

# Directors' report to the shareholders

Dear Shareholders,  
Assalamu Alaikum,

I am pleased to welcome you to the 20<sup>th</sup> Annual General Meeting of Navana CNG Limited. On behalf of the Board of Directors, I extend my sincere greetings and deepest gratitude to all our valued shareholders for contributing to the journey of this past year. We are pleased to place here with the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended on 30 June 2024 for your valued consideration, adoption and approval. These were approved by the Board of Directors on 27 October 2024.

## PERFORMANCE

### Revenue Earnings

The sales proceeds of running 16 CNG re-fueling stations, 2 LPG Stations, 6 Workshops (CNG, LPG & CRT) and Modern Auto Repair Service Center which are in operation in different strategic location of the country. The total revenue of the year from CNG & LPG Conversion, CNG & LPG Gas Sales and Spare parts & service revenue stood at Tk. 132 crore.

Navana Engineering Limited, subsidiary of Navana CNG Limited has been contributed an amount of Tk. 20 crore during the present financial year.

The sale of Navana Welding Electrode Limited, subsidiary of Navana CNG Limited is Tk. 35 crore during the year under review.

Navana LPG Limited another subsidiary of Navana CNG Limited contributed on amount of Tk. 220 crore in the financial year ended 30 June 2024.

### Financial Result and Appropriation of Profit:

Particulars	Amount in Taka	
	June 30, 2024	June 30, 2023
Retained Earnings Brought Forward	1,424,072,359	1,470,885,683
Less: Adjustment for the application of IFRS 16 (lease)	-	-
Add: Total Comprehensive income for the year	6,972,501	9,855,575
Less: Stock Dividend	-	35,977,510
Less: Cash Dividend	43,451,920	20,691,389
Profit available for appropriation	1,387,592,940	1,424,072,359
Recommended for appropriation:		
Cash Dividend 10%	43,451,920	20,691,389
Stock Dividend	-	35,977,510
Inappropriate profit carried forward	1,344,141,020	1,367,403,460
<b>Total</b>	<b>1,387,592,940</b>	<b>1,424,072,359</b>

### Segment-wise or product-wise performance

Within the territory of Bangladesh, the Company is operating its business. However, the segment report prepared and mentioned in consolidated notes 39.01 of the financial statements considering conversion, spare parts & service workshop and CNG & LPG Refueling station as two different segments.

### Industry outlook and possible future developments in the industry

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

### Risks and concerns

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

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

Particulars	Amount in taka	
	June 30, 2024	June 30, 2023
Turnover	4,079,721,969	4,094,196,308
Cost of sales	3,284,641,002	3,264,465,687
Gross profit	795,080,967	829,730,621
Net profit for the year	6,971,662	9,855,920

### Discussion on continuity of any Extra-Ordinary gain or loss

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

### Related party transactions

During the year the Company carried out several transactions with related parties in the normal course of business. The name of related parties, nature of transactions and total transaction value have been set out following the provisions of 'IAS 24: Related Party Disclosure' disclosed in the note 41 of the notes to the financial statements.

### Variance with Quarterly and Annual Financial Statements

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

### Fairness of Financial Statements

The financial statements fairly present the Company's state of affairs, the results of its operations, cash flow, and changes in equity. In compliance with Bangladesh Securities and Exchange Commission (BSEC) Notification dated 3 June 2018, Managing Director and Chief Financial Officer have given the declaration about the fairness of the financial statements in page no. 24 & report of Compliance Auditors in page no. 25 of this Annual Report-2024.

### Books of Accounts

Proper books of accounts of the Company were maintained.

### Accounting Policies

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

### Application of IAS and IFRS

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

### **Internal Control**

Internal control systems are the set of policies, processes, tasks, behaviors and other aspects of an organization that are taken together. The internal control system also facilitates to conduct of the organization efficiently, safeguarding the assets of the company, preventing and detecting fraud and other unlawful acts, completeness and accuracy of financial records. The systems of internal controls of the Company were sound, implemented and monitored effectively. The management and employees of the company are responsible to follow the internal control system. As per the Corporate Governance Code, two sub-committees are in the Board of Directors; one is Audit Committee and another is Nomination and Remuneration Committee. Both Committees play an important role in overseeing the company's internal control processes. During the year under review, the Audit Committee of the Company met quarterly to review the quarterly Financial Statements as well as Annual Financial Statements.

