

Annual Report 2012



Navana CNG Limited

FOR A CLEAN ALTERNATIVE

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Company Information

Board of Directors

Shafiul Islam	Chairman
Saiful Islam	Director & CEO
Khaleda Islam	Director
Sajedul Islam	Director
Farhana Islam	Director
Syed Masud Hasan	Independent Director
Md. Abdur Rouf	ICB Nominated Director

Company Secretary

Tareq Enamur Rahim

Chief Financial Officer

Asadul Islam FCA

Head of Internal Audit

Shahidul Islam Khan ACA

Audit Committee

Syed Masud Hasan	- Chairman
Sajedul Islam	- Member
Farhana Islam	- Member

Auditors

M. M. Rahman & Co.
Chartered Accountants
PRACHI-NIKET
54, Dilkusha C/A, Dhaka-1000

Main Bankers

Dhaka Bank Limited
Dutch Bangla Bank Limited
Shahjalal Islami Bank Limited
Standard Bank Limited
Uttara Bank Limited

Legal Advisor

Abdur Razzaque & Associates
67, Naya Paltan (4th Floor)
Dhaka, Bangladesh

Registered Office

125/A, Motijheel Commercial Area
Dhaka, Bangladesh



NAVANA CNG LIMITED

125/A, Motijheel C/A, Dhaka, Bangladesh

Notice of the 8th annual general meeting

Notice is hereby given that the 8th Annual General Meeting (AGM) of the shareholders of the Company shall be held on Thursday, 27 September 2012 at 9:30 AM at Bashundhara Convention Center-2, Baridhara, Dhaka to transact the following businesses:

1. To consider the audited financial statements of the Company for the year ended 31 March 2012 together with auditors' and directors' reports thereon.
2. To declare dividend.
3. To elect directors.
4. To appoint auditors and fix their remuneration.
5. To transact any other business of the Company with the permission of the Chair.

Dated: Dhaka
July 29, 2012

By order of the Board

Sd/-
(Tareq Enamur Rahim)
Company Secretary

Notes

1. 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., 8 August 2012 will be entitled to attend the AGM and receive dividend.
2. Attendance to the AGM will be on production of the Attendance Slip sent with this Notice.
3. The Proxy Form, sent with this Notice, affixed with requisite revenue stamp of Tk.10/- must be deposited at the Company's Registered Office at least 48 hours prior to the AGM.

Chairman's statement

Bismillahir Rahmanir Rahim,

Dear Shareholders,

Assalamu Alaikum.

I take the opportunity to welcome you all to the 8th Annual General Meeting of Navana CNG Limited and would like to draw your attention on the state of affairs of the Company during the last year alongwith a brief scenario of CNG business of the country.

You are aware that Bangladesh has to spent a large portion of foreign exchange to meet its import bill of petroleum products. Realizing such fact, the Government of Bangladesh has encouraged consumption of CNG in order to reduce payment of foreign exchange against import of oil. Consequently the overall CNG business rapidly increased throughout the country for the time being but did not continue to increase further as anticipated due to certain unfavourable factors. Amongst others, the price of CNG has increased by almost 80% during the last year. Further, the CNG re-fuelling stations throughout the country remained non-operative for about 3-5 hours a day due to rationing. Apart from this, the problem of low-gas pressure and frequent power cut had further aggravated the situation. On the otherhand, imposition of high tariff on imported vehicles and restrictions on transport loan by financial institutions has contributed to significant reduction of CNG conversion of vehicles during the last year.

I would like to mention here that, during the last year no new CNG re-fuelling stations could be added in the Company's operation due to restrictions on permission by the Government. However, we note with satisfaction that the turnover of Navana CNG at re-fuelling stations has not declined due to increase of CNG price rather it has increased compared to last year. Presently, the Company is operating its activities through 18 CNG re-fuelling stations, 10 conversion workshops and one modern service workshop.



| Honorable Chairman addressing at the 7th AGM |

Chairman's statement

It is encouraging to place on record that the re-testing of CNG cylinders in our specialized conversion workshops has considerably increased during the last year which is a profitable step towards contributing a substantial amount to the turnover of the Company. Recently we observe with great concern that explosion of low quality CNG cylinders are taking place which are fatal. In order to contain such incidents, the Company has come up with various awareness activities to ensure safety to the consumers and public at large.

I would further like to mention here that, in the meantime, we have obtained a preliminary permission from the Ministry of Energy and Mineral Resources for import and bottling of Liquefied Petroleum Gas (LPG) at our own terminal. In this connection, application has already been made with concerned Government authority for allocating required land for setting up of LPG terminal near Mongla port in Bagerhat district. Further, selection of three other suitable locations in the country for bottling of LPG is also at its final stage.

Apart from above, the performance of the two fully owned subsidiary Companies e.g.; Navana Engineering Limited and Navana Welding Electrode Limited has been highlighted in the Directors' Report of Navana CNG Limited.

I would like to assure you that, our hard efforts to increase the shareholders' equity will continue as before. Our efficient management and skilled labour stands the main driving force of the Company. On top of this, the Company by applying improved technology always ensures customer need, quality service and safety which we believe is our main motto.

I would like to thank all our valued shareholders, patrons, well-wishers and all employees for their continued support and sincere efforts towards the growth of the Company.

I would also like to express my gratitude to the Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms and Central Depository Bangladesh Limited for their whole hearted support.

Sd/-
(Shafiul Islam)
Chairman

Honorable Shareholders at the 7th AGM



চেয়ারম্যানের বিবৃতি

বিসমিল্লাহির রহমানির রাহিম,

প্রিয় শেয়ারহোল্ডারবন্দ,

আসসালামু আলাইকুম।

নাভানা সিএনজি লিমিটেডের অষ্টম বার্ষিক সাধারণ সভায় সবাইকে স্বাগত জানাচ্ছি। আমি প্রথমেই বিগত বছরে কোম্পানীর কার্যক্রমের উপর একটি সংক্ষিপ্ত বিবরণী এবং একইসঙ্গে বাংলাদেশে সিএনজি ব্যবসার পূর্বাপর ও বর্তমান অবস্থা সম্পর্কে আপনাদের অবহিত করতে চাই।

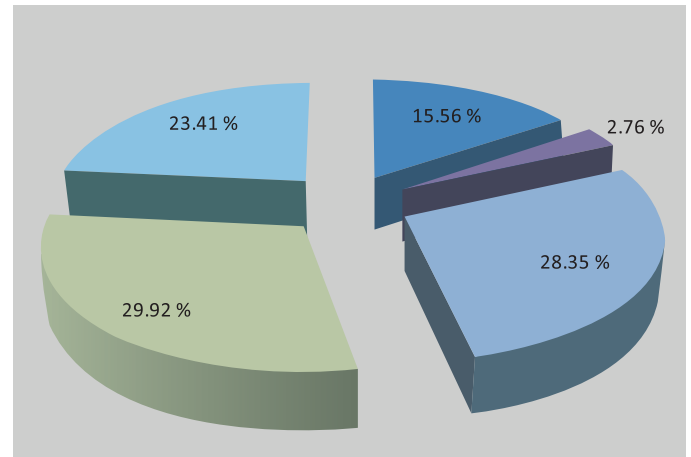
আপনারা অবগত আছেন যে, পেট্রোলিয়ামজাত জ্বালানীর আমদানী ব্যয় মেটাতে বাংলাদেশ বৈদেশিক মুদ্রার একটি বড় অংশ ব্যয় করে থাকে। এমতাবস্থায় বাংলাদেশ সরকার বৈদেশিক মুদ্রার ব্যয় কমানোর জন্য প্রথমদিকে সিএনজি ব্যবহারের প্রতি বিশেষ গুরুত্বারোপ করেছিল। ফলশ্রুতিতে, দেশে সিএনজির সার্বিক ব্যবসা সল্লকালীন সময়ের জন্য দ্রুত প্রসারলাভ করে কিন্তু পরবর্তীতে কিছু বিশেষ প্রতিকূলতার কারণে এর ধারাবাহিকতা বেশি দিন বজায় থাকেনি। এখানে অন্যান্য কারণের মধ্যে, বিগত বছরে সিএনজির মূল্য প্রায় ৮০% বৃদ্ধি পাওয়া ছিল অন্যতম। তারওপর, সারাদেশে সিএনজি রি-ফুয়েলিং স্টেশনগুলোতে প্রতিদিন প্রায় তিন থেকে পাঁচ ঘণ্টা রেশনিং এর কারণে গ্যাস সরবরাহ বন্ধ থাকে। এছাড়াও লো-গ্যাস প্রেসার এবং ঘন ঘন লোডশেডিং সমস্যাও উল্লেখযোগ্য। অন্যদিকে সরকারীভাবে যানবাহন আমদানীতে উচ্চ হারে কর ধার্যকরন এবং গাড়ী ক্রয়ের ক্ষেত্রে আর্থিক প্রতিষ্ঠান কর্তৃক ঋণ প্রদান কমিয়ে দেয়ার কারণে যানবাহনের সিএনজি কনভারশন উল্লেখযোগ্যহারে হ্রাস পেয়েছে।

এখানে উল্লেখ্য যে, বিগত বছরে সরকারী অনুমতির অভাবে কোম্পানী কোন নতুন সিএনজি রি-ফুয়েলিং স্টেশন চালু করতে পারেনি। তা সত্ত্বেও কোম্পানীর সিএনজি রি-ফুয়েলিং স্টেশনগুলোতে টার্গেটভারহ্রাস পায়নি বরং গ্যাসের মূল্য বৃদ্ধির কারণে গত বছরের তুলনায় বৃদ্ধি পেয়েছে। বর্তমানে নাভানা সিএনজি লিমিটেড ১৮টি সিএনজি রি-ফুয়েলিং স্টেশন, ১০টি সিএনজি কনভারশন সেন্টার এবং ১টি আধুনিক সার্ভিস ওয়ার্কশপের মাধ্যমে দেশের বিভিন্ন স্থানে কার্যক্রম পরিচালনা করে আসছে।

এখানে আরো জানাতে চাই যে, সিএনজি সিলিন্ডার রি-টেস্টিং আলোচ্য বছরে বহুল পরিমাণে বৃদ্ধি পেয়েছে এবং তা কোম্পানীর টার্গেটভারেও অবদান রেখেছে। সম্প্রতি দেখা যাচ্ছে দেশের বিভিন্ন স্থানে নিম্নমানের গ্যাস সিলিন্ডার বিক্রেতারগণের ঘটনা ঘটছে, যা অত্যন্ত আশংকাজনক। এ ধরনের ঘটনা প্রতিরোধকল্পে নাভানা সিএনজি লিমিটেড বিভিন্ন সচেতনামূলক কার্যক্রমের মাধ্যমে জনসাধারণ ও ব্যবহারকারীদের নিরাপত্তা নিশ্চিত করার লক্ষ্যে কাজ করে যাচ্ছে।

Value Added

VALUE ADDED STATEMENT		
For the year ended March 31, 2012		
	Amount in '000 Taka	%
Sale	1,449,403	
Bought in- Material & Service	983,524	
Value Added	465,879	
Application to National Exchequer	72,470	15.56
to Providers of Loan as Interest & Charges	12,881	2.76
to Providers Emp. Salaries Wages & other benefits	132,087	28.35
to Providers of Capital- as Dividend	139,392	29.92
Reserve & Surplus	109,049	23.41
	465,879	100.00



চেয়ারম্যানের বিবৃতি

আমি আরো উল্লেখ করতে চাই যে, আমরা ইতোমধ্যে জ্বালানি, বিদ্যুত ও খনিজ সম্পদ মন্ত্রণালয় থেকে নিজস্ব টার্মিনালে LPG গ্যাস আমদানী ও বোতলজাতকরণের প্রাথমিক অনুমতি পেয়েছি। এ লক্ষ্যে বাগেরহাট জেলার মংলা বন্দরের কাছে LPG টার্মিনাল স্থাপনের জন্য সরকারের কাছে জমি বরাদ্দের আবেদন করা হয়েছে। এছাড়াও নিজস্ব অর্থায়নে দেশের তিনটি স্থানে LPG বোতলজাতকরণের জন্য স্থান নির্ধারণ চূড়ান্ত পর্যায়ে রয়েছে।

অন্যদিকে, নাভানা সিএনজি লিমিটেডের দুইটি Fully Owned Subsidiary কোম্পানী যথা: Navana Engineering Limited ও Navana Welding Electrode Limited-এর কার্যক্রমের তথ্য পরিচালনা পর্ষদের প্রতিবেদনে দেয়া আছে।

আমি আপনাদের আশ্বস্ত করতে চাই যে, ব্যবসায়িক উন্নয়ন ও শেয়ারহোল্ডারগণের পরিসম্পদ বৃদ্ধিতে আমাদের আন্তরিক প্রচেষ্টা ভবিষ্যতেও অব্যাহত থাকবে। দক্ষ ব্যবস্থাপনা এবং প্রশিক্ষিত কর্মীদল কোম্পানীর মূল চালিকাশক্তি। সেইসাথে নাভানা সিএনজি সবসময়ই উন্নত প্রযুক্তি ব্যবহারের সাথে সাথে গ্রাহক সুবিধা, মানসম্মত সেবা ও নিরাপত্তা নিশ্চিত করে আসছে। এটিই আমাদের ব্যবসার মূলমন্ত্র বলে আমরা বিশ্বাস করি।

আমি কোম্পানীর সকল সম্মানিত শেয়ারহোল্ডারবৃন্দ, গ্রাহক, পৃষ্ঠপোষক, শুভাকাঙ্ক্ষী এবং সকল কর্মচারী ও কর্মকর্তাবৃন্দকে তাদের অব্যাহত সমর্থনের জন্য ধন্যবাদ জানাচ্ছি, যাদের সহযোগিতা ছাড়া কোম্পানীর বর্তমান অবস্থা অর্জন করা সম্ভব হতো না।

পরিশেষে, সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ লিঃ, চট্টগ্রাম স্টক এক্সচেঞ্জ লিঃ, রেজিস্টার অব জয়েন্ট স্টক কোম্পানীজ, সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিঃ এবং অন্যান্য সবাইকে তাদের সর্বাঙ্গিক সহযোগিতার জন্য আন্তরিক কৃতজ্ঞতা জ্ঞাপন করছি।

স্বাঃ/-

(শফিউল ইসলাম)

চেয়ারম্যান



Registration counters at the 7th AGM

Directors' report to the shareholders

Bismillahir Rahmanir Rahim
Dear Shareholders
Assalamu Alaikum,

I, on behalf of the Board of Directors, have the pleasure to present before you their report for the year ended 31 March 2012 along with the audited financial statements and auditors' report thereon.

