

ANNUAL REPORT 2020



Navana CNG 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 2020

Dear Sir(s),

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

Sincerely yours



(Md. Abdur Rahman)
Company Secretary

Corporate Information

Board of Directors

Chairman

Shafiu Islam

Chief Executive Officer

Sajedul Islam

Directors

Khaleda Islam

Saiful Islam

Farhana Islam

Independent Director

M. Obaidur Rahman FCA
(Expired on 07, October 2020)

Syed Masud Hasan

Company Secretary

Md. Abdur Rahman

Chief Financial Officer

Zahidul Haque FCA

Head of Internal Audit and Compliance

Md. Deloar Hossain

Principal Bankers

Mutual Trust Bank Limited

The City Bank Limited

Dutch Bangla Bank Limited

One Bank Limited

Shahjalal Islami Bank Limited

Plant

Subsidiary Company's of Navana CNG Ltd.

Navana Engineering Limited

Dipnagar, Mirpur, Dhaka & Kaliganj, Gazipur

Navana Welding Electrode Limited

Mirzapur, Gazipur

Navana LPG Limited

Mongla, Bagerhat

Audit Committee

Syed Masud Hasan- Chairperson

Khaleda Islam-Member

Saiful Islam- Member

Nomination and Remuneration Committee

Syed Masud Hasan- Chairperson

Khaleda Islam-Member

Saiful Islam- Member

External Auditors

A.Hoque & Co.

Chartered Accountants

Corporate Governance Compliance Auditors

Ahmed Zaker & Co.

Chartered Accountants

Main CNG Conversion Centre

205-207, Tejgaon I/A, Dhaka

Corporate Office

205-207, Tejgaon I/A, Dhaka

Registered Office

125/A, Motijheel C/A, Dhaka

e-mail : share@navanacng.com

Website : www.navanacng.com

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Notice of the 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of the Shareholders of Navana CNG Limited will be held on Tuesday, 29 December 2020 at 12:00 noon under Digital Platform pursuant to the BSEC's Order No. SEC/SRMIC/94-231/25 dated July 8, 2020 to transact the following business:

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

Dated: Dhaka
24 October 2020

By Order of the Board


(Md. Abdur Rahman)
Company Secretary

Notes:

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



Message from the Chairman

**Dear Shareholders,
Assalamu Alaikum,**

I, would like to welcome you to the 16th Annual General Meeting of the Company and place before you a summarized statement of activities of the Company for the financial year ended on 30 June 2020. During the year under review, the total business of the company was not good as expected due to global effect of Covid-19 pandemics.

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

Your Board of Directors has plan to introduce additional facilities for conversion of vehicles into LPG conversion in the existing CNG conversion workshops of the Company and also plan to established LPG re-fueling station in next year.

Your company has taken initiatives to increase sales of the different products of Navana Engineering Limited, subsidiary of Navana CNG Limited.

The performance of Navana Welding Electrode Limited, a subsidiary of Navana CNG Limited is encouraging. The market share of its products is increasing.

As far as Navana LPG Limited, another subsidiary of Navana CNG Limited, we would like to inform you that the LPG business is in good response in the market and hope turnover will be increased in the coming financial year.

I would like to express deep appreciation to the shareholders, customers, all concerned for their co-operation and continuous support extended to the Company.

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

(Shafiul Islam)
Chairman



চেয়ারম্যান-এর বিবৃতি

প্রিয় শেয়ারহোল্ডারবৃন্দ,
আসসালামু আলাইকুম।

আমি আপনাদেরকে নানানা সি.এন.জি লিমিটেড-এর ১৬তম বার্ষিক সাধারণ সভায় স্বাগত জানাচ্ছি এবং ৩০শে জুন ২০২০ তারিখে সমাপ্ত অর্থ বছরে কোম্পানির কার্যক্রম এর একটি সংক্ষিপ্ত বিবরণী উপস্থাপন করছি। আলোচ্য বছরে বিশ্বব্যাপী কোভিড-১৯ মহামারীর কারণে কোম্পানির ব্যবসা সন্তোষজনক হয়নি।

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

আপনাদের পরিচালনা পর্ষদ বর্তমান সি.এন.জি গ্যাস সরবরাহ কেন্দ্র ও সি.এন.জি কনভার্সন ওয়ার্কশপ-এ একই সাথে এল.পি.জি ব্যবহারের সুবিধার জন্য পদক্ষেপ নিয়েছে এবং আগামী বছরে এল.পি.জি রিফুয়েলিং স্টেশন বসানোর পরিকল্পনা নেয়া হয়েছে।

নানানা সি.এন.জি লিমিটেড এর সাবসিডিয়ারী, নানানা ইঞ্জিনিয়ারিং লিমিটেড-এর উৎপাদিত বিভিন্ন পন্যের বিক্রয় বৃদ্ধির জন্য পদক্ষেপ নেয়া হয়েছে।

নানানা সি.এন.জি লিমিটেড এর সাবসিডিয়ারী, নানানা ওয়েল্ডিং ইলেকট্রোড লিমিটেড-এর ব্যবসা তুলনামূলক ভাল হয়েছে এবং বাজারে উৎপাদিত পন্যের চাহিদা বৃদ্ধি পাচ্ছে।

নানানা সি.এন.জি লিমিটেড এর সাবসিডিয়ারী, নানানা এল.পি.জি লিমিটেড-এর ব্যবসা বাজারে ভালো সাড়া পাচ্ছে। আশা করি বর্তমান অবস্থা কেটে যাবে এবং আগামী বছরে বিক্রয় বৃদ্ধি পাবে।

আমি কোম্পানির সকল শেয়ারহোল্ডারবৃন্দ, গ্রাহক, শুভাকাঙ্ক্ষী, পৃষ্ঠপোষকসহ সংশ্লিষ্ট সকলের সার্বিক সহযোগিতা কামনা করছি।


(শফিউল ইসলাম)
চেয়ারম্যান

Directors' report to the shareholders

Dear Shareholders,
Assalamu Alaikum,

We have the pleasure to place before you the Directors' Report and the Auditors' Report on behalf of the Board of Directors together with the consolidated audited financial statements of Navana CNG Limited for the year ended 30 June 2020. As you are aware of fact that total business of the company was detroitied due to global effect of Covid-19 pandemic.

PERFORMANCE

Revenue Earnings

The sales proceeds of 18 CNG re-fueling stations, 8 CNG conversion workshops and from modern service center are in operation in different strategic locations of the country. The total sales of the year from CNG refueling stations, CNG conversion workshops, servicing workshops and spare parts stood at Tk. 135 crore.

Navana Engineering Limited, subsidiary of Navana CNG Limited has been contributed an amount of Tk. 70 crore during the present financial year.

The sale of Navana Welding Electrode Limited, subsidiary of Navana CNG Limited was Tk. 51 crore during the year under review.

Navana LPG Limited another subsidiary of Navana CNG Limited contributed on amount of Tk. 337 crore in the financial year ended 30 June 2020.

Financial Result and Appropriation of Profit:

Amount in taka

Particulars	June 30, 2020	June 30, 2019
Retained Earnings Brought Forward	1,519,706,890	1,513,465,471
Less: Adjustment for the application of IFRS 16 (lease)	3,521,294	-
Add: Total Comprehensive income for the year	61,874,134	88,475,729
Less: Cash Dividend 10%	39,412,165	82,234,310
Profit available for appropriation	1,538,647,565	1,519,706,890
Recommended for appropriation:		
Cash Dividend 10%	39,412,165	39,412,165
Inappropriate profit carried forward	1,499,235,400	1,480,294,725
Total	1,538,647,565	1,519,706,890

Segment-wise or product-wise performance

Within the territory of Bangladesh the Company is operating its business. However, the segment report prepared and mentioned in notes 29 of the financial statements considering CNG re-fueling stations and CNG Conversion Workshop as two different segments.

Industry outlook and possible future developments in the industry

We prospect the better business of Navana CNG Limited i.e: Navana Engineering Limited, Navana Welding Electrode Limited and Navana LPG Limited in the coming days.

Risks and concerns

Exploration of a new gas field can only improve the present situation. The risk and concern of the CNG business depends on the government's policy e.g., increase of CNG price, high tariff on CNG cylinder/kits and market demand etc.

A Discussion on Consolidated Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

Amount in taka

Particulars	June 30, 2020	June 30, 2019
Cost of sales	4,676,102,307	4,592,915,543
Gross profit	1,251,950,542	1,293,703,173
Net profit for the year	61,873,020	88,473,588

Discussion on continuity of any Extra-Ordinary gain or loss

There is no significant extra-ordinary gain or loss during the financial year.

Related party transactions

During the year the Company carried out several transactions with related parties in the normal course of business. The name of related parties, nature of transactions and total transaction value have been set out following the provisions of 'BAS 24: Related Party Disclosure' disclosed in the note 31 of the notes to the financial statements.

Variance with Quarterly and Annual Financial Statements

There was no event of significant variance between quarterly and annual financial performances during the year under review.

Fairness of Financial Statements

The financial statements fairly present the Company's state of affairs, the results of its operations, cash flow, and changes in equity. In compliance with Bangladesh Securities and Exchange Commission (BSEC) Notification dated 3 June 2018. Chief Executive Officer & Chief Financial Officer have given the declaration about the fairness of the financial statements in page 17 and report of Compliance Auditors in page 18 of this Annual Report-2020.

Books of Accounts

Proper books of accounts of the Company were maintained.

Accounting Policies

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

Application of IAS and IFRS

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

Internal Control

The systems of internal controls were sound and implemented and monitored effectively. The Audit Committee always gives their suggestion and recommendation to the Board 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 next financial year. Accordingly, the financial statements are prepared on a going concern basis.

Independent Directors

Mr. Syed Masud Hasan is the existing Independent Director of the company. Mr. M. Obaidur Rahman FCA was the Independent Director of the company who has expired on 07-10-2020.

Re-election by Rotation of Directors

In terms of Article 127 of the Articles of Association of the Company, Mr. Shafiul Islam and Mrs. Khaleda Islam, Directors retire by rotation from the Board in the 16th Annual General Meeting. Being eligible under Article 128 of the Articles of Association of the Company, the retiring Directors are eligible for re-election by Rotation of Director.

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

Mr. Saiful Islam an MBA joined the Navana Group in 1995. In the early years, he gained valuable experience by being involved in the management of the Group's diverse business operations. He has been appointed as Managing Director of Aftab Automobiles Limited in 2006. He took various business related professional courses at home and abroad. He traveled almost all the countries of the world.

At present, Mr. Saiful Islam is the Senior Vice-Chairman of Navana Group, consisting of companies, involved, amongst other, in vehicles assembling, bus body fabrication and trading, real estate, construction, CNG conversion and gas station, car rental, electronics, IT, petroleum and renewable energy.

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

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

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

Ms. Farhana Islam, Director

Ms. Farhana a BBA is a young enthusiastic entrepreneur of the country, joined the Navana Group in 2004. In the early years, she gained valuable experience by being involved in the management of the Group's diversified business operations. She took various business related professional courses at home and abroad. She traveled to many countries in the world.

Ms. Farhana is a Director of Navana Group, consisting of companies, involved, amongst other, in vehicles assembling, trading, real estate, construction, CNG conversion and gas station, electronics, petroleum and renewable energy.

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

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

Membership in committees of the Board of other Companies - None.

Board of Directors Meetings

Total 10 (ten) meetings held during the year 30 June 2020 by the Board of Directors.

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

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

Information Regarding Subsidiary Companies:

a) Navana Engineering Limited

The Company earned an amount of Tk. 10.47 crore during the year from the sales of HDPE product. Further from PVC Pipe earned an amount of Tk. 38.74 crore during the year from the sales. besides, an amount of Tk. 20.48 crore during the year has been added by selling of HDPE coil, UPVC fittings, PPR pipe, fittings and others to the Company's turnover.

The operating results for the year ended 30 June 2020 as follows

Particulars	Amount of taka	
	June 30,2020	June 30, 2019
Turnover	696,863,366	777,913,306
Gross Profit	231,233,709	249,963,531
Net Profit After Tax	5,776,110	5,327,223
Earnings Per Share (EPS)	0.58	0.53
Net Assets Value Per Share (NAVPS)	51.83	51.28

b) Navana Welding Electrode Limited

The Company is manufacturing and selling various types of electrode for construction, light engineering & ship building industries. During the year Tk. 51 crore added by selling welding electrodes.

The operating results for the year ended 30 June 2020 as follows:

Particulars	June 30, 2020	June 30, 2019
Turnover	512,051,960	518,744,052
Gross Profit	129,805,195	128,305,199
Net Profit After Tax	44,995,940	40,734,797
Earnings Per Share (EPS)	4.50	4.07
Net Assets Value Per Share (NAVPS)	28.17	23.67

c) Navana LPG Limited

Navana LPG Limited is getting a good response in the market. During the year Navana LPG Limited added Tk. 337 crore by selling LPG.

The operating results for the year ended 30 June 2020 as follows:

Particulars	June 30, 2020	June 30, 2019
Turnover	3,372,032,537	3,013,185,645
Gross Profit	592,822,415	531,010,489
Net Profit After Tax	(22,776,432)	(43,285,288)

Next Year Plan

The Board of Directors has an expected sales target of Tk. 140 crore from Navana CNG Limited for the next financial year, consisting of Tk. 125 crore from CNG Re-fueling Stations & other services, Tk. 10 crore from CNG Conversion Workshop and Tk. 5 crore from vehicle workshops & service revenues.

In addition to the above, the Company has planned to earn Tk. 90 crore as revenue from Navana Engineering Limited and Tk. 65 crore from Navana Welding Electrode Limited, and Tk. 360 crore from Navana LPG Limited. Thus total sales target for Navana CNG Limited along with its subsidiaries will be Tk. 655 crore.

Corporate Governance Compliance

The Company also complied with the requirements of Corporate Governance Code.

- Declaration by Chief Executive Officer and Chief Financial Officer 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

- e) Highlights of Financial key operating data in page no. 13
- f) Audit Committee Report in page no. 29

Dividend

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

Explanation for reducing profit

Navana LPG Limited subsidiary of Navana CNG Ltd. is in operation having gross profit. Due to the substantial amount of Loan the company has to incur a significant amount of financial expenses. The beefed-up financial expenses adversely affected the bottom line profitability and consequently resulted in reducing the profit of the company as well as the business of the company.

Appointment of External Auditors

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

Appointment of Compliance Auditors

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

Acknowledgement

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

On behalf of the Board of Directors



(Sajedul Islam)
Chief Executive Officer

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

Namewise Details	No. of Shares held
i. <u>Parent/Subsidiery/Associated Companies and other related parties</u>	
ii. <u>Directors, Chief Executive Officer(CEO), Company Secretary, Chief Financial Officer, Head of Internal Audit Compliance & Andtheir spouse and minor children:</u>	
Directors, Chief Executive Officer :	
Mr. Shafiul Islam - Chairman	17,203,878
Mr. Sajedul Islam – Chief Executive Officer	3,401,792
Mrs. Khaleda Islam - Director	3,568,644
Mr. Saiful Islam - Director	3,426,429
Ms. Farhana Islam - Director	1,447,842
Ekramul Haq - Independent Director	Nil
Chief Financial Officer, Company Secretary and Head of Internal Audit & Compliance and their <u>spouse and minor children:</u>	Nil
iii. Executives	Nil
iv. <u>Shareholders holding ten percent (10 %) or more voting interest in the company :</u>	
Mr. Shafiul Islam	17,203,878

HIGHLIGHTS of FINANCIAL and KEY OPERATING DATA

[Consolidated]

(Amount in million Taka)

Particulars	2020	2019	2018	2017	2016
Turnover (net)	5,928	5,887	4,045	2,597	3,230
Gross profit	1,252	1,294	1,036	779	1,002
Operating Profit/ (Loss)	(23)	39	281	304	400
Net profit after tax	62	88	179	208	281
Earnings Per Share	.90	1.29	2.62	3.03	4.18
Net cash operating activities	9.75	8.41	0.88	1.43	(2.02)

Table: Summary Balance Sheet

Particulars	2020	2019	2018	2017	2016
Authorized capital	1,500	1,500	1,500	1,500	1,500
Paid-up capital	685	685	685	685	685
Reserve and surplus	1,756	1,739	1,737	1,618	1,467
Shareholders' Equity	2,442	2,424	2,422	2,304	2,152
Deferred tax Assets/ (Liabilities)	148	8	108	103	88
Non-current liabilities	5,189	5,563	4,900	3,170	1,345
Current Liabilities	4,720	4,062	3,430	2,170	934
Fixed Assets	6,737	6,696	5,613	1,733	1,201
Other Non-current Assets	1,217	1,347	1,696	3,528	1,249
Total Non-current Assets	7,954	8,043	7,309	5,262	2,450
Current Assets	4,397	4,006	3,443	2,382	1,981
Book value per share	35.63	35.37	35.35	33.62	30.57
Dividend per share	10%	10%	12%	15%	15%
Numbers of shareholders	11,744	12,422	12,692	14,454	21,435

Table: Ratios

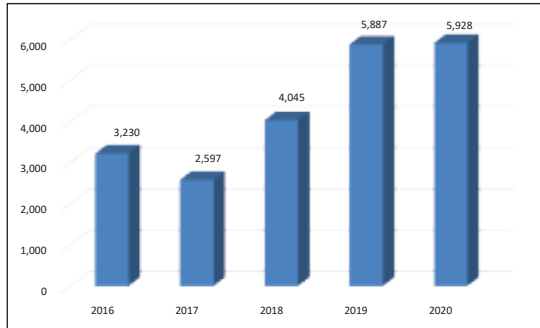
(Amount in million Taka)

Profitability Ratios	2020	2019	2018	2017	2016
Current Ratio	.93	0.99	1.00	1.10	2.12
Gross profit / Sales (%)	21.12%	21.98%	25.61%	29.99%	31.02%
Operating profit/(Loss) / Sales (%)	(.38%)	0.66%	6.97%	11.71%	12.38%
Profit after tax / Sales (%)	1.03%	1.49%	4.43%	8.00%	8.70%
Return on Asset (%)	1.00%	1.00%	2.00%	2.72%	6.34%
Return on Equity (%)	3.00%	4.00%	7.00%	9.02%	13.06%

Graphical Presentation

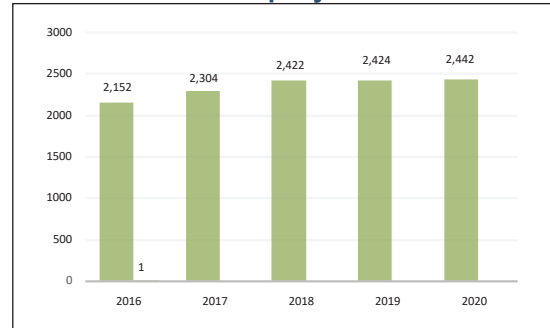
Turnover

In million Taka



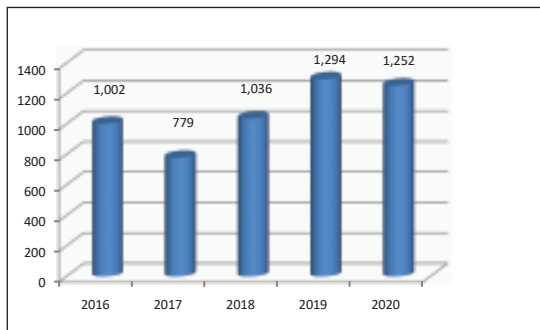
Shareholders Equity

In million Taka



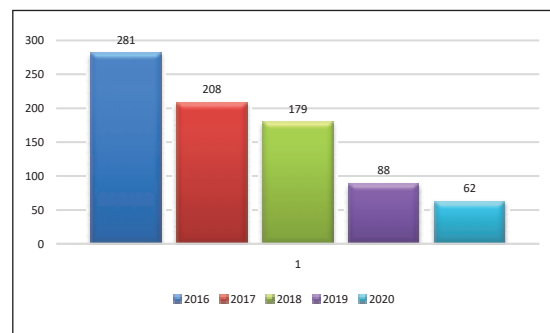
Gross Profit

In million Taka



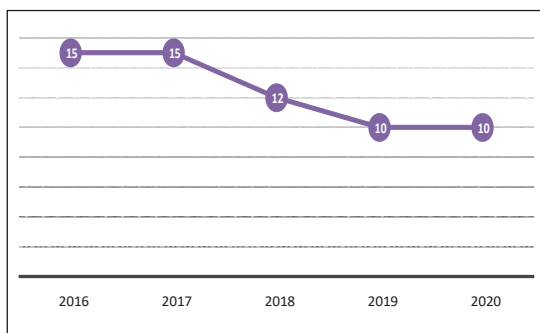
Net Profit After Tax

In million Taka



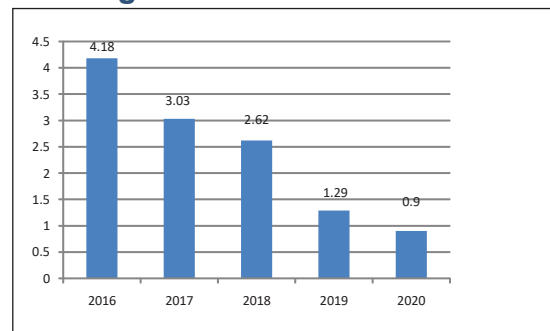
Dividend Cash & Stock

In Percentage (%)



Earnings Per Share

In million Taka



VALUE ADDED STATEMENT

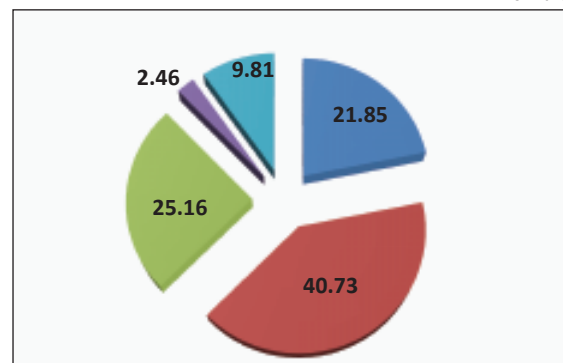
For the year ended June 30, 2020

	Amount in '000' Taka	%
Gross Sale	6,217,407	
Other income	13,019	
Bought in- Material & Service	4,625,732	
Value Added	1,604,694	
Application		
to National Exchequer	350,594	21.85
to Providers of Loan		
as Interest & Charges	653,604	40.73
to Providers Emp. Salaries		
Wages & other benefits	403,698	25.16
to Providers of Capital- as Dividend	39,412	2.46
Reserve & Surplus including deferred tax	157,386	9.81
	1,604,694	100.00

VALUE ADDED (%) GRAPH

For the year ended June 30, 2020

In million Taka





Report on CORPORATE GOVERNANCE

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

Board of Directors

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

Independent Directors

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

The Role of the Chairman and the Managing Directors

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

The Chief Executive Officer has the overall responsibility for the performance of the Company's business. He is also responsible for establishing and executing the Company's overall strategic and operating plan that is necessary to achieve the Company's objectives.

Audit Committee

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

Nomination and Remuneration Committee (NRC)

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

Company Secretary

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

Chief Financial Officer

Zahidul Haque FCA has been appointed as the Chief Financial Officer of Navana CNG 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 guidelines of the BSEC.

Financial Reporting and Transparency

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

Statutory Audit

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

Internal Audit

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

Internal Control

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

Declaration by Chief Executive Officer and Chief Financial Officer

24 October 2020

The Board of Directors
Navana CNG Limited

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

Dear Sirs,

Pursuant to the Condition No 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMR-RCD/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 Navana CNG Limited for the year ended on 30 June 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial 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 2020 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.

Sincerely yours,



(Sajedul Islam)
Chief Executive Officer



(Zahidul Haque, FCA)
Chief Financial Officer

**Head Office :**

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

Report to the Shareholders of Navana CNG Limited on compliance on the Corporate Governance Code

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

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

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

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

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

Dated: Dhaka
12 November 2020


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

**Chittagong Office:**

74, St. Mujib Road, Agrabad, C/A Chittagong - 4100. Tel: 031-634103 Email: ampsch@yahoo.com, ampsch@ahmed-zaker.com

STATUS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

(Report under Condition No. 9)

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.3	Qualification of Independent Director			
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.			N/A
1.3(c)	The independent director shall have at least 10 (ten) years of experience in any filed mentioned in clause (b)	✓		
1.3(d)	In special cases, the above qualification or experiences may be relaxed subject to prior approval of the Commission.			N/A
1.4	Duality of Chairperson of the Board of Directors and Managing Directors or Chief Executive Officer :-			
1.4(a)	The position of the Chairperson of the Board and the Managing Director (MD) and /or Chief Executive Officer (CEO) of the Company shall be filled by different individuals.	✓		
1.4(b)	The managing Director (MD) and/or Chief Executive Officer (CEO) of a listed Company shall not hold the same position in another listed Company.	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the Company.	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and /or Chief Executive Officer.	✓		
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Boards meeting the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.5	The Directors’ Report to Shareholders			
1.5(i)	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)	A Discussion on continuity of any Extra-Ordinary activities and their implication (gain or loss)	✓		
1.5(vi)	A detailed discussion on related party transactions alongwith a statement showing amount, nature of related party,nature of transactions and basis of transactions of all relatedparty transactions;	✓		
1.5(vii)	A statement of utilization of proceeds raised through publicissues, rights issues and/or any other instruments;			N/A
1.5(viii)	An explanation if the financial results deteriorate after the Company goes for IPO, RPO, Rights offer, Direct listing etc.			N/A
1.5(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A
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			N/A
1.5(xxii)	The total number of Board meetings held during the year and attendance by each director	✓		
1.5(xxiii)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1.5(xxiii) (a)	Parent/Subsidiary/Associated Companies and other related parties (Name wise details)	✓		
1.5(xxiii) (b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children (Name wise details)	✓		

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

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

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

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

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

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

Audit Committee

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

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

Members of the Audit Committee :

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

The Audit Committee met four times during the year ended on 30 June 2020. Mr. Md. Abdur Rahman, Company Secretary acts as the Secretary of the Committee.

Role of Audit Committee

Role of audit committee shall include the following:

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

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

Audit Committee Report to the Board

24 October 2020

The Board of Directors
Navana CNG Limited

Audit Committee Report

The Committee reviewed the Financial Statements of Navana Engineering Limited, Navana Welding Electrode Limited and Navana LPG Limited (Subsidiaries of Navana CNG Limited) for the year ended 30 June 2020 and found adequate arrangement to present a true and fair view of the financial statements of the Companies.

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



(Syed Masud Hasan)
Chairperson
Audit Committee

Report of the Nomination and Remuneration Committee

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

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

The Nomination and Remuneration Committee consists of the following members:

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

Mr. Md. Abdur Rahman, Company Secretary acts as the Secretary of the Committee.

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

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

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


(Syed Masud Hasan)
Chairperson

Nomination and Remuneration Committee

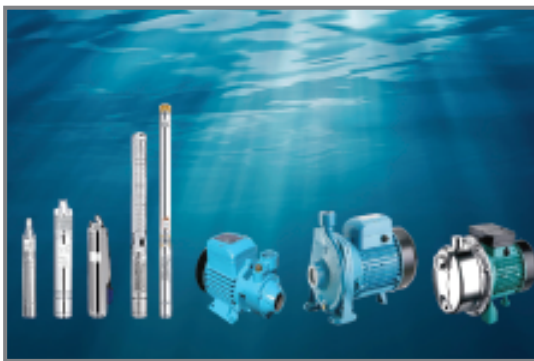
Glimpses of 15th Annual General Meeting



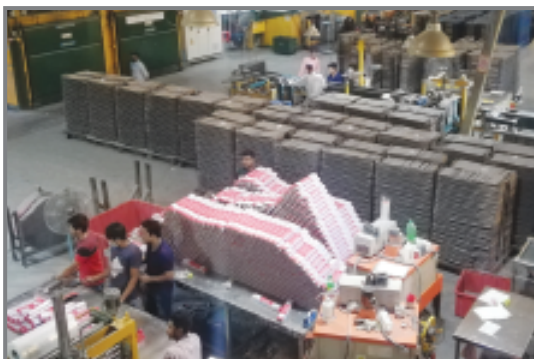
Navana CNG Limited



Navana Engineering Limited



Navana Welding Electrode Limited



Navana LPG Limited



INDEPENDENT AUDITORS' REPORT

To

The Shareholders Of Navana CNG Limited And It's Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Navana CNG Limited and it's Subsidiaries (the Group) which comprise the Consolidated Statement of Financial Position as at 30th June, 2020 the consolidated Statement of Profit or Loss and Other Comprehensive Income, consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year then ended and notes to the consolidated Financial Statements including a Summary of Significant Accounting Policies and other explanatory information disclosed in notes 1 to 48 and Annexure-A, B & C.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Matter

The consolidated financial statements of Navana CNG Limited and its Subsidiaries for the year ended 30th June, 2019 was audited by another auditor and give fair opinion.

The financial statements of Navana Engineering Limited, Navana Welding Electrode Limited and Navana LPG Limited, all are subsidiary companies of Navana CNG Limited for the year ended 30th June, 2020 were audited by another auditor and give fair opinion.

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matters
<p>Revenue</p> <p>The company has reported a revenue of Taka 5,928,052,849 for the year ended 30th June, 2020.</p> <p>Following the application of the revenue recognition standard (IFRS 15, Revenue from contracts with customers), the company adopted its accounting policies.</p> <p>Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised goods or services.</p> <p>Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).</p> <p>The sales of the company are derived from a large number of distributors located over the country with relatively small amount of transactions. As a result, to obtain sufficient audit evidence, high magnitude of audit work and resource are required.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognized in the proper reporting periods.</p> <p>See note no. 3.06 and 20 to the financial statements</p>	<p>Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in note 3.06 and 20 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>With regard to the implementation of IFRS 15 we verified management's conclusion on assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations.</p> <p>We conducted substantive testing of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including sales invoices and depot wise sales bank reconciliation report, bank statement and also, we confirmed selected customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amount outstanding with those customers.</p> <p>We specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off.</p>

Key Audit Matters	How our audit addressed the key audit matters
	<p>We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p>
Valuation of Inventory	How our audit addressed the key audit matters
<p>The Company had inventory of Taka 2,214,595,794 at 30th June, 2020 held in different depot and warehouses.</p> <p>Inventories consisting of raw materials, working process, finished goods, spare parts, fuel and stock in transit are valued at lower of cost and net realizable value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.</p> <p>Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realizable value.</p> <p>Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>See note no. 3.07 and 9 to the financial statements.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgment involved and use of some manual process in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p>	<p>We tested the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse, and sales depots; evaluating internal controls to monitor or keep track of Inventory Movement; attending inventory count on 30th June, 2020 and reconciling the count results to the inventory listing to test the completeness of data; comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete; evaluating the correctness of the batch wise costing of final products; evaluating the correctness of the valuation of raw materials and packing material as per weighted average method; reviewing the calculation of standard labour hours and their regular comparison with actual labour hours of production; and reviewing the process of valuing work-in-process; We have also considered the adequacy of the Company's disclosure in respect of the levels of provisions against inventory.