### **Minority Shareholders' Interest Protection**

Rights and interests of the minority shareholders have been duly protected by means of transparent operations and proper disclosure of material information of the Company.

### **Going Concern**

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

### **Application of IAS and IFRS**

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in the preparation of the Financial Statements and any departure therefrom has been adequately disclosed.

### **Human Resources**

A dynamic business environment required having a well-trained work force. So, the Company develops the appropriate management skills to suit the challenging business environment. A wide range of training programs and workshops were carried out during the year. The management and employee relationship in the Company was excellent throughout the year.

### **Five Years Operating and Financial Data**

The Key operating and financial data for the last five years have been disclosed at page no - 18.

### **Declaration by the Managing Director and the CFO**

Declaration by the Managing Director and CFO has been given on Annexure-A (page no. 24)

### **Shareholders Rights**

The Company upholds the principle of equal shareholders' rights regardless of their shareholdings. All shareholders are encouraged to attend the shareholders' meeting. During the Annual General Meeting, shareholders are invited to vote on the adoption of the Annual Financial Statements and the Directors' Report, the election of the Board members, the appointment of Auditors and other matters which require their participation.

### **Remuneration paid to Directors and Independent Directors**

Navana CNG Limited paid an amount of Tk. 95,000 to Directors and Tk. 40,000 paid to Independent Directors for attending at Board of Directors meeting held during the financial year ended on 30 June 2024.

## **Independent Directors**

**Mr. Md. Mustafizur Rahman**, currently serving as an Independent Director of Navana CNG Limited, brings a wealth of expertise to his role.

Mr. Rahman is an experienced banker. He completed his graduation in Accounting and post-graduation in Finance from the University of Dhaka. Later on, he completed his DAIBB from The Institute of Bankers, Bangladesh (IBB). Mr. Rahman had started his career as a Financial Analyst at Sonali Bank Limited. He served the Bank over 35 years in different capacities across the country and abroad and retired from the Bank in 2014 as a Deputy Managing Director. Mr. Rahman attended various training courses on Banking & Finance, Basel II, Entrepreneurship development, Credit management, Bank management, Managerial Planning & Control, Project Appraisal & Evaluation, Urban Branch Management in Bangladesh and abroad.

**Mr. Abul Layes Afsary** appointed as Independent Director of Navana CNG Limited vide Board resolution dated 15.06.2023 for three years up to 14.06.2026 subject to approval by the shareholders in the ensuing Annual General Meeting.

Mr. Abul Layes Afsary is a seasoned corporate leader who has more than 35 years of experience in Banking. In his academic attainments, he completed his graduation and post-graduation from the University of Dhaka. Later on, he completed his Banking Professional Examination JAIBB and DAIBB from the Institute of Bankers Bangladesh. Mr. Afsary had started his career as Senior Officer at Sonali Bank Limited and served the Bank till 2018 in different capacities across the country and abroad. Along with various career accomplishment Mr. Afsary achieved all business/remittance targets of about 200% in 2002 and 2003, and received letter of appreciation from the Chairman of the Board of Directors of Sonali Exchange Co. Inc. New York, USA & Managing Director of Sonali Bank Limited. He attended various training programs at home and abroad.

### **Re-election by Rotation of Directors**

In terms of Article 127 of the Articles of Association of the Company, Mr. Shafiul Islam and Mrs. Khaleda Islam, Directors retire by rotation from the Board in the 20<sup>th</sup> Annual General Meeting. Being eligible under Article 128 of the Articles of Association of the Company, the retiring Directors are eligible for re-election by Rotation of Director.

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

#### **Mr. Shafiul Islam**

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

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

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

Navana Limited, Aftab Automobiles Limited, Navana Real Estate Limited, Navana Construction Limited, Navana Foods Limited, Navana Building Products Limited, Navana Interlinks Limited, Navana Electronics Limited, Navana Batteries Limited, Navana Furniture Limited, Navana Engineering Limited, Navana Welding Electrode Limited, Navana Plastic Products Limited, Navana Toyota Service Center Limited, Navana Logistics Limited, Navana Renewable Energy Limited, Navana Paints Limited and Navana LPG Limited.

