

Annual Report
2021-2022

SUPER CNG

বাংলাদেশ অটোকারস্ লিমিটেড
BANGLADESH AUTOCARS LIMITED

BANGLADESH AUTOCARS LIMITED

NOTICE FOR THE 43RD ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of Bangladesh Autocars Ltd. that the 43rd ANNUAL GENERAL MEETING of the Company to be held on 28th December 2022 at 12.00 noon on the Digital Platform. All shareholders are requested to attend the meeting in time. The following business shall be transacted in the meeting.

AGENDA

1. To read and confirm the minutes of the 42nd Annual General Meeting of the Company which was held on December 28, 2021.
2. To accept and adopt the Audited Balance Sheet and Accounts of the Company for the year ended 30th June, 2022 along with the detail Directors report and Auditors report thereon.
3. To approve the @ 4% cash dividend general public holder for each share of Tk 10/- as recommended by the Board of Director for the year ended 30th June 2022.
4. To elect Directors in terms of Articles of Association of the Company and appoint the Independent Directors as per Corporate Governance Code of BSEC Notification for next one year.
5. To appoint the Auditors of the Company for the year 2022-2023 and fix their remuneration.
6. To appoint the Compliance Auditors of the Company for the year 2022-2023 and fix their remuneration.
7. Miscellaneous (if any required)

On behalf and by order of the
Board of Directors of the company



Md. Shariful Islam
Acting Company Secretary.

Dated: November 20, 2022.

NOTES:

1. The Record date of the Company was on November 21, 2022 and the name of shareholders in the Register of the Company or CDBL on the Record date will be eligible to attend and vote in the AGM through Digital Platform and to receive dividend
2. A shareholder entitled to attend and vote in the AGM, may appoint a proxy in his stead. Scanned copy of the proxy form, duly stamped should be emailed at info@bdautocars110.com at least 48 hours before the meeting.
3. As per BSEC Notification No. BSEC/CMRRCD/2006 158/208/Admin/81 dated 20 June 2018, soft copies of the Annual Report 2021-22 along with the Proxy Form will be sent to the shareholder's respective email address available with us through CDBL record. The Annual Report will also be available in the Company's website at: www.bdautocars.com
4. Please follow <http://bdautocars.agm.watch> for joining in the Digital Platform of the 43rd Annual General Meeting of Bangladesh Autocars Ltd.

CORPORATE DIRECTORY

Board of Directors

- | | |
|--------------------------------|----------------------|
| 1. Mr. Mohammad Murad | Chairman |
| 2. Mrs. Rina Momtaj | Managing Director |
| 3. Mrs. Rehmat Banu | Director |
| 4. Mr. Rahim Murad | Director |
| 5. Mr. Md. Towhidul Islam Azad | Independent Director |
| 6. Mr. Kazi Khairul Alam | Independent Director |

Management Team

- | | |
|-----------------------------|--------------------------|
| 1. Mr. Mohammad Murad | Chairman |
| 2. Mrs. Rina Momtaj | Managing Director |
| 3. Mrs. Rehmat Banu | Director |
| 4. Mr. Md. Mostaque Ahmed. | Chief Financial Officer |
| 5. Mr. Md. Shariful Islam | Acting Company Secretary |
| 6. Mr. Mahmud Hasan Amanoth | Head of Internal Auditor |

Other Information

Auditors

Malek Siddiqui Wali

Chartered Accountants,
9-G, Motijheel C/A, Dhaka-1000

Compliance Auditors

Mujibur Rahman & Co.

Cost & Management Accountant,
Suit # C-30, Saj Bhaban
27, Bijoy Nagar, Dhaka

Company Lawyers

The Lawyers & Jurists

Barristers, Advocates & Legal Consultants
Aligarh House(5th Floor),146, Motijheel C/A, Dhaka-1000

Main Banker

Southeast Bank Ltd.
Bangladesh

Registered Office

110 Tejgaon I/A, Dhaka-1208
Phone : 880 2 8870467 / 8870468
Fax : 880 2 887069 web: www.bdautocars.com
Email: info@bdautocars110.com

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

It is my proud privilege to welcome you all, once again, to the 43rd Annual General Meeting of your Company and to present before you my statement on affairs of the Company along with Auditors report & Audited Accounts for the year ended on 30th June 2022 and its future plan.