Current Tax Provisioning	How our audit addressed the key audit matters
<p>Current Tax provision amounting Tk. 61,238,720.</p> <p>At the year end the company reported total income tax expense (Current Tax) of BDT. 62,345,315 the calculation of the tax expense is a complex process that involves subjective judgments and uncertainties and require specific knowledge and competencies.</p> <p>We have determined this to be a key audit matter, due to the complexity in income tax provisioning.</p> <p>See note no. 3.13 (a) and 25.01 to the Financial Statements.</p>	<p>Our audit procedure in this area included, among others:</p> <p>Use of own tax specialist to assess the company's tax computation. Our tax specialists were also taking into account the company's tax position and our knowledge and experience of the application of relevant tax legislation.</p> <p>To analysis and challenge the assumption used to determine tax provision based on our knowledge and experience of the application of the local legislation.</p> <p>Evaluating the adequacy of the financial statement disclosure, including disclosure of key assumption judgments and sensitive related to tax.</p>
Measurement of Deferred Tax Assets	How our audit addressed the key audit matters
<p>The Company reported net deferred tax asset totalling Tk. 147,797,623 as at 30th June, 2020. Significant judgement is required in relation to deferred tax assets as the asset is dependent on forecasts of future profitability over a number of years.</p> <p>See note no. 3.13 (b)</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable income/expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense/income.</p> <p>We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of Deferred Tax Asset.</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax asset balances and the level of estimation involved.</p> <p>We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
Valuation of Defined Benefits Obligation	How our audit addressed the key audit matters
<p>The company operates the defined benefit schemes which in total are significant in the context of the overall financial position. During the year under audit the company expended for gratuity purpose a sum of Tk. 29,777,956 and a sum of Tk. 5,715,679 for Workers Profit Participation Fund.</p>	<p>Our audit procedures included updating our understanding of the business processes followed by the company for accounting and valuing their defined benefit plan.</p> <p>We obtained sufficient audit evidence to conclude that the inputs and methodologies used to determine the liability for defined benefit plan.</p>

Valuation of Defined Benefits Obligation	How our audit addressed the key audit matters
	<p>We assessed the design and operating effectiveness of the company's key controls supporting the identification, measurement and oversight of valuation of the defined benefits payable provision.</p> <p>We examined the basis on which gratuity is payable to the employee and is worked out the liability for gratuity on the presumption that employees retire on the balance sheet date.</p> <p>We examined the basis on which contribution to WPPF is payable to the employee.</p> <p>We ensured that the basis of computing gratuity is valid and we have also ensured that the basis of computing gratuity.</p> <p>Employees data used in calculating obligation is also tested and appropriateness and presentation of disclosures against IAS 19: Employee Benefits were assessed.</p>

Other Information

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

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

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

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

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

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

Management is responsible for the preparation and fair presentation of Financial Statements in accordance with IFRS's, The Companies Act, 1994, The Securities and Exchange Rules, 1987 and applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has 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 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 : 24.10.2020
Place : Dhaka, Bangladesh


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

NAVANA CNG LIMITED AND ITS SUBSIDIARIES

Consolidated Statement Of Financial Position
As At 30th June, 2020

Particulars	Notes	Amount in Taka	
		30.06.2020	30.06.2019
Assets			
Non-Current Assets:			
Property, Plant & Equipment	4.00	6,737,120,036	6,696,346,320
Intangible Assets	5.00	23,775,675	17,936,289
Right of Use Asset		19,934,974	-
Capital Work-in-Progress	6.00	978,936,390	1,269,113,876
Long Term Security Deposit	7.00	44,377,166	47,556,185
Deferred Tax Assets		147,797,623	8,288,021
Investment in Shares	8.00	2,525,882	3,589,283
		7,954,467,746	8,042,829,974
Current Assets:			
Inventories	9.00	2,214,595,794	1,976,321,837
Accounts Receivables	10.00	861,651,071	720,883,777
Other Receivables		194,847,420	194,883,822
Advance against Land		15,000,000	15,000,000
Advances, Deposits & Pre-Payments	11.00	950,290,616	864,051,799
Cash and Cash Equivalents	12.00	160,250,107	235,022,470
		4,396,635,008	4,006,163,705
Total Assets		12,351,102,754	12,048,993,679
Shareholders' Equity and Liabilities:			
Authorized Capital:		1,500,000,000	1,500,000,000
150,000,000 Ordinary Shares of Tk. 10/- each.			
Shareholders' Equity:			
Share Capital	13.00	685,285,920	685,285,920
Tax Holiday Reserve		216,004,824	216,004,824
Fair Value Reserve		1,705,086	2,662,147
Retained Earnings	14.00	1,538,647,565	1,519,706,890
Equity Attributable to Owners of Company		2,441,643,395	2,423,659,781
Non-Controlling Interest		(6,200)	(5,086)
Non-Current Liabilities:			
Lease Liability		16,289,100	-
Security Retention Money		650,239,387	1,049,160,084
Loan from Others		50,000,000	50,000,000
Long Term Loan-Net of Current Portion	15.00	4,472,861,608	4,464,259,337
		5,189,390,095	5,563,419,421
Current Liabilities:			
Long Term Loan-Current Portion	16.00	1,238,620,849	829,125,800
Short Term Loan	17.00	2,426,210,433	2,076,782,742
Provision for Income Tax	18.00	271,316,851	219,808,563
Current Account with Group Companies		444,499,607	643,953,907
Payables & Accruals	19.00	339,427,724	292,248,551
		4,720,075,464	4,061,919,563
Total Liabilities		9,909,465,559	9,625,338,984
Total Shareholders' Equity & Liabilities		12,351,102,754	12,048,993,679
Net Assets Value (NAV) per Share	29.00	35.63	35.37

The annexed notes from 1 to 48 and Annexure-A, B & C form an integral part of these Financial Statements. The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:


Chief Executive Officer



Director


Director


Company Secretary


Chief Financial Officer

Dated: 24.10.2020
Place: Dhaka, Bangladesh


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

NAVANA CNG LIMITED AND ITS SUBSIDIARIES
Consolidated Statement Of Profit Or Loss And Other Comprehensive Income
For The Year Ended 30th June, 2020

Particulars	Note	Amount in Taka	
		01.07.2019 to 30.06.2020	01.07.2018 to 30.06.2019
Revenue (Net)	20.00	5,928,052,849	5,886,618,716
Less: Cost of Goods Sold	21.00	4,676,102,307	4,592,915,543
Gross Profit		1,251,950,542	1,293,703,173
Less: Operating Expenses:			
Administrative & Selling Expenses	22.00	621,095,003	630,342,969
Interest Expenses	23.00	653,604,622	624,214,982
		1,274,699,625	1,254,557,951
Operating Profit		(22,749,083)	39,145,221
Add: Other Income	24.00	13,019,485	14,529,326
Less: Foreign Exchange Loss		846,244	506,643
Profit before Contribution to WPPF		(10,575,842)	53,167,905
Less: Contribution to WPPF		5,715,679	9,532,404
Net Profit before Tax		(16,291,521)	43,635,501
Less: Income Tax Expenses	25.00	(78,164,541)	(44,838,087)
Current Tax	25.01	61,238,720	70,971,861
Deferred Tax	25.02	(139,403,261)	(115,809,947)
Net Profit for the year attributable to Equity holder		61,873,020	88,473,588
Add: Other Comprehensive Income:			
Revaluation Gain/Loss on Investment in Share		(1,063,401)	(1,552,044)
Less: Deferred Tax Adjustment		106,340	155,204
		(957,061)	(1,396,840)
Total Comprehensive Income for the year		60,915,959	87,076,748
Profit Attributable to:			
Equity Holders of the Company		60,917,073	87,078,889
Non-Controlling Interests		(1,114)	(2,141)
		60,915,959	87,076,748
Number of Shares		68,528,592	68,528,592
Earnings per Share	26.00	0.90	1.29

The annexed notes from 1 to 48 and Annexure-A, B & C form an integral part of these Financial Statements.

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


Chief Executive Officer


Director


Director


Company Secretary


Chief Financial Officer

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

Dated: 24.10.2020
Place: Dhaka, Bangladesh


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

NAVANA CNG LIMITED AND ITS SUBSIDIARIES
Consolidated Statement Of Changes In Equity
For The Year Ended 30th June, 2020

Particulars	Share capital	Tax Holiday Reserve	Fair Value Reserve	Retained Earnings	Attributable to Owners of the Company	Non-Controlling Interests	Total
Balance at 1st July, 2018	685,285,920	216,004,824	7,479,640	1,513,465,471	2,422,235,855	(2,945)	2,422,232,910
Adjustment for Sale of Marketable Securities	-	-	(3,420,653)	-	(3,420,653)	-	(3,420,653)
Fair Value Reserve	-	-	(1,396,840)	-	(1,396,840)	-	(1,396,840)
Net Profit for the year	-	-	-	88,475,729	88,475,729	(2,141)	88,473,588
Dividend	-	-	-	(82,234,310)	(82,234,310)	-	(82,234,310)
Balance at 30th June, 2019	685,285,920	216,004,824	2,662,147	1,519,706,890	2,423,659,781	(5,086)	2,423,654,695
Balance at 1st July, 2019	685,285,920	216,004,824	2,662,147	1,519,706,890	2,423,659,781	(5,086)	2,423,654,695
Adjustment for the application of IFRS-16 (Lease)	-	-	-	(3,521,294)	(3,521,294)	-	(3,521,294)
Fair Value Reserve	-	-	(957,061)	-	(957,061)	-	(957,061)
Net Profit for the year	-	-	-	61,874,134	61,874,134	(1,114)	61,873,020
Dividend	-	-	-	(39,412,165)	(39,412,165)	-	(39,412,165)
Balance at 30th June, 2020	685,285,920	216,004,824	1,705,086	1,538,647,565	2,441,643,395	(6,200)	2,441,637,195

The annexed notes from 1 to 48 and Annexure-A, B & C form an integral part of these Financial Statements. The financial statements were approved by the Board of Directors on the 24th October, 2020 and were signed on its behalf by:



Chief Executive Officer



Director



Director



Company Secretary



Chief Financial Officer

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

Dated: 24.10.2020

Place: Dhaka, Bangladesh



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

NAVANA CNG LIMITED AND ITS SUBSIDIARIES

Consolidated Statement Of Cash Flows For The Year Ended 30th June, 2020

Particulars	Note	Amount in Taka	
		01.07.2019 to 30.06.2020	01.07.2018 to 30.06.2019
Cash Flows from Operating Activities:			
Cash Receipts from Customers		5,787,285,555	5,593,470,544
Cash Receipts of Other Income		13,019,485	5,841,972
Foreign Exchnage Loss		(846,244)	(506,643)
Payments for Materials, Services and Expenses		(5,061,815,483)	(4,895,669,999)
Cash Generated from Operations		737,643,313	703,135,874
Income Tax Paid		(69,300,758)	(126,549,948)
Net Cash Generated from Operating Activities	28.00	668,342,555	576,585,926
Cash Flows from Investing Activities:			
Acquisition of Property, Plant and Equipment		(285,846,306)	(517,086,526)
Acquisition of Intangible Assets		(8,037,900)	(707,500)
Capital Work-in-Progress		(39,679,620)	(726,726,042)
Proceeds from Sale of Shares		-	14,119,029
Advance for L/C Margin		114,107,187	(76,886,001)
Security Deposit to LP Gas Ltd.		-	1,200,000
Other Receivables		36,402	2,064,383
Long Term Security Deposits		3,179,019	1,212,207
Sale Proceed of Assets		-	15,114,909
Net Cash used in Investing Activities		(216,241,218)	(1,287,695,541)
Cash Flows from Financing Activities			
Payment to Group Companies		(199,454,300)	247,048,065
Bank Interest Paid		(653,604,622)	(624,214,982)
Short Term Loan		349,427,691	162,814,082
Security Retention Money		(398,920,697)	340,809,202
Dividend Paid		(42,419,092)	(68,316,741)
Long Term Loan		418,097,320	654,378,291
Net Cash Provided in Financing Activities		(526,873,700)	712,517,917
Net Changes in Cash and Cash Equivalents		(74,772,363)	1,408,302
Cash and Cash Equivalents at the Beginning of Year		235,022,470	233,614,168
Cash and Cash Equivalents at the End of Year		160,250,107	235,022,470
Net Operating Cash Flows Per Share	27.00	9.75	8.41

The annexed notes from 1 to 48 and Annexure-A, B & C form an integral part of these Financial Statements.

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

Chief Executive Officer

Director

Director

Company Secretary

Chief Financial Officer

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

Dated: 24.10.2020

Place: Dhaka, Bangladesh

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

NAVANA CNG LIMITED AND IT'S SUBSIDIARIES

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

1.00 Reporting Entity

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

Navana CNG Limited (the Company) was incorporated in Bangladesh as a private limited company on 19th April, 2004 vide Registration No. C-52512(2807)/2004 and subsequently converted into a public limited company on 8th March, 2009.

Registered Office

The Registered Office and Principal Place of Business of Navana CNG Limited is located at 125/A, Motijheel Commercial Area, Islam Chamber, 4th Floor, Dhaka-1000. The Company is listed with Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd.

1.02 Nature of Business

The principal activities of the Company are conversion of petrol and diesel driven vehicles to Compressed Natural Gas (CNG) driven vehicles, CNG re-fuelling stations and other related services.

1.03 Subsidiaries

The company has a 3 (Three) subsidiary companies which are noted below:

(a) Navana Engineering Limited

Navana Engineering Limited is a public limited company which was incorporated in 2010 registered with the Registrar of Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act, 1994 as a subsidiary with 99.99% shares owned by Navana CNG Limited.

The principal activities of the company are manufacturing of polymer, plastic, PVC, poly ethylene, pipes, tubes, conduits, fittings for house hold, industrial and commercial use. The company started its commercial operations from 1st March, 2011.

(b) Navana Welding Electrode Limited

Navana Welding Electrode Limited is a private limited company which was incorporated in 2011 registered with the Registrar of Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act, 1994 as a subsidiary with 99.99% shares owned by Navana CNG Limited.

The principal activities of the company are manufacturing, importing, exporting, trading and marketing of all types of electrode rod, welding and cutting equipment, cutting rod, welding and cutting consumables. The company started its commercial operation from 1st January, 2013.

(c) Navana LPG Limited

Navana LPG Limited is a private limited company which was incorporated in 2015 registered with the vide registration no. C-125694 dated 13th September, 2015 with Registrar of Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act, 1994 as a subsidiary with 99.99% share owned by Navana LPG Limited. The company started its commercial production in November, 2017.

The main objective is to carry on the business of import, export, indenting and marketing of all types of gases also LPG, LNG, LPG, Propone, Oxygen, nitrogen, acetylene, nitrous, oxide, medical and commercial oxygen and other allied gases.

The Registered Office is situated at 214/D, Tejgaon Industrial Area, Dhaka, Bangladesh.

1.04 Presentation of Consolidated Financial Statements

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

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

2.00 Basis of Preparation of Consolidated Financial Statements

2.01 Statement on Compliance

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

2.02 Other Regulatory Compliances

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

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

2.03 Compliance with the Financial Reporting Standards as applicable in Bangladesh

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

Sl. No.	IAS No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied
2	2	Inventories	Complied
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	N/A
7	12	Income Taxes	Complied
8	16	Property, Plant and Equipment	Complied
9	19	Employee Benefits	Complied
10	20	Accounting for Govt. Grants and Disclosure of Govt. Assistance	N/A
11	21	The Effects of Changes in Foreign Exchange Rates	Complied
12	23	Borrowing Costs	Complied

Sl. No.	IAS No.	IAS Title	Compliance Status
13	24	Related Party Disclosures	Complied
14	26	Accounting and Reporting by Retirement Benefit Plan	Complied
15	27	Separate Financial Statements	Complied
16	28	Investment in Associated and Joint Venture	N/A
17	29	Financial Reporting in Hyperinflationary Economics	N/A
18	31	Interest in Joint Ventures	N/A
19	32	Financial Instruments : Presentation	Complied
20	33	Earnings per Share	Complied
21	34	Interim Financial Reporting	Complied
22	36	Impairment of Assets	Complied
23	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
24	38	Intangible Assets	Complied
25	40	Investment Property	N/A
26	41	Agriculture	N/A

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

2.04 Basis of Measurement

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

2.05 Basis of Consolidation

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

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

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

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

2.06 Accrual basis of Accounting

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

2.07 Functional and Presentation Currency

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

2.08 Key Accounting Estimates and Judgments in Applying Accounting Policies

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

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

2.09 Materiality, Aggregation and Off Setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has legal right to set off the amounts and intends to

settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards. The values of assets or liabilities as shown in the statement of financial position are not off-set by way of deduction from another liability or asset unless there exist a legal right, therefore no such incident existed during the year.

2.10 Going Concern Assumption

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

2.11 Comparative Information

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

2.12 Responsibility for Preparation and Presentation of Financial Statements

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

2.13 Reporting Period

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

2.14 Approval of Financial Statements

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

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

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

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

Assets and Basis of their Valuation

3.01 Property, Plant and Equipments

3.01.1 Recognition and Measurements

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

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

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

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

3.01.2 Maintenance Activities

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

3.01.3 Subsequent Cost

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

3.01.4 Depreciation on Tangible Fixed Assets

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

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

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

Category of Fixed Assets	Rate of Depreciation
Land & Land Development	--
Building & Shed	10%
Plant & Machinery	10%
Cylinder	10%
Tools & Equipment	10%
Furniture & Fixtures	10%
Electric Equipment	10%
Office Equipments	10%
Vehicles	10%

3.01.5 Impairment

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

3.01.6 Disposal of Property, Plant and Equipment

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

3.01.7 Intangible Assets

(i) Recognition and Measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per IAS 38: Intangible assets are met. The cost of the intangible assets comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. All other expenditures are recognized in profit or loss, when incurred.

(iii) Amortization

Amortization is recognized in profit or loss on a diminishing balance method over the estimated useful lives of the intangible assets, from the month they are available for use. Software is amortized @ 10%.

3.02 Investment in FDR and Shares

Investment in shares and FDR's is stated at its market price and cost price respectively. The statement of profit or loss reflects the income on account of interest on investment in FDR and unrealized gain or loss from investment in shares are recognized as other comprehensive income. It may be mentioned here that a fluctuation reserve / fair value reserve has been created in order to equalize the price go down below the cost price of the shares and during the year under audit unrealised gain / (loss) on investment in shares for price go down below the cost price of the shares has been charged directly to statement of other comprehensive income.

3.03 Recognition of Investment in Subsidiary in a separate Financial Statement

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

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

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

3.05 Other Current Assets

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

3.06 Revenue Recognition

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

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

- . Identify the contract with a customer;
- . Identify the performance obligations in the contract;
- . Determine the transaction price;
- . Allocate the transaction price to the performance obligations in the contract; and
- . Recognize revenue when (or as) the entity satisfies a performance obligation.

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

(a) Petrol and Diesel Vehicle Conversion Services

Revenue on petrol and diesel vehicle conversion services is recognized, net of VAT where applicable upon the completion of the conversion of vehicles to run on either the Bi-Fuel system or CNG Fuel System and the delivery of the converted vehicles to the vehicle owners.

(b) Sale of CNG

Revenue from sale of CNG is recognized upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Dividend

Dividend income is recognized when the company's right to receive payment is established.

(d) Other Revenues

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

3.07 Inventories

In compliance with the requirement of IAS 2 "Inventories", inventories are stated at the lower of cost and net realizable value.

Inventories consisting of raw materials, work in progress, finished goods, spare parts, fuel and stock in transit are valued at a lower of cost and net realized value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the following basis:

Raw materials:

Purchase costs on a weighted average basis;

Finished goods and work-in-progress:

Costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity;

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is made if necessary, for obsolete and slow-moving item.

3.08 Foreign Currency Transactions

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

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

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

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

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

3.09 Financial Instruments

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

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

Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

Financial Assts at FVTPL

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

Financial Assets at amortised cost

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

Debt Investments at FVOCI

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

Equity Investments at FVOCI

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

Impairment of Financial Assets

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

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

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

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

Measurement of Expected Credit Losses (ECL)

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

Presentation of Impairment

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

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

3.10 Impairment

i) Financial Assets

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

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

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

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

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

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

ii) Non-Financial Assets

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

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

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

3.11 Derivatives

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

3.12 Leases

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

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

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

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

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

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

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

The company has no operating leases.

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

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

3.13 Taxation

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

(a) Current Tax:

Current Tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rate used for the reporting period was 25% as a publicly traded company.

The company enjoyed the tax holiday up to April, 2009 and accordingly necessary provision has been made for tax holiday period.

(b) Deferred Tax:

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

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

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

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

(c) Value Added Tax:

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

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

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

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

3.14 Proposed Dividend

10% Cash Dividend has been paid for the year 2020.

3.15 Cost of Post Employment Benefits

The company maintains the following benefits plans:

(a) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

(b) Defined Benefit Plan (Gratuity)

A defined benefit is a post-employment plan other than a defined contribution plan. The employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to current and former employees. The net defined benefit liability / (asset) in respect of a defined benefit plan is recognized in the statement of financial position.

Current service cost, past service cost and gain/loss on settlement and net interest on the net defined benefit liability/(asset) are recognized in profit or loss.

Service cost and gain/loss on settlement are classified as personnel expense and net interest on the net defined benefit liability (asset) is classified as financial expense.

The gratuity is calculated for all the employees prescribed by the rates as per labour Act, 2006 (as amended to 2013) for their service with the company.

(c) Workers Profit Participation Fund (WPPF)

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

3.16 Capitalization of Borrowing Costs

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

3.17 Accruals, Provisions and Contingencies

(a) Accruals

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

(b) Provisions

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

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

(c) Contingencies

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

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

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

3.18 Operating Segments

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risk and returns that are different from those of other business segment. The company has two distinguishable operating segments vide conversion workshop and CNG station in case of Navana CNG Ltd. which are disclosed in **note 31**.

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

3.19 Cash and Cash Equivalents

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

3.20 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".

3.21 Earnings per Share (EPS)

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

Basic Earnings Per Share

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

Diluted Earnings Per Share

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

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

3.22 Risk Exposure

Interest Rate Risk

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

Management Perception

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

Exchange Rate Risk

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

Management Perception

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

Industry Risks

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

Management Perception

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

Market Risk

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

Management Perception

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

Operational Risks

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

Management Perception

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

Liquidity Risk

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

Management Perception

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

Labour Unrest Risk

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

Management Perception

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

3.23 Events after the Reporting Period

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

3.24 Related Party Disclosure

As per International Accounting Standard, **IAS-24: 'Related Party Disclosures'**, parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in Note 32.

3.25 General

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

NAVANA CNG LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

		Amount in Taka	
		30.06.2020	30.06.2019
4.00	Consolidated Property, Plant & Equipment's	6,737,120,036	6,696,346,320
	This is made up as follows:		
	Land and Land Development	1,180,087,289	1,119,098,289
	Building & Shed	978,536,140	1,058,825,286
	Plant & Machinery	2,224,151,252	2,119,209,036
	Cylinder	2,010,167,774	2,090,242,614
	Tools & Equipment	108,503,360	115,476,170
	Furniture & Fixture	18,666,616	16,983,734
	Electrical Equipment	19,552,609	20,349,972
	Office Equipment	5,938,435	5,629,296
	Vehicles	191,516,561	150,531,923
		6,737,120,036	6,696,346,320
	An elaborate Schedule of PPE is shown in Annexure - A.		
5.00	Consolidated Intangible Assets	23,775,675	17,936,289
	This is made up as follows:		
	Software System	23,775,675	17,936,289
		23,775,675	17,936,289
	An elaborate Schedule of Intangible Assets is shown in Annexure -B.		
6.00	Consolidated Capital Work-In-Progress	978,936,390	1,269,113,876
	This is made up as follows:		
	Opening Balance	1,269,113,876	1,607,886,756
	Add: Addition during the year	39,679,620	726,726,042
		1,308,793,496	2,334,612,798
	Less: Transfer to Property, Plant and Equipment	329,857,106	1,065,498,922
		978,936,390	1,269,113,876
	Capital Work-In-Progress represents land and land development, civil construction, plant and machineries etc. for LPG project and land and land development, civil construction, plant and machineries for BMRE project of Navana Engineering Ltd, Baligaon at Kaligonj.		
7.00	Consolidated Long Term Security Deposit	44,377,166	47,556,185
	This is made up as follows:		
	PDBF	5,056	5,056
	Titas Gas T&D Co. Ltd.	21,836,594	24,898,920
	Karnaphuly Gas Co.	3,044,690	3,044,690
	Pashchimanchal Gas Co.	2,650,741	2,650,741
	Dhaka Electricity Supply Co. Ltd. (DESCO)	58,752	148,752
	Dhaka Electricity Supply Authority (DESA)	270,000	270,000
	Jalalabad Gas Co. Ltd.	1,299,297	1,299,297
	Dhaka Palli Bidyut Samity (PBS-1)	658,444	658,444
	Delta Life Insurance Co. Ltd.	10,000	10,000
	Roads & Highway	190,350	190,350
	North South University	16,143	16,143
	Standard Bank Ltd.	745,038	745,038
	Bangladesh Telecommunication Co. Ltd. (BTCL)	10,000	10,000
	UCEP	338,000	338,000
	Dhaka Metropolitan Police	147,331	147,331
	Mobile Com	22,000	22,000

		Amount in Taka	
		30.06.2020	30.06.2019
Road Cutting		10,413	37,106
PDB		1,104,225	1,104,225
DPDC Limited		240,000	240,000
Narayangonj Palli Bidyut Samity-2		500,000	500,000
Cox's Bazar Pally Bidyut Samity		392,000	392,000
Pally Bidyut Samity-Bagerhat		5,028,094	5,028,094
Mongla Port Authority		5,399,998	5,399,998
Desco-Nikunja		400,000	400,000
		44,377,166	47,556,185
8.00 Consolidated Investment in Share		2,525,882	3,589,283

This is made up as follows:

Name of the Share	No. of Shares	Market Value as on 30.06.2020	Market Value as on 30.06.2019
Lafarge Surma Cement Ltd.	21,000	753,900	833,700
Aftab Automobiles Ltd.	75,084	1,771,982	2,755,583
	96,084	2,525,882	3,589,283

The above investment in Marketable Securities are designated as Fair Value through OCI (FVTOCI) by the management. These are measured at fair value and presented as non-current assets. Unrealized gain/(loss) from the above investment were recognized as other comprehensive income.