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

**Mrs. Khaleda Islam**

Mrs. Khaleda Islam is the wife of Mr. Shafiul Islam, Chairman of the Navana Group. Mrs. Khaleda Islam has experience in business for more than 32 years. She traveled many countries in the world.

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

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

Navana Limited, Aftab Automobiles Limited, Navana Real Estate Limited, Navana Construction Limited, Navana Foods Limited, Navana Electronics Limited, Navana Toyota Service Center Limited, Navana Engineering Limited, Navana Welding Electrode Limited, Navana Interlinks Limited, The Essential Industries Limited, Navana Logistics Limited, Navana Renewable Energy Limited, Navana Building Products Limited and Navana LPG Limited.

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

**Board of Directors Meetings**

Total 7 (Seven) meetings held during the year ended on 30 June 2024 by the Board of Directors.

Name of Directors	Position	Number of Board Meeting attended
Mr. Shafiul Islam	Chairman	4
Mrs. Khaleda Islam	Director	5
Mr. Saiful Islam	Director	6
Mr. Sajedul Islam	Managing Director	7
Ms. Farhana Islam	Director	4
Mr. Md. Mustafizur Rahman	Independent Director	4
Mr. Abul Layes Afsary	Independent Director	4

**Information Regarding Subsidiary Companies:****a) Navana Engineering Limited**

The Company earned an amount of Tk. 20.05 crore during the year from the sales of HDPE product. Further from PVC Pipe earned an amount of Tk. 0.19 crore during the year from the sales. Besides, an amount of Tk. 0.38 crore during the year has been added by selling of Plastic Items (Household), Gas Stove, Water Pump and others to the Company's turnover.

**The operating results for the year ended 30 June 2024 as follows:**

Particulars	Amount of taka	
	June 30, 2024	June 30, 2023
Turnover	206,400,040	304,586,949
Gross Profit	55,030,614	81,751,847
Net Loss After Tax	(93,737,766)	(97,242,002)
Earnings Per Share (EPS)	(9.37)	(9.72)
Net Assets Value Per Share (NAVPS)	17.03	26.40

**b) Navana Welding Electrode Limited**

The Company is manufacturing and selling various types of electrodes for construction, light engineering & ship building industries. During the year Tk. 35 crore added by selling welding electrodes.

The operating results for the year ended 30 June 2024 as follows:

Particulars	Amount of taka	
	June 30, 2024	June 30, 2023
Turnover	352,084,201	396,321,746
Gross Profit	67,190,430	69,036,842
Net Profit After Tax	21,954,649	19,454,910
Earnings Per Share (EPS)	2.20	1.95
Net Assets Value Per Share (NAVPS)	46.85	44.66

**c) Navana LPG Limited**

During the year under review Navana LPG Limited added Tk.220 crore by selling LPG.

The operating results for the year ended 30 June 2024 as follows:

Particulars	Amount of taka	
	June 30, 2024	June 30, 2023
Turnover	2,200,403,892	2,066,426,497
Gross Profit	424,455,877	427,046,596
Net Profit/Loss After Tax	(16,068,242)	7,674,577

**Future Prospect**

Due to the high price of fuels and scarcity of dollars, banks were reluctant to open LC with regular margins. As a result, the company had to sell LPG after procuring from local sources, which were only available for short period of time. Suppliers were paid at a higher rate, resulting in a decrease in Income. Disruptions occurred in trade, food and fuel price shocks, all of which are contributing to high inflation and subsequent tightening in global & local financing conditions. The dip in natural gas supply from existing gas fields coupled with a US dollar crisis that is increasingly having an adverse impact on liquefied energy gas (LNG) import has adversely impacted production capacity in Bangladesh. As a result, Navana CNG Limited could not achieve its desire goal as assumed. However, we are optimistic that the Company has taken necessary steps to increase production and sales.

**Corporate Governance Compliance**

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

- 1) Compliance Certificate on Corporate Governance Code in page no. 25 (Annexure-B)
- 2) Corporate Governance Compliance Report in page no. 26 (Annexure-C)
- 3) Pattern of shareholding in page no. 17
- 4) Audit Committee Report in page no. 35

**Dividend**

The Board of Directors of Navana CNG Limited in its meeting held on 27 October 2024 has recommended 10% Cash Dividend for the general shareholders only excluding Sponsors and Directors. The Sponsors and Directors are holding 3,21,00,852 shares out of total 7,55,52,772 shares of Navana CNG Limited. Dividend amount payable to the general shareholders only is Tk. 4,34,51,920/- for 4,34,51,920 shares;

The shareholders whose names appeared in the share register of the Company and/or Depository Register of CDBL as on Record Date i.e., 18 November 2024 will be entitled to have the cash dividend, subject to approval in the ensuing Annual General Meeting scheduled to be held on 24 December 2024.