Industry outlook and prospect:

Over the years, Bangladesh achieved considerable economic growth (GDP more than 7 percent) with the stable unemployment rate and a rise in foreign investments. As a result, the purchasing power of individuals has risen along with the demand for cars, motorbikes and commercial vehicles. The demand ranges from luxury inter-district buses to small sedans. To meet these demands, Bangladesh has to depend on imported vehicles as they are not manufactured in Bangladesh. A huge number of vehicles are imported every year. It is desired by the most of the imported car owner for conversion into CNG driven fuel car due to low cost and environment friendly fuel.

Compressed natural gas (CNG) as a vehicle fuel was first introduced to Bangladesh in 1982 through a World Bank pilot project. In 1999, four private companies obtained permission to set up about CNG refiling stations. Since the inception, the demand for CNG fuel is increasing . The major concern of this sector (CNG refuelling station) is uninterrupted gas supply from government. The increased cost of natural gas may make people be reluctant to vehicle conversation to CNG driven fuel.

Business Performance:

Currently, the company has two segment of product line. During the year, by the grace of Almighty Allah, the performance of the company was better than the previous year. We, board of directors of the company, present the summary of performace over the year below:

| S L | Segment name | Sales performance | Gross Profit | Profit after tax | (%) |
|--------------|---------------------------|----------------------|------------------|---------------------|--------|
| | | In Value (BDT) | | | |
| 01 | CNG conversion Service | 4,296,900 | 988,175 | 47,067 | 8.30% |
| 02 | CNG Sale | 47,481,847 | 4,354,476 | 20,74,202 | 91.70% |
| Total | | 51,778,747 | 5,342,651 | 2,121,270 | |

Business Risks and concerns:

Risk management:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility also includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks and the risk management policies and procedures are summarized as follows:

Credit risk:

Credit risk is the risk that when one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to development affecting a particular industry. Credit risk of the Company arises principally from trade debts, loans and advances, and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

Management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors before allowing them (customer) credit facility. As at the balance sheet date, there are no past due Accounts Receivable balances. Advances are made to statutory authority and hence secured. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings.

Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances according to the treasury plan and availability of financing through banking arrangements like overdraft facility.

Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company does have not any financial instrument that exposes the price risk.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short-term borrowings from financial institutions.

Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and Foreign Currency loan, which, are entered in a currency other than BDT. The company's currency risk is limited to very few import spare parts or capital machinery. Moreover, the transaction is settled by USD which does not fluctuate significantly, hence the company is facing very low risk in this respect.

Industry risk:

The Company's refueling station is totally depends on regular gas supply from Titas Gas Transmission & Distributing Co. Ltd. Without supply of natural gas from Titas Gas Transmission & Distributing Co. Ltd. the company will not be able to run its operation. Moreover, the increased trend of price of natural gas will pose further risk. However, none of the condition is under the control of the company.

Political risk:

Political risk refers to the risk that an entity's returns could suffer as a result of political unrest, sudden change of government, changes in governance procedure. However, the political risk is externally difficult to quantify or control.

Discussion on cost of sales and profitability margin:

| SL | Item | CNG Refueling | | | CNG conversion service | | |
|----|----------------------------|---------------|------------|------------|------------------------|-----------|------------|
| | | 2022 | 2021 | Change (%) | 2022 | 2021 | Change (%) |
| 1 | Sales Revenue | 47,481,847 | 44,278,264 | 7.23 | 4,296,900 | 5,745,900 | (25.22) |
| 2 | Cost of sales | 43,127,371 | 41,233,845 | 4.59 | 3,308,725 | 4,225,738 | (21.70) |
| 3 | Gross profit | 4,353,476 | 3,044,419 | 43.00 | 988,176 | 1,520,162 | (35.00) |
| 4 | Profit after tax | 2,074,202 | 851,803 | 143.51 | 47,067 | 728,766 | (93.54) |
| 5 | Other comprehensive income | 0 | 0 | nil | Nil | Nil | nil |
| 6 | Gross profit margin | 9.17% | 6.88% | 33.28 | 23.00% | 26.45% | (13.04) |
| 7 | Net profit margin | 4.37% | 1.92% | 127.60 | 1.10% | 12.68% | (91.32) |

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During the year, the overall profitability of the company has been increased as a result of increased CNG sales and cost controlling strategy by the management. However, the CNG conversion service income was affected due to reduction of number of CNG conversion service is given by the company during the year.