9.00 Consolidated Inventories	2,214,595,794	1,976,321,837
This is made up as follows:		
Raw Materials	720,532,328	722,223,142
Work in Process	128,128,675	68,186,804
Finished Goods	1,097,344,162	1,044,022,816
Spare Parts	10,718,440	3,334,765
Fuel	165,333	374,016
Stock in Transit	257,706,856	138,180,294
	2,214,595,794	1,976,321,837
10.00 Consolidated Accounts Receivables	861,651,071	720,883,777
This is made up as follows:		
Tejgaon CNG Conversion Center	8,734,242	9,165,836
Kallayanpur CNG Conversion Center	4,502,524	5,669,139
Dipnagar Diesel Conversion Center	12,438,618	10,680,099
Chittagong CNG Conversion Center	2,057,717	2,057,717
Sylhet CNG Conversion Center	3,322,406	3,193,643
Cylinder Testing Unit	1,328,193	905,180
Kalurghat CNG Conversion Center	839,939	848,061
Kalurghat CRT	345,589	147,913

	Amount in Taka	
	30.06.2020	30.06.2019
Uttara CNG Conversion Center	1,115,485	1,839,053
Uttara CRT	4,000	-
Bogra CNG Conversion Center	510,384	240,638
Paltan CNG Conversion Center	1,036,543	1,875,012
Auto Repair & Services - Paltan-Dhaka	2,676,042	-
Paltan CRT	7,800	-
Auto Repair & Services-Kally-Dhaka	22,854,163	19,285,616
Auto Repair & Services-Kalurghat - Chitagong	976,542	897,942
Denso CNG Station	4,756,026	6,812,850
Binimoy CNG Station	10,500,774	11,254,050
Sylhet CNG Station	617,870	699,999
Sylhet CNG Station-2	15,398	26,344
Station Technical Department Sylhet	3,658,120	2,143,997
Station Technical Department Chittagong	13,449,103	11,574,738
Station Technical Department Dhaka	49,283,889	41,263,485
Station Maintenance Department-Chittagong	52,992	(161,198)
Station Maintenance Department-Dhaka	712,941	-
PRS Department	2,273,747	1,584,265
Engineering Service Department	599,505	566,105
Baipail CNG Station	1,394,997	1,300,846
Bogra CNG Station	41,638	7,357
Leguna CNG Station	1,214,123	23,176
Sitakunda CNG Station	277,519	106,261
BOC CNG Station	3,638	16,686
Kwality CNG Station	430,491	315,667
Bhoirab CNG Station	156,183	38,855
Elenga CNG Station	165,073	259,248
United CNG Station	33,640	8,684
Jagajog CNG Station	1,272,868	899,965
Sonarbangla CNG Station	7,134,891	5,675,839
Cox's Bazar Station	915	5,259
Chokoria Station	759	2,605
Mymensingh Zone	51,307,167	42,587,031
Chittagong Zone	39,794,434	24,826,212
Khulna Zone	32,063,534	27,848,194
Gazipur Zone	26,206,975	20,334,302
Sylhet Zone	29,623,201	20,025,803
Dhaka Zone	41,952,042	35,088,095
HDPE	33,174,730	37,891,740
PPR	26,496,707	14,789,552
Tender	3,255,558	1,863,973
Navana Real Estate Ltd.	8,549,240	20,364,347
Navana Construction Ltd.	10,921,071	11,861,269
Navana Batteries Ltd.	5,027,475	6,211,200
Sylhet Zone	1,003,938	1,617,729
Jessore Zone	1,695,924	4,863,140
Kushtia Zone	1,828,777	-
Dhaka South Zone	13,414,607	10,420,610
Dhaka North Zone	5,689,994	5,780,548
Rajshahi Zone	31,351,969	22,269,475
Rangpur Zone	483,195	698,672

		Amount in Taka	
		30.06.2020	30.06.2019
	Chittagong South Zone	6,565,677	4,666,488
	Chittagong North Zone	4,215,394	3,550,796
	Barishal Zone	41,165,540	34,502,482
	Corporate Customer	95,542,774	88,216,027
	Channel Partners & Distribution	168,456,831	122,069,053
	Customers for Scrap & Painting Service	-	1,400,921
	Other Customer	18,460,188	15,905,186
	Receivable from Employees' Provident Fund	2,606,842	-
		861,651,071	720,883,777
11.00	Consolidated Advance, Deposit & Pre-payment	950,290,616	864,051,799
	This is made up as follows:		
	Advance against Land	26,994,124	23,201,624
	Advance against Local Procurement	55,055,169	52,261,899
	Bank Guarantee Margin	33,510,577	36,937,291
	Security Deposit	1,759,815	1,906,792
	Advance Income Tax	335,775,441	276,205,115
	Jakshon International Ltd.	251,031	251,031
	VAT Current Account	17,909,904	14,090,462
	Advance for Rent	20,787,801	21,132,274
	Advance for Tender	1,138,560	1,045,410
	Earnest Money & Security Deposit	1,560,300	1,580,300
	Clearing & Forwarding Agent	1,351,023	1,351,023
	Rose Valley International	340,470	340,470
	Advance to Suppliers	142,369,409	79,113,439
	Security Deposit Bangladesh Railway	125,000	892,985
	Advance against Employee	14,565,737	3,371,676
	L/C Margin for Machinery	124,651,052	238,758,239
	Advance to Others	140,997,788	73,799,419
	Advance against Civil Construction	31,147,414	37,812,350
		950,290,616	864,051,799
12.00	Consolidated Cash and Cash Equivalent	160,250,107	235,022,470
	This is made up as follows:		
	Cash in Hand	7,638,700	17,356,185
	Cash at Banks:		
	Fixed Deposit Receipt (FDR) 12.01	103,439,201	96,212,429
	Bank Balances 12.02	49,172,206	121,453,856
		160,250,107	235,022,470
12.01	Consolidated Fixed Deposit Receipt (FDR)	103,439,201	96,212,429
	Mercantile Bank Ltd.	36,094,198	34,209,158
	Standard Bank Ltd.	7,389,602	7,163,208
	Shahjalal Islami Bank Ltd.	37,432,509	33,448,097
	State Bank of India	22,522,892	21,391,966
		103,439,201	96,212,429

		Amount in Taka	
		30.06.2020	30.06.2019
12.02	Consolidated Bank Balances	49,172,206	121,453,856
This is made up as follows:			
AB Bank Ltd.		146,391	639,460
Bank Alfalah Ltd.		7,563	7,563
Al-Arafah Islami Bank Ltd.		41,081	109,788
Bank Asia Ltd.		4,160,157	11,091,592
BRAC Bank Ltd.		201,492	852,746
Dhaka Bank Ltd.		503,822	275,957
Dutch-Bangla Ltd.		14,695,181	34,734,757
IFIC Bank Ltd.		434,101	398,244
Jamuna Bank Ltd.		124,424	77,749
Mutual Trust Bank Ltd.		7,074,841	14,675,858
National Bank Ltd.		267,552	939,151
NCC Bank Ltd.		604,465	105,372
Prime Bank Ltd.		211,850	73,339
Pubali Bank Ltd.		1,239,041	2,053,385
Rupali Bank Ltd.		1,176	1,160
Shahjalal Islami Bank Ltd.		4,968,744	11,986,016
Social Investment Bank Ltd.		40,912	40,912
Southeast Bank Ltd.		306,254	300,307
Standard Bank Limited		4,224,165	1,041,264
Standard Chartered Bank		205,862	180,193
Uttara Bank Ltd.		1,257,875	604,968
Mercantile Bank Ltd.		482,360	421,695
One Bank Ltd.		513	53,030
Trust Bank Ltd.		45,622	2,368,170
Islami Bank Bangladesh Ltd.		1,979,221	3,182,364
Modhumoti Bank Ltd.		-	976,679
Sonali Bank Ltd.		915,617	1,704,993
United Commercial Bank Ltd.		214,884	1,622,976
City Bank Ltd.		895,053	29,118,453
State Bank of India		3,095,768	1,168,746
NCC Bank Ltd.		-	98,870
Rupali Bank Ltd.		16,435	30,000
Agrani Bank Ltd.		17,022	488,099
Bangladesh Commerce Bank Ltd.		18,485	20,000
First Security Islami Bank Ltd.		5,233	10,000
The Premier Bank Ltd.		755,107	-
Community Bank Ltd.		13,936	-
		49,172,206	121,453,856

The cash at bank balances represents the balance as per cash book. The above balances are yet to be reconciled with the balances as per bank statement as on 30th June, 2020.

We obtained the cash custody certificate from the concerned authority in support of the cash in hand.

13.00

Equity and Liabilities

Share Capital :

Authorized Capital

150,000,000 Ordinary Shares of Tk. 10/- each.

Issued, Subscribed and Paid up Capital:

68,528,592 Ordinary Shares @ Tk. 10/- each.

This is made up as follows:

Amount in Taka				
		30.06.2020	30.06.2019	
Authorized Capital		1,500,000,000	1,500,000,000	
Issued, Subscribed and Paid up Capital:		685,285,920	685,285,920	
This is made up as follows:				
Date	No. of Shares	Particulars	Share Capital 30.06.2020	Share Capital 30.06.2019
19.04.2004	10,000	Subscription @Tk. 100/- each	1,000,000	1,000,000
10.11.2004	250,000	Cash Allotment @ Tk. 100/-each	25,000,000	25,000,000
25.04.2005	250,000	Cash Allotment @ Tk. 100/-each	25,000,000	25,000,000
30.12.2007	490,000	Cash Allotment @ Tk. 100/-each	49,000,000	49,000,000
08.02.2009	20,000,000	Ordinary Shares of @Tk. 10/- each Issued as Bonus	200,000,000	200,000,000
20.05.2009	6,300,000	Ordinary Shares of @Tk. 10/- each Issued as Bonus	63,000,000	63,000,000
26.07.2010	7,260,000	Ordinary Shares of @Tk. 10/- each Issued as Bonus	72,600,000	72,600,000
09.10.2011	6,098,400	Ordinary Shares of @Tk. 10/- each Issued as Bonus	60,984,000	60,984,000
07.10.2012	7,448,760	Ordinary Shares of @Tk. 10/- each Issued as Bonus	74,487,600	74,487,600
06.10.2013	11,421,432	Ordinary Shares of @Tk. 10/- each Issued as Bonus	114,214,320	114,214,320
	59,528,592		685,285,920	685,285,920

Shareholding Position:

Class of Shareholders	Number of Share Hold	Shareholding % 2020	Shareholding % 2019
Sponsors	29,116,427	42.49%	42.49%
General Public	19,684,146	28.72%	29.41%
Institutional Investors	19,728,019	28.79%	28.10%
Total	68,528,592	100.00%	100.00%

Classification of Shareholders:

Particulars	Number of Shares	% of Shares Holding 2020	% of Shares Holding 2019
1 to 500	1,339,275	1.95%	2.08%
501 to 5000	5,639,503	8.23%	8.87%
5001 to 10000	2,157,176	3.15%	3.39%
10001 to 20000	2,195,197	3.20%	2.93%
200001 to 30000	869,785	1.27%	1.52%
300001 to 40000	1,077,632	1.57%	1.21%
400001 to 50000	1,320,588	1.93%	1.29%
500001 to 100000	1,784,931	2.60%	2.88%
1000001 to 1000000	14,361,839	20.96%	21.82%
Above 10000000	37,782,666	55.13%	54.00%
Total	68,528,592	100%	100%

		Amount in Taka	
		30.06.2020	30.06.2019
14.00	Consolidated Retained Earnings	1,538,647,565	1,519,706,890
	This is made up as follows:		
	Opening Balance	1,519,706,890	1,513,465,471
	Adjustment for the application of IFRS-16 (lease)	(3,521,294)	-
	Add: Total Comprehensive Income for the year	61,874,134	88,475,729
		1,578,059,730	1,601,941,200
	Less: Payment Cash/Stock Dividend	(39,412,165)	(82,234,310)
		1,538,647,565	1,519,706,890
15.00	Consolidated Long Term Loan-Net of Current Portion	4,472,861,608	4,464,259,337
	This is made up as follows:		
	City Bank Ltd., Gulshan Avenue Branch	3,127,063,433	2,977,697,541
	Shahjalal Islami Bank Ltd.	922,714,790	868,199,420
	One Bank Ltd., Gulshan Branch	1,259,741,868	1,005,117,720
	Mutual Trust Bank Ltd.	2,698,555	19,558,285
	Standard Bank Ltd.	74,146,285	97,694,645
	Dues to Director (Mr. Shafiul Islam, Chairman)	325,117,526	325,117,526
		5,711,482,457	5,293,385,137
	Less: Long Term Loan-Current Portion	1,238,620,849	829,125,800
	Long Term Loan-Net of Current Portion	4,472,861,608	4,464,259,337
16.00	Consolidated Long Term Loan-Current Portion	1,238,620,849	829,125,800
	This is made up as follows:		
	City Bank Ltd., Gulshan Avenue Branch	3,127,063,433	2,977,697,541
	Shahjalal Islami Bank Ltd.	922,714,790	868,199,420
	One Bank Ltd., Gulshan Branch	1,259,741,868	1,005,117,720
	Mutual Trust Bank Ltd.	2,698,555	19,558,285
	Standard Bank Ltd.	74,146,285	97,694,645
	Dues to Director (Mr. Shafiul Islam, Chairman)	325,117,526	325,117,526
		5,711,482,457	5,293,385,137
	Less: Long Term Loan-Current Portion	1,238,620,849	829,125,800
	Long Term Loan-Net of Current Portion	4,472,861,608	4,464,259,337
17.00	Consolidated Short Term Loan	2,426,210,433	2,076,782,742
	This is made up as follows:		
	Sahjalal Islami Bank Ltd.	1,272,148,242	939,280,317
	One Bank Ltd.	556,526,993	668,182,797
	State Bank of India	-	6,553,616
	City Bank Ltd.	597,535,198	462,766,012
		2,426,210,433	2,076,782,742

		Amount in Taka	
		30.06.2020	30.06.2019
18.00	Consolidated Provision for Income Tax	271,316,851	219,808,563
	This is made up as follows:		
	Navana CNG Ltd.	26,901,878	22,224,480
	Navana Welding Electrode Ltd.	80,808,457	58,392,153
	Navana Engineering Ltd.	121,895,394	117,713,003
	Navana LPG Ltd.	41,711,122	21,478,927
		271,316,851	219,808,563
19.00	Consolidated Payable & Accrual	339,427,724	292,248,551
	This is made up as follows:		
	Navana CNG Ltd.	221,477,820	145,544,229
	Navana Engineering Ltd.	43,701,439	51,268,342
	Navana Welding Electrode Ltd.	28,534,830	13,558,430
	Navana LPG Ltd.	45,713,635	81,877,550
		339,427,724	292,248,551
20.00	Consolidated Revenue (Net)	5,928,052,849	5,886,618,716
	This is made up as follows:		
	Navana CNG Ltd.	1,347,104,986	1,576,775,713
	Navana Engineering Ltd.	696,863,366	777,913,306
	Navana Welding Electrode Ltd.	512,051,960	518,744,052
	Navana LPG Ltd.	3,372,032,537	3,013,185,645
		5,928,052,849	5,886,618,716
21.00	Consolidated Cost of Sales	4,676,102,307	4,592,915,543
	This is made up as follows:		
	Navana CNG Ltd.	1,049,015,763	1,192,351,760
	Navana Engineering Ltd.	465,629,657	527,949,775
	Navana Welding Electrode Ltd.	382,246,765	390,438,853
	Navana LPG Ltd.	2,779,210,122	3,482,175,156
		4,676,102,307	5,592,915,543
	Raw Material Consumed	4,190,551,478	4,358,051,052
	Add: Direct Cost	16,496,055	19,900,652
	Add: Factory Overhead	582,317,991	507,455,736
	Cost of Production	4,789,365,524	4,885,407,440
	Add: Opening Work in Progress	68,186,804	45,563,140
		4,857,552,328	4,930,970,580
	Less: Closing Work in Progress	128,128,675	68,186,804
	Cost of Goods Manufacture	4,729,423,653	4,862,783,776
	Add: Opening Finished Goods	1,044,022,816	774,154,583
		5,773,446,469	5,636,938,359
	Less: Closing Finished Goods	1,097,344,162	1,044,022,816
	Cost of Goods Sold	4,676,102,307	4,592,915,543

		Amount in Taka	
		30.06.2020	30.06.2019
21.01	Consolidated Raw Material Consumed	4,190,551,478	4,358,051,052
	This is made up as follows:		
	Opening Stock of Raw Materials	722,223,142	907,428,392
	Add: Purchased during the year	3,234,695,908	3,103,036,722
	Add: Cost of CNG Sales	954,164,756	1,069,809,080
		4,911,083,806	5,080,274,194
	Less: Closing Stock of Raw Materials	720,532,328	722,223,142
	Raw Materials Consumed	4,190,551,478	4,358,051,052
22.00	Consolidated Administrative and Selling Expenses	621,095,003	630,342,969
	This is made up as follows:		
	Salary & Allowances	255,151,067	279,735,531
	Gratuity Expenses	29,777,956	-
	Vehicle Maintenance	2,391,385	3,944,666
	Electricity Bill	3,235,909	4,328,079
	Rental Expenses	3,573,783	9,674,850
	Telephone & Mobile Bill	4,874,831	5,602,456
	Conveyance	7,655,624	7,305,268
	CDBL & Annual Listing Fee	685,286	791,286
	Electrical Expenses	128,899	85,731
	Entertainment	4,285,955	6,494,417
	Labour Charge	2,410,285	2,587,145
	Board Meeting Attendance Fee	510,000	784,000
	Medical Expenses	218,930	187,103
	Carrying Charge	3,864,466	1,799,439
	Consultancy Fees	390,000	-
	Distribution Expenses	81,037,163	63,599,323
	Mineral Water	525,032	635,643
	Annual General Meeting Expenses	70,680	115,375
	Miscellaneous Expenses	1,212,437	1,041,648
	Newspaper & Periodicals	159,217	253,605
	Office Maintenance	3,538,910	3,421,125
	Audit Fees	517,500	460,000
	ISO Audit Fee	134,400	-
	Oil, Gas & Lubricants	8,374,063	11,437,297
	Photocopy Expenses	50,621	91,150
	Postage, Courier & Stamp	407,769	475,366
	Security Guard Expenses	2,322,328	4,701,808
	Uniform & Liveries	97,235	53,939
	Pringing Expenses	2,364,506	2,110,358

		Amount in Taka	
		30.06.2020	30.06.2019
	Stationery Expenses	2,116,548	1,688,471
	Registration & Renewals	6,881,941	10,699,372
	TA/DA Expenses	5,612,080	5,941,765
	Bank Charge	3,120,421	4,443,519
	Internet Bill	3,077,291	2,733,200
	Gas Bill	20,925	28,800
	Utility & Service Charge	2,329,376	1,704,650
	Transport Expenses	809,160	2,993,191
	Advertisement	2,965,664	18,043,868
	Repair & Maintenance	5,840,059	5,391,215
	Station fuel, Gas & Toll Expenses for Mobile Lorry	7,541,132	8,854,768
	Bad Debts	455,287	312,215
	Missing of Cash Fund	-	16,052,478
	Other Interest Expenses	4,080,841	2,622,279
	Insurance	1,095,475	1,472,768
	Software Maintenance Fee	2,050,500	-
	Business Promotional Expenses	4,869,766	6,556,814
	Depreciation of Right of Use Asset	3,997,033	-
	Depreciation	143,825,563	128,694,941
	Amortization	439,703	392,046
		621,095,003	630,342,969
23.00	Consolidated Interest Expenses	653,604,622	624,214,982
	This is made up as follows:		
	Navana CNG Ltd.	7,320,594	9,239,195
	Navana Engineering Ltd.	159,949,135	158,842,847
	Navana Welding Electrode Ltd.	9,617,201	11,603,155
	Navana LPG Ltd.	476,717,691	444,529,785
		653,604,622	624,214,982
24.00	Consolidated Other Income	13,019,485	14,529,326
	This is made up as follows:		
	Navana CNG Ltd.	8,230,095	7,663,601
	Navana Engineering Ltd.	201,800	2,694,630
	Navana Welding Electrode Ltd.	4,519,432	4,171,095
	Navana LPG Ltd.	68,158	-
		13,019,485	14,529,326
25.00	Consolidated Income Tax Expenses	(78,164,541)	(44,838,087)
	This is made up as follows:		
	Current Tax	25.01 61,238,720	70,971,861
	Deferred Tax	25.02 (139,403,261)	(115,809,947)
		(78,164,541)	(44,838,087)

		Amount in Taka	
		30.06.2020	30.06.2019
25.01	Calculation of Consolidated Current Tax	61,238,720	70,971,861
	Current Tax Expenses (Higher of A & B)		
A.	Income Tax on Regular Rate		
	Profit Before Tax	114,313,576	190,648,075
	Add: Disallowable Depreciation	148,738,129	144,320,922
	Add: Gratuity Provision	24,700,000	-
		287,751,705	334,968,998
	Less: Allowable Depreciation	197,269,890	233,540,802
	Less: Gratuity Paid	5,077,956	-
		85,403,860	101,428,196
	Less: Gain on Disposal of Assets Separation	-	5,992,724
	Less: Capital on Sale of Share	-	2,694,630
	Add: Unabsorbed Depreciation	41,200,701	71,401,932
		126,604,561	164,142,774
	Current Tax	36,824,134	46,942,727
	Gain on Disposal of Assets	-	5,992,724
	Tax @ 15% on Gain on Disposal	-	898,909
	Current Tax	36,824,134	47,841,636
		24,414,586	23,130,225
B.	Minimum Tax (Which is Higher)		
	Total Current Tax (A+B)	61,238,720	70,971,861
25.02	Calculation of Consolidated Deferred Tax	(132,500,761)	(115,809,947)
	This is made up as follows:		
A.	Deferred Tax for Assets		
	Deferred Tax for Temporary Difference of PPE		
	Accounting Base WDV	6,760,895,709	6,714,282,607
	Tax Base WDV	7,037,643,213	6,611,171,790
	Temporary Difference	(276,747,504)	103,110,816
	Less: Unabsorbed Depreciation	(112,602,633)	(71,401,932)
	Taxable Temporary Difference	(389,350,136)	31,708,884
	Tax Rate 25% & 35% respectively	-	-
	Closing Deferred Tax Liabilities	(141,137,071)	(8,636,310)
	Opening Deferred Tax Liabilities	(8,636,310)	107,173,638
	Current Deferred Tax Income during the year	(132,500,761)	(115,809,947)
B.	Deferred Tax for Gratuity		
	Deferred Tax Expenses/(Income) for the year	(6,902,500)	-
		(139,403,261)	(115,809,947)

		Amount in Taka	
		30.06.2020	30.06.2019
26.00	Consolidated Earning Per Share (EPS)	0.90	1.29
	This is made up as follows:		
	Basic Earnings Per Share (EPS)		
	$\frac{\text{Net Profit after Tax}}{\text{No. of Shares during the}}$		
	Profit Attributable to Ordinary Shareholders	61,873,020	88,473,588
	Number of Ordinary Shares used to Compute Earning Per Share	68,528,592	68,528,592
	Earning Per Share	0.90	1.29

The total sales revenue of the CNG and its subsidiary has been increased slightly but the expenses have been increased compared with that of previous year and due to which EPS has been decreased.

27.00	Consolidated Net Operating Cash Flows Per Share (NOCFPS)	9.75	8.41
	$\frac{\text{Net Operating Cash Flows}}{\text{Number of Ordinary Shares}}$		
	Net Operating Cash Flows	668,342,555	576,585,926
	Number of Ordinary Shares used to Compute NOCFPS	68,528,592	68,528,592
	Net Operating Cash Flows Per Share	9.75	8.41

Significant difference in NOCFPS in between current year's and last year's is due to increase of revenue collection from LPG business.

28.00	Reconciliation of Consolidated Cash Flows from Operating Activities under Indirect Method:	668,342,555	576,585,926
	Net Profit/(Loss) before Interest & Income Tax during the year	647,109,621	671,317,812
	Adjustments to reconcile Net Income to Net Cash provided by Operating Activities:		
	Interest on Lease	1,418,788	-
	Payment of Lease Liability	(12,582,988)	-
	Depreciation	581,125,243	492,339,211
	Income Tax Paid during the year	(69,300,758)	(126,549,948)
	Changes in Current Assets and Liabilities:		
	Decrease/(Increase) in Inventories	(238,273,957)	(71,272,685)
	Decrease/(Increase) in Advance and Pre-payments	(140,775,679)	(19,677,419)
	Decrease/(Increase) in Payables & Accruals	40,389,580	(76,422,872)
	Decrease/(Increase) in Trade Receivables	(140,767,294)	(293,148,172)
	Consolidated Net Cash Flow from Operating Activities	668,342,555	576,585,926

29.00 Consolidated Net Assets Value Per Share

Amount in Taka	
30.06.2020	30.06.2019
35.63	35.37

The break up of the Intrinsic Value/Net Asset Value Per Share is given below:

Particulars	Amount (Tk.) 30.06.2020	Amount (Tk.) 30.06.2019
A. Assets:		
Property, Plant & Equipment	6,737,120,036	6,696,346,320
Intangible Assets	23,775,675	17,936,289
Right of Use Asset	19,934,974	-
Capital Work-in-Progress	978,936,390	1,269,113,876
Long Term Security Deposit	44,377,166	47,556,185
Deferred Tax Assets	147,797,623	8,288,021
Investment in Shares	2,525,882	3,589,283
Inventories	2,214,595,794	1,976,321,837
Accounts Receivables	861,651,071	720,883,777
Other Receivables	194,847,420	194,883,822
Advance against Land	15,000,000	15,000,000
Advances, Deposits & Pre-Payments	950,290,616	864,051,799
Cash & Cash Equivalents	160,250,107	235,022,470
Total Assets	12,351,102,754	12,048,993,679
B. Liabilities:		
Non Controlling Interest	(6,200)	(5,086)
Lease Liability	16,289,100	-
Security Retention Money	650,239,387	1,049,160,084
Loan from Others	50,000,000	50,000,000
Long Term Loan Net of Current Portion	4,472,861,608	4,464,259,337
Long Term Loan of Current Portion	1,238,620,849	829,125,800
Short Term Loan	2,426,210,433	2,076,782,742
Provision for Income Tax	271,316,851	219,808,563
Current Account with Group Companies	444,499,607	643,953,907
Payables & Accruals	339,427,724	292,248,551
Total Liabilities	9,909,459,359	9,625,333,898
Net Assets (A-B)	2,441,643,395	2,423,659,781
No. of Shares	68,528,592	68,528,592
Intrinsic Value/Net Assets Value Per Share	35.63	35.37

30.00 Change in Fair Value of Marketable Securities

Closing Balance of Marketable Securities	2,525,882	3,589,283
Opening Balance of Marketable Securities	3,589,283	5,141,327
	(1,063,401)	(1,552,044)

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

Particulars	Conversion Workshop	CNG Station	Total
Assets			
Non-Current Assets			
Property, Plant & Equipments	234,075,609	546,176,421	780,252,030
Right of use asset	4,240,978	9,895,615	14,136,593
Investment in Subsidiaries	880,991,059	-	880,991,059
Long Term Security Deposit	6,709,815	26,839,259	33,549,074
Investment in Shars	2,525,882	-	2,525,882
Total Non-Current Assets	1,128,543,343	582,911,295	1,711,454,638
Current Assets			
Inventories	555,277,813	-	555,277,813
Accounts Receivables	65,205,043	97,807,565	163,012,608
Advances, Deposits & Pre-payments	120,717,093	18,897,803	139,614,896
Inter Company Balances	749,064,319	-	749,064,319
Inter Company Receivables	191,434,343	-	191,434,343
Inter Unit Balances	-	645,566,676	-
Cash & Cash Equivalents	18,072,863	27,109,295	45,182,158
Total Current Assets	1,699,771,474	789,381,339	1,843,586,137
Total Assets	2,828,314,817	1,372,292,634	3,555,040,775
Equity and Liabilities			
Capital and Reserves			
Share Capital	685,285,920	-	685,285,920
Tax Holiday Reserve	180,618,848	-	180,618,848
Fair Value Reserve	2,178,793	-	2,178,793
Other Reserve	828,897	1,243,346	2,072,243
Retained Earnings	308,012,137	1,232,048,549	1,540,060,686
Total Equity	1,176,924,595	1,233,291,895	2,410,216,490
Non-Current Liabilities			
Deferred Tax Liabilites	18,061,204	27,091,806	45,153,010
Lease Liability	3,075,719	7,176,679	10,252,398
Long Term Loan	138,500,000	-	138,500,000
Total Non-Current Liabilities	159,636,923	34,268,485	193,905,408
Current Liabilities			
Short Term Loans	59,926,368	-	59,926,368
Provision for Income Tax	10,760,751	16,141,127	26,901,878
Inter Company Payables	642,612,811	-	642,612,811
Inter Unit Balances	645,566,676	-	-
Payables and Accruals	132,886,692	88,591,128	221,477,820
Total Current Liabilities	1,491,753,298	104,732,255	950,918,877
Total Liabilities	1,651,390,222	139,000,740	1,144,824,285
Total Equity and Liabilities	2,828,314,817	1,372,292,634	3,555,040,775

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

Particulars	Conversion Workshop	CNG Station	Total
Revenue	216,632,891	1,130,472,095	1,347,104,986
Less: Cost of Sales	94,851,007	954,164,756	1,049,015,763
Gross Profit	121,781,884	176,307,339	298,089,223
Less: Administrative & Selling Exp.	151,259,622	100,839,748	252,099,369
Less: Interest Expenses	7,320,594	-	7,320,594
Operating Profit	(36,798,332)	75,467,591	38,669,260
Add: Other Income	8,230,095	-	8,230,095
Less: Foreign Exchange Loss	846,244	-	846,244
Profit before Contribution to WPPF	(29,414,481)	75,467,591	46,053,111
Less: Contribution to WPPF	-	2,193,005	2,193,005
Profit before Tax	(29,414,481)	73,274,586	43,860,106
Add: Share of Profit from Subsidiaries	11,198,693	16,798,039	27,996,732
Less: Income Tax Expenses	3,993,082	5,989,622	9,982,704
Current Tax	5,763,132	8,644,698	14,407,830
Deferred Tax	(1,770,050)	(2,655,076)	(4,425,126)
Net Profit for year	(22,208,870)	84,083,003	61,874,134
Other Comprehensive Income:			
Unrealized Profit/Loss on Investment in Share	(1,063,401)	-	(1,063,401)
Deferred Tax Adjustment	106,340	-	106,340
	(957,061)	-	(957,061)
Total Comprehensive Income for the year	(23,165,931)	84,083,003	60,917,073

32.00 Related Party Transactions

During the period, The company carried out a number of transactions with related parties in the normal course of business. The name of the related parties, Nature of transaction and transaction value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure are as follows:

Sl.	Name of Related Party	Relationship	Nature of Transaction	Outstanding / Receivable
1	Loan from Chairman	Director	Interest free loan	(325,117,526)
2	Aftab Automobiles Limited	Alliance Companies	Interest free loan	28,149,770
3	Navana Limited	Alliance Companies	Interest free loan	(247,195,377)
4	Navana Construction Ltd.	Alliance Companies	Interest free loan	(28,884,000)
5	Navana Furniture Ltd.	Alliance Companies	Interest free loan	5,000,000
6	Navana Electronics Ltd.	Alliance Companies	Interest free loan	10,000,000
7	Navana Reale Estate Ltd.	Alliance Companies	Interest free loan	(213,570,000)
8	Navana Toyota 3s centre	Alliance Companies	Interest free loan	2,000,000
9	Board Meeting Fee	Director	Fee	510,000

33.00 Payment / Perquisites to Directors

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

34.00 Capital Expenditure Commitment

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

35.00 Contingent Assets

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

36.00 Contingent Liabilities

The company does not hold any claim that meets denition of contingent liability in accordance with IAS 37 provision, contingent liability exists at reporting date.

37.00 Foreign Earnings/Loss or Gain

During the year the company incurred a foreign exchange loss / gain a sum of Tk. 846,244 the break up of the above is as follows:

L/C Number	Euro Rate		Euro Value	L/C Margin
296518020091	Costing Rate	94.57	186454.82	-
	Final Payment	99.1		
		(4.54)	186454.82	-
Rest Margin	At the time value of Costing		At the time value of deferred L/C Final Payment	Foreign Exchange Loss/Gain
	15,794,457.27		16,640,701.12	(846,243.85)
	15,794,457.27		16,640,701.12	(846,243.85)

38.00 Brokerage or Commission

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

39.00 Remittance of Dividend

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

40.00 Credit Facility not Availed

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

41.00 Attendance Status of Board Meeting of Directors

During the year there was 10 Board Meetings were held. The attendance status of all the meetings is as follows:

Name of the Directors	Position	Duration Period	Meeting Held	Meeting Held
Shafiul Islam	Chairman	July 2019 to June, 2020		8
Khaleda Islam	Director			4
Saiful Islam	Director		10	10
Sajedul Islam	Chief Executive Officer			6
Farhana Islam	Director			3
M. Obaidur Rahman	Independent Director			5
Syed Masud Hasan	Independent Director			2

42.00 Disclosures as per Requirement of Schedule XI, Part II of the Companies Act, 1994 (Employee Position as on 31st December, 2020)

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

Monthly Salary Range	Head Office	Factory	No. of Employee
Above 3000	67	566	633
Below 3000	0	0	0

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

Payment/Perquisites to Directors and Officers

Name	Position	Meeting Attendance Fee	Allowance
Shafiul Islam	Chairman	5,000	40,000
Khaleda Islam	Director	5,000	20,000
Saiful Islam	Director	5,000	50,000
Sajedul Islam	Chief Executive Officer	5,000	30,000
Farhana Islam	Director	5,000	15,000
M. Obaidur Rahman	Independent Director	5,000	25,000
Syed Masud Hasan	Independent Director	5,000	10,000

During the year under review:

- (i) no compensation was allowed by the company to the Chief Executive Officer of the company who is also a Director.
- (ii) the rate at which Directors have drawn Board Meeting attendance fees @ Tk. 5,000/- per Director per meeting. The total Board Meeting attendance fee incurred during the year under review was Tk. 190,000/-;
- (iii) no amount of money was spent by the company for compensating any member of the board for special services rendered.

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

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

The details of trade receivable are given below:

Sl. No.	Particulars	Amount (Tk.) 30.06.2020	Amount (Tk.) 30.06.2019
1	Within 3 Months	392,740,558	327,064,970
2	Within 6 Months	247,380,022	204,586,816
3	Within 12 Months	131,401,788	128,677,754
4	More than 12 Months	90,128,702	60,554,237

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

There are no debts outstanding in this respect.

44.00 Disclosure in line with Instruction of Part of Schedule XI

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

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

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

Debt considered good for which the company holds no security other than the debtors'

(II) personal security

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

(III) Debt considered doubtful or bad

The company considered more than one year good and no provision has been made drawing the under audit.

