b>3,411,202,106</b>
<b>Equity and Liabilities :</b>			
<b>Authorized Capital:</b>	6.00	<b>500,000,000</b>	<b>500,000,000</b>
50,000,000 Ordinary Shares of Tk. 10/- each			
<b>Equity Attributable to Equity Holders</b>	7.00	<b>760,924,658</b>	<b>757,264,567</b>
Share Capital	7.01	183,702,690	183,702,690
Retained Earnings	7.02	577,221,968	573,561,877
<b>Non Current Liabilities:</b>	8.00	<b>1,447,192,204</b>	<b>1,232,880,342</b>
Deferred Tax Liability	8.01	59,893,710	51,492,465
Long Term Loan-Non Current Maturity	8.02	1,387,298,494	1,181,387,878
<b>Current Liabilities:</b>	9.00	<b>2,009,905,908</b>	<b>1,421,057,197</b>
Long Term Loan-Current Maturity	9.01	462,432,831	393,795,959
Short Term Loan	9.02	925,775,987	545,651,734
Inter Company Liabilities (Aftab Automobiles Ltd.)	9.03	381,661,368	243,227,936
Accrued and Other Current Liabilities	9.04	240,035,722	238,381,568
<b>Total Current Liabilities</b>		<b>3,457,098,112</b>	<b>2,653,937,539</b>
<b>Total Equity and Liabilities</b>		<b>4,218,022,770</b>	<b>3,411,202,106</b>
<b>Net assets value per share (NAVPS)</b>		<b>41.42</b>	<b>41.22</b>

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



Director




Director



Company Secretary

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

Dated: 15.10.2019  
Place: Dhaka, Bangladesh

  
A. Hoque & Co.  
Chartered Accountants



## NAVANA BATTERIES LIMITED

### Statement of Profit or Loss and other Comprehensive Income For The Year Ended 30th June, 2019

Particulars	Notes	Amount in Taka	
		2018 - 2019	2017 - 2018
Revenues	10.00	860,649,878	1,453,951,709
Cost of Goods Sold	11.00	652,944,366	1,177,350,197
<b>Gross Profit</b>		<b>207,705,511</b>	<b>276,601,512</b>
<b>Operating Expenses:</b>		<b>190,842,532</b>	<b>224,535,367</b>
Administrative Expenses	12.00	16,864,490	25,274,211
Selling and Distribution Expenses	13.00	52,221,455	79,627,836
Financial Charges		121,756,587	119,633,320
<b>Operating Profit</b>		<b>16,862,979</b>	<b>52,066,145</b>
Non-Operating Income		-	-
<b>Profit before Contribution to WPPF</b>		<b>16,862,979</b>	<b>52,066,145</b>
Contribution to WPPF		802,999	2,479,340
<b>Net Profit before Tax</b>		<b>16,059,980</b>	<b>49,586,805</b>
<b>Provision for Income Tax:</b>		<b>12,399,889</b>	<b>17,355,381</b>
Current Tax	14.00	3,998,644	9,641,429
Deferred Tax		8,401,245	7,713,952
<b>Net Profit after Tax</b>		<b>3,660,091</b>	<b>32,231,423</b>
<b>Earning per Share ( EPS )</b>	15.00	<b>0.20</b>	<b>1.75</b>

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



Director




Director



Company Secretary

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

Dated: 15.10.2019  
Place: Dhaka, Bangladesh



**A. Hoque & Co.**  
Chartered Accountants

## NAVANA BATTERIES LIMITED

### Statement of Changes In Equity For The Year Ended 30th June, 2019

Particulars	Share Capital	Retained Earnings	Total Equity
Balance as on July 01, 2017	183,702,690	541,330,454	725,033,144
Surplus for the year	-	32,231,423	32,231,423
<b>Balance as on June 30, 2018</b>	<b>183,702,690</b>	<b>573,561,877</b>	<b>757,264,567</b>
Balance as on July 01, 2018	183,702,690	573,561,877	757,264,567
Surplus for the year	-	3,660,091	3,660,091
<b>Balance as on June 30, 2019</b>	<b>183,702,690</b>	<b>577,221,968</b>	<b>760,924,658</b>