Extra ordinary activity:

As per 41st AGM agenda no-7 the company has decided to write off the excess Advance Income Tax and Advance VAT balance of Tk. 21,95,974 and Tk. 10,70,772 respectively. Considering this fact during the year Tk. 5,50,000/- and last year Tk. 4,40,000/- has been written off in the year's profit and the remaining amount will be adjusted in the upcoming years.

Transaction with related party:

During the year, the company, in normal course of business, has carried out following transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: "Related Party Disclosures". All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates on the same terms and conditions as applicable to the third parties. The detail of related transaction during the year is given below:

| Name of the party | Nature of relationship | Nature of transaction | Transaction during the year | | Balance | |
|--------------------|------------------------|-----------------------|-----------------------------|---------|------------|----------------|
| | | | Dr. | Cr. | Dr./ Asset | Cr./ Liability |
| Mr. Mohammad Murad | Chairman | Rent | 132,000 | 132,000 | | |
| | | | | | | |

Analysing the quarterly performance:

Report based on analysis of quarterly performance.

| S L | Name of the directors | 1st Quarter | 2nd Quarter | 3rd Quarter | Total |
|-----|----------------------------|-------------|-------------|-------------|------------|
| 1 | Sales Revenue | 10,483,651 | 13,757,028 | 11,870,258 | 36,110,937 |
| 2 | Cost of sales | 9,588,379 | 12,389,603 | 10,341,020 | 32,319,002 |
| 3 | Gross profit | 895,272 | 1,367,425 | 1,529,238 | 3,791,935 |
| 4 | Profit after tax | 507,654 | 598,689 | 805,741 | 1,912,083 |
| 5 | Other comprehensive income | nil | Nil | nil | nil |

Due to correction of error in respect of current tax provision for 2nd quarter (31.12.2021), profit for 2nd quarter has differ by Tk. 10,616 in compare with 2nd quarter disclosed profit.

IPO Proceeds utilisation:

During the year, the company did not raise any capital through IPO or RPO or Right share offering or Direct listing. So, further discussion is not required in this respect.

Performance after utilisation of IPO or RPO or Right share offering or Direct listing:

During the year, the company did not raise any capital through IPO or RPO or Right share offering or Direct listing. So, further discussion is not required in this respect.

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Remuneration paid to the directors:

No remuneration and board meeting fees is paid to the directors, during the year. Appropriate tax and VAT deduction has been made and deposited to the government authority accordingly. The details of board meeting fees is given below:

| S L | Name of the directors | No. of meeting held by the company | Present in meeting by concerned director | Fee per meeting | Total |
|-------|-----------------------------|------------------------------------|--|-----------------|-------|
| 1 | Mr. Mohammad Murad | 4 | 4 | Nil | |
| 2 | Mrs. Rina Momtaj | 4 | 4 | Nil | |
| 3 | Mrs. Rehmat Banu | 4 | 2 | Nil | |
| 4 | Mr. Rahim Murad | 4 | 0 | Nil | |
| 5 | Mr. Md. Towhidul Islam Azad | 4 | 4 | Nil | |
| 6 | Mr. Kazi Khairul Alam | 4 | 4 | Nil | |
| Total | | | | | |

Preparation of the financial statements fairly and in accordance with International Accounting Standards and other applicable laws and regulations:

The financial statements of the company have been prepared in accordance with International Accounting Standards (IASs)/ International Financial Reporting Standards (IFRSs) and complying with the requirement of relevant schedule of the Companies Act 1994 and other applicable laws and regulations. We further assure you, to the best of our knowledge, that the financial statements are present fairly in the state of the company's affairs, the result of its operations, cash flows and the changes in equity.