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

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

(V) Debt due by common management

There is no debt under common management.

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

There is no such debt in this respect.

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

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

46.00 Financial Instrument-Fair Values and Risk Management

46.01 Accounting Classifications and Fair Values

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

Reconciliation of Carrying Amount	Carrying Amount Tk. '000								
	Note	Held for Trading	Designated Fair Value	Fair Value Hedging Instruments	Held to Maturity	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Amount
30.06.2020		0	0	0	0	0	0	0	0
Financial Assets not measured at Fair Value		0	0	0	0	0	0	0	0
Trade and Other Receivables		0	0	0	0	1,056,498	0	0	1,056,498
Investment		0	0	0	0	0	0	0	0
Cash and Cash Equivalents		0	0	0	0	160,250	0	0	160,250
Investment in Subsidiaries		0	0	0	0	0	0	0	0
		0	0	0	0	1,216,748	0	0	1,216,748
Financial Liabilities not measured at fair value		0	0	0	0	0	0	0	0
Trade and other payables		0	0	0	0	0	0	339,427	339,427
Other Non-Current Liabilities		0	0	0	0	0	0	5,189,390	5,189,390
		0	0	0	0	0	0	5,528,817	5,528,817
30.06.2019		0	0	0	0	0	0	0	0
Financial Assets not measured at Fair Value		0	0	0	0	0	0	0	0
Trade and Other Receivables	9	0	0	0	0	915,767	0	0	915,767
Investment		0	0	0	0	0	0	0	0
Cash and Cash Equivalents	11	0	0	0	0	235,022	0	0	235,022
Investment in Subsidiaries		0	0	0	0	0	0	0	0
		0	0	0	0	1,150,789	0	0	1,150,789
Financial Liabilities not measured at fair value		0	0	0	0	0	0	292,249	292,249
Trade and other payables	17	0	0	0	0	0	0	5,563,419	5,563,419
Other Non-Current Liabilities		0	0	0	0	0	0	5,855,668	5,855,668

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

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

46.02 Financial Risk Management

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

46.02.1 Credit Risk, 46.02.2 Liquidity Risk 46.02.3 Market Risk.

46.02.1 Credit Risk

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

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

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

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

(i) Exposure to Credit Risk

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

	Amount in Taka	
	30.06.2020	30.06.2019
Non-Derivative Financial Assets:		
Accounts Receivables	861,651,071	720,883,777
Other Receivables	194,847,420	194,883,822
Earnest Money and Security Deposits	3,445,115	4,380,077
Advance to Suppliers	142,369,409	79,113,439
Advance to Employees and Others	155,563,525	77,171,094
FDR	103,439,201	96,212,429
Cash at Bank	49,172,206	121,453,856
Cash in Hand	7,638,700	17,356,185
	1,518,126,647	1,311,454,679

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

46.02.2 Liquidity Risk

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

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

	Amount in Taka	
	30.06.2020	30.06.2019
Non-Derivative Financial Liabilities:		
Payable & Accruals	339,427,724	292,248,551
Inter Company Payables	444,499,607	643,953,907
Non-Current Liabilities	5,189,390,095	5,563,419,421
	<u>5,973,317,426</u>	<u>6,499,621,879</u>

46.02.3 Market Risk

Market risk is the risk that any change in market price, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

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

(ii) Currency Risk

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

47.00 Capital Management

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

48.00 Subsequent Events-Disclosures under IAS 10 "Events after Reporting Period"

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

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

Annexure-A

NAVANA CNG LIMITED AND ITS SUBSIDIARIES
Schedule Of Property, Plant And Equipment As On 30th June, 2020

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as on 30.06.2020
	Opening Balance 01.07.2019	Addition during the year	Adjustment/ Disposal during the year	Total as on 30.06.2020		Charged during the year	Adjustment/ Disposal during the year	Total as on 30.06.2020		
Land and Land Development	1,119,098,289	60,989,000	-	1,180,087,289	0%	-	-	0	1,180,087,289	
Building & Shed	1,329,766,993	25,988,160	-	1,355,755,153	10%	106,277,307	-	377,219,013	978,536,140	
Plant & Machinery	2,833,803,728	323,854,790	-	3,157,658,518	10%	218,912,573	-	933,507,265	2,224,151,252	
Cylinder	2,295,089,111	136,334,190	-	2,431,423,301	10%	216,409,030	-	421,255,527	2,010,167,774	
Tools & Equipment	183,324,294	4,853,693	-	188,177,987	10%	11,826,502	-	79,674,626	108,503,360	
Furniture & Fixtures	30,744,900	3,611,703	-	34,356,603	10%	1,928,821	-	15,689,987	18,666,616	
Electrical Equipment	39,079,669	1,326,037	-	40,405,706	10%	2,123,400	-	20,853,097	19,552,609	
Office Equipment	9,261,159	942,777	-	10,203,936	10%	633,638	-	4,265,501	5,938,435	
Vehicles	207,188,730	57,803,062	-	264,991,792	10%	16,818,425	-	73,475,231	191,516,561	
Total	8,047,356,873	615,703,412		8,663,060,285		574,929,697		1,925,940,248	6,737,120,036	

Annexure-B

SCHEDULE OF INTANGIBLE ASSETS AS ON 30TH JUNE, 2020

Particulars	Cost				Rate of Dep.	Amortization			Written Down Value as on 30.06.2020	
	Opening Balance 01.07.2019	Addition during the year	Adjustment/ Disposal during the year	Total as on 30.06.2020		Opening Balance 01.07.2019	Charged during the year	Adjustment/ Disposal during the year		Total as on 30.06.2020
Software System	22,291,132	8,037,900	-	30,329,032	10%	4,354,844	2,198,514		6,553,358	23,775,675
Total	22,291,132	8,037,900	-	30,329,032		4,354,844	2,198,514		6,553,358	23,775,675

Annexure-C

SCHEDULE OF RIGHT OF USE ASSETS AS ON 30TH JUNE, 2020

Particulars	Cost				Rate of Dep.	Depreciation			Written Down Value as on 30.06.2020	
	Opening Balance 01.07.2019	Addition during the year	Adjustment/ Disposal during the year	Total as on 30.06.2020		Opening Balance 01.07.2019	Charged during the year	Adjustment/ Disposal during the year		Total as on 30.06.2020
Right of Use Assets	-	23,932,006	-	23,932,006	0%	-	3,997,033	-	3,997,033	19,934,974
Total	-	23,932,006	-	23,932,006		-	3,997,033	-	3,997,033	19,934,974

INDEPENDENT AUDITORS' REPORT

To

TO THE SHAREHOLDERS OF NAVANA CNG LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Navana CNG Limited which comprise the Statement of Financial Position as at 30th June, 2020, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the Financial Statements including a Summary of Significant Accounting Policies and other explanatory information disclosed in notes 1 to 49 and Annexure A & B.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Matter

The financial statements of Navana CNG Limited for the year ended 30th June, 2019 was audited by another auditor and give fair opinion.

The financial statements of Navana Engineering Limited, Navana Welding Electrode Limited and Navana LPG Limited subsidiary companies of Navana CNG Limited for the year ended 30th June, 2020 were audited by another auditors and give fair opinion.

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matters
<p>Revenue</p> <p>The company has reported a revenue of Taka 1,347,104,986 for the year ended 30th June, 2020.</p> <p>Following the application of the revenue recognition standard (IFRS 15, Revenue from contracts with customers), the company adopted its accounting policies.</p> <p>Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised goods or services.</p> <p>Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).</p> <p>The sales of the company are derived from a large number of distributors located over the country with relatively small amount of transactions. As a result, to obtain sufficient audit evidence, high magnitude of audit work and resource are required.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognized in the proper reporting periods.</p> <p>See note no. 3.06 and 18 to the financial statements</p>	<p>Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in note 3.07 and 18 of the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>With regard to the implementation of IFRS 15 we verified management's conclusion on assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments and inspected meeting minutes to identify relevant changes in their assessments and estimates.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations.</p> <p>We conducted substantive testing of revenue recorded over the year using sampling techniques by examining the relevant supporting documents including sales invoices and depot wise sales bank reconciliation report, bank statement and also, we confirmed selected customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amount outstanding with those customers.</p> <p>We specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off.</p>

Key Audit Matters	How our audit addressed the key audit matters
	<p>We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p>
Valuation of Inventory	How our audit addressed the key audit matters
<p>The Company had inventory of Taka 555,277,813 at 30th June, 2020 held in different depot and warehouses.</p> <p>Inventories consisting of raw materials, working process, finished goods, spare parts, fuel and stock in transit are valued at lower of cost and net realizable value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.</p> <p>Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realizable value.</p> <p>Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>e note no. 3.07 and 8 to the financial statements.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgment involved and use of some manual process in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p>	<p>We tested the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse, and sales depots; evaluating internal controls to monitor or keep track of Inventory Movement; attending inventory count on 30th June, 2020 and reconciling the count results to the inventory listing to test the completeness of data; comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories; reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete; evaluating the correctness of the batch wise costing of final products; evaluating the correctness of the valuation of raw materials and packing material as per weighted average method; reviewing the calculation of standard labour hours and their regular comparison with actual labour hours of production; and reviewing the process of valuing work-in-process; We have also considered the adequacy of the Company's disclosure in respect of the levels of provisions against inventory.

Current Tax Provisioning	How our audit addressed the key audit matters
<p>Current Tax provision amounting Tk. 14,407,829 Refer to note no. 3.13(a) and 23.01 to the Financial Statements.</p> <p>At the year end the company reported total income tax expense (Current Tax) of BDT. 14,407,829 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>Our audit procedure in this area included, among others:</p> <p>Use of own tax specialist to assess the company's tax computation. Our tax specialists were also taking into account the company's tax position and our knowledge and experience of the application of relevant tax legislation.</p> <p>To analysis and challenge the assumption used to determine tax provision based on our knowledge and experience of the application of the local legislation.</p> <p>Evaluating the adequacy of the financial statement disclosure, including disclosure of key assumption judgments and sensitive related to tax.</p>
Measurement of Deferred Tax Assets	How our audit addressed the key audit matters
<p>The Company reported net deferred tax liability totalling Tk. 45,153,010 as at 30th June, 2020. Significant judgement is required in relation to deferred tax liability as their liability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no. 3.13(b) and 24 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense/income.</p> <p>We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of Deferred Tax Asset.</p> <p>We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved.</p> <p>We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
Valuation of Defined Benefits Obligation	How our audit addressed the key audit matters
<p>The company operates the defined benefit schemes which in total are significant in the context of the overall financial position. During the year under audit the company expended for gratuity purpose a sum of Tk. 18,929,294 and maintains a Worker Profit Participation Fund shown in under the head of Payable and Accruals</p>	<p>Our audit procedures included updating our understanding of the business processes followed by the company for accounting and valuing their defined benefit plan.</p> <p>We obtained sufficient audit evidence to conclude that the inputs and methodologies used to determine the liability for defined benefit plan.</p>

Valuation of Defined Benefits Obligation	How our audit addressed the key audit matters
and the payable balance stands at Tk. 18,281,962. See note no. 3.15 and 20 & 17 to the financial statements	<p>We assessed the design and operating effectiveness of the company's key controls supporting the identification, measurement and oversight of valuation of the defined benefits payable provision.</p> <p>We examined the basis on which gratuity is payable to the employee and is worked out the liability for gratuity on the presumption that employees retire on the balance sheet date.</p> <p>We examined the basis on which contribution to WPPF is payable to the employee.</p> <p>We ensured that the basis of computing gratuity is valid and we have also ensured that the basis of computing WPPF.</p> <p>Employee data used in calculating obligation is also tested and appropriateness and presentation of disclosures against IAS 19: Employee Benefits were assessed.</p>

Other Information

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

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

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

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

After going through the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

and applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has not realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional 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 : 24.10.2020
Place : Dhaka, Bangladesh


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

NAVANA CNG LIMITED

Statement Of Financial Position
As At 30th June, 2020

Particulars	Notes	Amount in Taka	
		30.06.2020	30.06.2019
Property and Assets			
Non-Current Assets:			
Property, Plant & Equipment	4.00	780,252,030	803,341,386
Right of Use Asset		14,136,593	-
Investment in Subsidiaries	5.00	880,991,059	852,994,327
Long Term Security Deposit	6.00	33,549,074	36,728,093
Investment in Shares	7.00	2,525,882	3,589,283
Total Non-Current Assets		1,711,454,638	1,696,653,089
Current Assets:			
Inventories	8.00	555,277,813	571,007,662
Accounts Receivables	9.00	163,012,608	141,230,932
Advances, Deposits & Pre-Payments	10.00	139,614,896	125,604,748
Inter Company Balance to LPG		749,064,319	749,064,319
Inter Company Receivables		191,434,343	191,434,343
Cash and Cash Equivalents	11.00	45,182,158	37,594,366
Total Current Assets		1,843,586,137	1,815,936,370
Total Property and Assets		3,555,040,775	3,512,589,459
Shareholders' Equity and Liabilities			
Authorized Capital		1,500,000,000	1,500,000,000
150,000,000 Ordinary Shares of Tk. 10/- each.			
Shareholders' Equity:			
Share Capital	12.00	685,285,920	685,285,920
Tax Holiday Reserve		180,618,848	180,618,848
Fair Value Reserve		2,178,793	3,135,854
Other Reserve		2,072,243	2,072,243
Retained Earnings	13.00	1,540,060,686	1,520,424,073
Shareholders' Equity available to Owners of the Company		2,410,216,490	2,391,536,938
Non-Current Liabilities:			
Deferred Tax Liability	24.00	45,153,010	49,684,477
Lease Liability		10,252,398	-
Long Term Loan	14.00	138,500,000	138,500,000
Total Non-Current Liabilities		193,905,408	188,184,477
Current Liabilities:			
Short Term Loan	15.00	59,926,368	64,986,524
Provision for Income Tax	16.00	26,901,878	22,224,480
Inter Company Payables		642,612,811	700,112,811
Payables & Accruals	17.00	221,477,820	145,544,229
Total Current Liabilities		950,918,877	932,868,044
Total Liabilities		1,144,824,285	1,121,052,521
Total Shareholders' Equity & Liabilities		3,555,040,775	3,512,589,459
Net Assets Value (NAV) per Share	26.00	35.17	34.90

The annexed notes from 1 to 49 and Annexure-A & B form an integral part of these Financial Statements.


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


Chief Executive Officer

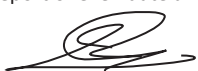

Director


Director


Company Secretary


Chief Financial Officer
Signed in term of our separate report of even date annexed.

Dated: 24.10.2020
Place: Dhaka, Bangladesh


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

NAVANA CNG LIMITED
Statement Of Profit Or Loss And Other Comprehensive Income
For The Year Ended 30th June, 2020

Particulars	Note	Amount in Taka	
		01.07.2019 to 30.06.2020	01.07.2018 to 30.06.2019
Revenue (Net)	18.00	1,347,104,986	1,576,775,713
Less: Cost of Goods Sold	19.00	1,049,015,763	1,192,351,760
Gross Profit		298,089,223	384,423,953
Less: Operating Expenses:			
Administrative & Selling Expenses	20.00	252,099,369	263,230,139
Interest Expenses	21.00	7,320,594	9,239,195
Operating Profit		38,669,260	111,954,619
Add: Other Income	22.00	8,230,095	7,663,601
Less: Foreign Exchange Loss		846,244	481,605
Profit before Contribution to WPPF		46,053,111	119,136,615
Less: Contribution to WPPF		2,193,005	5,673,172
Net Profit before Tax		43,860,106	113,463,443
Add: Share of Profit from Subsidiaries		27,996,732	2,778,875
Less: Income Tax Expenses:	23.00	9,982,704	27,766,588
Current Tax	23.01	14,407,830	27,167,019
Deferred Tax	24.01	(4,425,126)	599,569
Net Profit for the year attributable to Equity holder		61,874,134	88,475,729
Add: Other Comprehensive Income:			
Revaluation Gain/Loss on Investment in Share		(1,063,401)	(1,552,044)
Less: Deferred Tax Adjustment	24.02	106,340	155,204
		(957,061)	(1,396,840)
Shares of Other Comprehensive Income from Subsidiaries		-	-
Total Comprehensive Income for the year		60,917,073	87,078,889
Earnings per Share (Operating)	25.00	0.90	1.29

The annexed notes from 1 to 49 and Annexure-A & B form an integral part of these Financial Statements.

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


Chief Executive Officer


Director


Director


Company Secretary


Chief Financial Officer

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

Dated: 24.10.2020
Place: Dhaka, Bangladesh


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

NAVANA CNG LIMITED

Statement Of Changes In Equity
For The Year Ended 30th June, 2020

Amount in Taka

Particulars	Share Capital	Tax Holiday Reserve	Fair Value Reserve	Other Reserve	Retained Earnings	Total
Balance at 1st July, 2018	685,285,920	180,618,848	4,532,694	2,072,243	1,514,182,654	2,386,692,359
Other Comprehensive Income	-	-	(1,396,840)	-	-	(1,396,840)
Net Profit for the year	-	-	-	-	88,475,729	88,475,729
Dividend	-	-	-	-	(82,234,310)	(82,234,310)
Balance at 30th June, 2019	685,285,920	180,618,848	3,135,854	2,072,243	1,520,424,073	2,391,536,938
Balance at 1st July, 2019	685,285,920	180,618,848	3,135,854	2,072,243	1,520,424,073	2,391,536,938
Adjustment for the Application for IFRS-16 (Lease)	-	-	-	-	(2,825,355)	(2,825,355)
Other Comprehensive Income	-	-	(957,061)	-	-	(957,061)
Net Profit for the year	-	-	-	-	61,874,134	61,874,134
Dividend	-	-	-	-	(39,412,165)	(39,412,165)
Balance at 30th June, 2020	685,285,920	180,618,848	2,178,793	2,072,243	1,540,060,686	2,410,216,490

The annexed notes from 1 to 49 and Annexure-A & B form an integral part of these Financial Statements

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


Chief Executive Officer


Director


Director


Company Secretary


Chief Financial Officer

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

Dated: 24.10.2020

Place: Dhaka, Bangladesh


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

NAVANA CNG LIMITED

Statement Of Cash Flows
For The Year Ended 30th June, 2020

Particulars	Note	Amount in Taka	
		01.07.2019 to 30.06.2020	01.07.2018 to 30.06.2019
Cash Flows from Operating Activities:			
Cash Receipts from Customers		1,325,323,310	1,577,580,280
Cash Receipts of Other Income		8,230,095	1,670,877
Foreign Exchange Loss		(846,244)	(481,605)
Payments for Materials, Services and Expenses		(1,193,307,939)	(1,519,580,244)
Cash Generated from Operations		139,399,222	59,189,308
Income Tax Paid		(9,730,432)	(22,116,372)
Net Cash Generated from Operating Activities	28.00	129,668,790	37,072,936
Cash Flows from Investing Activities:			
Acquisition of Property, Plant and Equipment		(12,960,175)	(19,722,619)
Long Term Security Deposits		3,179,019	1,212,207
Sale Proceed of Assets		-	15,114,909
Net Cash used in Investing Activities		(9,781,156)	(3,395,503)
Cash Flows from Financing Activities			
Inter Company Receivable		-	4,950,000
Interest Paid		(7,320,594)	(9,239,195)
Short Term Loan		(5,060,156)	(1,731,631)
Dividend Paid		(42,419,092)	(68,316,741)
Inter Company Payables		(57,500,000)	1,869,775
Net Cash Provided in Financing Activities		(112,299,842)	(72,467,792)
Net Changes in Cash and Cash Equivalents		7,587,792	(38,790,359)
Cash and Cash Equivalents at the Beginning of Year		37,594,366	76,384,725
Cash and Cash Equivalents at the End of Year		45,182,158	37,594,366
Net Operating Cash Flows Per Share	27.00	1.89	0.54

The annexed notes from 1 to 49 and Annexure-A & B form an integral part of these Financial Statements.

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


Chief Executive Officer


Director


Director


Company Secretary


Chief Financial Officer

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

Dated: 24.10.2020
Place: Dhaka, Bangladesh


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

NAVANA CNG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2020
FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

1.00 Reporting Entity

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

Navana CNG Limited (the Company) was incorporated in Bangladesh as a private limited company on 19th April, 2004 vide Registration No. C-52512(2807)/2004 and subsequently converted into a public limited company on 8th March, 2009. The company has 3 (three) subsidiary companies namely: Navana Engineering Limited, Navana Welding Electrode Limited and Navana LPG Limited.

Registered Office

The Registered Office and Principal Place of Business of Navana CNG Limited is located at 125/A, Motijheel Commercial Area, Islam Chamber, 4th Floor, Dhaka-1000. The Company is listed with Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd.

1.02 Nature of Business

The principal activities of the Company are conversion of petrol and diesel driven vehicles to Compressed Natural Gas (CNG) driven vehicles, CNG re-fuelling stations and other related services.

1.03 Presentation of Financial Statements

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

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

2.00 Basis of Preparation of Financial Statements

2.01 Statement on Compliance

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

2.02 Other Regulatory Compliances

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

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

2.03 Compliance with the Financial Reporting Standards as applicable in Bangladesh

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

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

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

2.04 Basis of Measurement

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

2.05 Accrual basis of Accounting

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

2.06 Functional and Presentation Currency

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

2.07 Key Accounting Estimates and Judgments in Applying Accounting Policies

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

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

2.08 Materiality, Aggregation and Off Setting

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

2.09 Going Concern Assumption

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

2.10 Comparative Information

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

2.11 Responsibility for Preparation and Presentation of Financial Statements

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

2.12 Reporting Period

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

2.13 Approval of Financial Statements

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

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

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

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

Assets and Basis of their Valuation

3.01 Property, Plant and Equipments

3.01.1 Recognition and Measurements

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

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

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

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

3.01.2 Maintenance Activities

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

3.01.3 Subsequent Cost

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

3.01.4 Depreciation on Tangible Fixed Assets

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

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

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

Category of Fixed Assets	Rate of Depreciation
Land & Land Development	--
Building & Shed	10%
Plant & Machinery	10%
Cylinder	10%
Tools & Equipment	10%
Furniture & Fixtures	10%
Electric Equipment	10%
Office Equipments	10%
Vehicles	10%

3.01.5 Impairment

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

3.01.6 Disposal of Property, Plant and Equipment

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

3.02 Investment in FDR and Shares

Investment in shares and FDR's is stated at its market price and cost price respectively. The statement of profit or loss reflects the income on account of interest on investment in FDR and unrealized gain or loss from investment in shares are recognized as other comprehensive income. It may be mentioned here that a fluctuation reserve / fair value reserve has been created in order to equalize the price go down below the cost price of the shares and during the year under audit unrealised gain / (loss) on investment in shares for price go down below the cost price of the shares has been charged directly to statement of other comprehensive income.

3.03 Recognition of Investment in Subsidiary in a separate Financial Statement

The investments in subsidiary is being accounted for using equity method in the company's separate financial statements as directed by para 10 (C) of IAS 27 separate Financial Statements, "under the equity method, on initial recognition the investment in an associate or a joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The investor's share of the investee's profit or loss is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income."

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

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

3.05 Other Current Assets

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

3.06 Revenue Recognition

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

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

- * Identify the contract with a customer;
- * Identify the performance obligations in the contract;
- * Determine the transaction price;
- * Allocate the transaction price to the performance obligations in the contract; and
- * Recognize revenue when (or as) the entity satisfies a performance obligation.

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

(a) Petrol and Diesel Vehicle Conversion Services

Revenue on petrol and diesel vehicle conversion services is recognized, net of VAT where applicable upon the completion of the conversion of vehicles to run on either the Bi-Fuel system or CNG Fuel System and the delivery of the converted vehicles to the vehicle owners.

(b) Sale of CNG

Revenue from sale of CNG is recognized upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Dividend

Dividend income is recognized when the company's right to receive payment is established.

(d) Other Revenues

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

3.07 Inventories

In compliance with the requirement of IAS 2 "Inventories", inventories are stated at the lower of cost and net realizable value.

Inventories consisting of raw materials, work in progress, finished goods, spare parts, fuel and stock in transit are valued at a lower of cost and net realized value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the following basis:

Raw materials:

Purchase costs on a weighted average basis;

Finished goods and work-in-progress:

Costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity;

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is made if necessary, for obsolete and slow-moving items.

3.08 Foreign Currency Transactions

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

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

(a) Foreign currency monetary items are translated using the closing rate;

(b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction;

(c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

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

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

3.09 Financial Instruments

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

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

Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

Financial Assts at FVTPL

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

Financial Assets at amortised cost

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

Debt Investments at FVOCI

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

Equity Investments at FVOCI

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

Impairment of Financial Assets

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

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

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

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

Measurement of Expected Credit Losses (ECL)

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

Presentation of Impairment

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

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

3.10 Impairment

(i) Financial Assets

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

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

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

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

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

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

(ii) Non-Financial Assets

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

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

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

Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognized where the contractual to receive cash flows from the asset have expired. On de-derecognized of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognized directly in equity is recognized in the income statement.

All purchases and sales of financial assets are recognized or de-recognized on the trade date, i.e. the date that the company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concern.

Impairment of Financial Assets

The company assesses at each date of statement of financial position whether there is any objective evidence that a financial asset or the group of financial assets is impaired.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If, in a subsequently period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date. The amount of reversal recognized in the income statement.

Impairment of Non-Financial Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the income statement as 'impairment losses'.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversal only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.11 Derivatives

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

3.12 Leases

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

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

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

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

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

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

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

The company has no operating leases.

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

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

3.13 Taxation

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

(a) Current Tax:

Current Tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rate used for the reporting period was 25% as a publicly traded company.

The company enjoyed the tax holiday up to April, 2009 and accordingly necessary provision has been made for tax holiday period.

(b) Deferred Tax:

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

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

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

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

(c) Value Added Tax:

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

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

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

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

3.14 Dividend

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

3.15 Cost of Post Employment Benefits

The company maintains the following benefits plans:

(a) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

(b) Workers Profit Participation Fund (WPPF)

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

(c) Defined Benefit Plan (Gratuity)

A defined benefit is a post-employment plan other than a defined contribution plan. The employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The company's obligation is to provide the agreed benefits to current and former employees. The net defined benefit liability / (asset) in respect of a defined benefit plan is recognized in the statement of financial position.

Current service cost, past service cost and gain/loss on settlement and net interest on the net defined benefit liability/(asset) are recognized in profit or loss.

Service cost and gain/loss on settlement are classified as personnel expense and net interest on the net defined benefit liability (asset) is classified as financial expense.

The gratuity is calculated for all the employees prescribed by the rates as per labour Act, 2006 (as amended to 2013) for their service with the company.

3.16 Capitalization of Borrowing Costs

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

3.17 Accruals, Provisions and Contingencies

(a) Accruals

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

(b) Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. During the reporting year the company has made sufficient provisions where applicable.

(c) Contingencies

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

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

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

3.18 Operating Segments

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risk and returns that are different from those of other business segment. The company has two distinguishable operating segments which are disclosed in note 29.

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

3.19 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.

3.20 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".