Revenue

As you are aware that the Company is operating 18 CNG re-fueling stations, 10 CNG conversion workshops and one mordan service workshop. The sale proceeds from the CNG re-fuelling stations stood at Tk.89.79 crore, Tk.41.19 crore from CNG conversion workshops and Tk.7.56 crore from the service workshop respectively. The summation of total revenue from all the said facilities thus stood at Tk.138.54 crore.

The Board of Directors of your Company has set up a target of Tk.100 crore from CNG sales, Tk.50 crore from CNG conversion and Tk.10 crore from service workshop totaling Tk.160 crore during the next financial year 2012-13.

Financial Result and Appropriation of Profit:

amount in '000' taka

	2012	2011
Net Profit for the year (after tax)	248,440	300,883
Add: Previous year's surplus	426,924	265,433
Profit available for appropriation	675,364	566,316
Recommended for appropriations:		
Tax holiday reserve	4,285	-
Cash Dividend @10%	49,658	78,408
Stock Dividend @15%	74,488	60,984
Un-appropriated profit carried forward	546,933	426,924
Total	675,364	566,316

Segment-wise or product-wise performance

The company is operating its business with its homogeneous products and services in a single economic and geographical segment within the territory of Bangladesh.

Industry outlook and possible future developments in the industry

The Government's policy towards CNG industry has been revised frequently. The price of CNG has been increasing although at short intervals. More over short supply of natural gas makes prediction tougher for future development of this industry in our country.

The Government is also encouraging to import Liquefied Petroleum Gas (LPG) as an additional source of gas supply. Navana CNG Limited is also trying to avail this opportunity to increase the profitability of the company. The imported LPG may be used for commercial and household consumption.

Directors' report to the shareholders

Risks and concerns

Risks and concern of the industry solely depends on the upcoming Government policy. Presently, the Government of Bangladesh suspended permission for setting up any new CNG re-fueling station. Further, CNG re-fuelling stations remained non-operative for about 3-5 hours a day due to rationing. Low-gas pressure and frequent power load shedding problem affecting the business negatively. As a result, total CNG conversion of vehicles decreased. A good number of conversion workshops of other companies have been closed for not covering up their operating cost in the last year.

On the otherhand, profitability of Navana CNG has affected due to increase of essential ingredients like electricity, feed gas price, labor cost etc. If the price of diesel is adjusted with the international price and therefore, subsidy is reduced, situation will improve. Cylinder re-testing business is increasing significantly as validity of number of CNG cylinder has expired in recent time.

A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin

Particulars	March 31, 2012	March 31, 2011
Cost of goods sold	878,561,477 (63.41%)	787,088,408 (56.56%)
Gross profit	506,889,347 (36.59%)	604,624,257 (43.44%)
Net profit for the year	238,408,180 (17.21%)	300,882,758 (21.62%)

Cost of goods sold increased due to price increase of natural gas. As a result, gross profit and net profit has also been reduced.

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

The Company has transactions with its subsidiary Companies which have been disclosed in related party transaction under section 28 of the notes to the financial statements.

The subsidiaries have received interest free loan from Mr. Shafiul Islam, Chairman of the Company also disclosed under section 28(a) of the notes to the financial statements.

Directors

In terms of Article 127 of the Articles of Association of the Company, Ms. Farhana Islam and Mr. Shafiul Islam, Directors retire by rotation from the Board in the 8th Annual General Meeting. Being eligible under Article 128 of the Articles of Association of the Company, the retiring Directors have offered themselves for re-election.

It may please be mentioned here that Mr. Kazi Mostafa Alam has ceased to be a Director of the Company w.e.f. 22.05.2012. Further, Mr. Md. Abdur Rouf, GM, ICB has been appointed as ICB Nominated Director w.e.f. 05.06.2012.

It may also be mention here that Mr. Syed Masud Hasan has been performing his duty as Independent Director of the Company. The Board of Directors of the Company has further nominated Mr. Syed Masud Hasan as Independent Director for approval by the shareholders in the AGM.

Disclosure of information of the directors who are willing to be re-elected

Mr. Shafiul Islam (Kamal), Chairman

A Bachelor of Science, Mr. Kamal joined the Islam Group, a reputed business conglomerate in Bangladesh in 1968 and started his career with automobile business as well as in the construction and real estate business. He played a major role in establishing "Navana" as the Toyota brand car trading company in Bangladesh, and finally set up Aftab Automobiles Ltd. He also took care of Eastern Housing Limited from 1981, then the largest real estate developing company in Bangladesh. In 1996, he separated from Islam Group with Navana Ltd. and Aftab Automobiles Ltd. and formed Navana Group.

In 2004, he was the key promoter of Navana CNG Limited and with all his expertise he has been contributing towards the growth of the Company till date.

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

Interest in other Company:	Designation
Navana Ltd.	Chairman
Aftab Automobiles Ltd.	Chairman
Essential Industries Ltd.	Chairman
Eastern Printing Press Ltd.	Chairman
Orion Complex Ltd.	Chairman
Kenhill Paper Mills Ltd.	Chairman
Navana Construction Ltd.	Chairman
Biponon Ltd.	Chairman
Navana Computers & Tech Ltd.	Chairman
Navana Services Ltd.	Chairman
Navana Interlinks Ltd.	Chairman
Road Linkers Ltd.	Chairman
Navana Taxi Cab Co. Ltd.	Chairman
Navana Electronics Ltd.	Chairman
Navana Power Generation Ltd.	Chairman
Navana Foods Ltd.	Chairman
Navana Real Estate Limited	Chairman
Navana Power Co. Ltd.	Chairman
Navana Denims Ltd.	Chairman
Navana Knitting Ltd.	Chairman
Navana Feed Mills Ltd.	Chairman
Navana Software Ltd.	Chairman
Navana Petroleum Ltd.	Chairman
Navana Plantation Ltd.	Chairman
Navana Exports Ltd.	Chairman
Navana Logistics Ltd.	Chairman
Navana Renewable Energy Ltd.	Chairman
Navana Lingerie Ltd.	Chairman
Navana Fabrics Ltd.	Chairman
Navana Gas Co. Ltd.	Chairman
Navana Batteries Ltd.	Chairman
Navana Furniture Ltd.	Chairman
Navana Paints Ltd.	Chairman
Navana Building Products Ltd.	Chairman
Navana Toyota Service Center Ltd.	Chairman
Navana Equities Ltd.	Chairman
Navana Electrical and Energy Saving Products Ltd.	Chairman
Navana Engineering Ltd.	Chairman
Navana Properties Ltd.	Chairman
Navana Welding Electrode Limited	Chairman

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

Ms. Farhana Islam, Director

A BBA, Ms. Farhana, 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 many countries of the world.

At present, Ms. Farhana is a Director of Navana Group and involved amongst others, in vehicles assembling, body building and trading; real estate; construction; CNG conversion and gas stations; electronics; IT; petroleum and renewable energy; etc.

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

Interest in other Company:	Designation
Navana Ltd.	Director
Aftab Automobiles Ltd.	Director
Navana Construction Ltd.	Director
Biponon Ltd.	Director
Navana Computers & Tech Ltd.	Director
Navana Services Ltd.	Director
Navana Interlinks Ltd.	Director
Navana Taxi Cab Co. Ltd.	Director
Navana Electronics Ltd.	Director
Navana Power Generation Ltd.	Director
Navana Foods Ltd.	Director
Navana Real Estate Ltd.	Director
Navana Power Co. Ltd.	Director
Navana Denims Ltd.	Director
Navana Knitting Ltd.	Director
Navana Feed Mills Ltd.	Director
Navana Software Ltd.	Director
Navana Petroleum Ltd.	Director
Navana Plantation Ltd.	Director
Navana Exports Ltd.	Director
Navana Logistics Ltd.	Director
Navana Renewable Energy Ltd.	Director
Navana Lingerie Ltd.	Director
Navana Fabrics Ltd.	Director
Navana Gas Co. Ltd.	Director
Navana Batteries Ltd.	Director
Navana Furniture Ltd.	Director
Navana Paints Ltd.	Director
Navana Building Products Ltd.	Director
Navana Toyota Service Center Ltd.	Director
Navana Equities Ltd.	Director
Navana Electrical and Energy Saving Products Ltd.	Director
Navana Engineering Ltd.	Director
Navana Properties Ltd.	Director
Navana Welding Electrode Limited	Director

Membership in committees of the Board of other Companies:

Aftab Automobiles Limited - as member of the Audit Committee

Board Meetings

In accordance with directives of the regulatory authorities, the Board supervise, study and review the activities of the Company and make businesses decisions, etc. During the year, 6 (six) board meetings were held.

Remuneration to Directors including Independent Directors

The Directors of the Company including Independent Director is receiving a sum of Taka 5,000/- (Five Thousand) as board meeting fee.

Number of Board meetings held during the year and attendance by each director

Name of Directors	Number of Board Meeting held during the financial year ended 31.03.2012	Number of Board Meeting attended	Remarks
Mr. Shafiul Islam	6	6	
Mrs. Khaleda Islam	6	2	
Mr. Saiful Islam	6	2	
Mr. Sajedul Islam	6	2	
Ms. Farhana Islam	6	2	
Mr. Kazi Mostafa Alam	6	2	
Mr. Syed Masud Hasan	6	3	
Mr. Md. Khurshed Hossain	6	3	

INFORMATION REGARDING SUBSIDIARY COMPANIES:

i) Navana Engineering Ltd.

The products of Navana Engineering Limited (NEL) possessing almost 15% of the market share of HDPE duct in telecommunication sector. Another product of NEL's product line- HDPE coil pipe also achieves steady growth in the market.

During the financial year ended on 31 march 2012, NEL earns a revenue of Tk. 1.24 crore from the sale proceeds of HDPE coil pipe, Tk. 5.10 crore from HDPE duct and an amount Tk. 0.058 crore has been added to the company's turnover by selling of PPR pipe fittings. Therefore, the annual turnover of the Company stood at Tk 6.40 crore.

NEL intend to expand the factory to meet the growing demand of HDPE, PPR and PE pipe in Bangladesh. New products like PVC Tread pipe, Socket pipe, Boring pipe, Sewerage pipe etc. will be added in the product line of NEL next year. Usage of quality raw materials and quality control of the finished products are ensured. NEL's quality products are already being preferred by the consumers of Bangladesh. Current marketing covers Dhaka and its surrounding districts. Gradually the market will be expanded throughout the country.

ii) Navana Welding Electrode Ltd.

The demand of welding electrode products gradually increasing in our country. From the available data it is observed that, the product wise sales growth rate in welding electrode market varies from 5% to 32% per year. In spite of local manufacturing, welding electrodes are still being imported. This indicates a gap in demand and supply. Rapid growth in construction, light engineering and specially ship building industries shifting of welding process from manual welding to semi-automatic welding.

Expected date for completion of machinery installation, trial and commercial production of the project is expected on September/October.

The plant's production capacity is 4800 MT per annum based on 16 hours of operation per day. Initially, 50% capacity will be utilized. Gradually, percentage of capacity utilization will increased to 100% considering market demand.

Initially Navana Welding Electrode Ltd. will sell and distribute welding electrodes through several sales centers/ware houses located in different locations of the country. Required number of dealers will be appointed to sell and ensure the product availability to the customers. Existing skilled manpower of Navana CNG Ltd. will be utilized under the supervision of the management.

Dividend

The Board of Directors has recommended 15% stock and 10% cash dividend for the shareholders for the year ended 31 March 2012 (subject to the approval by the shareholders in the forthcoming AGM) whose names will appear in the share register of the Company and/or Depository Register of CDBL as on Record Date, i.e., 08 August 2012.

Audit Committee

The Audit committee consists of the following members:

Mr. Syed Masud Hasan, Independent Director	: Chairman
Mr. Sajedul Islam, Director	: Member
Ms. Farhana Islam, Director	: Member

Scope of work of Audit Committee

The Committee is authorised to investigate any matter within its terms of reference, access all documents and information of the company, seek information from any director or employee of the Group and co-opt any resources (including external professional assistance) it sees fit in order to fulfill its duties. However, the Committee has no executive function and its primary objective is to review and challenge, rather than assume responsibility for any matters within its remit. The Committee presents a summary of its activities to shareholders and other interested parties by means of this report, and the committee Chairman attends all general meetings of the Company's shareholders to answer any questions on the committee's activities.

Review of financial statements by the Audit Committee

Audit Committee reviewed the annual financial statements for the year 31 March 2012 and placed its recommendation to the Board of Directors.