Maintenance of records:

The company has maintained adequate records in following respect:

- All assets associated with title or acquisition documents that belongs to the company.
- Maintenance of fixed assets register.
- All liability that are obligation for the company.
- Residual interest of the shareholders.
- All sums of money received and expended by the company and the matters in respect of which the receipt and expenditure take place;
- All sales and purchases of goods by the company;
- The assets and liabilities of the company; and
- All vouchers and ledger associated with supporting documents are kept/preserved in good order.

Accounting policy and estimation used for the preparation of the financial statements:

We have followed the International Accounting Standards (IASs)/ International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and complying with the requirement of relevant schedule of the Companies Act 1994 and other applicable laws and regulations. During the year, ICAB has decided to adopt full IAS/IFRS instead of BAS/BFRS. However, there is no difference between this two. The accounting polices that adopted by the company are consistently applied during the year.

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The preparation of financial statements in conformity with IASs/IFRSs that requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

For better understanding of the financial statements, the company provides adequate disclosure in respect of changes in accounting policy and accounting estimates, if any.

Systems of internal control:

The company has robust system of internal control to manage risk to a reasonable level of failure to achieve expected results and strategic objectives of the company. The internal control system of the company is consisted of the policies and procedures established to provide reasonable assurance that specific entity objectives will be achieved. At least once a year, the board of directors review the system of internal control whether it is sufficient to achieve the company's objectives.

Protection of the rights of interest of minority shareholders:

All material decision taken by the Board of Directors of the company are being well informed to the shareholders through the publishing the news of price sensitive information. Such information is also available to the DSE website. Moreover, the Board of Directors desires to hear the voice of each shareholders in AGM or correspondence by the honorable shareholders to the company. Based on their suggestion, we made our work plan accordingly.

Going concern:

It is assumed that the company is going concern and it has ability to continue its operation for foreseeable future. On the other hand, the management has no plan to discontinue its operation. The board of directors assures you that there is no material uncertainty of the company for continuity of the company as going concern.

Significant variance of financial statements:

No significant variation occurred between quarterly and final results of the Company during the year ended June 30, 2022.

Performance of the company over the year:

| SL | Item | Amount in BDT | | |
|----|----------------------------|---------------|------------|------------|
| | | 2022 | 2021 | Change (%) |
| 1 | Sales Revenue | 51,778,747 | 50,024,164 | 3.51 |
| 2 | Cost of sales | 46,436,096 | 45,459,583 | 2.15 |
| 3 | Net operating Cash Flows | 6,982,161 | 8,851,831 | (21.12) |
| 4 | Gross profit | 5,342,651 | 4,564,581 | 17.05 |
| 5 | Profit after tax | 2,121,270 | 1,580,570 | 34.21 |
| 6 | Other comprehensive income | 0 | 0 | 0 |
| 7 | Gross profit margin | 10.31 | 9.12 | 12.06 |
| 8 | Net profit margin | 4.10 | 3.16 | 29.74 |
| 9 | EPS | 0.49 | 0.37 | 32.43 |

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During the year, the overall profitability of the company has been increased as a result of increased CNG sales and cost controlling strategy by the management. However, the CNG conversion service income was affected due to reduction of number of CNG conversion service is given by the company during the year.

Key operating and financial data over last five years:

| SL | Item | Amount in BDT ,000 | | | | |
|----|----------------------------|--------------------|--------|--------|--------|------------------|
| | | 2022 | 2021 | 2020 | 2019 | 2018 |
| 1 | Sales Revenue | 51,778 | 50,024 | 71,829 | 96,651 | 109,221 |
| 2 | Cost of sales | 46,436 | 45,460 | 65,679 | 83,318 | 95,838 |
| 3 | Net operating Cash Flows | 6,982 | 8,851 | (226) | 9,805 | 8,090 |
| 4 | Gross profit | 5,342 | 4,564 | 6,150 | 13,333 | 13,383 |
| 5 | Profit after tax | 2,121 | 1,580 | 1,491 | 6,606 | 5,890 |
| 6 | Other comprehensive income | 0 | 0 | 0 | 0 | 0 |
| 7 | Gross profit margin | 10.31 | 9.12 | 8.56 | 13.80% | 12.25% |
| 8 | Net profit margin | 4.10 | 3.16 | 2.08 | 6.84% | 5.39% |
| 9 | Total asset | 54,221 | 53,942 | 64,248 | 70,619 | 69,155 |
| 10 | Total liability | 23,659 | 24,291 | 34,880 | 38,416 | 42,407(restated) |
| 11 | Total equity | 30,562 | 29,651 | 29,368 | 32,203 | 26,747(restated) |

Dividend:

The Board of Directors of the company has decided to declare cash 4% dividend for the General Shareholders (Other than Sponsors and Directors) for the year ended 30th June, 2022 and it shall be effective after getting confirmation by the Shareholder of the Company at the 43rd Annual General Meeting.

The details of recommended dividend by the Board of Director is as follows:

| SL No. | Types of shareholder | Number | | % of shareholder | Rate of Dividend | Dividend Amount |
|--------|----------------------|-------------|------------------|------------------|------------------|-----------------|
| | | Share owner | No. of the share | | | |
| 1. | Sponsors & Directors | 8 | 1,30,02,470 | 30.06% | nil | nil |
| 2. | General Shareholders | | 3,025,7660 | 69.94% | 4% | 12,10,307/- |
| | Total | | 43,26,013 | 100% | 4% | 12,10,307/- |

The above recommended dividend represents 57.06% current year's profit. Except that fact, no other dividend, such as interim dividend, has been declared or paid by directors during the year.

Board Meeting:

The company issues meeting notice to each director well before meeting held. The Board of Directors meets 4 (four) times during the year and the following Directors has attended those meetings as their following attendance:

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| Name | Title | Attended by concerned director |
|-----------------------------|----------------------|--------------------------------|
| Mr. Mohammad Murad | Chairman | In the 4 meeting |
| Mrs. Rina Momtaj | Managing Director | In the 4 meeting |
| Mrs. Rehmat Banu | Director | In the 2 meeting |
| Mr. Md. Towhidul Islam Azad | Independent Director | In the 4 meeting |
| Mr. Kazi Khairul Alam | Independent Director | In the 4 meeting |

Status of paid up share capital:

At the year end, the paid up capital of the company was Tk.43,260,130 and details of the shareholding is presented under:

1) Shareholdings position by directors/individual shareholders, who hold more than 10% of total share outstanding:

| No. | Name | Position in the company | No. of share holding | | % of shareholdings | |
|-----|---|--------------------------|----------------------|---------|--------------------|------|
| | | | 2022 | 2021 | 2022 | 2021 |
| | Shareholding by parent | N/A | N/A | N/A | N/A | N/A |
| | Shareholding by Directors, CEO, CS, CFO, HOI and their spouse: | | | | | |
| 1 | Mr. Mohammad Murad | Chairman | 396,070 | 396,070 | 9.16 | 9.16 |
| 2 | Mrs. Rina Momtaj | Managing Director/CEO | 87,435 | 87,435 | 2.02 | 2.02 |
| 3 | Mrs. Rehmat Banu | Director | 246,606 | 246,606 | 5.70 | 5.70 |
| 4 | Mr. Rahim Murad | Director | 96,802 | 96,802 | 2.24 | 2.24 |
| | Spouse : | N/A | | | | |
| 5 | Mr. Kazi Khairul Alam | Independent Director | Nil | Nil | Nil | Nil |
| | Spouse Name: | N/A | Nil | Nil | Nil | Nil |
| 6 | Mr. Md. Towhidul Islam Azad | Independent Director | Nil | Nil | Nil | Nil |
| | Spouse Name: Farida Yasmin | | Nil | Nil | Nil | Nil |
| 7 | Mrs. Rozina Murad Ali Lakhani | Sponsor | 198,645 | 198,645 | 4.59 | 4.59 |
| | Spouse Name: Karim Lakhani | | Nil | Nil | Nil | Nil |
| 8 | Late. Mrs. Shirin Banu | Sponsor | 45,097 | 45,097 | 1.04 | 1.04 |
| 9 | Late. Habib Charania | Sponsor | 45,097 | 45,097 | 1.04 | 1.04 |
| 10 | Late. Murad Ali Habib | Sponsor | 184,495 | 184,495 | 4.26 | 4.26 |
| 11 | Mr. Shariful Islam | Acting Company Secretary | Nil | Nil | Nil | Nil |
| | Spouse Name: Aysha Begum | | Nil | Nil | Nil | Nil |