3.21 Earnings per Share (EPS)

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

Basic Earnings Per Share

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

Diluted Earnings Per Share

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

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

3.22 Risk Exposure

Interest Rate Risk

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

Management Perception

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

Exchange Rate Risk

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

Management Perception

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

Industry Risks

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

Management Perception

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

Market Risk

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

Management Perception

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

Operational Risks

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

Management Perception

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

Liquidity Risk

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

Management Perception

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

Labour Unrest Risk

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

Management Perception

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

3.23 Events after the Reporting Period

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

3.24 Related Party Disclosure

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

3.25 General

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

		Amount in Taka	
		30.06.2020	30.06.2019
4.00	Property, Plant & Equipment's	780,252,030	803,341,386
	This is made up as follows:		
	Land and Land Development	449,042,715	449,042,715
	Building & Shed	48,497,565	51,679,412
	Plant & Machinery	186,814,156	199,893,492
	Tools & Equipment	45,758,081	47,297,812
	Furniture & Fixture	5,950,629	6,329,196
	Vehicles	44,188,883	49,098,759
		780,252,030	803,341,386
	The break up of PPE are shown in Annexure - A.		
5.00	Investment in Subsidiaries	880,991,059	852,994,327
	This is made up as follows:		
	5.01 Navana Engineering Ltd.	731,385,879	725,609,772
	5.02 Navana Welding Electrode Ltd.	281,733,566	236,737,649
	5.03 Navana LPG Limited	(132,128,387)	(109,353,094)
		880,991,059	852,994,327
5.01	Navana Engineering Ltd.	731,385,879	725,609,772
	This is made up as follows:		
	Opening Balance of Profit Accrued	380,609,822	375,282,602
	Add: Profit Accrued under Equity Method during the year	5,776,107	5,327,220
		386,385,929	380,609,822
	Cost of Value of Investment Share	99,999,950	99,999,950
	Add: Additional Investment	245,000,000	245,000,000
		731,385,879	725,609,772
5.02	Navana Welding Electrode Ltd.	281,733,566	236,737,649
	This is made up as follows:		
	Opening Balance of Profit Accrued	136,737,699	96,002,920
	Add: Profit Accrued under Equity Method during the year	44,995,917	40,734,779
		181,733,616	136,737,699
	Cost Value of Share	99,999,950	99,999,950
		281,733,566	236,737,649
5.03	Navana LPG Limited	(132,128,387)	(109,353,094)
	This is made up as follows:		
	Opening Balance of Profit Accrued	(110,353,044)	(67,069,921)
	Add: Profit Accrued under Equity Method during the year	(22,775,293)	(43,283,123)
		(133,128,337)	(110,353,044)
	Cost Value of Share	999,950	999,950
		(132,128,387)	(109,353,094)

Amount in Taka	
30.06.2020	30.06.2019

Name of Subsidiaries	Face Value	Total Number of	Number of Shares Held	Ownership Interest
Navana Engineering Ltd.	10.00	10,000,000	9,999,995	5.00
Navana Welding Electrode Ltd.	10.00	10,000,000	9,999,995	5.00
Navana LPG Limited	10.00	1,000,000	999,995	5.00
		21,000,000	20,999,985	15.00

6.00 Long Term Security Deposit

33,549,074

36,728,093

This is made up as follows:

PDBF	5,056	5,056
Titas Gas T&D Co. Ltd.	21,836,594	27,943,610
Karnaphuly Gas Co.	3,044,690	2,650,741
Pashchimanchal Gas Co.	2,650,741	148,752
Dhaka Electricity Supply Co. Ltd. (DESCO)	58,752	270,000
Dhaka Electricity Supply Authority (DESA)	270,000	1,299,297
Jalalabad Gas Co. Ltd.	1,299,297	658,444
Dhaka Palli Bidyut Samity (PBS-1)	658,444	10,000
Delta Life Insurance Co. Ltd.	10,000	190,350
Roads & Highway	190,350	16,143
North South University	16,143	-
Standard Bank Ltd.	745,038	745,038
Bangladesh Telecommunication Co. Ltd. (BTCL)	10,000	10,000
UCEP	338,000	338,000
Dhaka Metropolitan Police	147,331	147,331
Mobile Com	22,000	22,000
Road Cutting	10,413	37,106
PDB	1,104,225	1,104,225
DPDC Limited	240,000	240,000
Narayangonj Palli Bidyut Samity-2	500,000	500,000
Cox's Bazar Pally Bidyut Samity	392,000	392,000
	33,549,074	36,728,093

7.00 Investment in Share

2,525,882

3,589,283

This is made up as follows:

Lafarge Surma Cement Ltd.	753,900	833,700
Aftab Automobiles Ltd.	1,771,982	2,755,583
	2,525,882	3,589,283

Name of the Share	Face Value per Share	Total Cost Value	No. of Shares	Market Value as on 30.06.2020	Market Value as on 30.06.2019
Lafarge Surma Cement Ltd.	10.00	-	21,000	753,900	833,700
Aftab Automobiles Ltd.	10.00	105,000	75,084	1,771,982	2,755,583
			96,084	2,525,882	3,589,283

The above investment in marketable securities are designated as Fair Value through OCI (FVTOCI) by the management. These are measured at Fair Value and presented as non-current assets. Unrealized gain / (loss) from the above investment were recognized in Other Comprehensive Income. The above shares are listed in Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

		Amount in Taka	
		30.06.2020	30.06.2019
8.00	Inventories	555,277,813	571,007,662
	This is made up as follows:		
	Stock & Stores	546,479,471	566,979,997
	Goods in Transit	8,798,342	4,027,665
		555,277,813	571,007,662
9.00	Accounts Receivables	163,012,608	141,230,932
	This is made up as follows:		
	Tejgaon CNG Conversion Center	8,734,242	9,165,836
	Kallyanpur CNG Conversion Center	4,502,524	5,669,139
	Dipnagar Diesel Conversion Center	12,438,618	10,680,099
	Chittagong CNG Conversion Center	2,057,717	2,057,717
	Sylhet CNG Conversion Center	3,322,406	3,193,643
	Cylinder Testing Unit	1,328,193	905,180
	Kalurghat CNG Conversion Center	839,939	848,061
	Kalurghat CRT	345,589	147,913
	Uttara CNG Conversion Center	1,115,485	1,839,053
	Uttara CRT	4,000	-
	Bogra CNG Conversion Center	510,384	240,638
	Palton CNG Conversion Center	1,036,543	1,875,012
	Auto repair & services- Palton-Dhaka	2,676,042	-
	Palton CRT	7,800	-
	Auto repair & services- Kally-Dhaka	22,854,163	19,285,616
	Auto repair & services- Kalug-CTG	976,542	897,942
	Denso CNG Station	4,756,026	6,812,850
	Binimoy CNG Station	10,500,774	11,254,050
	Sylhet CNG Station	617,870	699,999
	Sylhet CNG Station-2	15,398	26,344
	Station Technical Department Sylhet	3,658,120	2,143,997
	Station Technical Department Chittagong	13,449,103	11,574,738
	Station Technical Department Dhaka	49,283,889	41,263,485
	Station Maintenance Department-Chittagong	52,992	(161,198)
	Station Maintenance Department -Dhaka	712,941	-
	PRS Department	2,273,747	1,584,265
	Engineering Service Department	599,505	566,105
	Baipail CNG Station	1,394,997	1,300,846
	Bogra CNG Station	41,638	7,357
	Laguna CNG Station	1,214,123	23,176
	Sitakundu CNG Station	277,519	106,261
	B.O.C CNG Station	3,638	16,686
	Kwality CNG Station	430,491	315,667
	Bhoirab CNG Station	156,183	38,855
	Elenga Station CNG Station	165,073	259,248
	United CNG Station	33,640	8,684

		Amount in Taka	
		30.06.2020	30.06.2019
	Jogajog CNG Station	1,272,868	899,965
	Sonarbangla CNG Station	7,134,891	5,675,839
	Cox's Bazar station	915	5,259
	Chokoria Station	759	2,605
	Receivable from Employees' Provident Fund	2,215,321	-
		163,012,608	141,230,932
The ageing of Accounts Receivable are as follows:			
	0 to 1 Months	68,253,379	60,658,685
	More than 1 Months to 3 Months	35,781,267	31,141,421
	More than 3 Months to 6 Months	24,386,686	19,461,622
	More than 6 Months to 9 Months	16,659,889	15,846,111
	More than 9 Months to 12 Months	14,100,591	12,244,722
	Above 12 Months	3,830,796	1,878,371
		163,012,608	141,230,932
10.00	Advance, Deposit & Pre-payment	139,614,896	125,604,748
	This is made up as follows:		
	Advance for Rent	26,994,124	23,201,624
	Advance against Suppliers	54,217,720	39,967,781
	Advance against Employee	11,308,654	10,478,297
	Bank Guarantee Margin	28,230,753	31,657,467
	Security Deposit	1,759,815	1,906,792
	Advance to Others	17,103,830	18,392,787
		139,614,896	125,604,748
11.00	Cash and Cash Equivalent	45,182,158	37,594,366
	This is made up as follows:		
	Cash in Hand	5,494,151	4,857,667
	Cash at Banks:		
	Fixed Deposit Receipt (FDR) 11.01	24,389,662	21,085,175
	Bank Balances 11.02	15,298,345	11,651,524
		45,182,158	37,594,366
11.01	Fixed Deposit Receipt (FDR)	24,389,662	21,085,175
	This is made up as follows:		
	Shahjalal Islami Bank Ltd.	24,389,662	21,085,175

11.02 Bank Balances

This is made up as follows:

AB Bank Ltd.
Bank Alfalah Ltd.
Al-Arafah Islami Bank Ltd.
Bank Asia Ltd.
BRAC Bank Ltd.
Dhaka Bank Ltd.
Dutch-Bangla Ltd.
IFIC Bank Ltd.
Jamuna Bank Ltd.
Mutual Trust Bank Ltd.
National Bank Ltd.
NCC Bank Ltd.
Prime Bank Ltd.
Pubali Bank Ltd.
Rupali Bank Ltd.
Shahjalal Islami Bank Ltd.
Social Investment Bank Ltd.
Southeast Bank Ltd.
Standard Bank Limited
Standard Chartered Bank
Uttara Bank Ltd.
United Commercial Bank Ltd.
City Bank Ltd.
Trust Bank Ltd.
Mercantile Bank Ltd.

Amount in Taka	
30.06.2020	30.06.2019
15,298,345	11,651,524
146,391	639,460
7,563	7,563
3,602	3,602
393,794	393,794
201,492	852,746
503,822	275,957
1,573,484	707,751
169,932	132,395
92,692	25,572
2,860,392	1,082,438
217,897	939,151
506,429	105,372
175,418	35,713
430,795	99,296
1,176	1,160
2,158,064	164,939
40,912	40,912
113,966	1,499
3,913,045	1,017,515
205,862	180,193
1,257,875	604,968
211,115	112,026
-	1,920,604
24,321	2,284,938
88,305	21,960
15,298,345	11,651,524

The cash at bank balances represents the balance as per cash book. The above balances have been reconciled with the balances as per bank statement as on 30th June, 2020 except the following dormant accounts which have been closed long ago but no steps have yet been taken to realize the under mentioned amount:

Name of Bank	Account No.	Amount (Tk.)
Al-Arafah Islami Bank Ltd.	CD-04210006417	3,602
Bank Asia Ltd.	CD-00833007524	387,014
Bank Asia Ltd.	CD-615330000072	6,780
Bank Al-Falah Ltd.	CD-12023482	7,563
BRAC Bank Ltd.	CD-6303200416662001	2,431
BRAC Bank Ltd.	CD-6303200419079001	17,305
BRAC Bank Ltd.	CD-6303200419079002	49,780
IFIC Bank Ltd.	CD-1001114468001	116,838
Jamuna Bank Ltd.	CD-00060210010034	16,224
Jamuna Bank Ltd.	CD-11346	10,000
Mutual Trust Bank Ltd.	CD-00570210001365	166,733
Mutual Trust Bank Ltd.	CD-00200210014836	304,501
NCC Bank Ltd.	13759.00	73,879
Standard Chartered Bank	CD-11354	30,165
Shahjalal Islami Bank Ltd.	CD-401011100001126	113,494
Uttara Bank Ltd.	CD-114912200211326	322
Uttara Bank Ltd.	CD-114912200211326	73,465
Prime Bank Ltd.	CD-9376/2049	3,536
National Bank Ltd.	CD-1457	3,147
Rupali Bank Ltd.	CD-4747020000873	1,176

Amount in Taka	
30.06.2020	30.06.2019

We obtained the cash custody certificate from the concerned authority in support of the cash in hand.

Equity and Liabilities

12.00 Share Capital

Authorized Capital

150,000,000 Ordinary Shares of Tk. 10/- each.

Issued, Subscribed and Paid up Capital

685,285,920	685,285,920
1,500,000,000	1,500,000,000
685,285,920	685,285,920

This is made up as follows:

Date	No. of Shares	Particulars	Share Capital 30.06.2020	Share Capital 30.06.2019
19.04.2004	10,000	Subscription @Tk. 100/- each	1,000,000	1,000,000
10.11.2004	250,000	Cash Allotment @ Tk. 100/- each	25,000,000	25,000,000
25.04.2005	250,000	Cash Allotment @ Tk. 100/- each	25,000,000	25,000,000
30.12.2007	490,000	Cash Allotment @ Tk. 100/- each	49,000,000	49,000,000
08.02.2009	20,000,000	Ordinary Shares of @Tk. 10/- each Issued as Bonus	200,000,000	200,000,000
20.05.2009	6,300,000	Ordinary Shares of @Tk. 10/- each Issued as Bonus	63,000,000	63,000,000
26.07.2010	7,260,000	Ordinary Shares of @Tk. 10/- each Issued as Bonus	72,600,000	72,600,000
09.10.2011	6,098,400	Ordinary Shares of @Tk. 10/- each Issued as Bonus	60,984,000	60,984,000
07.10.2012	7,448,760	Ordinary Shares of @Tk. 10/- each Issued as Bonus	74,487,600	74,487,600
06.10.2013	11,421,432	Ordinary Shares of @Tk. 10/- each Issued as Bonus	114,214,320	114,214,320
	59,528,592		685,285,920	685,285,920

Shareholding Position:

Class of Shareholders	Number of Investors	Number of Share Hold	Shareholding % 2020	Shareholding % 2019
Sponsors	6	29,116,427	42.49%	42.49%
General Public	11609	19,684,146	28.72%	29.41%
Institutional Investors	129	19,728,019	28.79%	28.10%
Total		68,528,592	100.00%	100.00%

Classification of Shareholders:

Particulars	Number of Investors	Number of Shares	% of Shares Holding 2020	% of Shares Holding 2019
1 to 500	7,586	1,339,275	1.95%	2.08%
501 to 5000	3,546	5,639,503	8.23%	8.87%
5001 to 10000	287	2,157,176	3.15%	3.39%
10001 to 20000	153	2,195,197	3.20%	2.93%
200001 to 30000	35	869,785	1.27%	1.52%
300001 to 40000	31	1,077,632	1.57%	1.21%
400001 to 50000	28	1,320,588	1.93%	1.29%
500001 to 100000	26	1,784,931	2.60%	2.88%
1000001 to 1000000	42	14,361,839	20.96%	21.82%
Above 10000000	10	37,782,666	55.13%	54.00%
Total	11,744	68,528,592	100%	100%

		Amount in Taka	
		30.06.2020	30.06.2019
13.00	Retained Earnings	1,540,060,686	1,520,424,073
	This is made up as follows:		
	Opening Balance	1,520,424,073	1,514,182,654
	Adjustment for the Application of IFRS-16 (Lease)	(2,825,355)	-
	Add: Net Profit after Tax	61,874,134	88,475,729
		1,579,472,852	1,602,658,383
	Less: Payment Cash/Stock Dividend	(39,412,165)	(82,234,310)
		1,540,060,686	1,520,424,073
14.00	Long Term Loan	138,500,000	138,500,000
	Due to Director 14.01	138,500,000	138,500,000
14.01	Due to Director (Mr. Shafiul Islam, Chairman)		
	Opening Balance	138,500,000	138,500,000
	Add: during the year	0	0
		138,500,000	138,500,000
	This represents un-secured and Interest Free Loan from Mr. Shafiul Islam, Chairman of the Company.		
15.00	Short Term Loan	59,926,368	64,986,524
	It represents the total balance of Short Term Loan from Shahjalal Islami Bank Ltd.		
	Related Information for Loan:		
	The above short term loan consists of LTR and OD facility @ the rate of 9%. The initial limit of sanction amount 13 crore for a period of 6 months. There is no security against the above loan.		
16.00	Provision for Income Tax	26,901,878	22,224,480
	This is made up as follows:		
	Opening Balance	22,224,480	17,173,833
	Add: Current Tax Expenses for the year	14,407,830	27,167,019
		36,632,310	44,340,852
	Less: Tax Paid/Adjusted in Current Year	(9,730,432)	(22,116,372)
		26,901,878	22,224,480
17.00	Payable & Accrual	221,477,820	145,544,229
	This is made up as follows:		
	Accounts Payables	25,770,080	29,854,382
	Liabilities for Expenses	127,983,592	47,860,696
	Workers Profit Participation Fund	18,281,962	14,365,140
	Sundry Payables	3,643,864	4,658,762
	Unclaim Dividend	45,798,322	48,805,249
		221,477,820	145,544,229

		Amount in Taka	
		30.06.2020	30.06.2019
18.00	Revenue (Net)	1,347,104,986	1,576,775,713
	This is made up as follows:		
	CNG Conversion	63,293,145	91,177,965
	CNG Sales	1,130,472,095	1,281,275,167
	Service Revenue	153,339,746	204,322,581
		1,347,104,986	1,576,775,713
19.00	Cost of Goods Sold	1,049,015,763	1,192,351,760
	This is made up as follows:		
	Cost of CNG Conversion 19.01	94,851,007	122,542,680
	Cost of CNG Sales 19.02	954,164,756	1,069,809,080
		1,049,015,763	1,192,351,760
19.01	Cost of CNG Conversion	94,851,007	122,542,680
	This is made up as follows:		
	Opening Balance of Conversion Materials	566,979,997	585,054,650
	Add: Purchase during the year	66,369,137	93,485,827
	Available for Consumption	633,349,134	678,540,477
	Less: Closing Balance of Conversion Materials	546,479,471	566,979,997
	Conversion Materials Consumed	86,869,663	111,560,480
	Add: Wages and Salaries	7,981,344	10,982,200
	Cost of CNG Conversion	94,851,007	122,542,680
19.02	Cost of CNG Sales	954,164,756	1,069,809,080
	This is made up as follows:		
	Gas	849,088,321	947,035,825
	Electricity & Fuel	63,026,187	72,090,716
	Land Rent	435,250	5,540,000
	Station direct expenses	41,614,998	45,142,539
		954,164,756	1,069,809,080
20.00	Administrative and Selling Expenses	252,099,369	263,230,139
	This is made up as follows:		
	Salary & Allowances	152,182,471	154,561,258
	Gratuity Expenses	18,929,294	-
	Vehicle Maintenance	1,036,993	2,040,668
	Electricity Bill	2,906,161	3,872,723
	Rental Expenses	2,890,740	4,017,000
	Telephone & Mobile Bill	1,132,897	1,683,290

		Amount in Taka	
		30.06.2020	30.06.2019
	Conveyance	3,186,592	2,397,133
	CDBL & Annual Listing Fee	685,286	791,286
	Electrical Expenses	98,249	65,142
	Entertainment	1,457,986	3,497,035
	Labour Charge	754,936	1,106,968
	Board Meeting Attendance Fee	190,000	245,000
	Medical Expenses	70,317	31,746
	Carrying Charge	210,735	174,525
	Consultancy Fees	390,000	-
	Mineral Water	525,032	635,643
	Annual General Meeting Expenses	70,680	115,375
	Miscellaneous Expenses	603,458	579,773
	Newspaper & Periodicals	134,355	192,585
	Office Maintenance	1,729,796	2,012,502
	Audit Fees	345,000	287,500
	Oil & Lubricants	3,005,192	6,416,080
	Photocopy Expenses	49,593	49,976
	Postage & Stamp	190,156	212,014
	Uniform & Liveries	97,235	53,939
	Printing Expenses	1,356,750	1,627,982
	Stationery Expenses	1,253,209	692,335
	Registration & Renewals	1,706,011	2,065,689
	TA / DA Expenses	1,106,389	906,386
	Security Guard	1,893,650	3,598,067
	Bank Charge	1,069,724	1,111,525
	Internet Expenses	936,449	1,260,712
	Repair & Maintenance	2,729,550	2,143,847
	Station fuel, gas & Toll Expenses for Mobile Lorry	7,541,132	8,854,768
	Advertisement	265,775	671,975
	Other Interest Expenses	1,723,817	931,282
	Missing of Cash Fund	-	16,052,478
	Depreciation of Right of use assets	1,594,228	-
	Depreciation	36,049,530	38,273,932
		252,099,369	263,230,139
21.00	Interest Expenses	7,320,594	9,239,195
	This is made up as follows:		
	Interest on Short Term Loan	6,397,723	9,239,195
	Interest on Lease Liability	922,871	-
		7,320,594	9,239,195
22.00	Other Income	8,230,095	7,663,601
	This is made up as follows:		
	Interest Income on FDR	1,387,155	1,554,080
	Interest Income on STD Account	922	5,697
	Dividend Income	96,084	111,100
	Gain on Disposal of Assets	-	5,992,724
	Commission Received	4,530,613	-
	Forfeited Amount Receivable from Employees Provident Fund	2,215,321	-
		8,230,095	7,663,601

		Amount in Taka	
		30.06.2020	30.06.2019
23.00	Income Tax Expenses	9,982,704	27,766,588
	This is made up as follows:		
	Current Tax 23.01	14,407,830	27,167,019
	Deferred Tax 24.01	(4,425,126)	599,569
		9,982,704	27,766,588
23.01	Calculation of Current Tax	14,407,830	27,167,019
	Profit Before Tax	43,860,106	113,463,443
	Add: Disallowable Depreciation	36,049,530	38,273,932
	Add: Gratuity Provision	15,000,000	-
		94,909,636	151,737,375
	Less: Allowable Depreciation	33,349,024	40,672,209
	Less: Gratuity Paid	3,929,294	-
		57,631,318	111,065,166
	Less: Gain on Disposal of Assets Separation		5,992,724
		57,631,318	105,072,442
	Current Tax @25%	14,407,830	26,268,111
	Gain on Disposal of Assets	-	5,992,724
	Tax @ 15% on Gain on Disposal	-	898,909
	Total Current Tax	14,407,830	27,167,019
24.00	Deferred Tax Liability	45,153,010	49,684,477
	This is made up as follows:		
	Deferred Tax Temporary Difference 24.01	48,660,921	49,336,048
	Deferred Tax on Unrealized Gain / Loss 24.02	242,089	348,429
	Deferred Tax for Gratuity Provision 24.03	(3,750,000)	-
		45,153,010	49,684,477
24.01	Deferred Tax Temporary Difference	48,660,921	49,336,048
	This is made up as follows:		
	Taxable Temporary Difference	194,643,683	197,344,190
	Tax Rate	25.00%	25.00%
	Provision for Deferred Tax Liabilities	48,660,921	49,336,048
		49,336,047	48,736,478
		(675,126)	599,569
	Deferred Tax Expense / (Income) for the year (24.03)	(3,750,000)	-
		(4,425,126)	599,569
24.02	Deferred Tax on Unrealized Gain/(Loss)	242,089	348,429
	This is made up as follows:		
	Opening Balance	348,429	503,633
	Add: For the year	(106,340)	(155,204)
		242,089	348,429

		Amount in Taka	
		30.06.2020	30.06.2019
24.03	Deferred Tax for Gratuity Provision	(3,750,000)	-
	This is made up as follows:		
	Closing Provision	15,000,000	-
	Applicable Rate	25%	-
	Closing Deferred Tax for Gratuity Provision	3,750,000	-
	Less: Opening Deferred Tax for Gratuity Provision	-	-
	Deferred Tax Expense/(Income) for the year	(3,750,000)	-
25.00	Earning Per Share (EPS)	0.90	1.29

		Profit Attributable to Shareholders	
		Number of Ordinary Shares	
	Profit Attributable to Ordinary Shareholders	61,874,134	88,475,729
	Number of Ordinary Shares used to Compute Earning Per Share	68,528,592	68,528,592
	Earning Per Share	0.90	1.29

The total sales revenue of the CNG has been decreased significantly and due to which the results is decreased in EPS compared to last year's result.

26.00	Net Assets Value Per Share (NAVPS)	35.17	34.90
		Total Asset-Total Liabilities	
		Number of Ordinary Shares	
	Net Asset Value	2,410,216,490	2,391,536,938
	Number of Ordinary Shars used to Compute NAVPS	68,528,592	68,528,592
		35.17	34.90
	Increase in Net Assets Value is due to increase in Non-Current Assets.		
27.00	Net Operating Cash Flows Per Share (NOCFPS)	1.89	0.54

		Net Operating Cash Flows	
		Number of Ordinary Shares	
	Net Operating Cash Flows	129,668,790	37,072,936
	Number of Ordinary Shares used to Compute NOCFPS	68,528,592	68,528,592
	Net Operating Cash Flows Per Share	1.89	0.54

Significant difference in NOCFPS in between current year's and last year's is due to increase of revenue collection from of LPG business.

Amount in Taka	
30.06.2020	30.06.2019

28.00 Reconcillation of Cash Flows from Operating Activities under Indirect Method:

Net Profit/(Loss) before Interest & Income Tax & WPPF during the year	55,097,521	123,314,368
Operating Activities:		
Interest on Lease	922,871	-
Payment of Lease Liability	(9,226,650)	-
Depreciation	37,643,759	38,273,932
Income Tax Paid during the year	(9,730,432)	(22,116,372)
Changes in Current Assets and Liabilities:		
Decrease/(Increase) in Inventories	15,729,849	18,324,804
Decrease/(Increase) in Trade Receivables	(21,781,676)	804,567
Decrease/(Increase) in Advance and Pre-payments	(14,010,148)	(6,937,490)
Decrease/(Increase) in Payables & Accruals	75,023,697	(114,590,873)
Net Cash Flow from Operating Activities	129,668,790	37,072,936
Total Cash Flow from Operating Activities- Indirect Method	129,668,790	37,072,936
Total Cash Flow from Operating Activities- Direct Method	129,668,790	37,072,936
Difference	-	-

*Details in the Statement of Cash Flow

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

Particulars	Conversion Workshop	CNG Station	Total
Assets			
Non-Current Assets			
Property, Plant & Equipments	234,075,609	546,176,421	780,252,030
Right of use asset	4,240,978	9,895,615	14,136,593
Investment in Subsidiaries	880,991,059	-	880,991,059
Long Term Security Deposit	6,709,815	26,839,259	33,549,074
Investment in Shars	2,525,882	-	2,525,882
Total Non-Current Assets	1,128,543,343	582,911,295	1,711,454,638
Current Assets			
Inventories	555,277,813	-	555,277,813
Accounts Receivables	65,205,043	97,807,565	163,012,608
Advances, Deposits & Pre-payments	120,717,093	18,897,803	139,614,896
Inter Company Balances	749,064,319	-	749,064,319
Inter Company Receivables	191,434,343	-	191,434,343
Inter Unit Balances	-	645,566,676	-
Cash & Cash Equivalents	18,072,863	27,109,295	45,182,158
Total Current Assets	1,699,771,474	789,381,339	1,843,586,137
Total Assets	2,828,314,817	1,372,292,634	3,555,040,775
Equity and Liabilities			
Capital and Reserves			
Share Capital	685,285,920	-	685,285,920
Tax Holiday Reserve	180,618,848	-	180,618,848
Fair Value Reserve	2,178,793	-	2,178,793
Other Reserve	828,897	1,243,346	2,072,243
Retained Earnings	308,012,137	1,232,048,549	1,540,060,686
Total Equity	1,176,924,595	1,233,291,895	2,410,216,490

Particulars	Conversion Workshop	CNG Station	Total
Non-Current Liabilities			
Deferred Tax Liabilities	18,061,204	27,091,806	45,153,010
Lease Liability	3,075,719	7,176,679	10,252,398
Long Term Loan	138,500,000	-	138,500,000
Total Non-Current Liabilities	159,636,923	34,268,485	193,905,408
Current Liabilities			
Short Term Loans	59,926,368	-	59,926,368
Provision for Income Tax	10,760,751	16,141,127	26,901,878
Inter Company Payables	642,612,811	-	642,612,811
Inter Unit Balances	645,566,676	-	-
Payables and Accruals	132,886,692	88,591,128	221,477,820
Total Current Liabilities	1,491,753,298	104,732,255	950,918,877
Total Liabilities	1,651,390,222	139,000,740	1,144,824,285
Total Equity and Liabilities	2,828,314,817	1,372,292,634	3,555,040,775

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

Particulars	Conversion Workshop	CNG Station	Total
Revenue	216,632,891	1,130,472,095	1,347,104,986
Less: Cost of Sales	94,851,007	954,164,756	1,049,015,763
Gross Profit	121,781,884	176,307,339	298,089,223
Less: Administrative & Selling Exp.	151,259,622	100,839,748	252,099,369
Less: Interest Expenses	7,320,594	-	7,320,594
Operating Profit	(36,798,332)	75,467,591	38,669,260
Add: Other Income	8,230,095	-	8,230,095
Less: Foreign Exchange Loss	846,244	-	846,244
Profit before Contribution to WPPF	(29,414,481)	75,467,591	46,053,111
Less: Contribution to WPPF	-	2,193,005	2,193,005
Profit before Tax	(29,414,481)	73,274,586	43,860,106
Add: Share of Profit from Subsidiaries	11,198,693	16,798,039	27,996,732
Less: Income Tax Expenses	3,993,082	5,989,622	9,982,704
Current Tax	5,763,132	8,644,698	14,407,830
Deferred Tax	(1,770,050)	(2,655,076)	(4,425,126)
Net Profit for year	(22,208,870)	84,083,003	61,874,134
Other Comprehensive Income:			
Unrealized Profit/Loss on Investment in Share	(1,063,401)	-	(1,063,401)
Deferred Tax Adjustment	106,340	-	106,340
	(957,061)	-	(957,061)
Total Comprehensive Income for the year	(23,165,931)	84,083,003	60,917,073

30.00 Change in Fair Value of Marketable Securities

Closing Balance of Marketable Securities	2,525,882	3,589,283
Opening Balance of Marketable Securities	3,589,283	5,141,327
	<u>(1,063,401)</u>	<u>(1,552,044)</u>

31.00 Related Party Transactions

During the period, The company carried out a number of transactions with related parties in the normal course of business. The name of the related parties, Nature of transaction and transaction value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure are as follows:

Sl.	Name of Related Party	Relationship	Nature of Transaction	Outstanding Receivable/ (Payable)
1	Navana Engineering Ltd.	Subsidiaries	Working Capital	21,062,105
2	Navana Engineering Ltd.	Subsidiaries	Working Capital	(238,000,000)
3	Navana Welding Electrode Ltd.	Subsidiaries	Working Capital	107,012,238
4	Navana Welding Electrode Ltd.	Subsidiaries	Working Capital	(33,000,000)
5	Navana LPG Ltd.	Subsidiaries	Interest Free Loan	35,760,000
6	Navana LPG Ltd.	Subsidiaries	Working Capital	749,064,319
7	Loan from Chairman	Director	Interest Free Loan	138,000,000
8	Navana Ltd.	Alliance Company	Interest Free Loan	(368,612,811)
9	Navana Ltd.	Alliance Company	Interest Free Loan	27,600,000
10	Navana Construction Ltd.	Alliance Company	Interest Free Loan	(3,000,000)
11	Board Meeting Fee	Director	Fee	190,000

32.00 Payment / Perquisites to Directors

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

33.00 Capital Expenditure Commitment

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

34.00 Contingent Assets

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

35.00 Contingent Liabilities

The company does not hold any claim that meets denition of contingent liability in accordance with IAS 37 provision, contingent liability exists at reporting date.

36.00 Foreign Earnings/Loss or Gain

During the year the company incurred a foreign exchange loss / gain a sum of Tk. 846,244 the break up of the above is as follows:

L/C Number	Euro Rate		Euro Value	L/C Margin
296518020091	Costing Rate	94.57	186454.82	-
	Final Payment Rate	99.10		
		-4.54	186454.82	
Rest Margin	At the time value of Costing	At the time value of deferred L/C Final Payment	Foreign Exchange Loss/Gain	
	15,794,457.27	16,640,701.12	(846,243.85)	
	15,794,457.27	16,640,701.12	(846,243.85)	

Foreign Exchange Loss

(846,243.85)

- 37.00 **Brokerage or Commission**
No brokerage or discount other than usual trade discount against sales was paid during the year. As there was no sales agent, commission therefor was not paid.
- 38.00 **Remittance of Dividend**
As there were no non-resident shareholders, no dividend was remitted to or received from abroad.
- 39.00 **Credit Facility not Availed**
other than trade credit available in the ordinary course of business.
- 40.00 **Attendance Status of Board Meeting of Directors**
During the year there was 10 Board Meetings were held. The attendance status of all the meetings is as follows:

Name of the Directors	Position	Duration Period	Meeting Held	Attended
Shafiul Islam	Chairman	July, 2019 to June, 2020	10	8
Khaleda Islam	Director			4
Saiful Islam	Director			10
Sajedul Islam	Chief Executive Officer			6
Farhana Islam	Director			3
M. Obaidur Rahman	Independent Director			5
Syed Masud Hasan	Independent Director			2

- 41.00 **Disclosures as per Requirement of Schedule XI, Part II of the Companies Act, 1994**
(Employee Position as on 31st December, 2020)

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

Monthly Salary Range	Head Office	Factory	No. of Employee
Above 3000	67	566	633
Below 3000	0	0	0

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

Name	Position	Meeting Attendance Fee	Amount (Tk.)
Shafiul Islam	Chairman	5,000	40,000
Khaleda Islam	Director	5,000	20,000
Saiful Islam	Director	5,000	50,000
Sajedul Islam	Chief Executive Officer	5,000	30,000
Farhana Islam	Director	5,000	15,000
M. Obaidur Rahman	Independent Director	5,000	25,000
Syed Masud Hasan	Independent Director	5,000	10,000
Total			190,000

During the year under review:

- (i) no compensation was allowed by the company to the Chief Executive Officer of the company who is also a Director.
- (ii) the rate at which Directors have drawn Board Meeting attendance fees @ Tk. 5,000/- per Director per meeting. The total Board Meeting attendance fee incurred during the year under review was Tk. 190,000/-;
- (iii) no amount of money was spent by the company for compensating any member of the board for special services rendered.