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



Director



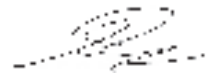
Director



Company Secretary

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

Dated: 15.10.2019  
Place: Dhaka, Bangladesh



A. Hoque & Co.  
Chartered Accountants

## NAVANA BATTERIES LIMITED

### Statement of Cash Flows For The Year Ended 30th June, 2019

Particulars	Notes	Amount in Taka	
		2018 - 2019	2017 - 2018
<b>Cash Flows from Operating Activities</b>			
Cash Collection from Sales		666,440,707	1,302,696,487
Receipts from other Income		-	-
Cash Paid to Suppliers and Employees		(846,432,782)	(1,583,742,107)
Cash generated from operations		(179,992,075)	(281,045,620)
Income tax Paid		(27,273,997)	(64,693,338)
<b>Net Cash generated from operations</b>		<b>(207,266,072)</b>	<b>(345,738,958)</b>
<b>Cash Flows from Investing Activities</b>			
acquisition of property, plant & equipment		(92,213,515)	(54,388,380)
Payments for capital work in progress		(70,067,993)	(41,067,993)
<b>Net Cash used in Investing Activities</b>		<b>(162,281,508)</b>	<b>(95,456,373)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from bank loan		654,671,742	593,703,519
Inter company transaction		138,433,432	49,123,624
Current Account with Navana Group Companies		(387,511,822)	(45,055,464)
Bank Interest Paid		(121,756,587)	(119,633,320)
<b>Net Cash provided by Financing Activities</b>		<b>283,836,764</b>	<b>478,138,359</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>		<b>(85,710,816)</b>	<b>36,943,028</b>
Cash & Cash Equivalents at Beginning of the year		93,114,596	56,171,569
Cash & Cash Equivalents at End of the year		<b>7,403,780</b>	<b>93,114,596</b>
<b>Net operating cash flows per share (NOCFPS)</b>		<b>(11.28)</b>	<b>(18.82)</b>

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



Director



Director



Company Secretary

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

Dated: 15.10.2019

Place: Dhaka, Bangladesh



A. Hoque & Co.  
Chartered Accountants

## NAVANA BATTERIES LIMITED

### Notes To The Financial Statements For The Year Ended 30th June, 2019 Forming An Integral Part of The Financial Statements

#### 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.

The Registered Office of the Company is located at 125/A, Motijheel C/A (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, 2019;
- ▶ Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2019;
- ▶ Statement of Changes in Equity for the year ended 30th June, 2019;
- ▶ Statement of Cash Flows for the year ended 30th June, 2019;
- ▶ 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).

##### 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, 2018 to 30th June, 2019.

## **2.11 Approval of Financial Statements**

The financial statements have been approved by the Board of Directors on the 15th day of October, 2019.

## **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:

### **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.

##### **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 of day servicing of property and equipment are recognized in the Statement of Comprehensive Income as 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".

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:

<u>Category of Fixed Assets</u>	<u>Rate of Depreciation</u>
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.

### 3.02 Revenue Recognition

Revenue represents invoiced value of sales. Revenue is recognized when sales are made. Invoices were made after satisfying the following conditions as prescribed by IAS 18 "Revenue Recognition":

- (i) the significant risks and rewards of ownership of the sales have been transferred to the buyer;
- (ii) the amount of revenue was measured reliably;
- (iii) it was probable that the economic benefits relating to the transactions will flow to the Company;
- (iv) neither continuing managerial involvement nor effective control usually associated with ownership of the policy was retained by the Company; and
- (v) cost relating to the transactions was measured reliably.

### 3.03 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.

### 3.04 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.

### 3.05 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.

### 3.06 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.

### 3.07 Liabilities and Basis of their Valuation

#### 3.07.1 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.

#### 3.07.2 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.

**3.07.3 Provisions**

A provision is recognized on the statement of financial position date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.08 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".

**3.09 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 recognize 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".

**3.10 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.

**3.11 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.



### 3.12 Workers Profit Participation Fund

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

### 3.13 General

Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.

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.