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| No. | Name | Position in the company | No. of share holding | | % of shareholdings | |
|-----|--|-------------------------|----------------------|------------------|--------------------|------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 12 | Md. Mostaque Ahmed | CFO | Nil | Nil | Nil | Nil |
| | Spouse Name: Nilufar Yasmin | | Nil | Nil | Nil | Nil |
| 13 | Mahmud Hasan Amanoth | Head of Internal Audit | Nil | Nil | Nil | Nil |
| | Spouse Name: Nil | N/A | Nil | Nil | Nil | Nil |
| 14 | Insert the name of shareholders with 10% or more holdings, if any. | Nil | Nil | Nil | Nil | Nil |
| 15 | Others | | 3,025,766 | 3,025,766 | 69.94 | 69.94 |
| | Total | | 43,26,013 | 43,26,013 | 100 | 100 |

Please note that:

1. Honorable Chairman and Managing Director of the company are the spouse of each other.
2. Honorable Director Mrs. Rehmat Banu and Sponsor Late. Murad Ali Habib of the company are the spouse of each other.
3. Honorable Sponsor Late Shirin Banu and Sponsor Late. Habib Charania of the company are the spouse of each other.

Retirement of directors and their reappointment:

During the year, Mrs. Rehmat Banu has retired from the board of directors as by rotation as per the companies act, 1994 and eligible for re-appointment. The brief resume and nature of expertise of them is given page no. 14.

Appointment of the Independent Director:- As per BSEC Notification and for fulfilling the Compliance of Corporate Governance Policy, the Company to re-appoint Mr.Kazi Khairul Alam as a independent Directors for a period of one year which is subject to confirmation from the shareholders in the next Annual General Meeting. The brief resume is given page no. 14.

Appointment of Auditors:

The tenure of the Auditors,of Malek Siddiqui Wali. Chartered Accountants, 9-G,Motijheel C/A, Dhaka-1000 expires at the 43rd Annual General Meeting and Islam Quazi Shafique & Co. ,17 New Eskaton Road,Magbazar,dhaka-1000 and FAMES & Co. has offered for appointment as Auditor of the Company for the year 2022-2023. It is here by requested to shareholders to appoint FAMES & Co. Chartered Accountants,as Auditors of the Company and fixes their remuneration for the year 2022-2023.

Accounting policy adopted by the company:

Accounting policies are the rules used by an entity to ensure that transactions are recorded properly and financial statements produced correctly. These policies ensure that accounting activities are handled consistently over time.

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The institute of Chartered Accountants of Bangladesh (ICAB) has recently adopted the full IAS/IFRS. The preparation of the financial statements of the company is based on those applicable IAS/IFRS. Our accounting policy has been designed in compliance with those IAS/IFRS as well as taking into accounts of relevant schedule or section of the Companies Act 1994, the Bangladesh Securities and Exchanges Commission Rules, 1987 and other applicable laws and regulations, where applicable.

The accounting policies adopted by the company are consistently used on year by year. Any changes thereon must be made in accordance with IAS 8 with adequate disclosure in the financial statements as required concerned IAS.

The financial statements of the company is contain with comparative information in respect of preceding period for all amounts reported in the current period's of financial statements. Such comparative information may include narrative and descriptive information if is considered relevant for understanding the current period's financial statements.

Risk and concern:

The financial risk and concern was adequately described in earlier of this report that, we believe, was sufficient in this circumstances.