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

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

The details of trade receivable are given below:

Sl. No.	Particulars	Amount (Tk.) 30.06.2020	Amount (Tk.) 30.06.2019
1	Within 3 Months	104,034,646	91,800,106
2	Within 6 Months	24,386,686	19,461,622
3	Within 12 Months	30,760,480	28,090,833
4	More than 12 Months	3,830,796	1,878,371

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

There are no debts outstanding in this respect.

43.00 Disclosure in line with Instruction of Part of Schedule XI

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

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

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

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

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

(III) Debt considered doubtful or bad

The company considered more than one year good and no provision has been made during the year under audit.

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

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

(V) Debt due by common management
There is no debt under common management.

(VI) The maximum amount due by directors or other officers of the Company
There is no such debt in this respect.

44.00 **Disclosure as per requirement of Schedule XI, Part II, Para 7**
Details of Production Capacity Utilization:

Particulars	Conversion Workshop	CNG Station (Qubic Metre)
Conversion and Gas Loading Capacity	2,300	47,181,180
Conversion and Gas Sales during the year	970	23,864,877
Capacity Utilization	42%	51%

45.00 **Disclosure as per requirement of Schedule XI, Part II, Para 8**
Value of import of Raw Materials under CIF basis as per requirement of Schedule XI

Particulars	Local Purchase (Tk.)	Import (Tk.)	Total Purchase (Tk.)	Consumption (Tk.) on Purchase	% of Consumption on Purchase
Materials (Raw and Packing)	-	-	-	-	-
Component & Spare Parts	1,595,213	64,773,924	66,369,137	66,369,137	100%
Total	1,595,213	64,773,924	66,369,137	66,369,137	

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

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

47.00 Financial Instrument-Fair Values and Risk Management

47.01 Accounting Classifications and Fair Values

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

Reconciliation of Carrying Amount	Carrying Amount Tk. '000								
	Note	Held for Trading	Designated at Fair Value	Fair Value Hedging Instruments	Held to Maturity	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Amount
30.06.2020		0	0	0	0	0	0	0	0
Financial Assets not measured at Fair Value		0	0	0	0	0	0	0	0
Trade and Other Receivables	9.00	0	0	0	0	163,013	0	0	163,013
Investment		0	0	0	0	0	0	0	0
Cash and Cash Equivalents		0	0	0	0	45,182	0	0	45,182
Investment in Subsidiaries		0	0	0	0	880,991	0	0	880,991
		0	0	0	0	1,089,186	0	0	1,089,186
Financial Liabilities not measured at fair value		0	0	0	0	0	0	0	0
Trade and other payables		0	0	0	0	0	0	221,477	221,477
Other Non-Current Liabilities		0	0	0	0	0	0	139,905	139,905
		0	0	0	0	0	0	361,382	361,382
30.06.2019		0	0	0	0	0	0	0	0
Financial Assets not measured at Fair Value		0	0	0	0	0	0	0	0
Trade and Other Receivables	8.00	0	0	0	0	141,230	0	0	141,230
Investment		0	0	0	0	0	0	0	0
Cash and Cash Equivalents		0	0	0	0	37,594	0	0	37,594
Investment in Subsidiaries		0	0	0	0	852,994	0	0	852,994
		0	0	0	0	1,031,818	0	0	1,031,818
Financial Liabilities not measured at fair value									
Trade and other payables	16.00	0	0	0	0	0	0	145,544	145,544
Other Non-Current Liabilities	23 & 13	0	0	0	0	0	0	188,184	188,184
		0	0	0	0	0	0	333,728	333,728

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

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

47.02 Financial Risk Management

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

47.02.1 Credit Risk, 47.02.2 Liquidity Risk 47.02.3 Market Risk.

47.02.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable. The Company's exposure to credit risk is influenced mainly by the individual characteristics of customer, including the default risk of the industry and financial strength of the customer, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

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

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

(i) Exposure to Credit Risk

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

	Amount in Taka	
	30.06.2020	30.06.2019
Non-Derivative Financial Assets:		
Accounts Receivable	163,012,608	141,230,932
Inter Company Receivables	191,434,343	191,434,343
Inter Company Balances	749,064,319	749,064,319
Advance to Suppliers	54,217,720	39,967,781
Advance against Employees	11,308,654	10,478,297
Security Deposits	1,759,815	1,906,792
Advance to Others	17,103,830	18,392,787
FDR	24,389,662	21,085,175
Cash at bank	15,298,345	11,651,524
Cash in Hand	5,494,151	4,857,667
	1,233,083,447	1,190,069,617
The ageing of Trade Receivable at the reporting date is as follows:		
0 to 1 Months	68,253,379	60,658,685
More than 1 Months to 3 Months	35,781,267	31,141,421
More than 3 Months to 6 Months	24,386,686	19,461,622
More than 6 Months to 9 Months	16,659,889	15,846,111
More than 9 Months to 12 Months	14,100,591	12,244,722
Above 12 Months	3,830,796	1,878,371
	163,012,608	141,230,932

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

47.02.2 Liquidity Risk

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

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

Derivative Non-Financial Liabilities:

Payables & Accruals
Inter Company Payables
Non-Current Liabilities

Amount in Taka	
30.06.2020	30.06.2019
221,477,820	145,544,229
642,612,811	700,112,811
193,905,408	188,184,477
1,057,996,039	1,033,841,517

47.02.3 Market Risk

Market risk is the risk that any change in market price, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Interest Rate Risk

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

(ii) Currency Risk

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

48.00 Capital Management

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

49.00 Subsequent Events-Disclosures under IAS 10 "Events after Reporting Period"

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

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

Annexure-A

NAVANA CNG LIMITED

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT AS ON 30TH JUNE, 2020

Particulars	Cost			Rate of Dep.	Depreciation			Written Down Value as on 30.06.2020
	Opening Balance 01.07.2019	Addition during the year	Total as on 30.06.2020		Opening Balance 01.07.2019	Charged during the year	Total as on 30.06.2020	
Land and Land Development	449,042,715	-	449,042,715	0%	-	-	0	449,042,715
Building & Shed	122,818,370	2,011,235	124,829,605	10%	71,138,958	5,193,082	76,332,040	48,497,565
Plant & Machinery	561,546,141	7,273,699	568,819,840	10%	361,652,649	20,353,034	382,005,683	186,814,157
Tools & Equipment	84,984,770	3,402,720	88,387,490	10%	37,686,958	4,942,451	42,629,409	45,758,081
Furniture & Fixtures	16,044,637	272,521	16,317,158	10%	9,715,441	651,088	10,366,529	5,950,629
Vehicles	85,565,384	-	85,565,384	10%	36,466,625	4,909,876	41,376,501	44,188,883
Total	1,320,002,017	12,960,175	1,332,962,192		516,660,631	36,049,531	552,710,162	780,252,030

Annexure-B

SCHEDULE OF RIGHT USE OF ASSETS AS ON 30TH JUNE, 2020

Particulars	Cost			Rate of Dep.	Depreciation			Written Down Value as on 30.06.2020
	Opening Balance 01.07.2019	Addition during the year	Total as on 30.06.2020		Opening Balance 01.07.2019	Charged during the year	Total as on 30.06.2020	
Right of Use Assets	-	15,730,822	15,730,822	0%	-	1,594,228	1,594,228	14,136,593
Total	-	15,730,822	15,730,822		-	1,594,228	1,594,228	14,136,593

Independent Auditor's Report

To

NAVANA ENGINEERING LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Navana Engineering Limited which comprise the Statement of Financial Position as at JUNE 30, 2020, and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Shareholder's Equity, Statement of Cash Flows for the year ended at JUNE 30, 2020 and a summary of significant accounting policies and other explanatory information disclosed in Note 1- 24.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at JUNE 30, 2020, its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conduct 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) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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 for 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.

We significantly focused on all incomes & all expenditures, all additions of fixed Assets,

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. We have not been provided the Director's report and other information contained within the annual report except the financial statements to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.

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.

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

We have nothing to report on 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.

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 IFRS so other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Head Office: Shamsunnahar & Wazi Complex, 8th Floor, Suite-9B, 31/c/1, Tophkana Road, Segunbhagicha, Dhaka-1000

Tel: 57160824, Fax: +880-2-57160821, e-mail: kzkc48@gmail.com, kzke_bd@yahoo.com

Branch Office: 281/3, jafarabad (sankor), Ground Floor, West Dhanmondi, Dhaka-1207, Tel: 924642, e-mail: mahmudkzkebd@gmail.com

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgments 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.

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, Other applicable laws & Regulation. 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 purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
- c) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company together with the annexed notes dealt with by the report are in agreement with the books of account and returns.

Dated: Dhaka
October 15, 2020



Md. Nurul Hossain Khan, FCA
Membership No.-240
Kazi Zahir Khan & Co.
Chartered Accountants

Navana Engineering Limited
Statement of Financial Position
As at June 30, 2020

Particulars	Notes	Amount in Taka	
		June 30, 2020	June 30, 2019
Assets			
Non-current assets:			
Property, plant and equipment	4.00	1,371,978,888	1,360,424,723
Right of use asset	Anx-C	2,213,389	-
Intangible assets	5.00	14,771,687	16,031,701
Capital Work-in- progress	6.00	316,488,083	329,121,569
Total Non-current assets		1,705,452,047	1,705,577,993
Current assets			
Inventories	7.00	1,026,441,779	964,757,390
Trade receivables	8.00	402,953,105	347,886,134
Advances, deposits & prepayments	9.00	374,379,035	322,909,881
Inter-company receivable	10.00	298,000,000	320,000,000
Cash & Cash equivalent	11.00	5,442,488	16,635,251
Total Current assets		2,107,216,407	1,972,188,656
Total assets		3,812,668,454	3,677,766,649
Equity and liabilities			
Share capital	12.00	100,000,000	100,000,000
Tax holiday reserve		35,385,976	35,385,976
Retained earnings	13.00	382,893,584	377,410,198
Equity		518,279,560	512,796,174
Non Current liabilities		1,327,244,496	1,277,130,350
Deferred tax liability	14.00	64,281,787	66,526,829
Lease Liability		2,358,774	-
Long term loan- Net of current portion	15.00	965,603,935	915,603,521
Loan from Others		50,000,000	50,000,000
Loan from parent Company		245,000,000	245,000,000
Current liabilities			
Long term loan- Current portion	15.00	457,915,910	293,700,266
Short-term loan	16.00	749,293,344	842,820,203
Current account with Aftab Automobiles limited		60,000,230	60,000,230
Intercompany Payable	17.00	534,338,081	522,338,081
Provision for income Tax	18.00	121,895,394	117,713,003
Payables & accruals	19.00	43,701,439	51,268,342
Total Current liabilities		1,967,144,398	1,887,840,125
Total Liabilities		3,294,388,894	3,164,970,475
Total Equity & Liabilities		3,812,668,454	3,677,766,649
Net assets value per share		51.83	51.28

The annexed notes 1 to 24 & annexure-A to C form an integral part of these financial statements.


Director


Director


Company Secretary

Signed in term of our separate report of event date

Place: Dhaka
Dated: 15.10.2020


Kazi Zahir Khan & Co.
Chartered Accountants

Navana Engineering Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2020

Particulars	Notes	Amount in Taka	
		July 01, 2019 to June 30, 2020	July 01, 2018 to June 30, 2019
Revenue (net)	20.00	696,863,366	777,913,306
Less: Cost of goods sold	21.00	465,629,657	527,949,775
Gross profit		231,233,709	249,963,531
Less: Administrative & selling expenses	22.00	63,387,241	78,573,815
Less: Interest expenses		159,949,135	158,842,847
Operating profit		7,897,332	12,546,869
Add: Other income		201,800	2,694,630
Profit before contribution to WPPF		8,099,132	15,241,499
Less: Contribution to WPPF		385,673	725,786
Net profit before tax		7,713,459	14,515,714
Less: Income Tax Expenses	23.00	1,937,349	9,188,490
Current tax	23.01	4,182,391	5,051,111
Deferred tax	23.02	(2,245,042)	4,137,379
Total Comprehensive Income for the year		5,776,110	5,327,223
Earnings per share		0.58	0.53

The annexed notes 1 to 24 & annexure-A to C form an integral part of these financial statements.


Director


Director


Company Secretary

Signed in term of our separate report of event date

Place: Dhaka
Dated: 15.10.2020


Kazi Zahir Khan & Co.
Chartered Accountants

Navana Engineering Limited

Statement of Changes in Equity

For the year ended June 30, 2020

Particulars	Share capital	Tax holiday reserve	AFS Reserve	Retained Earnings	Total
Balance at July 01, 2018	100,000,000	35,385,976	3,420,653	372,082,975	510,889,604
Adjustment of AFS Reserve			(3,420,653)	-	(3,420,653)
Total comprehensive income			-	5,327,223	5,327,223
Balance at June 30, 2019	100,000,000	35,385,976	-	377,410,198	512,796,174
Balance at July 01, 2019	100,000,000	35,385,976	-	377,410,198	512,796,174
Adjustment for the application of IFRS-16 (Lease)			-	(292,724)	(292,724)
Net profit for the year	-	-	-	5,776,110	5,776,110
Balance at June 30, 2020	100,000,000	35,385,976	-	382,893,584	518,279,560


Director


Director

Company Secretary

Signed in term of our separate report of event date

Place: Dhaka
Dated: 15.10.2020






Kazi Zahir Khan & Co.
Chartered Accountants

Navana Engineering Limited
Statement of Cash Flows
For the year ended June 30, 2020

Particulars	Amount in Taka	
	July 01, 2019 to June 30, 2020	July 01, 2018 to June 30, 2019
Cash flows from operating activities		
Receipts from customers	641,796,395	672,040,297
Receipts of other income	201,800	-
Payments for materials, services and expenses	(550,517,674)	(705,842,226)
	91,480,521	(33,801,929)
Income tax paid	(7,156,413)	(29,072,275)
Net cash Provided by operating activities	24.00	(62,874,204)
Cash flows from investing activities		
Payments for property, plant and equipment	(79,856,675)	(6,742,538)
Payments for Intangible Assets	(347,500)	-
Capital Work-in- progress	(10,052,760)	(161,507,632)
Proceeds from sale of share	-	14,119,029
Net cash used in investing activities	(90,256,935)	(154,131,141)
Cash flows from financing activities		
Interest paid	(159,949,135)	(158,842,847)
Short term loan	(93,526,859)	(291,386,833)
Inter company receivable	22,000,000	-
Received from Subsidiaries & Alliance companies	12,000,000	273,900,000
Term loan	214,216,058	375,260,739
Net cash inflows from financing activities	(5,259,936)	198,931,059
Net changes in cash and cash equivalents	(11,192,763)	(18,074,286)
Cash and cash equivalents at the beginning of the year	16,635,251	34,709,537
Cash and cash equivalents at the end of the year	5,442,488	16,635,251


Director


Director


Company Secretary

Signed in term of our separate report of event date

Place: Dhaka
Dated: 15.10.2020


Kazi Zahir Khan & Co.
Chartered Accountants

NAVANA ENGINEERING LIMITED

Notes to the Financial Statements for the year ended 30th June, 2020
Forming an Integral Part of the Financial Statements

1.00 Reporting Entity

1.01 Company Profile

Navana Engineering Limited is a public limited company which was incorporated in 2010 with Registrar of Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act 1994 as a subsidiary with 99.99% shares owned by Navana CNG Limited. The company started its commercial operation from 1st day of March, 2011.

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

1.02 Nature of Business

The principal activities of the company are manufacturing of polymer, plastic, PVC, poly ethylene, pipes, tubes, conduits, fittings etc, and all sorts of finished products for house hold, industrial and commercial use.

1.03 Components of Financial Statements

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

1.04 Operating Segments

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

2.00 Basis of Presentation of Financial Statements

2.01 Basis of Measurement

The financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non current assets.

2.02 The financial statements are prepared and presented for external users by the enterprise in accordance with identified reporting framework. Presentation has been made in compliance with the standards adopted by the ICAB for reporting, IAS-1 Presentation of Financial Statements.

2.03 Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1994 and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRS's) including International Accounting Standards (IAS's).

2.04 Going Concern

The Company has adequate resources to continue in operation for the foreseeable future. For the reason the Directors continue to adopt going concern basis in preparing the accounts.

2.05 Reporting Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka) which is Company's functional currency.

2.06 Key Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with IFRS's including IAS's requires managements to make the judgments, estimates and assumption that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosures during and at the date of the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed as on going concern basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

2.07 Responsibility for Preparation and Presentation of Financial Statements

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

2.08 Comparative Figures

Comparative figure and account titles in the financial statements have been re-arranged and classified, where necessary, to conform with changes in presentation in the current year.

2.09 Events after the Reporting Period

Where necessary all the material events after the reporting period have been considered and appropriate adjustment/disclosure have been made in the financial statements.

2.10 Reporting Period

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

2.11 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 15th October, 2020.

3.00 Accounting Principles and Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements:

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 & Shed	10%
Plant & Machinery	10%
Tools & Equipment	10%
Furniture & Fixture	10%
Motor Vehicles	10%

Depreciation has been allocated to factory overhead and administrative overhead.

3.01.5 Software: Intangible Asset

Recognition and measurement Intangible Assets that are acquired by the Company and have finite useful lives are measured at cost less any accumulated amortization and any accumulated impairment losses, if any. Intangible Assets are recognized when all the conditions for recognition as per IAS 38 Intangible Assets are met.

Amortization

Amortization is recognized in statement of profit or loss and other comprehensive income; rate of amortization is 10%.

3.02 Leases

IFRS 16 introduces a single, on balance sheet lease accounting model for leases. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemption for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard-i.e. lessors continue to classify leases as finance or operating leases.

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

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

Any initial direct costs are also added to the amount capitalized. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

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

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

The company has no operating leases.

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

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

3.03 Revenue Recognition (IFRS-15)

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 consideration received or receivable. Revenue recognized when the policies are made.

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

- * Identify the contract with a customer;
- * Identify the performance obligations in the contract;
- * Determine the transaction price;
- * Allocate the transaction price to the performance obligations in the contract; and
- * Recognize revenue when (or as) the entity satisfies a performance obligation.

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

3.04 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.

Category of Inventories

Raw Materials
Work-in-progress
Finished Goods

Basis of Valuation

Weighted Average Cost Method
Weighted Average Cost Method
Weighted Average Cost Method

3.05 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.

3.06 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.

3.07 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.

3.08 Liabilities and Basis of their Valuation

3.08.1 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.

3.08.2 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.

3.08.3 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.

3.09 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"

3.10 Income Tax Expenses

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the comprehensive income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(a) Current Tax

Income tax is calculated and provision has been made in accordance with IAS -37 on taxable income.

(b) Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit.

Considering the practices generally followed in Bangladesh the company have been reserved deferred tax assets or deferred tax liabilities in accordance with IAS 12 "Income Tax".

3.11 Related Party Disclosure

During the period, The Company carried out a number of transactions with related parties in the normal course of business. The name of the related parties, nature of transaction and transaction value has been set out in accordance with the provisions of IAS 24: Related Party Disclosure:

Name of Related Party	Relationship	Nature of Transaction	Outstanding Receivable / (Payable)
Navana CNG Ltd.	Parent company	Working Capital	(21,062,105)
Navana Real Estate Ltd	Alliance Companies	Interest Free Loan	(315,800,000)
Navana Welding Electrode Ltd.	Sister Concern	Interest Free Loan	55,000,000
Loan from Chairman	Director	Interest Free Loan	86,933,137
Navana Real Estate Ltd.	Alliance Companies	Interest Free Loan	8,549,240
Navana LPG Ltd.	Sister Concern	Interest Free Loan	(164,091,976)

Navana Construction Ltd.	Alliance Companies	Interest Free Loan	(33,384,000)
Navana Construction Ltd.	Alliance Companies	Interest Free Loan	10,921,071
Navana CNG Ltd.	Parent Company	Working Capital	238,000,000
Aftab Automobiles Ltd.	Alliance Companies	Interest Free Loan	5,000,000
Navana Batteries Ltd.	Alliance Companies	Interest Free Loan	5,027,475
Board Meeting Fee	Director	Fee	100,000

3.12 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.

3.13 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.

3.14 General

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

Comprehensive 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 period.

Navana Engineering Limited

Notes to the Financial Statements
For the year ended June 30, 2020

Particulars	Amount in Taka	
	June 30, 2020	June 30, 2019
4.00 Property, plant and equipment		
Land and land development	515,883,508	454,894,508
Building & Shed	326,410,910	338,212,164
Plant & Machinery	457,755,417	502,177,249
Tools & equipment	50,198,963	55,088,914
Furniture & fixtures	3,001,376	2,668,271
Motor vehicle	18,728,713	7,383,617
	1,371,978,888	1,360,424,723
*An elaborate schedule of PPE are shown in annexure -A.		
5.00 Intangible Assets		
Software System	14,771,687	16,031,701
	14,771,687	16,031,701
*An elaborate schedule of Intangible Assets are shown in annexure -B.		
6.00 Capital work in progress		
Opening Balance	329,121,569	322,138,116
Add: Addition during the year	10,052,760	161,507,632
	339,174,329	483,645,748
Less : Transfer to PPF	22,686,246	154,524,179
Closing Balance	316,488,083	329,121,569
Capital Work in progress represents land and land development, civil construction, Plant and mechneries etc		
7.00 Inventories		
Stock in raw materials	26,189,516	93,419,828
Stock In Transit	134,689,366	113,266,934
Work in process	125,241,103	55,522,587
Closing finished goods	740,321,794	702,548,041
	1,026,441,779	964,757,390
8.00 Trade receivables		
Mymensing Zone	51,307,167	42,587,031
Chattagram Zone	39,794,434	24,826,212
Khulna Zone	32,063,534	27,848,194
Rajshahi Zone	30,484,217	21,030,225
Gazipur Zone	26,206,975	20,334,302
Sylhet Zone	29,623,201	20,025,803
Dhaka Zone	41,952,042	35,088,095
Barishal Zone	40,382,227	33,327,983
HDPE	33,174,730	37,891,740
PPR	26,496,707	14,789,552
Tender	3,255,558	1,863,973
Navana Real state ltd.	8,549,240	20,364,347
Corporate	5,056,309	13,931,022
Navana Construction limited	10,921,071	11,861,269
Navana Batteries limited	5,027,475	6,211,200
Others	18,460,188	15,905,186
Receivable from Employees'provident fund	198,030	-
	402,953,105	347,886,134

Particulars		Amount in Taka	
		June 30, 2020	June 30, 2019
9.00	Advances, deposits & prepayments		
	Advance for rent	18,927,478	19,077,478
	Advance for Tender	1,138,560	1,045,410
	Advance Income Tax	166,226,997	159,070,584
	Advance Bank Guarantee	5,279,824	5,279,824
	Clearing & forwarding agent	1,351,023	1,351,023
	Jakshon international Ltd.	251,031	251,031
	Vat Current Account	12,284,160	13,127,650
	Rose vally International	340,470	340,470
	Advance against Suppliers	80,237,316	48,618,431
	Advance against others	57,194,762	36,935,630
	Advance against civil construction	31,147,414	37,812,350
		374,379,035	322,909,881
9.01	Advance Income Tax		
	Opening Balance	159,070,584	129,998,309
	Add: Addition during the year	7,156,413	29,072,275
		166,226,997	159,070,584
	Less : Adjustment during the year	-	-
	Closing Balance	166,226,997	159,070,584
10.00	Inter-company receivable		
	Nanana CNG Ltd.	238,000,000	238,000,000
	Navana Limited	-	400,000
	Aftab Automobiles Ltd.	5,000,000	11,600,000
	Navana welding Electrode Ltd.	55,000,000	70,000,000
	Total	298,000,000	320,000,000
11.00	Cash & Cash Equivalent		
	Cash in hand	140,704	5,888,995
	Cash at Banks	5,301,784	10,746,256
		5,442,488	16,635,251
11.01	Cash at banks		
	Al- Arafah Islami Bank	4,567	75,584
	Islami Bank Ltd.	1,423,689	2,877,904
	Jamuna Bank Ltd	-	20,627
	Shahjalal islami Bank Ltd.	5,632	169,181
	Southeast Bank Ltd	135,048	238,808
	Standard Bank Limited	299,728	10,282
	Dutch Bangla Bank Ltd.	2,380,678	3,027,302
	One Bank Ltd.	513	53,030
	Mutual Trust Bank Ltd.	87,398	1,100,270
	Trust Bank Ltd.	-	83,232
	Modhumoti Bank Ltd.	-	976,679
	United Commercial Bank Ltd.	-	336
	Mercantile Bank Ltd.	2,710	2,710
	IFIC Bank Ltd.	110,382	111,222
	Pubali Bank Ltd.	808,246	1,954,089
	Bank Asia Ltd.	5,000	5,000
	Bangladesh Commerce Bank Ltd.	18,485	20,000
	First Security islami Bank Ltd.	5,233	10,000
	Agrani Bank Limited	7,068	10,000
	The premier Bank Ltd.	7,407	-
		5,301,784	10,746,256

		Amount in Taka	
Particulars		June 30, 2020	June 30, 2019
12.00	Authorized Capital:		
	50,000,000 Ordinary Shares @ Tk. 10 each	500,000,000	500,000,000
	Issued, Subscribed and Paid-up Capital	100,000,000	100,000,000
	10,000,000 Ordinary Shares @ Tk. 10 each		
	Navana CNG Limited	99,999,950	99,999,950
	Non -controlling interest (Sponsors)	50	50
		100,000,000	100,000,000
13.00	Retained earnings		
	Opening balance	377,410,198	372,082,975
	Adjustment for the application of IFRS-16 (Lease)	(292,724)	-
	Add: Net profit for the year	5,776,110	5,327,223
	Closing balance	382,893,584	377,410,198
14.00	Calculation of Deferred tax:		
	Deferred tax for temporary difference	64,281,787	66,526,829
	DeferreTax on Unrealized Gain	-	-
		64,281,787	66,526,829
14.01	Deferred tax for temporary difference of PPE		
	Accounting Base WDV	1,386,750,576	1,376,456,425
	Tax Base WDV	1,076,357,828	1,114,977,837
	Temporary difference	310,392,747	261,478,588
	Less: Unabsorbed Depreciation	(112,602,633)	(71,401,932)
	Taxable temporary difference	197,790,115	190,076,656
	Tax rate	32.5%	35.0%
	Deferred tax liabilities	64,281,787	66,526,829
	Less: Opening balance	66,526,829	62,389,450
	Current deferred tax	(2,245,042)	4,137,379
14.02	Deferred tax on unrealized gain		
	Opneing Balance	-	380,119
	Add: Addition during the year	-	-
		-	380,119
	Less: Adjustment During the year	-	(380,119)
		-	-
15.00	Long Term Loan-Net of current portion		
	One Bank Limited, Gulshan Br.	1,259,741,868	1,005,117,720
	Mutual Trust Bank limited	2,698,555	19,558,285
	Standard Bank Limited	74,146,285	97,694,645
	Due to Director	86,933,137	86,933,137
		1,423,519,845	1,209,303,787
	Less: Long Term Loan- Current portion	457,915,910	293,700,266
	Long Term Loan-Net of current portion	965,603,935	915,603,521
15.01	Due to Director		
	Opening Balance	86,933,137	86,933,137
	Add: during the year	-	-
		86,933,137	86,933,137
This represents un-secured and Interest free loan from Mr.Shafiul Islam, chairman.			
16.00	Short-term loan		
	One Bank Limited, Gulshan Br.	556,526,993	668,182,797
	Shahjalal Islami Bank Limited, Gulshan Br.	192,766,351	174,637,406
		749,293,344	842,820,203

Particulars		Amount in Taka	
		June 30, 2020	June 30, 2019
17.00 Inter Company Payable			
Navana CNG Ltd.		21,062,105	21,062,105
Navana Real Estate Ltd.		315,800,000	303,800,000
Navana LPG Ltd.		164,091,976	164,091,976
Navana Contrution Ltd.		33,384,000	33,384,000
		534,338,081	522,338,081
18.00 Provision for income tax			
Opening balance		117,713,003	112,661,892
Add: provision during the year		4,182,391	5,051,111
		121,895,394	117,713,003
Less: Tax paid/adjusted during the year		-	-
Closing balance		121,895,394	117,713,003
19.00 Payables & accrual			
Liabilities for Expenses		9,549,621	12,380,029
Workers profit participation fund		15,401,901	13,407,346
Sundry payables		18,749,917	25,480,967
		43,701,439	51,268,342
20.00 Revenue (net)			
HDPE Pipe		104,716,522	119,664,293
HDPE Fittings		1,423,321	25,573,351
PPR Pipe Fittings		1,309,171	-
PPR Pipe		8,048,813	12,475,667
uP V C Pipe		387,397,139	384,800,998
uP V C Pipe Fitting		30,852,320	37,672,330
Cpvc pipe		-	3,391,549
Plastic Item		122,408,513	43,390,494
Gas stove		11,469,718	8,867,978
Sink		2,158,436	900,886
Battery container		13,839,370	21,479,698
Water pump		13,240,043	-
Plastic Item (Exempted goods)		-	119,230,581
Exported item (Exempted goods)		-	465,481
		696,863,366	777,913,306
21.00 Cost of goods sold			
Raw materials Consumed	21.01	429,991,149	547,246,045
Add: Factory overhead	21.02	143,130,777	152,272,810
		573,121,926	699,518,855
Add: Opening Work in Process		55,522,587	33,642,717
		628,644,513	733,161,572
Less : Closing Work in Process		125,241,103	55,522,587
		503,403,410	677,638,985
Add: opening finished goods		702,548,041	552,858,831
		1,205,951,451	1,230,497,816
Less: Closing finished goods		740,321,794	702,548,041
		465,629,657	527,949,775