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
4.00	<b>Non-Current Assets</b>	<b>951,990,076</b>	<b>836,463,369</b>
	This is made up as follows:		
4.01	Property, Plant & Equipments	870,854,090	825,395,376
4.02	Capital Work-In-Progress	81,135,986	11,067,993
		<u>951,990,076</u>	<u>836,463,369</u>
4.01	<b>Property, Plant and Equipment</b>	<b>870,854,090</b>	<b>825,395,376</b>
	This is made up as follows:		
	Land & Land Development	403,274,203	323,398,408
	Building	129,554,018	132,728,085
	Plant & Machinery	214,691,207	230,388,881
	Tools & Equipments	29,895,729	36,293,094
	Office Equipment	21,603,713	22,557,936
	Furniture & Fixture	14,077,626	15,641,807
	Transport Vehicles	15,112,125	18,833,229
	Electric line Installation	9,742,169	10,341,576
	Office Decoration	18,970,267	20,224,681
	Gas line Installation	13,933,034	14,987,679
		<u>870,854,090</u>	<u>825,395,376</u>
4.02	<b>Capital work in progress</b>	<b>81,135,986</b>	<b>11,067,993</b>
	This is made up as follows:		
	Opening balance	11,067,993	64,420,050
	Add : Addition made during the period/ year	70,067,993	41,067,993
		<u>81,135,986</u>	<u>105,488,043</u>
	Less: Transferred to Property ,plant & equipment	-	94,420,050
		<u>81,135,986</u>	<u>11,067,993</u>
	Capital work-in-progress represents Land and Land Development, civil constructions etc.		
5.00	<b>Current Assets</b>	<b>2,365,690,351</b>	<b>2,061,908,217</b>
	This is made up as follows:		
5.01	Receivables -Current Maturity	669,019,426	474,810,255
5.02	Stock and Stores	932,600,889	801,095,128
5.03	Advances, Deposits & Pre-payments	756,666,256	692,888,238
5.04	Cash and Cash Equivalentents	7,403,780	93,114,596
		<u>2,365,690,351</u>	<u>2,061,908,217</u>
5.01	<b>Receivables -Current Maturity</b>	<b>669,019,426</b>	<b>474,810,255</b>
	This is made up as follows:		
	Receivable Current (Maturity less than 12 Months )	669,019,426	474,810,255
		<u>669,019,426</u>	<u>474,810,255</u>

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
<b>5.02</b>	<b>Stock and Stores</b>	<b>932,600,889</b>	<b>801,095,128</b>
	This is made up as follows:		
	Finished Stock	189,622,074	176,432,037
	Raw Materials	448,753,800	378,588,529
	Work-in-Process	144,618,039	97,046,649
	Goods in Transit	149,606,976	149,027,913
		<b>932,600,889</b>	<b>801,095,128</b>
<b>5.03</b>	<b>Advances, Deposits &amp; Pre-payments</b>	<b>756,666,256</b>	<b>692,888,238</b>
	This is made up as follows:		
	Advance to suppliers	199,068,326	174,348,718
	Advance to employees	24,778,255	47,012,790
	Advance to others	69,751,801	41,366,607
	Deposits	33,550,334	33,085,963
	Current Account with VAT	98,463,467	93,294,084
	Income Tax Deducted at Source <b>Note- 7.a)</b>	331,054,073	303,780,076
		<b>756,666,256</b>	<b>692,888,238</b>
<b>7.a</b>	<b>Income Tax Deducted at Source</b>	<b>331,054,073</b>	<b>303,780,076</b>
	This is made up as follows:		
	Opening balance	303,780,076	239,086,738
	Add: during the year	27,273,997	64,693,338
		<b>331,054,073</b>	<b>303,780,076</b>
	Less: Adjustment	-	-
		<b>331,054,073</b>	<b>303,780,076</b>
	The above amount was deducted at the import point as well as from the Bills in different times at delivery point.		
	Advance paid to suppliers against work order and considered good. Advance to employees against expenses, salary releasable on production of documents and monthly salary respectively are considered good. Deposits consist of utility deposits, security money.		
<b>5.04</b>	<b>Cash &amp; Cash Equivalents</b>	<b>7,403,780</b>	<b>93,114,596</b>
	This is made up as follows:		
	Cash in Hand Factory	1,005,216	15,742,384
	Cash Balance of Sales Center	2,646,914	38,960,037
	Cash at Bank	3,751,650	38,412,175
		<b>7,403,780</b>	<b>93,114,596</b>
<b>6.00</b>	<b>Authorized Capital</b>	<b>500,000,000</b>	<b>500,000,000</b>
	50,000,000 Ordinary Shares of Tk. 10/- each.		
<b>7.00</b>	<b>Equity Attributable to Equity Holders</b>	<b>760,924,658</b>	<b>757,264,567</b>
	This is made up as follows:		
	7.01 Share Capital	183,702,690	183,702,690
	7.02 Retained Earnings	577,221,968	573,561,877
		<b>760,924,658</b>	<b>757,264,567</b>
<b>7.01</b>	<b>Share Capital</b>	<b>183,702,690</b>	<b>183,702,690</b>
	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
		<b>183,702,690</b>	<b>183,702,690</b>