**Explanation for reducing profit**

The company's gross profit declined despite concerted efforts to maintain performance levels. Several key challenges drove this decrease, including the difficulty opening Letters of Credit (LC) due to a shortage of U.S. dollars. This issue was further compounded by ongoing political instability in the country, which has affected operations and contributed to increase costs and supply chain disruptions. Consequently, consolidated earnings per share (EPS) fell significantly compared to last year's period.

Despite the broader economic challenges, the company's net operating cash flows per share (NOCFPS) showed a significant improvement over the prior year. This growth is primarily due to a well-executed strategy to reduce payments for materials, services, and other expenses, alongside increased revenue from various additional income sources. These measures collectively strengthened our cash flow performance, reinforcing our financial resilience.

**Corporate Governance Compliance Report**

Fundamentally, the conduct of the Company is guided by our core values, our code of ethics and a commitment to openness and transparency. Our corporate governance practices are a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Navana CNG Limited adheres to appropriate good Corporate Governance practices, as described on pages 25 to 35 of this Annual Report. The Company also complied with all the requirements of Corporate Governance Code as required by the Bangladesh Securities and Exchange Commission (BSEC). In accordance with the BSEC Notification on Corporate Governance Compliance Report is shown in Annexure-C of this Report.

Further, in compliance with the BSEC notification dated June 3, 2018 MNA Associates, Chartered Secretaries issued the Corporate Governance Compliance Certificate which is shown in Annexure- B of this report.

**Appointment of External Auditors**

Existing External Auditors MZ Islam & Co. Chartered Accountants (Panel Auditors of BSEC) have completed their work as Auditors for the year ended 30 June 2024. Being eligible they have shown their interest to continue as External Auditors of the Company for the year 30 June 2025. The Board of Directors, in its meeting held on 14 November 2024, recommended their appointment, subject to approval by the shareholders of the Company in the ensuing Annual General Meeting scheduled to be held on 24 December 2024.

**Appointment of Corporate Governance Compliance Auditors**

Existing Corporate Governance Compliance Auditors MNA Associates, Chartered Secretaries have completed their work as compliance Auditors for year ended 30 June 2024. Being eligible they have shown their interest to continue as Compliance Auditors of the Company for the year 30 June 2025. The Board of Directors in a meeting dated 14 November 2024, recommended to appoint MNA Associates for the year ending on 30 June 2025, Subject to approval by the shareholders of the Company in the ensuing Annual General Meeting scheduled to be held on 24 December 2024.

**Appointment of Independent Scrutinizer**

Navana CNG Limited received Expression of Interest from (EOI) Haruner Rashid & Associates, Chartered Secretaries & Management Consultants regarding appointment as "Independent Scrutinizer" according to Ref: Directive No. BSEC/CMRRCD/2009-193/08 dated 10 March 2021 for the year 2024 to oversee the whole process of voting system of Annual General Meeting. The Board of Directors in a meeting dated 14 November 2024, selected Haruner Rashid & Associates, Chartered Secretaries & Management Consultants as "Independent Scrutinizer" for the 20th Annual General Meeting of Navana CNG Limited.

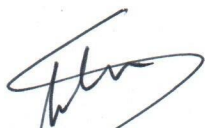
**Acknowledgement**

The Company and its Board of Directors would like to express their sincere gratitude and appreciation to its valued shareholders and other stakeholders for their ongoing support and guidance, which have been instrumental in achieving our collective successes. The Board also extends its heartfelt thanks to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC, and other government regulatory bodies for their continued cooperation. The Board of Directors are grateful to the Banks and Financial Institutions for their steadfast support.

Finally, the Board acknowledges and appreciates the dedication of our officers, employees, customers, well-wishers, and all others involved, whose sincere contributions have been key to our business achievements.

Warm regards to all our shareholders. Wishing you all a life filled with health, peace, and progress.

On behalf of the Board of Directors



**(Sajedul Islam)**  
Managing Director