		Amount in Taka	
Particulars		July 01, 2019 to June 30, 2020	July 01, 2018 to June 30, 2019
21.01	Raw materials		
	Opening stock of raw materials	93,419,828	51,700,688
	Add: Purchased during the year	362,760,837	588,965,185
		456,180,665	640,665,873
	Less: Closing stock of raw material	26,189,516	93,419,828
		429,991,149	547,246,045
21.02	Factory overhead		
	Salary & Allowances	4,662,295	4,536,398
	Labour & wages	11,585,606	21,198,994
	Gas for Generator & others	1,241,055	760,613
	Electricity expenses	42,924,156	53,197,466
	Factory Repair & maintenance	854,672	1,234,896
	Loading & unloading expenses	1,959,889	1,135,645
	Canteen expenses	657,064	381,568
	Stationery	754,411	218,395
	Postage, Courier & mobile bill	311,590	530,375
	Security service	27,000	1,098,679
	Others Expenses	253,202	161,760
	Conveyance	126,630	-
	Office Maintenance	419,267	-
	Fire insurance premium	3,276,924	-
	Depreciation (Annexure-A)	72,791,005	66,392,980
	Amortization (Annexure-B)	1,286,011	1,425,040
		143,130,777	152,272,810
22.00	Administration and selling expense		
	Salary & allowances	21,949,275	33,791,595
	Audit Fee	57,500	57,500
	ISO audit Fee	134,400	-
	Bank charge	901,162	2,199,010
	Board meeting attendance fee	100,000	172,500
	Telephone & mobile bill	1,706,146	2,166,030
	Conveyance	1,006,732	1,187,344
	Electrical expense	30,650	20,589
	Entertainment	938,836	1,126,804
	Internet expenses	857,317	542,990
	Transport Expenses	6,600	271,141
	Newspaper & periodicals	800	5,376
	Office maintenance	607,162	907,716
	Distribution expenses	6,756,033	6,670,918
	Photocopy expense	1,028	41,174
	Postage & stamp	75,131	23,190
	Printing expense	829,078	342,613
	Stationery expense	228,491	181,125
	Registration & renewals	998,851	2,790,152
	Fuel & Diesel expenses	1,925,272	1,697,643
	Vehicle maintenance	1,354,392	1,903,998
	TA/DA Expense	1,149,510	1,483,939
	Security Guard	428,678	1,103,741
	Advertisement	278,020	543,018
	Electricity	116,260	259,715
	Office/Depot rent	94,000	770,750

Particulars		Amount in Taka	
		July 01, 2019 to June 30, 2020	July 01, 2018 to June 30, 2019
	Other interest expenses	1,608,882	1,358,739
	Depreciation of Right of use asset	727,782	-
	Depreciation (Annexure-A)	18,197,751	16,598,245
	Amortization (Annexure-B)	321,503	356,260
		63,387,241	78,573,815
23.00	Income tax Expense		
	Current tax	23.01 4,182,391	5,051,111
	Deferred tax	23.02 (2,245,042)	4,137,379
		1,937,349	9,188,490
23.01	Current tax		
	Current Tax Expenses (Higher of A, B & C)	4,182,391	5,051,111
		4,182,391	5,051,111
	A. Income Tax on Regular rate		
	Profit Before Tax	7,713,459	14,515,714
	Less: capital Gain on sale of Share	-	(2,694,630)
	Add: accounting Depreciation	90,988,756	82,991,226
	Add: accounting Amortization	1,607,514	1,781,300
		100,309,729	96,593,609
	Less: Tax base Depreciation	141,510,430	167,995,542
		(41,200,701)	(71,401,933)
	Unabsorbed Depreciation	41,200,701	71,401,933
	Taxable Business Income	-	-
	Income tax @32.5% on Business Income	-	-
	Tax on Capital Gain on sale of Share @ 10%	-	269,463
		-	269,463
	B) Income Tax Paid at Source (U/S 82(c)(2))		
	Tax deducted by Customer	1,178,375	4,951,111
	Tax deducted at source (Trade license)	3,000	-
	Tax deducted at source (Vehicle)	168,000	100,000
		1,349,375	5,051,111
	C) Minimum Tax on Gross Receipt (under section 82(c)(4)(a))		
	Gross receipt on Business income and Other Income	697,065,166	780,607,936
	Minimum Tax @ .60%	4,182,391	4,683,648
23.02	Deferred Tax		
	This is made up as follows:		
	Deferred Tax Liabilities	64,281,787	66,526,829
	Less : Opening Balance	66,526,829	62,389,450
	Current Deferred Tax	(2,245,042)	4,137,379
24.00	Reconciliation of Cash Flows from operating activities under indirect method:		
	Net profit/ (loss) before interest & income tax during the year	169,657,149	173,358,561
	Adjustments to reconcile net income to net cash provided by operating activities:		
	Int. on Lease liability	240,878	-
	Payment of Lease liability	(1,116,000)	-
	Depreciation	93,324,052	84,772,526
	Income tax paid during the year	(7,156,413)	(29,072,275)

Particulars

Changes in current assets and liabilities :

Decrease/increase in inventories

Increase/ Decrease in trade receivable

Increase/Decrease in advance and prepayments

Increase/Decrease in payable & accrual

Total cash flow from operating activities- Indirect Method*

Total cash flow from operating activities- direct Method*

Difference

Amount in Taka	
July 01, 2019 to June 30, 2020	July 01, 2018 to June 30, 2019
(61,684,389)	(155,263,204)
(55,066,971)	(105,873,009)
(44,312,741)	(42,392,200)
(9,561,458)	11,595,397
84,324,108	(62,874,204)
84,324,108	(62,874,204)
84,324,108	(62,874,204)
-	-

* Details in the statement of cash flows

Navana Engineering Limited
Schedule of Property, plant and equipment
As at June 30, 2020

Annexure-A

Particulars	Cost		Rate of Dep	Depreciation		Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year		As at 01.07.2019	Charged dur. the year	
Land and land development	454,894,508	60,989,000	0%	-	-	515,883,508
Building & Shed	409,334,643	22,298,696	10%	71,122,479	34,099,950	326,410,910
Plant & Machinery	647,360,792	5,820,144	10%	145,183,543	50,241,975	457,755,417
Tools & equipment	83,392,401	626,775	10%	28,303,487	5,516,726	50,198,963
Furniture & fixtures	3,684,477	623,306	10%	1,016,206	290,201	3,001,376
Motor vehicle	12,149,980	12,185,000	10%	4,766,363	839,903	18,728,713
Total	1,610,816,801	102,542,921		250,392,078	90,988,756	1,371,978,888

Depreciation Charged to :

Cost of good sold
 Administrative & selling Expenses

TK

72,791,005
 18,197,751
90,988,756

Navana Engineering Limited
Schedule of Intangible Asset
As at June 30, 2020

Annexure-B

Particulars	Cost		Rate of Dep	Amortization		Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year		As at 01.07.2019	Charged dur. the year	
Software System	19,810,932	347,500	10%	3,779,231	1,607,514	14,771,687
Total	19,810,932	347,500		3,779,231	1,607,514	14,771,687

Amortization Charged to :

Cost of good sold
 Administrative & selling Expenses

TK

1,286,011
 321,503
1,607,514

Navana Engineering Limited
Schedule of Right of Use Assets
As at June 30, 2020

Annexure-C

Particulars	Cost			Depreciation			Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year	As at 30.06.2020	As at 01.07.2019	Charged dur. the year	As at 30.06.2020	
Right of use assets	-	2,941,171	2,941,171	-	727,782	727,782	2,213,389
Total	-	2,941,171	2,941,171	-	727,782	727,782	2,213,389

Independent Auditor's Report

To
NAVANA WELDING ELECTRODE LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of NAVANA WELDING ELECTRODE LIMITED which comprise the Statement of Financial Position as at JUNE 30, 2020, and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Shareholder's Equity, Statement of Cash Flows for the year ended at JUNE 30, 2020 and a summary of significant accounting policies and other explanatory information disclosed in Note 1- 22.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at JUNE 30, 2020, its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conduct 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) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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 for 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. We significantly focused on all incomes & all expenditures, all additions of fixed Assets, all investments on FDR.

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. We have not been provided the Director's report and other information contained within the annual report except the financial statements to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.

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.

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

We have nothing to report on 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.

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 IFRS so other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Head Office: Shamsunnahar & Wazi Complex, 8th Floor, Suite-9B, 31/c/1, Tophkana Road, Segunbhagicha, Dhaka-1000

Tel: 57160824, Fax: +880-2-57160821, e-mail: kzkc48@gmail.com, kzke_bd@yahoo.com

Branch Office: 281/3, jafraabad (sankor), Ground Floor, West Dhanmondi, Dhaka-1207, Tel: 924642, e-mail: mahmudkzkebd@gmail.com

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgments 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.

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, other applicable laws & Regulation. 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 purpose of our audit and made due verification thereof;

b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;

c) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company together with the annexed notes dealt with by the report are in agreement with the books of account and return.

Dated: Dhaka
October 15, 2020



Md. Nurul Hossain Khan, FCA
Membership No.240
Kazi Zahir Khan & Co.
Chartered Accountants

Navana Welding Electrode Limited

Statement of Financial Position

As at June 30, 2020

Particulars	Notes	Amount in Taka	
		June 30, 2020	June 30, 2019
Assets			
Non-current assets			
Property, plant and equipment	4	285,872,855	293,057,369
Right of use asset		2,365,346	-
Intangible Assets	5	943,716	1,048,573
Total Non-Current assets		289,181,917	294,105,942
Current assets			
Inventories	6	114,551,016	87,270,484
Trade receivables	7	45,641,919	44,321,008
Inter company Receivable	8	149,634,300	93,230,000
Advances, deposits & prepayments	9	71,303,282	49,432,149
Cash & Cash equivalent	10	104,863,083	129,583,636
Total current assets		485,993,600	403,837,277
Total assets		775,175,517	697,943,219
Equity and liabilities			
Equity			
Share capital	11	100,000,000	100,000,000
Retained earnings	12	181,659,650	136,737,764
Total equity		281,659,650	236,737,764
Non-current liabilities			
Term Loan	13	99,679,389	99,679,389
Lease Liability		2,224,890	-
Deferred tax liabilities	14.02	27,151,416	31,823,649
		129,055,695	131,503,038
Current liabilities			
Short-term loan	15	93,104,647	80,739,596
Inter company Payable	16	162,012,238	177,012,238
Provision for income tax	17	80,808,457	58,392,153
Payables & accruals	18	28,534,830	13,558,430
Total current liabilities		364,460,172	329,702,417
Total Liabilities		493,515,867	461,205,455
Total equity & liabilities		775,175,517	697,943,219
Net assets value per share		28.17	23.67

The annexed notes 1 to 22 & annexure-A to C form an integral part of these financial statements.



Director



Director



Company Secretary

Signed in term of our separate report of event date

Place: Dhaka
Dated: 15.10.2020



Kazi Zahir Khan & Co.
Chartered Accountants

Navana Welding Electrode Limited
Statement of Profit or Loss and other comprehensive income
For the year ended June 30, 2020

Particulars	Notes	Amount in Taka	
		June 30, 2020	June 30, 2019
Revenue (net)		512,051,960	518,744,052
Less: Cost of sales	19	382,246,765	390,438,853
Gross profit		129,805,195	128,305,199
Less: Administrative and selling expenses	20	58,830,414	55,045,736
Less: Interest expenses		9,617,201	11,603,155
Operating profit		61,357,580	61,656,308
Add: Other income	21	4,519,432	4,171,095
Less: Foreign exchange loss		-	25,038
Profit before contribution to WPPF		65,877,012	65,802,365
Less: Contribution to WPPF		3,137,001	3,133,446
Profit before tax		62,740,011	62,668,919
Less: Income tax expenses		17,744,071	21,934,122
Current tax	14. 01	22,416,304	20,674,617
Deferred tax	14. 02	(4,672,233)	1,259,505
Total Comprehensive Income for the year		44,995,940	40,734,797
Earnings per share		4.50	4.07

The annexed notes 1 to 22 & annexure-A to C form an integral part of these financial statements.


Director


Director


Company Secretary

Signed in term of our separate report of event date

Place: Dhaka
Dated: 15.10.2020


Kazi Zahir Khan & Co.
Chartered Accountants

Navana Welding Electrode Limited

Statement of Changes in Equity For the year ended June 30, 2020

Particulars	Share capital	Retained Earnings	Total
Balance at July 01, 2018	100,000,000	96,002,967	196,002,967
Net profit for the year	-	40,734,797	40,734,797
Balance at June 30, 2019	<u>100,000,000</u>	<u>136,737,764</u>	<u>236,737,764</u>
Balance at July 01, 2019	100,000,000	136,737,764	236,737,764
Adjustment for the application of IFRS-16 (Lease)		(74,054)	(74,054)
Net profit for the year	-	44,995,940	44,995,940
Balance at June 30, 2020	<u>100,000,000</u>	<u>181,659,650</u>	<u>281,659,650</u>


 Director


 Director


 Company Secretary

Signed in term of our separate report of event date

Place: Dhaka
Dated: 15.10.2020


 Kazi Zahir Khan & Co.
 Chartered Accountants

Navana Welding Electrode Limited

Statement of Cash Flows

For the year ended June 30, 2020

Particulars	Notes	Amount in Taka	
		June 30, 2020	June 30, 2019
A. Cash flows from operating activities			
Receipts from customers		510,731,049	518,110,025
Receipts of other income		4,519,432	4,171,095
Foreign exchange loss		-	(25,038)
Payments for materials, services and expenses		(442,856,711)	(455,122,027)
		72,393,770	67,134,055
Income tax paid		(15,654,916)	(16,312,980)
Net cash Inflow by operating activities	22	56,738,854	50,821,075
B. Cash flows from investing activities			
Acquisition of property, plant and equipment		(12,802,957)	(1,282,656)
Net cash used by investing activities		(12,802,957)	(1,282,656)
C. Cash flows from financing activities			
Inter company receivable		(56,404,300)	(26,730,000)
Interest paid		(9,617,201)	(11,603,155)
Inter company payable		(15,000,000)	-
Short-term loan		12,365,051	8,594,006
Net cash inflows from financing activities		(68,656,450)	(29,739,149)
D. Net changes in cash and cash equivalents (A+B+C)		(24,720,553)	19,799,270
Cash and cash equivalents at the beginning of the year		129,583,636	109,784,366
E. Cash and cash equivalents at the end of the year		104,863,083	129,583,636


 Director


 Director


 Company Secretary

Place: Dhaka
 Dated: 15.10.2020


Kazi Zahir Khan & Co.
 Chartered Accountants

NAVANA WELDING ELECTRODE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2020 FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

1.00 Reporting Entity

Navana Welding Electrodes Limited is a private limited company which was incorporated in 2011 with Registrar of Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act, 1994 as a subsidiary with 99.99% shares owned by Navana CNG Limited. The company started its commercial operation from January 01, 2013.

1.02 Nature of Business

The principal activities of the company are manufacturing, importing, exporting, trading and marketing of all types of welding electrode rod, welding and cutting equipments, cutting rod, welding and cutting consumables etc. and all kind of welding flux chemical, associated chemicals, welding wire rod, industrial and all purpose commercial use.

1.03 Components of Financial Statements

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

1.04 Operating Segments

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

2.00 Basis of Presentation of Financial Statements

2.01 Basis of Measurement

The financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non current assets.

2.02 The financial statements are prepared and presented for external users by the enterprise in accordance with identified reporting framework. Presentation has been made in compliance with the standards adopted by the ICAB for reporting, IAS-1 Presentation of Financial Statements.

2.03 Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1994 and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRS's) including International Accounting Standards (IAS's).

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 state ments as per requirements of Companies Act, 1994.

2.08 Comparative Figures

Comparative figure and account titles in the financial statements have been re-arranged and classified, where necessary, to conform with changes in presentation in the current year.

2.09 Events after the Reporting Period

Where necessary all the material events after the reporting period have been considered and appropriate adjustment/disclosure have been made in the financial statements.

2.10 Reporting Period

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

2.11 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 15th day of October, 2020.

3.00 Accounting Principles and Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements:

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 wher 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:

Category of Fixed Assets	Rate of Depreciation
Land and Land Development	--
Building & Shed	10%
Plant & Machinery	10%
Cylinder	10%
Tools & Equipment	10%
Furniture & Fixture	10%
Motor Vehicle	10%

Depreciation has been allocated to factory overhead and administrative overhead.

3.02 Leases

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

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

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

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

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

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

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

The company has no operating leases.

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

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

3.03 Revenue Recognition (IFRS-15)

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 consideration received or receivable. Revenue recognized when the policies are made.

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

- . Identify the contract with a customer;
- . Identify the performance obligations in the contract;
- . Determine the transaction price;
- . Allocate the transaction price to the performance obligations in the contract; and
- . Recognize revenue when (or as) the entity satisfies a performance obligation.

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

3.04 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.

Category of Inventories

Raw Materials
 Work-in-progress
 Finished Goods

Basis of Valuation

Weighted Average Cost Method
 Weighted Average Cost Method
 Weighted Average Cost Method

3.05 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.

3.06 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.

3.07 Cash and Cash Equivalents

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

3.08 Liabilities and Basis of their Valuation

3.08.1 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.

3.08.2 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.

3.08.3 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.

3.09 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".

3.10 Income Tax Expenses

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the comprehensive income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(a) Current Tax

Income tax is calculated and provision has been made in accordance with BAS -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".

3.11 Related Party Disclosure

During the period, The Company carried out a number of transactions with related parties in the normal course of Business. The name of the related parties, Nature of transaction and transaction value has been set out in accordance with the provisions of IAS 24: Related Party Disclosure:

Name of related Party	Relationship	Nature of Transaction	Outstanding Receivable/(Payable)
Navana CNG Limited	Parent Company	Working Capital	(107,012,238)
Navana CNG Limited	Parent Company	Inter Company receivable	33,000,000
Navana Engineering Ltd.	Sister Concern	Interest Free Loan	(55,000,000)
Term Loan	Loan from Chairman	Interest Free Loan	(99,679,389)
Navana LPG Limited	Sister Concern	Inter Company receivable	76,500,000
Board meeting fee	Director	Interest Free Loan	105,000
Navana Limited	Alliance Company	Inter Company receivable	4,704,300
Navana Real Estate Ltd.	Alliance Company	Inter Company receivable	11,230,000
Aftab Automobiles Ltd.	Alliance Company	Inter Company receivable	19,200,000
Navana Furniture Ltd.	Alliance Company	Inter Company receivable	5,000,000

3.12 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.

3.13 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.

3.14 General

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

Navana Welding Electrode Limited

Notes to the financial statements
For the year ended June 30, 2020

		Amount in Taka	
		June 30, 2020	June 30, 2019
4.00	Property, plant and equipment net		
	Land and land development	102,324,202	102,324,202
	Building & civil construction	64,215,242	71,350,269
	Plant & machinery	75,164,554	79,901,621
	Office equipment	5,938,435	5,629,296
	Furniture & fittings	3,403,079	3,347,608
	Electrical equipment	19,552,609	20,349,972
	Vehicles	15,274,734	10,154,401
		285,872,855	293,057,369
	*An elaborate schedule of PPE are shown in annexure -A.		
5.00	Intangible Assets		
	Software Syatem	943,716	1,048,573
		943,716	1,048,573
	*An elaborate schedule of intangible assets are shown in annexure -B.		
6.00	Inventories		
	Raw materials	54,516,783	43,889,363
	Work-in-process	2,887,572	12,664,217
	Finished goods	6,572,435	6,122,428
	Stock In Transit	39,690,453	20,885,695
	Spare parts	10,718,440	3,334,765
	Fuel	165,333	374,016
		114,551,016	87,270,484
7.00	Trade receivables		
	Sylhet Zone	1,003,938	1,617,729
	Jessore Zone	1,695,924	4,863,140
	Kustia Zone	1,828,777	-
	Dhaka South zone	13,414,607	10,420,610
	Dhaka North zone	5,689,994	5,780,548
	Rajshahi Zone	867,752	1,239,250
	Rangpur Zone	483,195	698,672
	Chitta. South Zone	6,565,677	4,666,488
	Chitta. North Zone	4,215,394	3,550,796
	Barishal Zone	783,313	1,174,499
	Corporate	8,968,015	10,309,276
	Receivable from Employees' provident fund	125,333	-
		45,641,919	44,321,008

		Amount in Taka	
		June 30, 2020	June 30, 2019
8.00	Inter company Receivable		
	Navana LPG Ltd.	76,500,000	46,500,000
	Navana CNG Limited	33,000,000	33,000,000
	Navana Limited	4,704,300	1,500,000
	Navana Furniture limited	5,000,000	5,000,000
	Navana Real Estate limited	11,230,000	7,230,000
	Aftab Automobiles Ltd.	19,200,000	-
		149,634,300	93,230,000
9.00	Advances, deposits & prepayments		
	Advance Income Tax	61,013,654	45,358,738
	Advance to Suppliers	1,411,974	556,090
	Earnest Money & Security Deposit	1,560,300	1,580,300
	Security Deposit Bangladesh Railway	125,000	892,985
	Advance House Rent	347,123	180,000
	Vat Current Account	5,625,744	136,434
	Advance against employee	1,120,927	629,042
	Advances against other	98,560	98,560
		71,303,282	49,432,149
9.01	Advance Income Tax		
	Opening Balance	45,358,738	29,045,758
	Add: Addition during the year	15,654,916	16,312,980
		61,013,654	45,358,738
	Less : Adjustment during the year	-	-
	Closing Balance	61,013,654	45,358,738
10.00	Cash & Cash equivalent		
	Cash in hand	1,318,281	4,114,174
	Cash at banks :		
	Fixed Deposit Receipt (FDR)	79,049,539	75,127,254
	Bank Balances	24,495,263	50,342,208
		104,863,083	129,583,636
10.01	The bank balances consists of :		
	Fixed Deposit Receipt (FDR) :		
	Shahjalal Islami Bank Ltd.	13,042,847	12,362,922
	Mercentile Bank Ltd.	36,094,198	34,209,158
	Standard Bank Ltd.	7,389,602	7,163,208
	State Bank of India	22,522,892	21,391,966
		79,049,539	75,127,254

		Amount in Taka	
		June 30, 2020	June 30, 2019
10.02 Bank Balances :			
Al-Arafah Bank Ltd.		32,912	30,602
Dutch Bangla Bank Ltd.		10,023,607	23,308,017
Mercantile Bank Ltd.		391,345	397,025
Prime Bank Ltd.		36,432	37,626
Mutual Trust Bank Ltd.		4,103,637	11,131,610
Bank Asia Ltd.		3,539,509	5,944,238
Shahjalal Islami Bank Ltd.		1,134,888	5,088,175
Standard Bank Ltd.		7,098	13,467
Islami Bank Ltd.		555,532	304,460
Sonali Bank Ltd.		640,419	1,226,451
United commercial Bank Ltd.		3,769	1,510,614
Jamuna Bank Ltd.		28,860	26,550
State Bank of India		3,095,768	1,168,746
IFIC Bank Ltd.		153,787	154,627
Premier Bank Ltd.		747,700	-
		24,495,263	50,342,208
11.00 Authorized Capital:			
50,000,000 Ordinary Shares @ Tk. 10 each		500,000,000	500,000,000
Issued, Subscribed and Paid-up Capital			
10,000,000 Ordinary Shares @ Tk. 10 each		100,000,000	100,000,000
Navana CNG Limited		99,999,950	99,999,950
Non -controlling interest (Sponsors)		50	50
		100,000,000	100,000,000
12.00 Retained earnings			
Opening balance		136,737,764	96,002,966
Adjustment for the application of IFRS-16 (Lease)		(74,054)	-
Add: Total Comprehensive Income for the year		44,995,940	40,734,797
Closing balance		181,659,650	136,737,764
13.00 Term Loan			
Due to Director (13.01)		99,679,389	99,679,389
13.01 Due to Director (Mr. Shafiul Islam, Chairman)			
Opening Balance		99,679,389	99,679,389
Add: during the year		-	-
		99,679,389	99,679,389
Less: Paid during the year		-	-
		99,679,389	99,679,389

This represents un-secured and Interest free loan from Mr.Shafiul Islam, chairman.

		Amount in Taka	
		June 30, 2020	June 30, 2019
14.00	Calculation of Tax:		
14 .01	Current Tax		
	Profit Before Tax	62,740,011	62,668,919
	Add. Disallowable Depreciation	19,987,472	21,157,956
	Add. Disallowable Amortization	104,857	116,508
	Add. Gratuity provision	9,700,000	-
		92,532,341	83,943,384
	Less: Allowable Depreciation	22,339,043	24,730,267
	Less: Allowable Amortization	71,392	142,784
	Less: Gratuity paid	1,148,662	-
		68,973,243	59,070,333
	Current Tax 32.5%	22,416,304	20,674,617
	Current Tax	22,416,304	20,674,617
14 .02	Deferred tax:		
	Taxable temporary difference	30,303,916	31,823,649
	Deferred tax for Gratuity	(3,152,500)	-
		27,151,416	31,823,649
	Taxable temporary difference	93,242,818	90,924,711
	Tax rate	32.5%	35.0%
	Deferred tax liabilities	30,303,916	31,823,649
	Less: Opening balance	31,823,649	30,564,144
	Provision for deferred tax	(1,519,733)	1,259,505
	Deferred tax expense/(income) for the year	(3,152,500)	-
		(4,672,233)	1,259,505
14.03	Deferred Tax for Gratuity Provision		
	Closing Provision	9,700,000	-
	Applicable rate	32.5%	-
	Closing deferred tax for gratuity provision	3,152,500	-
	Less: Opening deferred tax for gratuity provision	-	-
	Deferred tax expense/(income) for the year	(3,152,500)	-
15.00	Short-term loan		
	Shahjalal Islami bank Ltd.	93,104,647	74,185,980
	State Bank of India	-	6,553,616
		93,104,647	80,739,596
16.00	Inter company Payable		
	Navana CNG Limited	107,012,238	107,012,238
	Navana Engineering Limited	55,000,000	70,000,000
		162,012,238	177,012,238

		Amount in Taka	
		June 30, 2020	June 30, 2019
17.00	Provision for income tax		
	Opening balance	58,392,153	37,717,536
	Add: Provision during the year	22,416,304	20,674,617
		80,808,457	58,392,153
	Less: Tax paid/adjusted during the year	-	-
	Closing balance	80,808,457	58,392,153
18.00	Payables & accruals		
	Liabilities for Expenses	13,742,280	3,768,579
	Workers profit participation fund	10,119,662	6,234,519
	Sundry payables	3,905,386	3,243,117
	Provision for doubtful debts	767,502	312,215
		28,534,830	13,558,430
		Amount in Taka	
		Jul 1, 2019 to June 30, 2020	Jul 1, 2018 to June 30, 2019
19.00	Cost of goods sold		
	Raw materials	19.01 318,309,040	334,907,667
	Factory overhead	19.02 46,096,376	44,865,954
	Direct Labour	8,514,711	8,918,452
		372,920,127	388,692,073
	Add: Opening Work in Process	12,664,217	11,185,358
		385,584,344	399,877,431
	Less: Closing Work in Process	2,887,572	12,664,217
		382,696,772	387,213,214
	Add: opening stock of finished goods	6,122,428	9,348,067
		388,819,200	396,561,281
	Less: Closing stock of finished goods	6,572,435	6,122,428
		382,246,765	390,438,853
19.01	Raw materials		
	Opening stock of raw materials	43,889,363	32,215,520
	Add: Purchase for the year	328,936,460	346,581,510
		372,825,823	378,797,030
	Less: Closing stock of raw materials	54,516,783	43,889,363
		318,309,040	334,907,667

		Amount in Taka	
		July 01,2019 to June 30,2020	July 01,2018 to June 30,2019
19.02	Factory overhead		
	Salary & Allowance	11,890,303	10,726,512
	Q.C Test	386,528	393,780
	Cleaning & Washing Exp	3,500	2,500
	Carrying charge	10,350	2,000
	Conveyance	117,370	214,760
	Dress & Uniform	22,212	21,580
	Electrical Expenses	290,405	306,672
	Entertainment expenses	1,482,705	1,456,839
	Fuel Expenses	2,559,483	2,582,573
	Insurance expenses	-	65,250
	Labour Charge	10,750	144,020
	Medical Expenses	32,696	17,293
	Oil & Lubricant exp	205,846	200,569
	Paper & Periodical	2,530	3,850
	Stationery	44,860	86,791
	Spare Parts	4,982,220	2,974,679
	Repair & Maintenance	1,149,699	1,790,447
	Office Maintenance	580,712	511,337
	Telephone & Mobile Bill	78,938	96,220
	Electricity bill	5,527,779	5,542,338
	Security guard	643,627	706,372
	Depreciation (Annexure-A)	15,989,977	16,926,365
	Amortization (Annexure-B)	83,886	93,206
		46,096,376	44,865,954
20.00	Administration and Selling expense		
	Salary & Allowance	22,788,086	25,049,793
	Gratuity expenses	10,848,662	-
	Conveyance	2,031,535	2,329,639
	Daily Allowance	1,254,765	1,172,330
	Electricity bill	213,488	195,641
	Entertainment	902,159	951,460
	Gas Bill	20,925	28,800
	Internet bill	355,025	318,537
	Labor expenses	1,655,349	1,480,177
	Board meeting attendance fee	105,000	125,000
	Telephone & Mobile Bill	625,283	672,138
	Paper & periodicals	8,166	12,378
	Office Rent	56,924	1,476,648
	Repair and Maintenance	1,991,497	2,092,323
	Office Maintenance	734,280	256,310
	Fuel Expenses	3,013,782	2,693,736
	Postage & Courier	36,712	29,534
	Printing	178,678	139,763
	Stationery	34,384	111,737
	Registration & Renewal Exp	1,217,530	1,526,078
	Service Charges	125,896	68,100
	TA/DA Allowances	2,056,777	2,081,487
	Audit Fee	57,500	57,500
	Bank Charges	384,011	385,037

		Amount in Taka	
		July 01,2019 to June 30,2020	July 01,2018 to June 30,2019
	Bad debts	455,287	312,215
	Transport expenses	802,560	2,722,050
	Miscellaneous expenses	608,979	461,875
	Other interest expenses	748,142	332,258
	Business promotional expenses	951,369	3,708,299
	Depreciation of Right of use asset	549,197	-
	Depreciation (Annexure-A)	3,997,494	4,231,591
	Amortization (Annexure-B)	20,971	23,302
		58,830,414	55,045,736
21.00	Other income		
	Interest income on FDR	4,247,436	4,151,180
	Interest income on STD Account	146,663	19,915
	Forfeited amount Receivable from Employees' Provident Fund	125,333	-
		4,519,432	4,171,095
22.00	Reconciliation of Cash Flows from operating activities under indirect method:		
	Net profit/ (loss) before interest & income tax during the year	76,242,355	77,737,778
	Adjustments to reconcile net income to net cash provided by operating activities:		
	Payment of lease liability	(838,120)	-
	Interest on lease	74,413	-
	Depreciation	20,641,526	21,274,464
	Tax paid	(15,654,916)	(16,312,980)
	Changes in current assets and liabilities :		
	Decrease/Increase in inventories	(27,280,532)	(32,188,268)
	Increase/ Decrease in trade receivable	(1,320,911)	(634,027)
	Increase/Decrease in advance and prepayments	(6,216,218)	1,275,254
	Increase/Decrease in payable & accrual	11,091,257	(331,147)
		56,738,854	50,821,075
	Total cash flow from operating activities- Indirect Method*	56,738,854	50,821,075
	Total cash flow from operating activities- direct Method*	56,738,854	50,821,075
	Difference	-	-

* Details in the statement of cash flows

Navana Welding Electrode Limited
Schedule of Property, plant and equipment
As at June 30, 2020

Annexure-A

Particulars	Cost			Rate of Dep	Depreciation			Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year	As at 30.06.2020		As at 01.07.2019	Charged dur. the year	As at 30.06.2020	
Land and land development	102,324,202	-	102,324,202	0%	-	-	-	102,324,202
Building & civil construction	103,986,689	-	103,986,689	10%	32,636,420	7,135,027	39,771,447	64,215,242
Plant & machinery	153,107,682	3,454,614	156,562,296	10%	73,206,061	8,191,681	81,397,742	75,164,554
Office equipment	9,261,159	942,777	10,203,936	10%	3,631,863	633,638	4,265,501	5,938,435
Furniture & fittings	5,615,284	416,247	6,031,531	10%	2,267,676	360,776	2,628,452	3,403,079
Electrical equipment	39,079,669	1,326,037	40,405,706	10%	18,729,697	2,123,400	20,853,097	19,552,609
Vehicles	17,080,343	6,663,282	23,743,625	10%	6,925,942	1,542,950	8,468,892	15,274,734
Total	430,455,028	12,802,957	443,257,985		137,397,659	19,987,472	157,385,131	285,872,855

Depreciation Charged to :

Cost of good sold
Administrative & selling Expenses

TK

15,989,977
3,997,494
19,987,472

Navana Welding Electrode Limited

Schedule of Intangible asset

As at June 30, 2020

Annexure-B

Particulars	Cost		Rate of Amr.	Amortization		Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year		As at 01.07.2019	Charged dur. the year	
Software system	1,547,700	-	10%	499,127	104,857	943,716
Total	1,547,700	-		499,127	104,857	943,716

Amortization Charged to :

TK

Cost of good sold	83,886
Administrative & selling Expenses	20,971
	104,857

Schedule of Right of Use Assets

As at June 30, 2020

Annexure-C

Particulars	Cost			Depreciation		Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year		As at 01.07.2019	Charged dur. the year	
Right of use assets	-	2,914,542		-	549,197	2,365,346
Total	-	2,914,542		-	549,197	2,365,346

Independent Auditor's Report
To
THE SHAREHOLDERS OF NAVANA LPG LTD.
Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of NAVANA LPG LTD. which comprise the Statement of Financial Position as at JUNE 30, 2020, and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Shareholder's Equity, Statement of Cash Flows for the year ended at JUNE 30, 2020 and a summary of significant accounting policies and other explanatory information disclosed in Note 1- 24.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at JUNE 30, 2020, its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conduct 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) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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 for 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.