External audit

M. M. Rahman & Co. a Chartered Accountant firm registered in Bangladesh acted as the external auditors to the company throughout the year. The external auditors are not engaged on any material non-audit work such as:

- o Appraisal or valuation services or fairness opinions;
- o Financial information systems design and implementation;
- o Book-keeping or other services related to the accounting records or financial statements;
- o Broker-dealer services;
- o Actuarial services; and
- o Internal audit services;

Independence of External Auditor

As a policy, the Committee would not allow the external auditors to perform any work that they may subsequently need to audit, or which might otherwise create a conflict of interests. The Committee also monitors the balance between audit and non-audit related functions to ensure that auditor independence can be shown to be maintained. The Chief Financial Officer is permitted to engage the external auditors on matters that do not create such conflicts.

The Audit Committee appraised the expertise, resources, independence and objectivity of external auditor and also reviewed their effectiveness as external auditors before reaching the recommendation to the Board that their re-election should be proposed to shareholders.

Resolutions of the Audit Committee meeting:

The Committee met four times during last financial year 2011-12 to carry out the following tasks:

- o The Audit Committee reviewed the financial statements for the year ended March 31, 2012;
- o Reviewed and discussed the Management Letter, by external auditor M. M. Rahman & Co. for the year ended March 31, 2012 on the annual audit on financial statements of Navana CNG Limited;

- o The expression of interest sent by the audit firm was reviewed by the Audit Committee and recommended M/s. Rahman Mostafa Alam & Co., Chartered Accountants, as auditor of the Company for the year to be ended March 31, 2013;
- o Reviewed various reports of Internal Control & Compliance Department on operational, financial procedures and branch activities;
- o Reviewed the Quarterly and Half-yearly Reports of the Company.

Based on the review and above discussions, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the company and to ensure that its assets are safeguarded properly.

Report from the Audit Committee

Dated: 29 July 2012

The Board of Directors
Navana CNG Limited
House # 16/B, Road # 93
Gulshan-2, Dhaka

Sub : Audit Committee Report

The Committee reviewed and discussed the procedure and task of the internal audit, financial report preparation and the external auditors' observations in their reports on the draft financial statements of the Company initialed by the auditors for the year ended 31 March 2012. The Committee found the statements adequate arrangement to present a true and fair view of the financial status of the Company; and did not find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting and disclosures.

The Committee also reviewed the financial statements of the subsidiary Companies i.e. Navana Engineering Limited and Navana Welding Electrode Limited for the year ended 31 March, 2012 and also found the statements presenting a true and fair view of the financial status of the Companies.

Sd/-
(Syed Masud Hasan)
Chairman
Audit Committee
Navana CNG Limited

Appointment of Auditors

It has to be noted that Securities and Exchange Commission (SEC) ORDER no. SEC/CMRRCD/2009-193/104/Admin/..... dated July 27, 2011 imposes restriction on chartered accountants firms for appointment as auditors of any public listed company for more than three consecutive years. The existing auditors M/S. M. M. Rahman & Co., Chartered Accountants, have completed their audit for three consecutive years; it is therefore necessary to appoint any other statutory auditors in place of M/s. M. M. Rahman & Co. for the next financial year to be ended on 31.03.2013.

The Board of Directors of the Company recommend M/s. Rahman Mostafa Alam & Co., Chartered Accountants to be appointed as auditors of the Company for the year ending 31.03.2013 for onward approval by shareholders in AGM.

Corporate & Financial Reporting:

The Company is determined to ensure good governance by complying with all the applicable rules and regulations of Corporate Governance Guidelines of Securities & Exchange Commission. It has complied with all the requirements of Corporate Governance and the Directors are pleased to confirm the following:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) 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.
- d) The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- e) The systems of internal control are sound and have been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There are no significant deviations in operating result of the business of the company compared to last year.
- h) The key operating and financial data for the last five years is annexed.

Pattern of Shareholding

Namewise details		No. of Shares held
i.	<u>Parent/Subsidiary/Associated Companies and other related parties</u>	
	Aftab Automobiles Limited	76,380
ii.	<u>Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children:</u>	
	Mr. Shafiul Islam-Chairman	1,24,66,579
	Mr. Saiful Islam- Director & CEO	24,82,920
	Mrs. Khaleda Islam-Director	25,37,617
	Mr. Sajedul Islam- Director	24,65,067
	Ms. Farhana Islam- Director	10,49,161
	Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouse and minor children :	Nil
iii)	<u>Executives</u>	Nil
iv)	<u>Shareholders holding ten percent (10 %) or more voting interest in the Company :</u>	
	Mr. Shafiul Islam	1,24,66,579

Key operating and financial data

The summarized key operating financial data of five years is annexed (Annexure :1).

Corporate Governance Compliance Report

In accordance with the requirement of the Securities and Exchange Commission, "Corporate Governance Compliance Report" is annexed (Annexure :2).

On behalf of the Board of Directors

Sd/-
(Shafiul Islam)
Chairman
29 July 2012

The Key Operating and Financial Data

Annexure-1

The Key Operating and Financial Data:

Table: Financial Highlights

(Taka in million)

Particulars	2012	2011	2010	2009	2008
Turnover (net)	1,449	1,392	1368	1236	984
Gross profit	522	605	601	477	407
Net profit after tax	329	301	291	245	208
Net cash operating activities	5.32	8.26	10.82	13.50	-3.04

Table: Summary Balance Sheet

(Taka in million)

Particulars	2012	2011	2010	2009	2008
Authorized capital	1500	500	500	500	200
Paid-up capital	497	436	363	300	100
Reserve and surplus	860	747	555	327	282
Shareholders' Equity	1357	1183	918	627	382
Debentures	-	34	68	94.4	166
Lease finance liabilities	9	61	76	102	130
Deferred tax liabilities	41	28	15	0	0
Long term bank borrowings	0	0	0	74	124
Non-current liabilities	50	88	125	271	420
Current Liabilities	361	235	192	196	76
Fixed Assets	692	576	548	587	287
Other Non-current Assets	45	38	37	41	17
Total Non-current Assets	738	614	585	628	304
Current Assets	1029	892	650	466	575
Book value per share	27.32	27.15	25.29	20.91	38.25
Earning per share	5.09	6.91	8.01	6.74	10.40
Dividend per share	25%	32%	30%	21%	200%
Numbers of shareholders	27252	27687	19800	10	7

Table: Ratios

Profitability Ratios	2012	2011	2010	2009	2008
Debt to Equity Ratio	30 %	27%	35%	74%	130%
Current Ratio	2.85	3.79	3.39	2.38	7.53
Gross profit/Sales (%)	36.02 %	43.44%	43.93%	38.58%	41.32%
Operating profit/Sales (%)	21.33 %	28.93%	29.31%	19.80%	21.18%
Profit after tax/Sales (%)	17.12 %	21.62%	21.27%	19.80%	21.18%
Return on Asset (%)	14.04 %	19.98%	23.56%	22.36%	23.72%
Return on Equity (%)	18.28 %	25.44%	31.70%	39.01%	54.50%

Annexure-2

Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/129/Admin/43 dated 03 July 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status	Remarks (if any)
1.1	Board's Size Complied	Complied	
1.2 (i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	Complied	
1.2 (ii) a)	"Independent director" means a director- a) who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	Complied	
1.2 (ii) b)	who 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 familymembers also should not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	Complied	
1.2 (ii) c)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	Complied	
1.2 (ii) d)	who is not a member, director or officer of any stock exchange;	Complied	
1.2 (ii) e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	Complied	
1.2 (ii) f)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm;	Complied	
1.2 (ii) g)	who shall not be an independent director in more than 3 (three) listed companies;	Complied	
1.2 (ii) h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	Complied	
1.2 (ii) i)	who has not been convicted for a criminal offence involving moral turpitude.	Complied	
1.2 (iii)	the independent director(s) shall be nominated by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	Not-complied	Will be complied in the AGM scheduled to be held on 27.09.2012.
1.2 (iv)	the post of independent director(s) can not remain vacant for more than 90 (ninety) days.	Complied	
1.2 (v)	the Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Not-complied	Will be complied within 31.12.2012.

Condition No.	Title	Compliance Status	Remarks (if any)
1.2 (vi)	the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Complied	
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	Complied	
1.3 (ii)	The person should be a Business Leader/Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	Complied	
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.		Not applicable
1.4	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	Complied	
1.5 (i)	Additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994:- (i) Industry outlook and possible future developments in the industry.	Complied	
1.5 (ii)	Segment-wise or product-wise performance.	Complied	
1.5 (iii)	Risks and concerns.	Complied	
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Complied	
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	Complied	
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	Complied	
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.		Public issue made through Direct Listing. Thus 1.5 (vii) is not applicable
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.		No such deterioration.
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.		No such variance occurred.

Condition No.	Title	Compliance Status	Remarks (if any)
1.5 (x)	Remuneration to directors including independent directors.	Complied	
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Complied	
1.5 (xii)	Proper books of account of the issuer company have been maintained.	Complied	
1.5 (xiii)	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.	Complied	
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	Complied	
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	Complied	
1.5 (xvi)	There are no significant doubts 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 thereof should be disclosed.	Complied	
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	Complied	
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Complied	
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.		Not applicable (Declaring dividends regularly)
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	Complied	
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-	Complied	
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	Complied	
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	Complied	
1.5 (xxi) c)	Executives;	Complied	
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
1.5 (xxii)	In case of the appointment/ re-appointment of a director the company shall disclose the following information to the shareholders:-		
1.5 (xxii) a)	a brief resume of the director; Complied	Complied	
1.5 (xxii) b)	nature of his/her expertise in specific functional areas;	Complied	
1.5 (xxii) c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	Complied	
2.1	Appointment The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	Complied	
2.2	Requirement to attend the Board Meetings The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	Complied	
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	Complied	
3 (ii)	The Audit Committee shall assist the Board of Directors 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.	Complied	
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	Complied	
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	Complied	
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	Complied	
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience.	Not Complied	All members of the audit committee is "financially literate". Another member of Audit Committee will be appointed by the Board within 31.12.2012 who will have financial management expertise.

Condition No.	Title	Compliance Status	Remarks (if any)
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	Complied	
3.1 (v)	The company secretary shall act as the secretary of the Committee.	Complied	
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director.	Complied	
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	Complied	
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	Complied	
3.3 (i)	Oversee the financial reporting process.	Complied	
3.3 (ii)	Monitor choice of accounting policies and principles.	Complied	
3.3 (iii)	Monitor Internal Control Risk management process.	Complied	
3.3 (iv)	Oversee hiring and performance of external auditors.	Complied	
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	Complied	
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	Complied	
3.3 (vii)	Review the adequacy of internal audit function.	Complied	
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	Complied	
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	Complied	

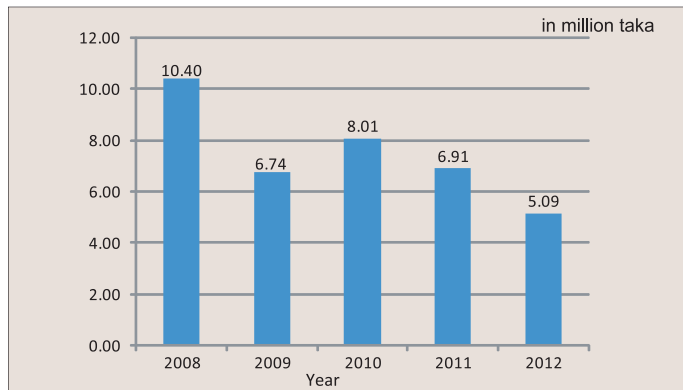
Condition No.	Title	Compliance Status	Remarks (if any)
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	Complied	
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	Complied	
3.4.1 (ii)	a) report on conflicts of interests;	Complied	
3.4.1 (ii)	b) suspected or presumed fraud or irregularity or material defect in the internal control system;	Complied	
3.4.1 (ii)	c) suspected infringement of laws, including securities related laws, rules and regulations;	Complied	
3.4.1 (ii)	d) any other matter which shall be disclosed to the Board of Directors immediately.	Complied	
3.4.2	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	Complied	
3.5	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	Complied	
4 (i)	Appraisal or valuation services or fairness opinions.	Complied	
4 (ii)	Financial information systems design and implementation.	Complied	
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	Complied	
4 (iv)	Broker-dealer services.	Complied	
4 (v)	Actuarial services.	Complied	
4 (vi)	Internal audit services.	Complied	
4 (vii)	Any other service that the Audit Committee determines.	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
4 (viii)	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.	Complied	
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	Complied	
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	Not Complied	Will be complied within 31.12.2012.
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	Not Complied	Will be complied within 31.12.2012.
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	Not Complied	Will be complied within 31.12.2012.
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Complied	
6 (i) a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied	
6 (i) b)	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.	Complied	
6 (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 violation of the company's code of conduct.	Complied	
7 (i)	The company shall obtain a certificate from a Professional Accountant/ Secretary (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	Not Complied	
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	Complied	