Future plan of the company: The Company has recommended to purchase land at Cumilla for business expansion and possibility to implement installation of LPG facilities in the existing premises or any other suitable location.

Compliance with the code of corporate governance:

The status of the Compliance of Securities & Exchange Commission's Notification No-SEC/CMRRCD/2006-158/134/ADMIN/44 dated 07.08.2012 (subsequently amended dated June 3, 2010) is attached with annual Report for kind information of valued shareholders & other holders. An independent report on such compliance status has also been attached with the annual report of the company.

Compliance the board minutes with Bangladesh Secretarial Standards (BSS) as adopted by ICSB: Complied.


Acknowledgement:

The success was only possible to achieve because of the collective effort of the valuable Shareholder, Employees of the Company, Financial Institution, Government Agencies, Regulatory Bodies, the general people-buyer of our product and every one of the company interacting in conducting the business. We are grateful to our shareholders for extending at all times the invaluable support and co-operation to bring the Company to the level it has reached today.

I avail this opportunity to express my sincere thanks to all concerned and look forward for the continued support and co-operation in the future as well.

Dhaka
November 14, 2022

On behalf of the Board


Mr. Mohammad Murad
Chairman



Board of Directors

Mr. Mohammad Murad
Chairman

Mr. Mohammad Murad is the Chairman & Sponsor Shareholder of Bangladesh Autocars Limited, born on October 10th, 1962, the eldest son of Late Murad Ali Habib and Mrs. Rehmat Banu.

Mr. Mohammad Murad established the Company's ongoing CNG Refuelling & Conversion Centre at Tejgaon, Dhaka in 2003. He has gathered vast experience in the CNG sector.

Mr. Mohammad Murad completed his Graduation from King's, Gloucester, UK in 1982 and traveled extensively to European countries, North & South American countries, Australia and Asian countries for business purposes and dealt successfully with many reputed Companies.



Mrs. Rina Momtaj
Managing Director

Mrs. Rina Momtaj is the Managing Director and Shareholder of Bangladesh Autocars Limited, eldest daughter of Late Mohammad Abdul Bari Miah and Late Amina Bari.

Mrs. Rina Momtaj, a National Bangla Newscaster on BTV, and Bangladesh Radio participated in many State level and International conferences as Master of Ceremony. She has also worked with BBC external service in London.

Mrs. Rina Momtaj completed her M.Com in Management from Dhaka University. She has travelled to many Countries and earned business experience.



Mrs. Rehmat Banu
Director

Mrs Rehmat Banu, Director and Sponsor Shareholder of Bangladesh Autocars Limited, wife of Late Murad Ali Habib, daughter of Late Ibrahim Bhai and Late Gulbanu Bhai Firasta.

Mrs. Rehmat Banu has more than 50 years of business experience and traveled extensively to many Countries. She has also served as an executive member of Agakhan Supreme Council, Bangladesh.

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Mr. Rahim Murad
Director

Mr. Rahim Murad is the Director and Shareholder of Bangladesh Autocars Limited, son of Mohammad Murad and Mrs. Rina Momtaj, born on March 6th, 1988.

Mr. Rahim completed his Bachelor of Business degree from EDITH COWAN University, Perth, Australia. He has work experience with Australian Companies marketing their products online and from retail outlets.

He has travelled extensively and attended many Exhibitions to earn business experience.



Mr. Kazi Khairul Alam ACMA
Independent Director

Mr. Kazi Khairul Alam ACMA has vast management and leadership experience in business sectors of Bangladesh over 18 years (including 7 years of own indenting business) in marketing, product promotions, project financing support, banking support etc. Mr. Kazi Khairul Alam is the CEO of Vertex Corporation. Vertex Corporation is an indenting company dealing with industrial product from Japan.

He had been working with Marubeni Corporation, a Japan based Multinational Company as head of Marketing in Bangladesh operation about 11 years.

Mr. Kazi Khairul Alam is an Associate Member (A-1656) of the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He has completed Post Graduation in Management under National University in 2002. He has also obtained MBA in International Business from University of Dhaka in 2010.