We significantly focused on all incomes & all expenditures, all additions of fixed Assets,

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. We have not been provided the Director's report and other information contained within the annual report except the financial statements to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.

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.

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

We have nothing to report on 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.

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 IFRS so other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Head Office: Shamsunnahar & Wazi Complex, 8th Floor, Suite-9B, 31/c/1, Tophkana Road, Segunbhagicha, Dhaka-1000

Tel: 57160824, Fax: +880-2-57160821, e-mail: kzkc48@gmail.com, kzke_bd@yahoo.com

Branch Office: 281/3, jafarabad (sankor), Ground Floor, West Dhanmondi, Dhaka-1207, Tel: 924642, e-mail: mahmudkzkebd@gmail.com

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgments 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.

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, Other applicable laws & Regulation. 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 purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
- c) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company together with the annexed notes dealt with by the report are in agreement with the books of account and returns.

Dated: Dhaka
October 15, 2020


Md. Nurul Hossain Khan, FCA
Membership No.-240
KaziZahir Khan & Co.
Chartered Accountants

Navana LPG Limited
Statement of Financial Position
As at June 30, 2020

Particulars	Notes	Amount in Taka	
		June 30, 2020	June 30, 2019
Assets :			
Non- current assets			
Property, plant and equipment	4	4,299,016,262	4,239,522,841
Intangible Assets	5	8,060,271	856,014
Right of use asset		1,219,645	-
Capital Work-in-progress	6	662,448,307	939,992,307
Long-term security deposit	7	10,828,092	10,828,092
Deferred tax assets	8	284,383,695	156,322,835
Total Non-current assets		5,265,956,272	5,347,522,089
Current assets			
Inventories	9	518,325,186	353,286,301
Accounts receivable	10	250,043,439	187,445,703
Advance against land		15,000,000	15,000,000
Other receivables		194,847,420	194,883,822
Inter/Sister company receivable	11	530,527,810	395,977,810
Advances, deposits & prepayments	12	364,993,403	366,105,020
Cash & Bank Balances	13	4,762,378	51,209,217
Total current assets		1,878,499,636	1,563,907,873
Total assets		7,144,455,908	6,911,429,962
Equity & Liabilities :			
Equity			
Share Capital	14	1,000,000	1,000,000
Retained earnings	15	(133,527,590)	(110,421,998)
Total Equity		(132,527,590)	(109,421,998)
Non-current Liabilities			
Lease Liability		1,453,038	-
Security Retention Money		650,239,387	1,049,160,084
Long Term Loan- Net of current portion	16	3,269,078,284	3,310,476,427
		3,920,770,709	4,359,636,511
Current liabilities			
Long Term Loan- Current portion	16	780,704,939	535,425,534
Short term Loan	17	1,523,886,074	1,088,236,419
Provision for income tax	18	41,711,122	21,478,927
Inter company payable	19	964,197,019	934,197,019
Payables & accruals	20	45,713,635	81,877,550
Total Current liabilities		3,356,212,789	2,661,215,449
Total equity & Liabilities		7,144,455,908	6,911,429,962

The annexed notes 1 to 24 & annexure A to C from an integral part of these financial statements


Director


Director

Signed in term of our separate report of event date


Company Secretary

Place: Dhaka
Dated: 15.10.2020


Kazi Zahir Khan & Co.
Chartered Accountants

Navana LPG Limited
Statement of Profit or Loss and other comprehensive income
For the year ended June 30, 2020

Particulars	Note	Amount in Taka	
		June 30, 2020	June 30, 2019
Revenue (net)	21	3,372,032,537	3,013,185,645
Less: Cost of goods sold	22	2,779,210,122	2,482,175,156
Gross profit		592,822,415	531,010,489
Less: Administrative & selling expenses	23	246,777,978	233,493,279
Less: Interest expenses		476,717,691	444,529,785
Operating profit		(130,673,254)	(147,012,575)
Add: Other income		68,158	-
Profit before tax		(130,605,096)	(147,012,575)
Less: Income Tax Expenses		(107,828,664)	(103,727,287)
Current tax		20,232,195	18,079,114
Deferred tax		(128,060,859)	(121,806,401)
Profit after Tax		(22,776,432)	(43,285,288)

The annexed notes 1 to 24 & annexure A to C from an integral part of these financial statements


Director


Director

Signed in term of our separate report of event date


Company Secretary

Place: Dhaka
 Dated: 15.10.2020


Kazi Zahir Khan & Co.
 Chartered Accountants

Navana LPG Limited
Statement of Changes in Equity
For the year ended June 30, 2020

Particulars	Share capital	Retained Earnings	Total
Balance at July 01, 2018	1,000,000	(67,136,710)	(66,136,710)
Net profit/ Loss for the year	-	(43,285,288)	(43,285,288)
Balance at June 30, 2019	1,000,000	(110,421,998)	(109,421,998)
Balance at July 01, 2019	1,000,000	(110,421,998)	(109,421,998)
Adjustment for the application of IFRS-16 (Lease)		(329,160)	(329,160)
Net profit/ Loss for the year		(22,776,432)	(22,776,432)
Balance at June 30, 2020	1,000,000	(133,527,590)	(132,527,590)


Director


Director

Signed in term of our separate report of event date


Company Secretary

Place: Dhaka
Dated: 15.10.2020


Kazi Zahir Khan & Co.
Chartered Accountants

Navana LPG Limited
Statement of Cash Flows
For the year ended June 30, 2020

Particulars	Note	Amount in Taka	
		June 30, 2020	June 30, 2019
Cash flows from operating activities			
Receipts from customers		3,309,434,801	2,825,739,942
Other Received		68,158	-
Payments for materials, services and expenses		(2,875,133,160)	(2,215,125,502)
		434,369,799	610,614,440
Income tax paid		(36,758,997)	(59,048,321)
Net cash Provided by operating activities	24.00	397,610,802	551,566,119
Cash flows from investing activities			
Payments for property, plant and equipment		(180,226,499)	(489,338,713)
Payments for intangible assets		(7,690,400)	(707,500)
Capital Work-in- progress		(29,626,860)	(565,218,410)
Advance for LC margin		114,107,187	(76,886,001)
Security deposit to LP Gas Ltd		-	1,200,000
Other receivables		36,402	2,064,383
Net cash used in investing activities		(103,400,170)	(1,128,886,241)
Cash flows from financing activities			
Inter company Receivable		(134,550,000)	(16,891,710)
Interest paid		(476,717,691)	(444,529,785)
Inter company Payable		30,000,000	9,950,000
Long term loan		203,881,262	279,117,552
Short term Loan		435,649,655	447,338,540
Security Money received		(398,920,697)	340,809,202
Net cash inflows from financing activities		(340,657,471)	615,793,799
Net changes in cash and cash equivalents		(46,446,839)	38,473,677
Cash and cash equivalents at the beginning of the year		51,209,217	12,735,540
Cash and cash equivalents at the end of the year		4,762,378	51,209,217


Director


Director

Signed in term of our separate report of event date


Company Secretary

Place: Dhaka
 Dated: 15.10.2020


Kazi Zahir Khan & Co.
 Chartered Accountants

NAVANA LPG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2020 FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

1.00 Reporting Entity

Navana LPG Limited is a private limited company which was incorporated on the 13th September 2015, Vide Registration number C-125694 of Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act, 1994.

The Registered Office of the Company is located at 214/D, Tejgaon I/A, Dhaka- 1208.

1.02 Nature of Business

The main objectives of the Company are to carry on the business of import, export, indenting and marketing of all types of gases, LPG, LNG, CNG, propene, butane, oxygen, nitrogen, acetylene, nitrous, oxide, medical and commercial oxygen and conversion from petrol, diesel, octane to CNG, LPG light, heavy vehicles alongwith all types of gas cylinder re-fueling station and workshop for manufacturing of cylinder automotive, domestic, commercial and industrial use.

1.03 Components of Financial Statements

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

1.04 Operating Segments

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

2.00 Basis of Presentation of Financial Statements

2.01 Basis of Measurement

The financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non current assets.

2.02 The financial statements are prepared and presented for external users by the enterprise in accordance with identified reporting framework. Presentation has been made in compliance with the standards adopted by the ICAB for reporting, IAS-1 Presentation of Financial Statements.

2.03 Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1994 and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRS's) including International Accounting Standards (IAS's).

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

2.07 Responsibility for Preparation and Presentation of Financial Statements

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

2.08 Comparative Figures

Comparative figure and account titles in the financial statements have been re-arranged and classified, where necessary, to conform with changes in presentation in the current year.

2.09 Events after the Reporting Period

Where necessary all the material events after the reporting period have been considered and appropriate adjustment/disclosure have been made in the financial statements.

2.10 Reporting Period

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

2.11 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 15th day of October, 2020

3.00 Accounting Principles and Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements:

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 & Shed	10%
Plant & Machinery	10%
Cylinder	10%
Tools & Equipment	10%
Furniture & Fixture	10%
Motor Vehicles	10%
Software System	10%

Depreciation has been allocated to factory overhead and administrative overhead.

3.02 Leases

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

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

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

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

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

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

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

The company has no operating leases.

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

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

3.03 Revenue Recognition (IFRS-15)

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 consideration received or receivable. Revenue recognized when the policies are made.

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

- * Identify the contract with a customer;
- * Identify the performance obligations in the contract;
- * Determine the transaction price;
- * Allocate the transaction price to the performance obligations in the contract; and
- * Recognize revenue when (or as) the entity satisfies a performance obligation.

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

3.04 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.

Category of Inventories

Raw Materials
Work-in-progress
Finished Goods

Basis of Valuation

Weighted Average Cost Method
Weighted Average Cost Method
Weighted Average Cost Method

3.05 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.

3.06 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.

3.07 Cash and Cash Equivalents

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

3.08 Liabilities and Basis of their Valuation

3.08.1 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.

3.08.2 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.

(3) 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.

3.08.3 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.

3.09 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”.

3.10 Income Tax Expenses

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the comprehensive income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(3) Current Tax

Income tax is calculated and provision has been made in accordance with BAS -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”.

3.11 Related party Disclosure

During the period, The Company carried out a number of transactions with related parties in the normal course of business. The name of the related parties, nature of transaction and transaction value has been set out in accordance with the provisions of IAS 24: Related Party Disclosure:

Name of Related Party	Relationship	Nature of Transaction	Outstanding Receivable / (Payable)
Navana Construction Ltd.	Alliance Companies	Interest Free Loan	7,500,000
Navana Engineering Ltd.	Sister Concern	Interest Free Loan	164,091,976
Aftab Automobiles Ltd.	Alliance Companies	Interest Free Loan	63,950,000
Navana Limited	Alliance Companies	Interest Free Loan	191,985,834
Navana Electronics Limited	Alliance Companies	Interest Free Loan	10,000,000
Navana Real Estate Ltd.	Alliance Companies	Interest Free Loan	91,000,000
Navana CNG Ltd.	Parent Company	Working Capital	(749,064,319)
Navana CNG Ltd.	Parent Company	Interest Free Loan	(35,760,000)

Navana Welding Electrode Ltd.	Sister Concern	Interest Free Loan	(76,500,000)
Navana Limited	Alliance Companies	Interest Free Loan	(102,872,700)
Board Meeting Fee	Director	Interest Free Loan	(115,000)
Navana Toyota 3s Centre	Alliance Companies	Interest Free Loan	2,000,000

3.12 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.

3.13 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.

3.14 General

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

Navana LPG Limited
Statement of Cash Flows
For the year ended June 30, 2020

Particulars	Note	Amount in Taka	
		June 30, 2020	June 30, 2019
Cash flows from operating activities			
Receipts from customers		3,309,434,801	2,825,739,942
Other Received		68,158	-
Payments for materials, services and expenses		(2,875,133,160)	(2,215,125,502)
		434,369,799	610,614,440
Income tax paid		(36,758,997)	(59,048,321)
Net cash Provided by operating activities		397,610,802	551,566,119
Cash flows from investing activities			
Payments for property, plant and equipment		(180,226,499)	(489,338,713)
Payments for intangible assets		(7,690,400)	(707,500)
Capital Work-in- progress		(29,626,860)	(565,218,410)
Advance for LC margin		114,107,187	(76,886,001)
Security deposit to LP Gas Ltd		-	1,200,000
Other receivables		36,402	2,064,383
Net cash used in investing activities		(103,400,170)	(1,128,886,241)
Cash flows from financing activities			
Inter company Receivable		(134,550,000)	(16,891,710)
Interest paid		(476,717,691)	(444,529,785)
Inter company Payable		30,000,000	9,950,000
Long term loan		203,881,262	279,117,552
Short term Loan		435,649,655	447,338,540
Security Money received		(398,920,697)	340,809,202
Net cash inflows from financing activities		(340,657,471)	615,793,799
Net changes in cash and cash equivalents		(46,446,839)	38,473,677
Cash and cash equivalents at the beginning of the year		51,209,217	12,735,540
Cash and cash equivalents at the end of the year		4,762,378	51,209,217


Director


Director

Signed in term of our separate report of event date


Company Secretary

Place: Dhaka
Dated: 15.10.2020


Kazi Zahir Khan & Co.
Chartered Accountants

Navana LPG Limited
Notes to the financial statements
For the year ended June 30, 2020

		Amount in Taka	
		June 30, 2020	June 30, 2019
4	Property, plant and equipment		
	Land and land development	112,836,864	112,836,864
	Building & Shed	539,412,423	597,583,442
	Plant & Machinery	1,504,417,124	1,337,236,674
	Cylinder	2,010,167,774	2,090,242,614
	Tools & equipment	12,546,315	13,089,442
	Furniture & fixtures	6,311,531	4,638,658
	Motor vehicle	113,324,231	83,895,147
		4,299,016,262	4,239,522,841
	*An elaborate schedule of PPE are shown in annexure -A.		
5	Intangible Assets		
	Software System	8,060,271	856,014
		8,060,271	856,014
	*An elaborate schedule of Intangible Assets are shown in annexure -B.		
6	Capital work in progress		
	Opening Balance	939,992,307	1,285,748,640
	Add: Addition during the year	29,626,860	565,218,410
		969,619,167	1,850,967,050
	Less : Transfer to PPF	307,170,860	910,974,743
	Closing Balance	662,448,307	939,992,307
	Capital Work in progress represents land and land development, civil construction, Plant and mechineries etc .		
7	Long-term security deposit		
	Polli-Bidyut Somity-Bagerhat	5,028,094	5,028,094
	Mongla port authority	5,399,998	5,399,998
	Desco- Nikunja	400,000	400,000
		10,828,092	10,828,092
8	Deferred tax assets		
	Taxable temporary difference	(875,026,753)	(446,636,672)
	Tax rate	32.50%	35.00%
	Deferred tax income	(284,383,695)	(156,322,835)
	Add/Less : Deferred tax adjustment	-	-
		(284,383,695)	(156,322,835)
	Less: Opening balance	(156,322,835)	(34,516,434)
	Current Deferred tax income	(128,060,859)	(121,806,401)

		Amount in Taka	
		June 30, 2020	June 30, 2019
9 Inventories			
Stock in raw materials		93,346,558	17,933,954
Goods in Transit		74,528,695	-
Closing finished goods		350,449,933	335,352,347
		518,325,186	353,286,301
10 Accounts receivables			
Channel Partners & Distribution		168,456,831	122,069,053
Corporate Customer		81,518,450	63,975,729
Customers for Scrap & Painting service		-	1,400,921
Receivable from Employees' provident fund		68,158	-
		250,043,439	187,445,703
11 Inter Company Receivables			
Navana Construction Ltd.		7,500,000	7,500,000
Navana Engineering Ltd.		164,091,976	164,091,976
Navana Electronics		10,000,000	10,000,000
Navana Real Estate Ltd.		91,000,000	4,000,000
Navana Ltd.		191,985,834	189,985,834
Aftab Automobiles Ltd.		63,950,000	20,400,000
Navana Toyota 3s Centre		2,000,000	-
		530,527,810	395,977,810
12 Advances, deposits & prepayments			
LC Margin		124,651,052	238,758,239
Advance Income Tax	12.01	108,534,790	71,775,793
Advance Office Rent		1,513,200	1,874,796
Advance to employee		2,136,156	2,742,634
Advance to Suppliers		60,720,119	29,938,918
Advance against local procurement		837,449	1,724,646
Advance to Others		66,600,637	18,463,616
Vat Current Account		-	826,378
		364,993,403	366,105,020
12.01 Advance Income Tax			
Opening Balance		71,775,793	12,727,472
Add: Addition during the year		36,758,997	59,048,321
		108,534,790	71,775,793
Less : Adjustment during the year		-	-
Closing Balance		108,534,790	71,775,793
13 Cash & Cash Equivalent			
Cash in hand		685,564	2,495,349
Cash at Banks	13.01	4,076,814	48,713,868
		4,762,378	51,209,217

13.01 Cash at banks

Bank Asia Ltd. A/C # 00077
 City Bank Ltd. A/C # 97001
 Dutch Bangla Bank Ltd. A/C # 8713
 Shahjalal Islami Bank Ltd. A/C # 12865
 Mutual Trust Bank Ltd. A/C # 3943
 Agrani bank Ltd. A/C# 51584
 Jamuna Bank Ltd. A/C # 6275
 NCC Bank Ltd. A/C #33246
 Rupali Bank Ltd. A/C # 10213
 Sonali bank Ltd. A/c # 2482 & 5300
 Southeast Bank Ltd.
 National Bank Ltd.
 Standard Bank Ltd. A/C#3003
 Community Bank Ltd.
 Trust Bank Ltd. A/C#5070

Amount in Taka
June 30, 2020
June 30, 2019

221,854
 895,053
 717,412
 1,670,160
 23,414
 9,954
 2,872
 98,036
 16,435
 275,198
 57,240
 49,655
 4,294
 13,936
 21,301

4,748,560
 27,197,849
 7,691,687
 6,563,721
 1,361,540
 488,099
 5,000
 98,870
 20,000
 478,542
 60,000
 -
 -
 -
 -

4,076,814
48,713,868
14 Authorized Capital:

300,000,000 Ordinary Shares @ Tk. 10 each

3,000,000,000
3,000,000,000
Issued, Subscribed and Paid-up Capital
14.01

100,000 Ordinary Shares @ Tk. 10 each
 Navana CNG Limited
 Non -controlling interest (Sponsors)

1,000,000
1,000,000
999,950
999,950
50
50
1,000,000
1,000,000
14.01 Breakup of share Capital

Navana CNG Limited 99,995 shares of tk. 10 each
 Mr. Shafiu Islam 1 share of tk. 10 each
 Ms. Khaleda Islam 1 share of tk. 10 each
 Mr. Saiful Islam 1 share of tk. 10 each
 Mr. Sajedul Islam 1 share of tk. 10 each
 Ms. Farhana Islam 1 share of tk. 10 each

999,950
999,950
10
10
10
10
10
10
10
10
10
10
1,000,000
1,000,000
15 Retained earnings

Opening balance
 Adjustment for the application of IFRS-16 (Lease)
 Add: Net profit for the year
Closing balance

(110,421,998)
(67,136,710)
(329,160)
-
(22,776,433)
(43,285,288)
(133,527,590)
(110,421,998)
16 Long Term Loan-Net of current portion

City Bank Limited, Gulshan Br.
 Shahjalal Islami Bank Limited
 Due to Director (16.01)

3,127,063,433
2,977,697,541
922,714,790
868,199,420
5,000
5,000
4,049,783,223
3,845,901,961

Less: Long Term Loan- Current portion

780,704,939
535,425,534

Long Term Loan-Net of current portion

3,269,078,284
3,310,476,427

		Amount in Taka	
		June 30, 2020	June 30, 2019
16.01	Due to Director (Mr.Shafiul Islam, chairman)		
	Opening Balance	5,000	5,000
	Add: during the year	-	-
		5,000	5,000

This represents un-secured and Interest free loan from Mr.Shafiul Islam, chairman.

17 Short-term loan

City Bank Limited, Gulshan Br.	597,535,198	462,766,012
Shahjalal Islami Bank Limited, Gulshan Br.	926,350,876	625,470,407
	1,523,886,074	1,088,236,419

18 Provision for income tax

Opening balance	21,478,927	3,399,813
Add: provision during the year	20,232,195	18,079,114
	41,711,122	21,478,927
Less: Tax paid/adjusted during the year	-	-
Closing balance	41,711,122	21,478,927

19 Inter Company Payable

Navana Welding Electrode Ltd.	76,500,000	46,500,000
Navana Ltd.	102,872,700	102,872,700
Navana CNG Ltd	784,824,319	784,824,319
	964,197,019	934,197,019

20 Payables & accrual

Liabilities for Expenses	20,338,232	44,544,427
Sundry payables	25,375,403	37,333,123
	45,713,635	81,877,550

		Amount in Taka	
		July 01, 2019 to June 30, 2020	July 01, 2018 to June 30, 2019
21	Revenue (net)		
	Hose Clamp	-	5,100
	Hose Pipe	-	104,304
	LPG 12 KG	115,493,030	396,723,879
	LPG 33 KG	68,858,960	59,725,905
	LPG 45 KG	5,262,810	-
	Refill 12 KG LPG	2,085,561,310	1,697,908,808
	Refill 33 KG LPG	667,019,181	265,965,323
	Refill 45 KG LPG	20,936,110	-
	Regulator High Pressure	340	187,340
	Regulator Low Pressure	1,850	626,314
	Stove double Burner	22,320	624,960
	Stove Single Burner	1,150	195,500
	LPG in Bulk	548,717,068	614,037,981
	Less: VAT	(139,841,592)	(22,919,769)
		3,372,032,537	3,013,185,645

July 01,2019 to June 30,2020	July 01,2018 to June 30,2019
---------------------------------	---------------------------------

22 Cost of goods sold

Raw materials Consumed	22.01	2,401,216,870	2,294,527,780
Add: Factory overhead	22.02	393,090,838	310,316,973
		2,794,307,708	2,604,844,753
Add: Opening Work in Process		-	735,065
		2,794,307,708	2,605,579,818
Less : Closing Work in Process		-	-
		2,794,307,708	2,605,579,818
Add: opening finished goods		335,352,347	211,947,685
		3,129,660,055	2,817,527,503
Less: Closing finished goods		350,449,933	335,352,347
		2,779,210,122	2,482,175,156

22.01 Raw materials

Opening stock of raw materials	17,933,954	238,457,534
Add: Purchased during the year	2,476,629,474	2,074,004,200
	2,494,563,428	2,312,461,734
Less: Closing stock of raw material	93,346,558	17,933,954
	2,401,216,870	2,294,527,780

22.02 Factory overhead

Salary & Allowance	11,905,026	5,783,572
Labour & Wages	2,918,316	4,668,461
Fuel & Lubricant	684,398	737,079
Conveyance	101,900	-
Entertainment	616,497	-
Electricity bill	5,240,174	4,765,896
Repair & Maintenance	1,172,456	977,901
Loading & Unloading exp.	2,984,561	2,529,658
Insurance Premium	7,799,387	6,009,744
Security Service	7,492,231	2,253,928
Jetty rent (Mongla Port)	7,667,251	2,190,343
Cantten subsidy	769,523	1,043,958
Stationery	246,241	303,296
poatage, Courier & mobile bill	312,237	463,285
Water Bill	236,538	175,222
Other expenses	232,037	-
Depreciation (Annexure-A)	342,323,150	278,364,691
Amortization (Annexure-B)	388,914	49,939
	393,090,838	310,316,973

23 Administration and selling expense

Salary & allowances	58,231,235	66,332,885
Audit Fee	57,500	57,500
Bank charge	765,524	747,947
Board meeting attendance fee	115,000	241,500
Telephone & mobile bill	1,410,505	1,080,998
Conveyance	176,000	218,822
Office Rent	532,119	3,410,452
Entertainment	986,974	919,118
Internet expenses	928,500	610,961

Amount in Taka		
	July 01,2019 to June 30,2020	July 01,2018 to June 30,2019
Newspaper & periodicals	15,896	43,266
Repair & Maintenance	1,119,012	898,735
Software Maintenance fee	2,050,500	-
Office maintenance	467,672	500,907
Medical Exp	148,613	155,357
Postage & stamp	105,770	210,628
Stationary expense	600,464	703,274
Registration & renewals	2,959,549	4,317,453
Fuel & Lubricant	429,817	629,838
Tours & Travelling Expense	1,299,404	1,469,953
Utility & service charge	2,203,480	1,636,550
Advertisement	2,421,869	16,828,875
Insurance	1,095,475	1,472,768
Loading & unloading expenses	3,653,731	1,624,914
Distribution expenses	74,281,130	56,928,405
Business promotional expenses	3,918,397	2,848,515
Depreciation of Right of use asset	1,125,826	
Depreciation (Annexure-A)	85,580,788	69,591,173
Amortization (Annexure-B)	97,229	12,485
	246,777,978	233,493,279
24 Reconciliation of cash flows from operating activities under indirect method:		
Net profit/(loss) before interest & income tax during the year	346,112,595	297,517,210
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest on lease liability	180,625	-
Payment for lease liability	(1,402,218)	-
Depreciation & Amortization	429,515,907	348,018,288
Tax paid	(36,758,997)	(59,048,321)
Changes in current assets and liabilities		
Decrease/ increase in inventories	(165,038,885)	97,853,983
Decrease/ increase in trade receivable	(62,597,736)	(187,445,703)
Decrease/ increase in advance and prepayments	(76,236,573)	25,726,346
Decrease/ increase in payables & accruals	(36,163,916)	28,944,316
	397,610,802	551,566,119
Total cash flow from operating activities- Indirect Method*	397,610,802	551,566,119
Total cash flow from operating activities- direct Method*	397,610,802	551,566,119
Difference	-	-

* Details in the statement of cash flows

Navana LPG Limited
Schedule of Property, plant and equipment
As at June 30, 2020

Annexure-A

Particulars	Cost		Rate of Dep.	Depreciation		Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year		As at 01.07.2019	Charged dur. the year	
Land and land develop.	112,836,864	-	0%	-	-	112,836,864
Building & Shed	693,627,291	1,678,229	10%	96,043,849	59,849,248	539,412,423
Plant & Machinery	1,471,789,113	307,306,333	10%	134,552,439	140,125,883	1,504,417,124
Cylinder	2,295,089,111	136,334,190	10%	204,846,497	216,409,030	2,010,167,774
Tools & equipment	14,947,123	824,198	10%	1,857,681	1,367,325	12,546,315
Furniture & fixtures	5,400,502	2,299,629	10%	761,844	626,756	6,311,531
Vehicles	92,393,023	38,954,780	10%	8,497,876	9,525,696	113,324,231
Total	4,686,083,027	487,397,359		446,560,186	427,903,938	4,299,016,262

Depreciation Charged to :

Cost of good sold	342,323,150
Administrative & selling Expenses	85,580,788
	427,903,938

Navana LPG Limited
Schedule of Property, plant and equipment
As at June 30, 2020

Schedule of Intangible Asset
As at June 30, 2020

Particulars	Cost			Rate of Amr.	Amortization			Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year	As at 30.06.2020		As at 01.07.2019	Charged dur. the year	As at 30.06.2020	
Software System	932,500	7,690,400	8,622,900	10%	76,486	486,143	562,629	8,060,271
Total	932,500	7,690,400	8,622,900		76,486	486,143	562,629	8,060,271

Amortization Charged to :

Cost of good sold	388,914
Administrative & selling Expenses	97,229
	486,143

TK

Schedule of Right of Use Assets
As at June 30, 2020

Particulars	Cost				Depreciation			Written Down Value at 30.06.2020
	As at 01.07.2019	Addition dur. the year	As at 30.06.2020		As at 01.07.2019	Charged dur. the year	As at 30.06.2020	
Right of use assets	-	2,345,471	2,345,471		-	1,125,826	1,125,826	1,219,645
Total	-	2,345,471	2,345,471		-	1,125,826	1,125,826	1,219,645

Annexure-C



Navana CNG Limited

125/A, Motijheel C/A Dhaka-1000

Proxy Form

I/We.....of
.....being
a member of Navana CNG 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 16th Annual General Meeting of the Company to
be held on Tuesday, 29 December 2020 at 12:00 Noon under Digital Platform and at any adjournment thereof.

Revenue Stamp
Taka 20.00

Name of Shareholder Name of Proxy.....

No. of Shares held..... Signature of Proxy

B.O. A/C. No.

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--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 Date :.....

Signature of Shareholder Cell :.....

Signature Verified

Authorized signatory

Note :

A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her behalf. The Proxy Form, duly stamped must be deposited at the Registered Office of the Company atleast 48 hours before the meeting.



Navana CNG Limited

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