Notes No.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
7.02	<b>Retained Earnings</b>	<b>577,221,968</b>	<b>573,561,877</b>
	This is made up as follows:		
	Opening Balance	573,561,877	541,330,454
	Add: during the year	3,660,091	32,231,423
		577,221,968	573,561,877
	Less: Adjustment	-	-
		577,221,968	573,561,877
8.00	<b>Non-Current Liabilities</b>	<b>1,447,192,204</b>	<b>1,232,880,343</b>
	This is made up as follows:		
	8.01 Deferred Tax Liability	59,893,710	51,492,465
	8.02 Long Term Loan-Non-Current Maturity	1,387,298,494	1,181,387,878
		1,447,192,204	1,232,880,343
8.01	<b>Deferred Tax Liability</b>	<b>8,401,245</b>	<b>7,713,952</b>
	This is made up as follows:		
	Accounting WDV	870,854,090	825,395,376
	Tax WDV	697,317,165	678,274,047
	Temporary Timing Difference	173,536,925	147,121,329
	Deferred Tax 35%	60,737,924	51,492,465
	Less: Unabsorbed Depreciation	(844,214)	-
	<b>Current year deferred tax</b>	<b>59,893,710</b>	<b>51,492,465</b>
	Opening deferred tax	51,492,465	43,778,513
	Deferred tax expense	8,401,245	7,713,952
8.02	<b>Long Term Loan-Non-Current Maturity</b>	<b>1,387,298,494</b>	<b>1,181,387,878</b>
	This is made up as follows:		
	Trust Bank Ltd.	394,011,750	387,295,430
	Dutch-Bangla Bank Ltd.	666,661,025	621,385,483
	Social Islami Bank Ltd.	-	51,958,035
	Agrani Bank Ltd.	778,406,932	514,544,889
	NCC Bank Ltd.	10,651,619	-
	Total Long Term Loan Maturity	1,849,731,326	1,575,183,837
	Less: Long Term loan-Current Portion	462,432,831	393,795,959
	Long Term loan-Net of current portion	1,387,298,494	1,181,387,878
9.00	<b>Current Liabilities</b>	<b>2,009,905,907</b>	<b>1,421,057,197</b>
	This is made up as follows:		
	9.01 Long Term Loan-Current Maturity	462,432,831	393,795,959
	9.02 Short Term Loan	925,775,987	545,651,734
	9.03 Inter Company Liabilities-Aftab Automobiles Ltd.	381,661,368	243,227,936
	9.04 Accrued and Other Current Liabilities	240,035,722	238,381,568
		2,009,905,907	1,421,057,197
9.01	<b>Long Term Loan-Current Maturity</b>	<b>462,432,831</b>	<b>393,795,959</b>
	This is made up as follows:		
	Total Long Term Loan Maturity	1,849,731,326	1,575,183,837
	Less: Long Term Loan Net of Current Portion	1,387,298,494	1,181,387,878
	<b>Long Term Loan Current Portion</b>	<b>462,432,831</b>	<b>393,795,959</b>