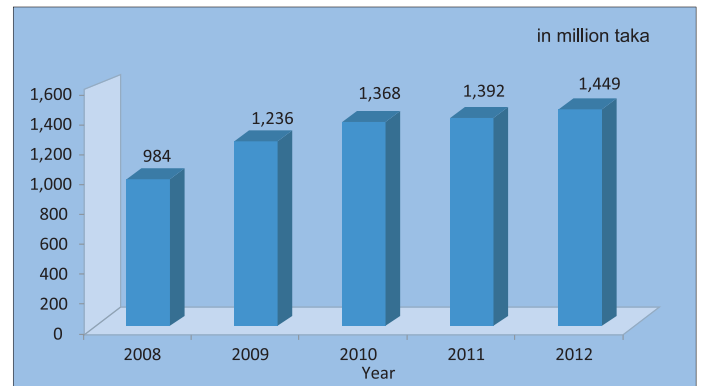
Graphical Presentation

value in million taka

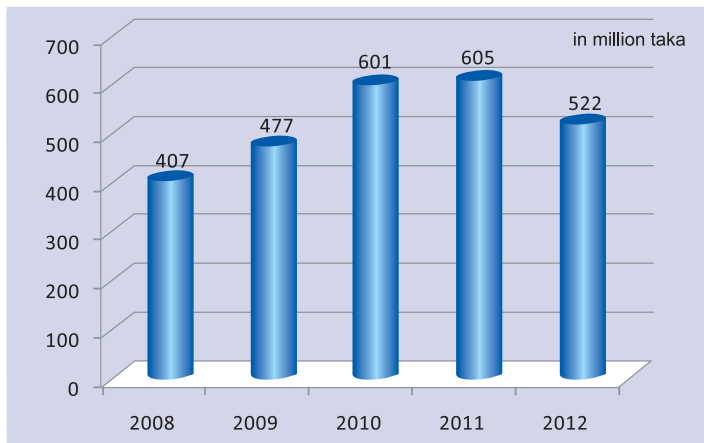
Earning Per Share



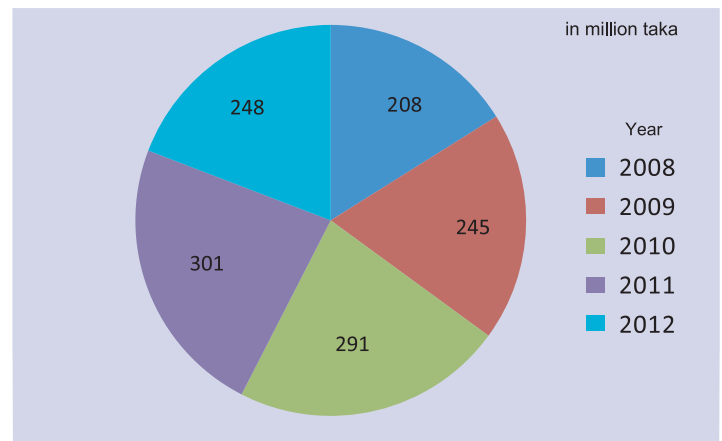
Turnover



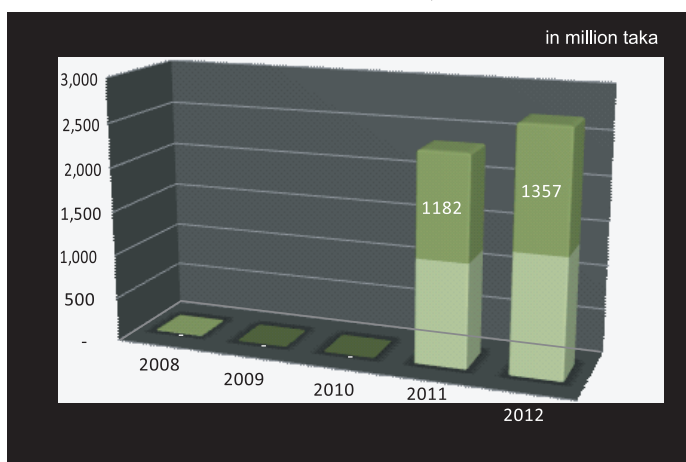
Gross Profit



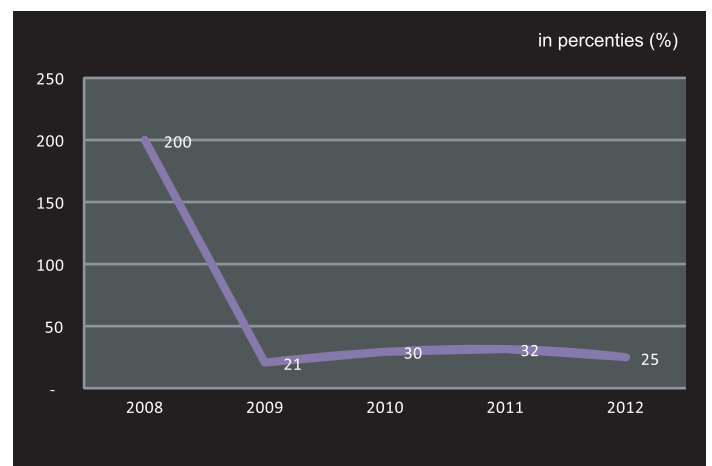
Net Profit After Tax



Shareholders Equity



Dividend (Cash & Stock)



Independent Auditors' Report To the Shareholders of Navana CNG Limited and its Subsidiaries

We have audited the accompanying financial statements of Navana CNG Limited (the Company), which comprise the statement of financial position as at March 31, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We have also audited the attached financial statements of Navana CNG Limited and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2012, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of 2(two) subsidiaries disclosed in note 4.00 to the financial statements, are also audited by us.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Navana CNG Limited and its subsidiaries as of March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

- 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;
- in our opinion, proper books of account as required by the law have been kept by the Company so far as it appeared from our examination of those books;
- the Company's financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- the expenditure incurred was for the purposes of the Company's business.

Dated : Dhaka
July 29, 2012

PRACHI – NIKET
54, Dilkusha C/A,
Dhaka-1000, Bangladesh

Sd/-
M. M. RAHMAN & CO.
Chartered Accountants

M. Obaidur Rahman, FCA

Navana CNG Limited and its Subsidiaries

Consolidated Statement of Financial Position

As at 31 March 2012

		31/03/12	31/03/11
		BD Taka	BD Taka
Assets	Notes		
Non-current assets			
Property, plant & equipment	3(a)	692,529,930	576,397,920
Long-term security deposit		44,178,528	35,763,680
Deferred expenses		-	1,347,509
Investment in shares	6(a)	1,257,000	929,431
Total non-current assets		737,965,458	614,438,540
Current assets			
Inventories	7(a)	388,743,535	349,148,687
Accounts receivable	8(a)	93,059,248	21,635,567
Advances, deposits & pre-payments	9(a)	67,961,274	116,129,699
Cash & bank balances	10(a)	479,565,502	404,742,380
Total current assets		1,029,329,559	891,656,333
Total assets		1,767,295,017	1,506,094,873
Equity and liabilities			
Capital and reserves			
Share capital		496,584,000	435,600,000
Tax holiday reserve		184,903,945	180,618,848
Retained earnings	12(a)	675,363,668	566,315,613
Equity attributable to owners of Company		1,356,851,613	1,182,534,461
Non-controlling interest		1,103	100
Total equity		1,356,852,716	1,182,534,561
Non-current liabilities			
Finance lease, net of current portion	13(a)	9,146,940	60,857,192
Deferred tax liabilities		40,542,278	27,624,054
Total non-current liabilities		49,689,218	88,481,246
Current liabilities			
Debentures, current portion	14(a)	-	34,000,000
Finance lease, current portion	13(a)	39,593,014	15,214,298
Loan from Director (Unsecured & interest free)		144,112,526	-
Short-term loans	15(a)	5,628,086	22,138,136
Provision for income tax	16(a)	70,894,746	53,575,188
Payables and accruals	17(a)	100,524,711	110,151,444
Total current liabilities		360,753,083	235,079,066
Total liabilities		410,442,301	323,560,312
Total equity and liabilities		1,767,295,017	1,506,094,873
Net assets value per share		27.32	27.15

The annexed notes 1 to 32 form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 29, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana CNG Limited and its Subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

Particulars	Notes	31/03/12 BD Taka	31/03/11 BD Taka
Revenues	18(a)	1,449,403,168	1,391,712,665
Less: Cost of sales	19(a)	927,346,765	787,088,408
Gross profit		522,056,403	604,624,257
Less: Administration & selling expenses	20(a)	199,804,801	178,911,216
Less: Interest expenses	21(a)	12,881,418	23,023,837
Operating profit		309,370,184	402,689,204
Add: Other income	22(a)	39,179,095	17,147,203
Profit before contribution to WPPF		348,549,279	419,836,407
Less: Contribution to WPPF		15,246,662	19,992,210
Net profit before tax holiday reserve		333,302,617	399,844,197
Less: Tax holiday reserve		4,285,097	-
Net profit before tax		329,017,520	399,844,197
Less: Income tax expenses	23(a)	80,576,462	98,961,439
Current tax		67,658,238	86,137,999
Deferred tax		12,918,224	12,823,440
Net profit for the year		248,441,058	300,882,758
Profit attributable to:			
Equity holders of the Company		248,440,055	300,882,658
Non-controlling interests		1,003	100
		248,441,058	300,882,758
Earnings per share	24(a)	5.09	6.06

The annexed notes 1 to 32 form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 29, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana CNG Limited and its Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

Cash flows from operating activities

Receipts from customers and others
Receipts of other income
Payments to suppliers and employees

Cash generated from operations

Interest paid
Income tax paid

Net cash generated by operating activities

Cash flows from investing activities

Acquisition of property, plant and equipment
Investment in subsidiaries
Investment in right shares
Long-term security deposits
Deferred expenses

Net cash used in investing activities

Cash flows from financing activities

Issue of ordinary shares
Redemption of debentures
Repayment of finance lease
Loan from Director
Repayment of short-term loans
Proceeds from short term loan
Dividend paid

Net cash used in financing activities

Net changes in cash and cash equivalents

Cash and cash equivalents at the beginning of year

Cash and cash equivalents at the end of year

Net operating cash flows per share

31/03/12	31/03/11
BD Taka	BD Taka
1,377,979,487	1,385,360,581
39,179,095	17,147,203
(1,088,484,595)	(946,390,293)
328,673,987	456,117,491
(12,881,418)	(23,023,837)
(51,594,198)	(79,844,333)
264,198,371	353,249,321
(168,718,342)	(44,456,960)
-	(35,000,000)
(105,000)	-
(8,414,848)	98,896
-	(1,332,509)
(177,238,190)	(80,690,573)
-	100
(34,000,000)	(34,000,000)
(27,331,536)	(18,167,040)
144,112,526	-
(22,138,136)	(3,292,653)
5,628,086	-
(78,408,000)	(36,300,000)
(12,137,060)	(91,759,593)
74,823,122	180,799,155
404,742,380	223,943,225
479,565,502	404,742,380
5.32	7.11

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 29, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana CNG Limited and its Subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

Particulars	Share Capital BD Taka	Tax Holiday Reserve BD Taka	Retained Earnings BD Taka	Attributable to owners of the Company BD Taka	Non- controlling interests BD Taka	Total BD Taka
Balance at 1 April 2010	363,000,000	180,618,848	374,332,855	917,951,703	-	917,951,703
Net profit for the year	-	-	300,882,758	300,882,758	100	300,882,858
Payment of stock dividend	72,600,000	-	(72,600,000)	-	-	-
Payment of cash dividend	-	-	(36,300,000)	(36,300,000)	-	(36,300,000)
Balance at 31 March 2011	435,600,000	180,618,848	566,315,613	1,182,534,461	100	1,182,534,561
Balance at 1 April 2011	435,600,000	180,618,848	566,315,613	1,182,534,561	100	1,182,534,561
Net profit for the year	-	-	248,440,054	248,440,055	1,003	248,441,058
Tax holiday reserve	-	4,285,097	-	4,285,097	-	4,285,097
Payment of stock dividend	60,984,000	-	(60,984,000)	-	-	-
Payment of cash dividend	-	-	(78,408,000)	(78,408,000)	-	(78,408,000)
Balance at 31 March 2012	496,584,000	184,903,945	675,363,668	1,356,851,714	1,103	1,356,852,717

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 29, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants



Navana CNG Stall at Trade Fair

Navana CNG Limited

Statement of Financial Position

As at 31 March 2012

Assets	Notes	31/03/12 BD Taka	31/03/11 BD Taka
Non-current assets			
Property, plant & equipment	3	525,318,972	543,075,310
Investment in subsidiaries	4	144,999,900	144,999,900
Long-term security deposit	5	44,178,528	35,763,680
Investment in shares	6	1,257,000	929,431
Total non-current assets		715,754,400	724,768,321
Current assets			
Inventories	7	341,482,966	347,471,297
Accounts receivable	8	81,439,196	21,635,567
Inter-company receivable		2,309,474	2,309,474
Advances, deposits & pre-payments	9	53,529,808	107,069,129
Cash & bank balances	10	404,073,474	302,730,985
Total current assets		882,834,918	781,216,452
Total assets		1,598,589,318	1,505,984,773
Equity and liabilities			
Capital and reserves			
Share capital	11	496,584,000	435,600,000
Tax holiday reserve		180,618,848	180,618,848
Retained earnings	12	665,331,793	566,315,613
Total equity		1,342,534,641	1,182,534,461
Non-current liabilities			
Finance lease, net of current portion	13	9,146,940	60,857,192
Deferred tax liabilities		40,542,278	27,624,054
Total non-current liabilities		49,689,218	88,481,246
Current liabilities			
Finance lease, current portion	13	39,593,014	15,214,298
Debentures, current portion	14	-	34,000,000
Short-term loans	15	-	22,138,136
Provision for income tax	16	68,731,606	53,575,188
Payables and accruals	17	98,040,839	110,041,444
Total current liabilities		206,365,459	234,969,066
Total liabilities		256,054,677	323,450,312
Total equity and liabilities		1,598,589,318	1,505,984,773
Net assets value per share	25	27.04	27.15

The annexed notes 1 to 32 form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 29, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana CNG Limited