Notes No.	Particulars	Amount in Taka	
		2018-2019	2017-2018
	Travelling & Conveyance	155,919	146,652
	Entertainment	27,194	197,850
	Office exp.	52,926	117,039
	Repairs & Maintenance	174,769	171,501
	Electricity Expenses	40,674,978	35,191,753
	Night allowance	534,800	935,150
	Canteen Subsidy	1,665,524	1,968,493
	Eid Gratia	28,687	24,768
	Insurance Exp	3,567,681	3,613,584
	Gas bill	1,877,931	2,066,177
	Welfare expenses	147,301	146,391
	Carrying & Handling	318,951	343,653
	Car Maintenance	91,915	195,115
	Security Expenses	3,990,631	1,467,038
	Chemicals	37,815	30,820
	Store & spares	132,160	141,040
	Foreign Technician Remu.	1,604,873	1,587,838
	Annual picnic	371,816	941,168
	Screen Printing	70,965	64,411
	Labour Charges	193,729	335,488
	Laboratory Exps	174,091	285,452
	Generator Maintenance	36,950	803,098
	Fire Extinguisher	46,255	159,438
	Depreciation	37,403,840	39,239,941
		<b>104,278,058</b>	<b>107,244,476</b>
<b>12.00</b>	<b>Administrative Expenses</b>	<b>16,864,490</b>	<b>25,274,211</b>
	This is made up as follows:		
	Salary and allowances	9,112,822	15,528,134
	Entertainment	58,432	361,980
	TA and Conveyance	137,917	123,548
	Travelling Exp - Foreign	-	437,518
	Car maintenance	153,178	152,362
	Stationery	51,981	52,370
	Fees and Registration	321,620	315,000
	Telephone	402,021	220,197
	Office Rent	1,299,179	959,332
	Bank Guarantee & Charge documents	30,775	20,939
	Audit fees	11,500	246,000
	Paper & periodicals	2,358	2,420
	Postage & Telegram	-	1,980
	Directors Fees	131,250	15,000
	Electricity Bill	158,932	
	Office maintenance	82,936	85,952
	Maintenance	98,088	106,896
	Carrying & Handling	-	846,702
	ISO Audit	135,000	341,213
	Guest House Maintenance	1,020	152,119
	Membership Fee & Others	-	399,556
	Depreciation	4,675,480	4,904,993
		<b>16,864,490</b>	<b>25,274,211</b>
<b>13.00</b>	<b>Selling and Distribution Expenses</b>	<b>52,221,455</b>	<b>79,627,836</b>
	This is made up as follows:		
	Salary & Allowance	29,795,716	51,325,587
	Fuel & Lubricant	645,765	543,900
	Promotional Exps	309,601	350,000
	Delivery Exps	991,801	997,780

Notes No.	Particulars	Amount in Taka	
		2018-2019	2017-2018
	Rent ( Showrooms )	6,524,247	6,044,162
	Conveyance	73,061	146,579
	Entertainment	354,707	926,489
	Stationery	29,988	22,500
	Telephone	121,249	118,513
	Publicity Exp.	33,436	225,987
	Fees & Registration	472,578	475,000
	Maintenance	88,575	270,294
	Car Maintenance	272,442	330,880
	Electrical Expenses	2,002,541	2,120,768
	Postage & Telegram	73,216	81,346
	Papers & Periodicals	39,108	46,499
	Bank Charges	48,953	124,131
	Security Guard salary	2,884,778	2,219,810
	Office Maintenance	84,005	75,871
	Acid Purchases	330,154	307,943
	Transportation Charges	996,748	932,386
	Utility Bill ( WASA )	384,495	321,101
	Gift & Donation	86,606	150,790
	Bad debts	538,501	6,149,979
	Chemical exps	1,920	140,279
	Dealer conference Exp.	337,937	248,769
	Others	23,848	25,500
	Depreciation	4,675,480	4,904,993
		<b>52,221,455</b>	<b>79,627,836</b>
<b>14.00</b>	<b>Income Tax Expenses</b>		
	This is made up as follows:		
	Profit before Tax	16,059,980	49,586,805
	Add: Accounting Depreciation	46,754,801	49,049,926
	Less: Tax Depreciation	(65,226,821)	(71,089,790)
	Adjusted Profit for tax calculation	(2,412,041)	27,546,941
	Tax @ 35 % ( transferred to Compreh. Income statement )	(844,214)	9,641,429
	Normal Tax liability @ 35% on profit before tax	-	-
	Minimum Tax liabilities @ 0.6% on gross received	3,998,644	-
	Current Tax Liabilities (whichever is higher)	3,998,644	-
	<b>Net profit after tax</b>	<b>3,660,091</b>	<b>32,231,423</b>
	Number of ordinary share	18,370,269	18,370,269
	<b>Earning per share (EPS)</b>	<b>0.20</b>	<b>1.75</b>
<b>15.00</b>	<b>Cash Flows from Operating Activities</b>		
	Net profit/(loss) before interest & income tax during the year	137,816,567	169,220,125
	<b>Adjustment to reconcile net income to net cash provided by operating Activities</b>		
	Depreciation	46,754,801	49,049,926
	Income tax expenses	(3,998,644)	(9,641,430)
	<b>Changes in current assets and liabilities</b>		
	Advance, deposits & prepayments	(63,778,018)	(58,257,951)
	Trade Receivables	(194,209,171)	(151,255,222)
	Inventories	(131,505,761)	(357,491,590)
	Accrued and other liabilities	1,654,154	12,637,182
	<b>Net cash flow from operating activities</b>	<b>(207,266,073)</b>	<b>(345,738,960)</b>
	<b>Net operating cash flow per share</b>	<b>(11.28)</b>	<b>(18.82)</b>

**NAVANA BATTERIES LIMITED**  
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENTS  
AS AT 30TH JUNE, 2019

Schedule- A

Particulars	Cost			Rate of Dep.	Depreciation			Carrying amount	
	As at 01.07.18	Add./ (Adj.) Dur. the year	Adj. D. the Year		As at 30.06.19	Charged D. the period	Adj. D. the Year	As at 30.06.19	As at 30.06.18
Land & Land Development	323,398,408	79,875,795	-	-	403,274,203	-	-	403,274,203	323,398,408
Building	154,106,556	146,890	-	2.50%	154,253,446	3,320,956	-	129,554,018	132,728,085
Plant & Machinery	390,913,543	7,936,447	-	10%	398,849,990	23,634,122	-	214,691,207	230,388,881
Tools & Equipments	84,819,637	1,013,240	-	20%	85,832,877	7,410,605	-	29,895,729	36,293,094
Office Equipment	39,143,497	1,407,103	-	10%	40,550,600	2,361,326	-	21,603,713	22,557,936
Furniture & Fixture	22,809,394	-	-	10%	22,809,394	1,564,181	-	14,077,626	15,641,807
Transport Vehicles	48,639,565	53,579	-	20%	48,693,144	3,774,683	-	15,112,125	18,833,229
Electric Line Installation	14,261,508	470,000	-	10%	14,731,508	1,069,408	-	9,742,169	10,341,576
Office Decoration	25,058,083	830,328	-	10%	25,888,411	2,084,743	-	18,970,267	20,224,681
Gas Line Installation	20,197,747	480,133	-	10%	20,677,880	1,534,778	-	13,933,034	14,987,679
<b>Total</b>	<b>1,123,347,938</b>	<b>92,213,515</b>	<b>-</b>		<b>1,215,561,453</b>	<b>46,754,801</b>	<b>-</b>	<b>870,854,090</b>	<b>825,395,376</b>

Depreciation Charged to:	Amount (Tk.)
Cost of Goods Sold (Factory O/H)	37403840
Administrative	4,675,480
Selling & Distribution	4,675,480
	<u>46,754,800</u>





# 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 39th Annual General Meeting of the Company to be held on  
 23 December 2019 at 09:30 a.m. at SENAMALANCHA, Dhaka Cantonment (Western side of Naval Headquarters), Airport Road, Dhaka  
 and at any adjournment thereof.



Name of Shareholder ..... Name of Proxy.....  
 No. of Shares held ..... Signature of Proxy.....  
 Folio No..... Date.....  
 B.O. A/C. No. 

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Signature of Shareholder ..... Cell.....

**Note :**  
 A member entitled to attend and vote at the Annual General Meeting may appoint another member 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

## Attendance Slip

I/We hereby record my/our presence at the 39th Annual General Meeting on 23 December 2019 at 09:30 a.m. at SENAMALANCHA,  
 Dhaka Cantonment (Western side of Naval Headquarters), Airport Road, Dhaka.

Name of Shareholder(s) ..... Name of Proxy .....  
 No. of Shares held..... Signature of Proxy .....  
 Folio No. .... Date .....  
 B.O. A/C No. 

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Signature of Shareholder..... Cell.....

**N.B.** Please present this slip at the Registration Desk. **Signature must match with your recorded signature.**  
 Hon'ble Shareholders are hereby informed that due to restriction imposed by Bangladesh Securities and Exchange Commission  
 there shall be no arrangement for any sort of gift/ entertainment in the Annual General Meeting of the Company.





# aftab automobiles limited

Registered Office

Islam Chamber: 125/A, Motijheel C/A, Dhaka, Bangladesh