Statement of Comprehensive Income

For the year ended 31 March 2012

Particulars	Notes	31/03/12 BD Taka	31/03/11 BD Taka
Revenue	18	1,385,450,824	1,391,712,665
Less: Cost of sales	19	878,561,477	787,088,408
Gross profit		506,889,347	604,624,257
Less: Administration & selling expenses	20	189,074,690	178,911,216
Less: Interest expenses	21	12,881,418	23,023,837
Operating profit		304,933,239	402,689,204
Add: Other income	22	27,134,925	17,147,203
Profit before contribution to WPPF		332,068,164	419,836,407
Less: Contribution to WPPF		15,246,662	19,992,210
Profit before tax		316,821,502	399,844,197
Less: Income tax expenses	23	78,413,322	98,961,439
Current tax		65,495,098	86,137,999
Deferred tax		12,918,224	12,823,440
Net profit for the year		238,408,180	300,882,758
Earnings per share	24	4.80	6.06

The annexed notes 1 to 32 form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 29, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana CNG Limited

Statement of Cash Flows

For the year ended 31 March 2012

Particulars	31/03/12 BD Taka	31/03/11 BD Taka
Cash flows from operating activities		
Receipts from customers	1,325,647,195	1,385,360,581
Receipts of other income	27,134,925	17,147,203
Payments to suppliers and employees	(987,694,262)	(939,734,197)
Cash generated from operations	365,087,858	462,773,587
Interest paid	(12,881,418)	(23,023,837)
Income tax paid	(50,338,680)	(79,844,333)
Net cash generated by operating activities	301,867,760	359,905,417
Cash flows from investing activities		
Acquisition of property, plant and equipment	(30,127,751)	(44,456,960)
Investment in subsidiaries	-	(144,999,900)
Investment in right share	(105,000)	-
Realization of/(Payments for) long-term security deposits	(8,414,848)	98,896
Net cash used in investing activities	(38,647,599)	(189,357,964)
Cash flows from financing activities		
Redemption of debentures	(34,000,000)	(34,000,000)
Repayment of finance lease	(27,331,536)	(18,167,040)
Repayment of short-term loans	(22,138,136)	(3,292,653)
Dividend paid	(78,408,000)	(36,300,000)
Net cash used in financing activities	(161,877,672)	(91,759,693)
Net changes in cash and cash equivalents	101,342,489	78,787,760
Cash and cash equivalents at the beginning of year	302,730,985	223,943,225
Cash and cash equivalents at the end of year	404,073,474	302,730,985
Net operating cash flows per share	6.08	7.25

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 29, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana CNG Limited*Statement of Changes in Equity*

For the year ended 31 March 2012

Particulars	Share Capital BD Taka	Tax Holiday Reserve BD Taka	Retained Earnings BD Taka	Total BD Taka
Balance at 1 April 2010	363,000,000	180,618,848	374,332,855	917,951,703
Net profit for the year	-	-	300,882,758	300,882,758
Payment of stock dividend	72,600,000	-	(72,600,000)	-
Payment of cash dividend	-	-	(36,300,000)	(36,300,000)
Balance at 31 March 2011	435,600,000	180,618,848	566,315,613	1,182,534,461
Balance at 01 April 2011	435,600,000	180,618,848	566,315,613	1,182,534,461
Net profit for the year			238,408,180	238,408,180
Payment of stock dividend	60,984,000	-	(60,984,000)	-
Payment of cash dividend			(78,408,000)	(78,408,000)
Balance at 31 March 2012	496,584,000	180,618,848	665,331,793	1,342,534,641

Sd/-
ChairmanSd/-
DirectorSd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 29, 2012Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

CNG Conversion for Generator

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

For the year ended March 31, 2012

1. Corporate information

1.1 Reporting entity

Navana CNG Limited (the Company) was incorporated in Bangladesh as private company on 19 April 2004 vide registration no. C525/2(2807)/2004 and converted into a public company on 08.03.09. The registered office and principal place of business of Navana CNG Limited is located at 125/A Motijheel C/A, Islam Chamber (4th floor), Dhaka-1000, Bangladesh.

The Company is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

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

1.2 Subsidiaries

Navana Engineering Limited

Navana Engineering Limited is a private 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 principal activities of the Company is to manufacture polymer, plastic, PVC, Poly Ethylene, pipes, tubes, conduits, fittings for house hold, industrial and commercial use.

Navana Welding Electrode Limited

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 principal activities of the Company is to produce welding electrode rod, welding and cutting equipment, cutting rod, welding and cutting consumables etc.

2. Significant accounting policies and basis of preparation of the financial statements

2.1 Corporate financial statements and reporting

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

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, the Securities and Exchanges Rules 1987 and other applicable laws, rules & regulations and the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as well as those standards, disclosures recommended by IASs and as applicable to this Company.

The Board of Directors is responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at the date of the reporting period. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

2.2 Reporting period

The period of the financial statements covers from 1st April to 31st March consistently. These financial statements have been prepared for the period from 1st April 2011 to 31st March 2012.

2.3 Functional and presentational (reporting) currency

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

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

2.4 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 and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

2.5 Principal accounting policies

The specific accounting policies selected and applied by the Company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

2.6 Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The Company has exposure to income taxes in Bangladesh. Significant judgment is involved in determining the Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for expected tax issues based on estimates of additional taxes that might be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company has enjoyed tax holiday up to April 2009 and accordingly necessary provisions has been made for Tax holiday period.

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

(ii) Depreciation of machinery and equipment

The costs of machinery and equipment for the manufacturing activities are depreciated on a written down value basis over the useful lives of the machinery. Management estimates the useful lives of the plant and equipment. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2.7 Regulatory and legal compliance

The Company complied with requirement of the following regulatory and legal authorities:

The Companies Act, 1994;

The Securities and Exchange Rules, 1987;

The Securities and Exchange Ordinance, 1969;

The Securities and Exchange Commission Act, 1993;

The Securities and Exchange (Public Issues) Rules, 2006;

The Income Tax Ordinance, 1984;

The Value Added Tax Act, 1991; and

The rules and regulations of Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., and Central Depository Ltd.

2.8 Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the date of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.9 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 rights to receive cash flows from the asset have expired. On de-recognition 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 derecognized 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.

2.10 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.

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

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 subsequent 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 is recognized in the income statement.

2.11 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 reversed 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.

2.12 Revenue recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

a) Petrol and diesel vehicle conversion services

Revenue on petrol and diesel vehicle conversion services is recognized upon the completion of the conversion of vehicles to run on either the Bi-Fuel system or the 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.

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

2.13 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Land has an unlimited useful life and therefore is not depreciated. Depreciation of an asset is computed on a reducing balance method over the estimated useful life of the asset as follows:

Item	Rate of depreciation
Land and land development	Nil
Buildings & Shed	10%
Plant and machinery	10%
Other Equipment	10%
Furniture & Fixtures	10%
Vehicles	10%

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arises on de-recognition of the asset is included in the income statement in the year the asset is derecognized.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

Raw materials: purchase costs on a weighted average basis;

Finished goods and work-in-progress: costs of direct materials and labor 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.

2.15 Cash and cash equivalents

Cash in hand and cash at banks have been considered as cash and cash equivalents for the preparation of these financial statements, which were held and available for use by Company without any restriction and there was insignificant risk of changes in value of the same.

2.16 Income taxes

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of statement of financial position.

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

(ii) 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.

(iii) 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

Receivables 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, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.17 Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.18 Financial liabilities

Financial liabilities 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. Financial liabilities are recognized initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognized when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognized in the income statement when the liabilities are derecognized or impaired, and through the amortization process. Any gains or losses arising from changes in fair value of derivatives are recognized in the income statement. Net gains or losses on derivatives include exchange differences.

2.19 Borrowing costs

In compliance with the requirements of BAS 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.

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

Borrowing costs are recognized as expenses in the period in which they incurred and capitalized the same that incurred before commencement of commercial operation.

2.20 Leases

As lessee

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. 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.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Employees' benefits

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they accrue to employees. The estimated liability for leave is recognized for services rendered by employees up to the date of statement of financial position.

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.

2.22 Segment Reporting

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 no distinguishable other operating segment and the company has two subsidiaries having different type of business.

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

2.23 Workers Profit Participation Fund

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

2.24 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.

2.25 Earnings per share

Basic earnings per share

Basic earnings per share have been calculated in accordance with BAS-33 "Earnings per Share" which has been shown on the face of the income statement. This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding during the year.

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

In computing the basic earning per share of 2011, the total number of shares including the bonus shares has been considered as the weighted average number of shares outstanding during the year 2010 as per BAS-33 "Earnings per Share".

Diluted earnings per share

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

2.26 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.

2.27 Comparative figure

Comparative information has been disclosed in respect of the year 2011 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements presentation.

2.28 General

Figures appearing in these financial statements have been rounded off to the nearest Taka.

Previous year's figures whenever considered necessary have been rearranged in order to confirm to current year presentation.



| Navana CNG Station at Ashilua, Savar |

Navana CNG Limited and its Subsidiaries

Notes to the Financial Statements

Annexure: A

Navana CNG Limited

3. Schedule of Property, plant and equipment

As at 31 March 2012

Particulars	Cost			Rate of Depreciation	Depreciation			Written Down Value at 31.03.12	Written Down Value at 31.03.11
	As at 01.04.2011	Addition during the period	As at 31.03.2012		As at 01.04.2011	Charged During the year	As at 31.03.2012		
Land and land develop.	94,362,167		94,362,167	0%	-	-	-	94,362,167	94,362,167
Building & Shed	82,053,686	5,225,840	87,279,526	10%	25,044,451	6,223,507	31,267,959	56,011,567	57,009,235
Plant & Machinery	489,991,178	7,593,042	497,584,220	10%	140,312,586	35,727,163	176,039,749	321,544,471	349,678,592
Tools & equipment	26,314,693	8,449,001	34,763,694	10%	6,835,229	2,792,847	9,628,075	25,135,619	19,479,464
Furniture & fixtures	10,488,163	1,650,368	12,138,531	10%	3,051,234	908,730	3,959,964	8,178,567	7,436,929
Vehicles	21,081,166	7,209,500	28,290,666	10%	5,972,242	2,231,842	8,204,085	20,086,581	15,108,924
Total	724,291,053	30,127,751	754,418,804		181,215,743	47,884,089	229,099,832	525,318,972	543,075,310

Annexure: B

Navana CNG Limited and its subsidiaries

3. Schedule of Property, plant and equipment

As at 31 March 2012

Particulars	Cost			Rate of Depreciation	Depreciation			Written Down Value at 31.03.12	Written Down Value at 31.03.11
	As at 01.04.2011	Addition during the period	As at 31.03.2012		As at 01.04.2011	Charged During the year	As at 31.03.2012		
Land and land develop.	96,577,564	38,185,500	134,763,064	0%	-	-	-	134,763,064	94,362,167
Building & Shed	86,119,514	28,099,968	114,219,482	10%	25,044,451	6,829,388	31,873,840	82,345,642	57,009,235
Plant & Machinery	512,487,105	61,827,780	574,314,885	10%, 20%	140,312,586	38,840,422	179,153,008	395,161,877	383,001,202
Tools & equipment	30,828,517	13,726,494	44,555,011	10%, 20%	6,835,229	3,771,979	10,607,207	33,947,804	19,479,464
Furniture & fixtures	10,519,797	1,961,698	12,481,495	20%	3,051,234	912,701	3,963,935	8,517,560	7,436,929
Electrical equipment	-	15,482,425	15,482,425	20%	-	-	-	15,482,425	-
Office equipment	-	321,920	321,920	10%	-	-	-	321,920	-
Vehicles	21,081,166	9,112,557	30,193,723	10%, 20%	5,972,242	2,231,842	8,204,085	21,989,638	15,108,924
Total	757,613,663	168,718,342	926,332,005		181,215,743	52,586,332	233,802,075	692,529,930	576,397,920

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

		31/03/12	31/03/11
		BD Taka	BD Taka
3.00	Property, plant and equipment, net		
	Land and land development	94,362,167	94,362,167
	Building & Shed	56,011,567	57,009,235
	Plant & Machinery	321,544,471	349,678,592
	Other equipment	25,135,619	19,479,464
	Furniture & fixtures	8,178,567	7,436,929
	Vehicles	20,086,581	15,108,924
		525,318,972	543,075,310
3(a)	Consolidated Property, plant and equipment, net		
	Land and land development	134,763,064	94,362,167
	Building & Shed	82,345,642	57,009,235
	Plant & Machinery	395,161,877	383,001,202
	Tools & other equipment	33,947,804	19,479,464
	Furniture & fixtures	8,517,560	7,436,929
	Electrical equipment	15,482,425	-
	Office equipment	321,920	-
	Vehicles	21,989,638	15,108,924
		692,529,930	576,397,920
4.00	Investment in subsidiaries		
	Navana Engineering Ltd.	44,999,950	44,999,950
	Navana Welding Electrodes Ltd.	99,999,950	99,999,950
		144,999,900	144,999,900
	Name of Subsidiary	Total number of shares	Total number of shares held
	Navana Engineering Limited	4,500,000	4,499,995
	Navana Welding Electrodes Limited	10,000,000	9,999,995
		14,500,000	14,499,990
5.00	Long-term security deposit		
	PDBF	316,081	316,081
	Titus Gas T&D Co., Ltd.	30,880,441	30,880,441
	Pashchimanchal Gas Co.	2,650,741	2,650,741
	Dhaka Electricity Supply Co., Ltd.	90,000	90,000
	Dhaka Electricity Supply Authority	270,000	270,000
	Jalalabad Gas Co., Ltd.	1,299,297	1,299,297
	Dhaka Palli Budyut Samity 1	257,120	257,120
	Delta life Insurance Co., Ltd	10,000	-
	Roads & Highway	227,456	-
	North South University	16,143	-
	Uttara Bank Limited	39,130	-
	Standard Bank Ltd.	745,038	-
	Bangladesh Telecommunication Co., Ltd	32,000	-
	UCEP	338,000	-
	Dhaka Metropolitan Police	147,331	-
	Bakhrabad Gas Co.	6,859,750	-
		44,178,528	35,763,680

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

		31/03/12	31/03/11
		BD Taka	BD Taka
6.00 Investment in shares			
Lafarge Surma Cement Ltd.		795,640	468,071
Aftab Automobiles Ltd.		461,360	461,360
		1,257,000	929,431
	Face value per share	Number of shares held	Market value as on 31/03/12
Lafarge Surma Cement Ltd.	10	21,000	632,100
Aftab Automobiles Ltd.	10	53,632	6,773,722
	-	74,632	7,405,822
6(a) Consolidated Investment in shares			
Lafarge Surma Cement Ltd.		795,640	468,071
Aftab Automobiles Ltd.		461,360	461,360
		1,257,000	929,431
	Face value per share	Number of shares held	Market value as on 31/03/12
Lafarge Surma Cement Ltd.	10	21,000	632,100
Aftab Automobiles Ltd.	10	53,632	6,773,722
	-	74,632	7,405,822
7.00 Inventories			
Stock & Stores		339,698,037	345,590,175
Stock in transit		1,784,929	1,881,122
		341,482,966	347,471,297
7(a) Consolidated Inventories			
Navana CNG Limited		341,482,966	347,471,297
Navana Engineering Limited		36,926,762	1,677,390
Navana Welding Electrode Limited		10,333,807	-
		388,743,535	349,148,687
8.00 Accounts receivable			
Tejgaon CNG Conversion Center		15,498,296	6,899,533
Kallyanpur CNG Conversion Center		9,690,805	1,327,285
Dipnagar Diesel Conversion Center		8,709,023	2,790,983
Chittagong CNG Conversion Center		8,157,676	2,843,284
Chittagong Station Office,		7,554,474	-
Sylhet CNG Conversion Center		5,390,065	528,378
Cylinder Testing Unit		4,460,830	532,219
Engendering Workshop		4,241,940	477,653
Kalurghst CNG Conversion Center		2,671,054	545,896
Kalurghst CRT		2,652,107	-
Station Office, Dhaka		2,451,735	501,200
Uttara CNG Conversion Center		2,065,385	947,746
Bogra CNG Conversion Center		1,317,900	476,742
Palton CNG Conversion Center		726,713	1,150,823
Auto repair & services		704,300	806,635
Denso CNG Station		595,662	102,354
Binimoy CNG Station		568,348	354,284
Sylhet CNG Station		547,171	265,842
Sylhet Station office		504,009	-
Baipail CNG Station		463,172	263,548
Bogra CNG Station		365,149	103,264
Bogra Station office		345,466	-
Leguna CNG Station		297,006	25,364
Sitakundu CNG Station		271,665	103,624
S.H. Khan CNG Station		259,830	145,021
Kwality CNG Station		189,796	12,036
Abdullah CNG Station		185,577	44,589
Bhoirab CNG Station		134,394	102,354
Elenga Station CNG Station		112,152	26,365
United CNG Station		89,522	33,254
Jogajog CNG Station		76,665	125,426
Sonarbangla CNG Station		141,309	99,865
		81,439,196	21,635,567

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

	31/03/12	31/03/11
8(a) Consolidated Accounts receivable	BD Taka	BD Taka
Navana CNG Limited	81,439,196	21,635,567
Navana engineering Lid.	11,620,052	-
	93,059,248	21,635,567
9.00 Advances, deposits & pre-payments		
Advance against leasehold land	11,840,624	68,548,521
Advance against local procurement	19,514,788	35,648,569
Bank guarantee margin	17,541,057	2,872,039
Security deposit	133,339	-
Pre-payments	4,500,000	-
	53,529,808	107,069,129
9(a) Consolidated Advances, deposits & pre-payments		
Navana CNG Limited	53,529,808	107,069,129
Navana Engineering Limited	3,812,894	9,060,570
Navana Welding Electrode Limited	10,618,572	-
	67,961,274	116,129,699
10.00 Cash & bank balances		
Cash in hand	35,414,897	19,375,985
Cash at bank	368,658,577	283,355,000
	404,073,474	302,730,985
The bank balance consists of:		
AB Bank Ltd.	13,373,125	2,828,370
Bank Alfalah Ltd.	12,613	13,763
Al-Arafah Bank Ltd.	10,000	-
Bank Asia Ltd.	392,539	397,688
Brac Bank Ltd.	2,388,985	1,160,341
Dhaka Bank Ltd.	6,616,767	2,695,884
Dutch Bangla Bank Ltd.	26,885,474	15,462,635
IFIC Bank Ltd.	1,064,402	71,740
Jamuna Bank Ltd.	133,520	155,635
Mercantile Bank Ltd.(FDR)	67,149,899	60,000,000
Mutual Trust Bank Ltd.	18,970,466	10,074,259
National Bank Ltd.	2,877,639	1,840,418
NCC Bank Ltd.(Including FDR)	46,146,380	40,495,139
One Bank Ltd.(FDR)	59,343,083	53,169,698
Prime Bank Ltd.	9,814,222	3,107,409
Pubali Bank Ltd.	5,186,617	1,803,733
Rupali Bank Ltd.	10,304,573	9,796,127
Shahjalal Islami Bank Ltd.	7,474,770	7,206,838
Social Investment Bank Ltd.	46,277	47,835
Southeast Bank Ltd.	30,190	1,584,189
Standard Bank Ltd. (Including FDR)	71,044,189	65,794,906
Standard Chartered Bank	1,799,614	1,831,898
Uttara Bank Ltd.	17,593,233	3,816,495
	368,658,577	283,355,000
The fixed deposit (FDR) amount was kept in the following banks:		
Mercantile Bank Ltd.	67,149,899	60,000,000
NCC Bank Ltd.	43,415,274	40,000,000
One Bank Ltd.	59,343,083	53,169,698
Standard Bank Ltd.	70,998,725	63,441,800
	240,906,981	216,611,498

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

		31/03/12	31/03/11
10(a) Consolidated Cash & bank balances		BD Taka	BD Taka
Cash in hand		36,812,899	21,387,380
Cash at bank		442,752,603	383,355,000
		479,565,502	404,742,380
The bank balance consists of:			
Navana CNG Limited		127,751,596	383,355,000
Navana Engineering Limited		6,214,031	-
Navana Welding Electrode Limited		798,547	-
		134,764,174	383,355,000
The fixed deposit (FDR) amount was kept in the following banks:			
Mercantile Bank Ltd.		67,149,899	216,611,498
NCC Bank Ltd.		43,415,274	-
One Bank Ltd.		59,343,083	-
Standard Bank Ltd.		138,080,173	100,000,000
		307,988,429	316,611,498
Total		442,752,603	
11.00 Share capital			
Authorized capital:			
(150,000,000 Ordinary Shares @ Tk. 10 each)		1,500,000,000	500,000,000
Issued, Subscribed and Paid-up Capital:			
(49,658,400 Ordinary Shares @ Tk. 10 each)		496,584,000	435,600,000
	Number of Shares Quantity	Share Capital BD Taka	Share Capital BD Taka
Balance at beginning of year	43,560,000	435,600,000	363,000,000
Issue of bonus shares	6,098,400	60,984,000	72,600,000
Balance at end of year	49,658,400	496,584,000	435,600,000

Shareholding position:

Class of shareholders	Number of Investors	Number of Shares hold	Shares Holding % 31-03-2012	Shares Holding % 31-03-2011
Sponsors	11	21,182,562	42.66%	42.50%
General public	26,822	18,008,710	36.27%	37.59%
Institutional investors	420	10,467,128	21.08%	19.91%
Total	27,253	49,658,400	100.00%	100.00%

Classification of shareholders:

Particulars	Number of Investors	Number of Shares	Shares Holding % 31-03-2012	Shares Holding % 31-03-2011
1 to 500	19,570	3,565,241	7.18%	10.13%
501 to 5000	3,692	2,554,469	5.14%	17.16%
5001 to 10000	3,726	8,315,340	16.75%	3.31%
10001 to 20000	135	1,841,452	3.71%	2.94%
20001 to 30000	39	937,667	1.89%	1.43%
30001 to 40000	18	638,306	1.29%	0.99%
40001 to 50000	14	638,443	1.29%	1.22%
50001 to 100000	21	1,515,470	3.05%	3.14%
100001 to 1000000	33	8,650,668	17.42%	17.48%
1000000 above	5	21,001,344	42.29%	42.19%
Total	27,253	49,658,400	100.00%	100.00%

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

	31/03/12	31/03/11
	BD Taka	BD Taka
12.00 Retained earnings		
Opening balance	566,315,613	374,332,855
Add: Total Comprehensive Income for the year	238,408,180	300,882,758
	804,723,793	675,215,613
Less: payment stock dividend	(60,984,000)	(72,600,000)
Less: payment cash dividend	(78,408,000)	(36,300,000)
Closing balance	665,331,793	566,315,613
12(a) Consolidated retained earnings		
Opening balance	566,315,613	374,332,855
Add: Total Comprehensive Income for the year	248,441,058	300,882,758
	814,756,671	675,215,613
Less: payment stock dividend	(60,984,000)	(72,600,000)
Less: payment cash dividend	(78,408,000)	(36,300,000)
Closing balance	675,364,671	566,315,613
13.00 Finance lease		
Opening balance	76,071,490	94,238,530
Interest charged during the year	9,256,225	11,936,282
Total	85,327,715	106,174,812
Repayment during the year	36,587,761	30,103,322
Closing balance	48,739,954	76,071,490
Non-current portion of finance lease	9,146,940	60,857,192
Current portion of finance lease	39,593,014	15,214,298
	48,739,954	76,071,490
13(a) Consolidated Finance lease		
Opening balance	76,071,490	94,238,530
Interest charged during the year	9,256,225	11,936,282
Total	85,327,715	106,174,812
Repayment during the year	36,587,761	30,103,322
Closing balance	48,739,954	76,071,490
Non-current portion of finance lease	9,146,940	60,857,192
Current portion of finance lease	39,593,014	15,214,298
	48,739,954	76,071,490
14.00 Debenture, current portion		
Opening balance	34,000,000	68,000,000
Interest charged during the year	3,400,000	6,460,000
Total	37,400,000	74,460,000
Repayment during the year	37,400,000	40,460,000
Closing balance	-	34,000,000
14(a) Consolidated Debenture, current portion		
Opening balance	34,000,000	68,000,000
Interest charged during the year	3,400,000	6,460,000
Total	37,400,000	74,460,000
Repayment during the year	37,400,000	40,460,000
Closing balance	-	34,000,000
15.00 Short-term loans		
Shahjalal Islami Bank Ltd.	-	8,360,287
Standard Bank Ltd.	-	13,777,849
	-	22,138,136

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

	31/03/12	31/03/11
	BD Taka	BD Taka
15(a) Consolidated Short-term loans		
Shahjalal Islami Bank Ltd.	-	8,360,287
Standard Bank Ltd.	5,628,086	13,777,849
	5,628,086	22,138,136
16.00 Provision for income tax		
Opening balance	53,575,188	47,281,522
Add: Current tax expenses for the year	65,495,098	86,137,999
Total	119,070,286	133,419,521
Less: Tax paid during the year	(50,338,680)	(79,844,333)
Closing balance	68,731,606	53,575,188
16(a) Consolidated Provision for income tax		
Navana CNG Limited	68,731,606	53,575,188
Navana Welding Electrode Limited	2,163,140	-
	70,894,746	53,575,188
17.00 Payables and accruals		
Account payables	11,222,784	16,498,502
Provisions & accruals	71,439,116	45,861,713
Workers profit participation fund	15,246,662	32,416,870
Sundry payables	132,277	15,264,359
	98,040,839	110,041,444
17(a) Consolidated Payables and accruals		
Navana CNG Limited	98,040,839	110,041,444
Navana Engineering Limited	388,386	95,000
Navana Welding Electrode Limited	2,095,486	15,000
	100,524,711	110,151,444
18.00 Revenue		
CNG conversion	411,908,018	775,192,339
CNG sales	897,928,063	554,575,650
Service revenue	75,614,743	61,944,676
	1,385,450,824	1,391,712,665
18(a) Consolidated Revenue		
Navana CNG Limited	1,385,450,824	1,391,712,665
Navana Engineering Limited	63,952,344	-
	1,449,403,168	1,391,712,665
19.00 Cost of sales		
Cost of CNG conversion (Note:19.01)	208,513,327	418,492,463
Cost of CNG sales (Note: 19.02)	670,048,150	368,595,945
	878,561,477	787,088,408
19.01 Cost of CNG conversion		
Opening balance of conversion materials	345,590,175	331,158,124
Purchase during the year	202,621,189	432,924,514
Available for consumption	548,211,364	764,082,638
Closing balance of conversion materials	339,698,037	345,590,175
Conversion materials consumed	208,513,327	418,492,463
19.02 Cost of CNG sales		
Gas	593,541,925	303,579,455
Electricity	46,119,375	37,043,790
Land rent	30,386,850	27,972,700
	670,048,150	368,595,945

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

	31/03/12	31/03/11
	BD Taka	BD Taka
19(a) Consolidated Cost of sales		
Cost of CNG conversion (Note:19 a .01)	208,513,327	418,492,463
Cost of CNG sales (Note: 19. b .02)	670,048,150	368,595,945
Cost of goods sold	48,785,288	-
	927,346,765	787,088,408
19(a).01 Cost of CNG conversion		
Opening balance of conversion materials	345,590,175	331,158,124
Purchase during the year	202,621,189	432,924,514
Available for consumption	548,211,364	764,082,638
Closing balance of conversion materials	339,698,037	345,590,175
Conversion materials consumed	208,513,327	418,492,463
19(a).02 Cost of CNG sales		
Gas	593,541,925	303,579,455
Electricity	46,119,375	37,043,790
Land rent	30,386,850	27,972,700
	670,048,150	368,595,945
20.00 Administration and selling expense		
Salary & allowances	104,617,011	89,880,187
Overtime allowance	7,338,092	7,025,418
Vehicle maintenance	2,056,536	180,254
Electricity bill	2,042,986	1,258,474
Rental expense	2,238,966	4,540,254
Telephone & mobile expense	2,421,319	2,254,898
Conveyance	2,609,844	1,605,824
Electrical expense	162,726	1,125,423
Entertainment	1,581,832	1,125,625
Labor charge	448,882	1,126,324
Board meeting attendance fee	110,000	26,250
Medical expense	167,240	105,241
Carrying charge	981,667	2,425,140
Mineral water	488,058	914,366
Annual general meeting expenses	1,345,300	1,228,968
Miscellaneous expense	546,390	313,244
Newspaper & periodicals	177,103	222,411
Office maintenance	254,523	135,242
Audit fees	60,000	50,000
Oil & lubricants	2,196,377	2,041,258
Photocopy expense	75,409	563,242
Postage & stamp	212,965	1,125,847
Uniform & liveries	137,962	1,479,106
Printing expense	3,118,938	3,461,308
Stationary expense	720,344	758,965
Gratuity expense	2,400,000	2,400,000
Registration & renewals	1,679,527	555,242
Travelling expense	1,000,604	1,125,689
Depreciation	47,884,089	49,857,016
	189,074,690	178,911,216

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

	31/03/12	31/03/11
	BD Taka	BD Taka
20(a) Consolidated Administration and selling expense		
Salary & allowances	104,617,011	89,880,187
Overtime allowance	7,338,092	7,025,418
Vehicle maintenance	2,056,536	180,254
Electricity bill	2,042,986	1,258,474
Rental expense	2,238,966	4,540,254
Telephone & mobile expense	2,421,319	2,254,898
Conveyance	2,609,844	1,605,824
Electrical expense	162,726	1,125,423
Entertainment	1,581,832	1,125,625
Labor charge	448,882	1,126,324
Board meeting attendance fee	110,000	26,250
Medical expense	167,240	105,241
Carrying charge	981,667	2,425,140
Mineral water	488,058	914,366
Annual general meeting expenses	1,345,300	1,228,968
Miscellaneous expense	546,390	313,244
Newspaper & periodicals	177,103	222,411
Office maintenance	254,523	135,242
Audit fees	60,000	50,000
Oil & lubricants	2,196,377	2,041,258
Photocopy expense	75,409	563,242
Postage & stamp	212,965	1,125,847
Uniform & liveries	137,962	1,479,106
Printing expense	3,118,938	3,461,308
Stationary expense	720,344	758,965
Gratuity expense	2,400,000	2,400,000
Registration & renewals	1,679,527	555,242
Travelling expense	1,000,604	1,125,689
Depreciation	47,884,089	49,857,016
Admin. & selling expenses of Navana Engineering Limited	4,454,313	-
Admin. & selling expenses of Navana Welding Electrode Limited	6,275,798	-
	199,804,801	178,911,216
21.00 Interest expenses		
Interest on debentures	3,400,000	6,460,000
Interest on lease finance	9,256,225	11,936,282
Interest on short-term loans	225,193	4,627,555
	12,881,418	23,023,837
21(a) Consolidated Interest expenses		
Interest on debentures	3,400,000	6,460,000
Interest on lease finance	9,256,225	11,936,282
Interest on short-term loans	225,193	4,627,555
	12,881,418	23,023,837
22.00 Other income		
Interest income on FDR	27,020,869	14,796,998
Interest income on STD Account	86,552	2,350,205
Other income	27,504	-
	27,134,925	17,147,203

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

	31/03/12	31/03/11
22(a) Consolidated Other income	BD Taka	BD Taka
Navana CNG Limited	27,134,925	17,147,203
Navana Welding Electrode Limited	12,044,170	-
	39,179,095	17,147,203
23.00 Income tax expense		
Current tax	65,495,098	86,137,999
Deferred tax	12,918,224	12,823,440
	78,413,322	98,961,439
Current tax:		
Tax deducted at source	5,629,638	10,562,811
Tax deducted from FDR interest income	2,700,386	-
Tax deducted from STD interest income	8,656	-
Tax paid in advance	11,000,000	22,000,000
Tax provision	46,156,418	53,575,188
	65,495,098	86,137,999
Deferred tax:		
Taxable temporary difference	46,975,360	46,630,691
Tax rate	27.50%	27.50%
Provision for deferred tax liabilities	12,918,224	12,823,440
Opening balance	27,624,054	14,800,614
	40,542,278	27,624,054
23(a) Consolidated Income tax expense		
Current tax	67,658,238	86,137,999
Deferred tax	12,918,224	12,823,440
	80,576,462	98,961,439
Current tax:		
Tax deducted at source	5,435,758	10,562,811
Tax deducted from FDR interest income	3,955,904	-
Tax deducted from STD interest income	8,656	-
Tax deducted from Customer	193,880	-
Tax paid in advance	11,000,000	22,000,000
Tax provision	47,064,040	53,575,188
	67,658,238	86,137,999
Deferred tax:		
Taxable temporary difference	46,975,360	46,630,691
Tax rate	27.50%	27.50%
Provision for deferred tax liabilities	12,918,224	12,823,440
Opening balance	27,624,054	14,800,614
	40,542,278	27,624,054
24.00 Earnings per share (EPS)		
Profit attributable to ordinary shareholders	238,408,180	300,882,758
Number of ordinary shares used to compute earnings per share	49,658,400	49,658,400
	4.80	6.06
24.(a) Earnings per share (EPS)		
Profit attributable to ordinary shareholders	252,725,152	300,882,658
Number of ordinary shares used to compute earnings per share	49,658,400	49,658,400
	5.09	6.06

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

	31/03/12	31/03/11
25.00 Net assets value per share (NAVPS)	BD Taka	BD Taka
Net assets value	1,342,534,641	1,182,534,461
Number of ordinary shares used to compute NAVPS	49,658,400	43,560,000
Net assets value per share	27.04	27.15
25.(a) Net assets value per share (NAVPS)		
Net assets value	1,356,851,613	1,182,534,461
Number of ordinary shares used to compute NAVPS	49,658,400	43,560,000
	27.32	27.15
26.00 Net operating cash flows per share (NOCFPS)		
Net operating cash flows	301,867,760	359,905,417
Number of ordinary shares used to compute NOCFPS	49,658,400	49,658,400
Net operating cash flows per share	6.08	7.25
26.(a) Net operating cash flows per share (NOCFPS)		
Net operating cash flows	264,198,371	353,249,321
Number of ordinary shares used to compute NOCFPS	49,658,400	49,658,400
Net operating cash flows per share	5.32	7.11

27.00 Event after the Reporting Period

The Directors in the meeting held on 29 July ,2012, recommended 10 % cash dividend and 15 % stock dividend for the 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 27 September ,2012.

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

28.00 Related party disclosures

During the year, the Company carried out a number of 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 in accordance with the provision with the provisions of BAS 24: Related Party Disclosure.

Name of related party	Relationship	Nature of transactions	Transaction value	Outstanding receivable/ (payable)
			BD Taka	BD Taka
Navana Engineering Limited	Subsidiary	working capital	1,473,065	1,473,065
Navana Welding Electrodes Ltd	Subsidiary	working capital	836,409	836,409

28 (a) Related party disclosures

During the year, the Company carried out a number of 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 in accordance with the provision with the provisions of BAS 24: Related Party Disclosure.

Name of related party	Relationship	Nature of transactions	Transaction value	Outstanding receivable/ (payable)
			BD Taka	BD Taka
Navana Engineering Limited	Subsidiary	working capital	1,473,065	1,473,065
Navana Welding Electrodes Ltd	Subsidiary	working capital	836,409	836,409
Loan from Director	Director	Intt. free Loan	144,112,526	144,112,526

Navana CNG Limited and its subsidiaries

Notes to the Financial Statements

29.00 Amount due by directors

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

30.00 Claims against the company

There is no known claim against the Company

31.00 Employee position of the Company

The number of employees drawing Tk. 3,000 or more per month was 851 (2011:842) during the year

32.00 Payment / Perquisites to Directors and officers :

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

Board meeting attendance fee	110,000
Managerial remuneration	1,629,870
Managerial Benefits:	
Gratuity	488,961
Bonus	271,645
Perquisites	2,366,897
Company's contribution to provident fund	162,987
	<hr/>
	5,030,360
	<hr/>

during the year under review :

- no compensation was allowed by the company to the Chief Executive Officer of the company who is also a Director.
- 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. 110,000/- and
- no amount of money was spent by the company for compensating any member of the board for special services rendered.

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in term of our separate report of event date

Sd/-
M.M.RAHMAN & CO.
Chartered Accountants

Dated: Dhaka
July 29, 2012

Independent Auditors' Report To the Shareholders of Navana Engineering Limited

We have audited the accompanying financial statements Navana Engineering Limited (the Company), which comprise the statement of financial position as at March 31, 2012, and the statement of comprehensive income, statement of cash flows and a summary of significant accounting policies and other explanatory notes for the year then ended.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position Navana Engineering Limited as of March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

- 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;
- in our opinion, proper books of account as required by the law have been kept by the Company so far as it appeared from our examination of those books;
- the Company's financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- the expenditure incurred was for the purposes of the company's business.

Dated : Dhaka
July 04, 2012

PRACHI – NIKET
54, Dilkusha C/A,
Dhaka-1000, Bangladesh

Sd/-
M. M. RAHMAN & CO.
Chartered Accountants

M. Obaidur Rahman, FCA

Navana Engineering Limited

Statement of Financial Position

As at 31 March 2012

	Notes	31/03/12	31/03/11
		BD Taka	BD Taka
Assets			
Non-current assets			
Property, plant and equipment	3.00	44,535,590	33,322,610
Deferred expenses		-	545,120
Total non-current assets		44,535,590	33,867,730
Current assets			
Inventories	4.00	36,926,762	1,677,390
Account receivables		11,620,052	-
Advances, deposits & prepayments	5.00	3,812,894	9,060,570
Cash & Bank Balances	6.00	7,612,033	1,962,375
Total current assets		59,971,741	12,700,335
Total assets		104,507,331	46,568,065
Equity and liabilities			
Equity			
Share capital	7.00	45,000,000	45,000,000
Tax holiday reserve		4,285,097	-
Retained earnings	8.00	6,427,646	-
Total equity		55,712,743	45,000,000
Current liabilities			
Loan from Director (Unsecured & interest free)		46,933,137	-
Payables to Navana CNG Ltd.		1,473,065	1,473,065
Payables & accruals		388,386	95,000
Total current liabilities		48,794,588	1,568,065
Total equity & liabilities		104,507,331	46,568,065

The annexed notes 1 to 11 form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 04, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana Engineering Limited

Statement of Comprehensive Income

For the year ended 31 March 2012

Particulars	Notes	Year ended 31/03/12 BD Taka
Revenue	9.00	63,952,344
Less: Cost of sales	10.00	48,785,288
Gross profit		15,167,056
Less: Admin & selling expenses	11.00	4,454,313
Operating profit		10,712,743
Add: Other income		-
Profit before tax holiday reserve		10,712,743
Less: Tax holiday reserve		4,285,097
Net profit for the year		6,427,646

The annexed notes 1 to 11 form an integral part of these financial statements.

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 04, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants



Cylinder Re-testing Unit

Navana Engineering Limited

Statement of Cash Flows

For the year ended 31 March 2012

	31/03/12	31/03/11
	BD Taka	BD Taka
Cash flows from operating activities		
Receipts from customers & others	52,332,292	1,473,065
Payments to suppliers and employees	(77,700,549)	(8,965,570)
Net cash outflows by operating activities	(25,368,257)	(7,492,505)
Cash flows from investing activities		
Payments for property, plant and equipment	(15,915,223)	-
Payments for deferred expenses	-	(545,120)
Net cash used in investing activities	(15,915,223)	(545,120)
Cash flows from financing activities		
Issue of share capital	-	10,000,000
Loan from Director	46,933,137	-
Net cash inflows from financing activities	46,933,137	10,000,000
Net changes in cash and cash equivalents	5,649,658	1,962,375
Cash and cash equivalents at the beginning of year	1,962,375	-
Cash and cash equivalents at the end of year	7,612,033	1,962,375

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 04, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants



CNG Conversion Workshop, Bogra

Navana Engineering Limited

Notes to the Financial Statements

For the year ended March 31, 2012

1. Corporate Information and Mode of Business

1.1 Corporate Information

Navana Engineering Limited is a private 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.

1.2 Mode 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.

2. Significant Accounting Policies and Basis of Preparation of Financial Statement

2.1 Statement of Compliance

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

2.2 Basis of Preparation

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

2.3 Basis of Reporting

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

2.4 Reporting Period

The period of the financial statements covers from 1st April to 31st March consistently. These financial statements have been prepared for the period from 1st April 2011 to 31st March 2012.

2.5 Functional and Presentation Currency

Financial Statements are prepared in Bangladeshi Taka which is the functional currency.

2.6 Recognition of Property, Plant and Equipment

These are capitalized at cost of acquisition and subsequently stated at original cost minus accumulated depreciation and accumulated impairment losses, if any, in compliance with the relevant accounting standard (BAS 16). The cost of the assets is inclusive of cost paid to the vendors along with all incidental expenses to install or construct the same assets for its intended use. Expenditure incurred after the assets have been put in to operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

Depreciation

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

Name of the Assets	Rate of Depreciation in (%)
Land & land Developments	-
Building	10
Plant & Machinery	10
Tools & Equipment	10
Furniture & Fixtures	10
Vehicles	10

Navana Engineering Limited

Notes to the Financial Statements

2.7 Inventories

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

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

2.8 Cash and Cash Equivalent

Cash and cash equivalents includes cash in hand, cash at banks, which are held and available for use by the unit without any restriction and having maturity dates of three months or less from the respective date of deposit. There is insignificant risk of change in value of same.

2.9 Liabilities for Expenses

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

2.10 Financial Assets and Liabilities

Financial assets and liabilities are recognized on the Statement of Financial Position date when the unit has become a party to a contractual provision of the instruments

I) Receivables: Trade receivables are stated their real value and consider good. No provision has been made doubtful debts and no amount was written off as bad.

II) Payables: Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Unit.

2.11 General

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

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



Production Process of Navana Engineering Ltd.

Navana Engineering Limited

Notes to the Financial Statements

Schedule of Property, plant and equipment As at 31 March 2012

Particulars	Cost			Rate of Depreciation	Depreciation			Written Down Value at 31.03.12	Written Down Value at 31.03.11
	As at 01.04.2011	Addition during the period	As at 31.03.2012		As at 01.04.2011	Charged During the year	As at 31.03.2012		
Land and land development	2,215,397	-	2,215,397	0%	-	-	-	2,215,397	2,215,397
Building & Shed	4,065,828	1,992,983	6,058,811	10%	-	605,881	605,881	5,452,930	4,065,828
Plant & Machinery	22,495,927	8,636,667	31,132,594	10%	-	3,113,259	3,113,259	28,019,335	22,495,927
Tools & equipment	4,513,824	5,277,493	9,791,317	10%	-	979,132	979,132	8,812,185	4,513,824
Furniture & fixtures	31,634	8,080	39,714	10%	-	3,971	3,971	35,743	31,634
Total	33,322,610	15,915,223	49,237,833		-	4,702,243	4,702,243	44,535,590	33,322,610

Depreciation Charged to :

TK

Cost of good sold

3,761,794

Administrative & selling Expenses

940,449

4,702,243


Navana CNG Station at Chittagong

Navana Engineering Limited

Notes to the Financial Statements

	31/03/12	31/03/11
	BD Taka	BD Taka
3.00 Property, plant and equipment		
Land and land development	2,215,397	2,215,397
Building & Shed	5,452,930	4,065,828
Plant & Machinery	28,019,335	22,495,927
Tools & equipment	8,812,185	4,513,824
Furniture & fixtures	35,743	31,634
	44,535,590	33,322,610
4.00 Stock & Stores		
Stock in Direct raw materials	14,550,745	1,677,390
Stock In Transit	14,674,311	-
Stock in Indirect raw materials	5,300,571	-
Closing finished goods	2,401,135	-
	36,926,762	1,677,390
5.00 Advances, deposits & prepayments		
Advance Income Tax	1,259,139	-
Advance Trade Vat	37,766	-
Vat Current Account	2,515,989	-
	3,812,894	-
6.00 Cash & Bank Balances		
Cash in hand	1,398,002	962,375
Cash at bank	6,214,031	1,000,000
	7,612,033	1,962,375
Cash at bank		
Al- Arafat Islami Bank	10,000	-
Jumuna Bank Ltd	9,712	-
Social islamic Bank lid.	49,205	-
Social islamic Bank lid.	1,971,381	-
Southeast Bank Ltd	812,867	-
Standard Bank Limited	3,360,866	1,000,000
	6,214,031	1,000,000
7.00 Authorized Capital:		
10,000,000 Ordinary Shares @ Tk. 10 each	100,000,000	100,000,000
Issued, Subscribed and Paid-up Capital	45,000,000	45,000,000
4500000 Ordinary Shares @ Tk. 10 each		
Non -controlling interest (Sponsors)	50	50
Navana CNG Limited	44,999,950	44,999,950
	45,000,000	45,000,000
8.00 Retained earnings		
Opening balance	-	-
Add: Total Comprehensive Income for the year	6,427,646	-
Closing balance	6,427,646	-
9.00 Revenue		
HDPE Coil Pipe	12,357,969	-
HDPE Duct Sales	51,015,628	-
PPR Pipe Fittings Sales	578,746	-
	63,952,344	-

Navana Engineering Limited

Notes to the Financial Statements

		31/03/12	31/03/11
		BD Taka	BD Taka
10.00 Cost of goods sold			
Direct raw materials Consumed	10.1	45,421,521	-
Add: Factory overhead	10.2	5,764,902	-
		51,186,423	-
Add: opening finished goods		-	-
Less: Closing finished goods		2,401,135	-
		48,785,288	-
10.1 Direct materials			
Opening stock raw materials		1,677,390	-
Add: Purchase for the year		63,595,447	1,677,390
		65,272,837	1,677,390
Less: Closing stock		19,851,316	1,677,390
		45,421,521	-
10.2 Factory overhead			
Salary & wages		701,445	-
Desel		38,305	-
Gas		276,823	-
Electricity		986,535	-
Depreciation		3,761,794	-
		5,764,902	-
11.00 Administration and selling expense			
Salary & allowances		1,546,212	-
Leave encashment		62,100	-
Festival Bonus		131,375	-
Deferred expenses W/O		959,646	-
Audit Fee		10,000	-
Overtime allowance		65,923	-
Repair & Maintainace		85,051	-
Gift		41,400	-
Bank charge		18,172	-
Advertisement		66,855	-
Telephone & mobile expense		18,153	-
Conveyance		16,811	-
Electrical expense		209,916	-
Entertainment		37,514	-
Internet bill		11,400	-
Carrying charge		23,400	-
C.P.F Expense		20,106	-
Newspaper & periodicals		1,200	-
Office maintenance		52,186	-
ISO Exps		25,000	-
Photocopy expense		9,409	-
Postage & stamp		36,864	-
Stationary expense		30,566	-
Registration & renewals		34,605	-
Depreciation		940,449	-
		4,454,313	-

Independent Auditors' Report To the Shareholders of Navana Welding Electrode Limited

We have audited the accompanying financial statements Navana Welding Electrode Limited (the Company), which comprise the statement of financial position as at March 31, 2012, and the statement of comprehensive income, statement of cash flows and a summary of significant accounting policy notes for the year then ended.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position Navana Welding Electrode Limited as of March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

- 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;
- in our opinion, proper books of account as required by the law have been kept by the Company so far as it appeared from our examination of those books;
- the Company's financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- the expenditure incurred was for the purposes of the Company's business.

Dated : Dhaka
July 04, 2012

PRACHI – NIKET
54, Dilkusha C/A,
Dhaka-1000, Bangladesh

Sd/-
M. M. RAHMAN & CO.
Chartered Accountants

M. Obaidur Rahman, FCA

Navana Welding Electrode Limited

Statement of Financial Position

As at 31 March 2012

	Notes	31/03/12	31/03/11
		BD Taka	BD Taka
Assets			
Non-current assets			
Property, plant and equipment		122,675,368	-
Deferred expenses		-	802,389
Total non-current assets		122,675,368	802,389
Current assets			
Inventories		10,333,807	-
Advances, deposits & prepayments		10,618,572	-
Cash & Bank Balances		67,879,995	100,049,020
Total current assets		88,832,374	100,049,020
Total assets		211,507,742	100,851,409
Equity and liabilities			
Equity			
Share capital		100,000,000	100,000,000
Retained earnings		3,605,232	-
Total equity		103,605,232	100,000,000
Current liabilities			
Loan from Director (Unsecured & interest free)		97,179,389	-
Short-term loan		5,628,086	-
Provision for income tax		2,163,140	-
Payables to Navana CNG Ltd.		836,409	836,409
Payables & accruals		2,095,486	15,000
Total current liabilities		107,902,510	851,409
Total equity & liabilities		211,507,742	100,851,409

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 04, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana Welding Electrode Limited

Statement of Comprehensive Income

For the year ended 31 March 2012

Particulars	31/03/12 BD Taka
Revenue	-
Less: Cost of sales	-
Gross profit	-
Less: Administration expenses	6,275,798
Operating profit	(6,275,798)
Add: Other income	12,044,170
Profit before tax	5,768,372
Less: Income tax expenses	2,163,140
Net profit for the year	3,605,232

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 04, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana Welding Electrode Limited

Statement of Cash Flows

For the year ended 31 March 2012

	31/03/12	31/03/11
	BD Taka	BD Taka
Cash flows from operating activities		
Receipts from customers & others	12,044,170	836,409
Paid Tax	(1,255,518)	-
Payments to suppliers and employees	(23,089,784)	-
Net cash outflows by operating activities	(12,301,132)	836,409
Cash flows from investing activities		
Acquisition of property, plant and equipment	(122,675,368)	-
Payments for deferred expenses	-	(787,389)
Net cash used in investing activities	(122,675,368)	(787,389)
Cash flows from financing activities		
Issue of share Capital	-	100,000,000
Loan from Director	97,179,389	-
Proceeds from Short-term loan	5,628,086	-
Net cash inflows from financing activities	102,807,475	100,000,000
Net changes in cash and cash equivalents	(32,169,025)	100,049,020
Cash and cash equivalents at the beginning of year	100,049,020	-
Cash and cash equivalents at the end of year	67,879,995	100,049,020

Sd/-
Chairman

Sd/-
Director

Sd/-
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka
July 04, 2012

Sd/-
M.M. RAHMAN & CO.
Chartered Accountants

Navana Welding Electrode Limited

Notes to the Financial Statements

For the year ended March 31, 2012

1. Corporate Information and Mode of Business

1.1 Corporate Information

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

1.2 Mode of Business

The principal activities of the company are manufacturing of welding electrode rod, welding and cutting equipments, cutting rod, welding and cutting consumables etc. all kind of welding flux chemical, associated chemicals, welding wire rod, Industrial and all purpose commercial use.

2. Significant Accounting Policies and Basis of Preparation of Financial Statement

2.1 Statement of Compliance

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

2.2 Basis of Preparation

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

2.3 Basis of Reporting

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

2.4 Reporting Period

The period of the financial statements covers from 1st April to 31st March consistently. These financial statements have been prepared for the period from 1st April 2011 to 31st March 2012.

2.5 Functional and Presentation Currency

The financial statements are prepared in Bangladeshi Taka which is the Functional Currency.

2.6 Recognition of Property, Plant and Equipment

These are capitalized at cost of acquisition and subsequently stated at original cost minus accumulated depreciation and accumulated impairment losses, if any, in compliance with the relevant accounting standard (BAS 16). The cost of the assets is inclusive of cost paid to the vendors along with all incidental expenses to install or construct the same assets for its intended use. Expenditure incurred after the assets have been put in to operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

Depreciation

Depreciation has not been charged on Property, Plant and Equipment of the company till March 31, 2012.

Name of the Assets	Rate of Depreciation in (%)
Land & land Developments	-
Building	10
Plant & Machinery	10
Tools & Equipment	10
Furniture & Fixtures	10
Vehicles	10

Navana Welding Electrode Limited

Notes to the Financial Statements

2.7 Inventories

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

2.8 Cash and Cash Equivalent

Cash and cash equivalents includes cash in hand, cash at banks, which are held and available for use by the unit without any restriction and having maturity dates of three months or less from the respective date of deposit. There is insignificant risk of change in value of same.

2.9 Liabilities for Expenses

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

2.10 Financial Assets and Liabilities

Financial assets and liabilities are recognized on the Statement of Financial Position date when the unit has become a party to a contractual provision of the instruments

I) Receivables: Trade receivables are stated their real value and consider good. No provision has been made doubtful debts and no amount was written off as bad.

II) Payables: Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Unit.

2.11 General

- Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.
- Comparative figures and account titles in the financial statements have been re-arranged/re-classified where necessary, to conform to changes in presentation in the current year.



Under Construction Plant of Navana Welding Electrode Ltd.

Navana Welding Electrode Limited

Notes to the Financial Statements

Schedule of Property, plant and equipment
 As at 31 March 2012

Particulars	Cost			Rate of Depreciation	Depreciation			Written Down Value at 31.03.12	Written Down Value at 31.03.11
	As at 01.04.2011	Addition during the period	As at 31.03.2012		As at 01.04.2011	Charged During the year	As at 31.03.2012		
Land and land development		38,185,500	38,185,500	0%	-	-	-	38,185,500	-
Building & civil construction		20,881,145	20,881,145	10%	-	-	-	20,881,145	-
Plant & machinery		45,598,071	45,598,071	20%	-	-	-	45,598,071	-
Office equipment		321,920	321,920	20%	-	-	-	321,920	-
Furniture & fittings		303,250	303,250	10%	-	-	-	303,250	-
Electrical equipment		15,482,425	15,482,425	20%	-	-	-	15,482,425	-
Vehicles		1,903,057	1,903,057	20%	-	-	-	1,903,057	-
Total		- 122,675,368	122,675,368		-	-	-	122,675,368	-



3D Picture of Navana Welding Electrode Ltd. Plant

Navana CNG Limited

Registered Office :

Islam Chamber (4th Floor)
125/A, Motijheel C/A, Dhaka, Bangladesh