Mr. Kazi Khairul Alam well experience personality in area of Business Finance, Accounts, Auditing, Project Financing, Investment planning and operation. Well knowledge in Capital Market & Portfolio Management. He has participated many national and international seminars and workshops host by ICMAB.



Mujibur Rahman & Co.
Cost & Management Accountants

**Report to the Shareholders of Bangladesh Autocars Limited
On compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by Bangladesh Autocars Limited for the year ended on June 30, 2022. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 under section 2CC of the Bangladesh Security Exchange Commission.

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

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

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

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

Place: Dhaka
Dated: November 30, 2022



For Mujibur Rahman & Co.


Mohammad Mujibur Rahman FCMA
Cost & Management Accountants

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Saj Bhaban Suite # C-30(15th floor), 27, Bijoy Nagar, Dhaka-1000
Cell # 01716-635751, E-mail: mujibcma2005@yahoo.com, mujibcma2005@gmail.com, Web: www.taxlabbd.com

Compliance Report on Corporate Governance Policy

The Securities & Exchange Commission Vide Notification No. SEC/CMRRCD/2006-158/134 Admin/44 dated 07.08.2012 and Admin/44 dated 07.08.2012 advised to Public Limited Company and as per said notification. Our explanation is given below:

Board Size: As per above mentioned Notification the Company has been reformed its Board size and as a result the existing Board size as follows:

| Sl. no | Name of Director | Designation |
|--------|-----------------------------|----------------------|
| 1 | Mr. Mohammad Murad | Chairman |
| 2 | Mrs. Rina Momtaj | Managing Director |
| 3 | Mrs. Rehmat Banu | Director |
| 4 | Mr. Rahim Murad | Director |
| 5 | Mr. Md. Towhidul Islam Azad | Independent Director |
| 6 | Mr. Kazi Khairul Alam | Independent Director |

Independent Director: As per BSEC Notification and for fulfill the Compliance of Corporate Governance Policy, the Company to re-appoint Kazi Khairul Alam as a independent Director for a period of one year which is subject to confirmation from the shareholders in the next Annual General Meeting.

Chairman & CEO: Mr. Mohammad Murad and Mrs.Rina Momtaj will continued their responsibilities as Chairman and Managing Director/ CEO of the Company respectively.

CFO, Head of Internal Audit & Company Secretary: Mr. Mostaque Ahmed, Mr. Mahmud Hasan Amanoth & Mr. Md. Shariful Islam will continued their responsibilities as CFO, Head of Internal Audit & as the Company Secretary respectively.

Audit Committee: The Company has formed the following Audit Committee through the Board of Directors Meeting on 26.12.2021:

(A) Audit Committee :

- | | |
|---|---------------------------------|
| (1) Md. Towhidul Islam Azad (Independent Director) | Chairman of the Audit Committee |
| (2) Mrs. Rehmat Banu (Director) | Member of the Audit Committee |
| (3) Mr Rahim Murad (Director) | Member of the Audit Committee |

Constitution of Audit Committee: As per Board of Director's Meeting of the Company on 13.09.2018 and as per Notification No. SEC/CMRRCD/2006-158/134 Admin/44 dated 07.08.2012 and New Corporate Governance Code, 3 June 2018, the Audit Committee has been formed by the Company which is described above.

Chairman of the Audit Committee: Md. Towhidul Islam Azad executed the responsibilities of the Chairman of the Audit Committee.

Scope of work of Audit Committee: Audit Committee works as a sub-committee of the Board of Directors. The Committee shall assist the Board of Directors to ensure that the financial statements reflect true and fair view of the state of affairs of the Company and ensure a good monitoring system within the business and they will be responsible to the Board of Directors. The Chairman of the Audit Committee shall remain present in the Annual General Meeting.

Terms of Reference (ToR) of Audit Committee: Audit Committee terms of reference as follows :

- (i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the followings:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motive suitable directors to run the company successfully;
 - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to director, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goal.
- (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.
- (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down and recommend their appointment and removal to the Board;
- (iv) formulating the criteria for evaluation of performance of independent directors and the Board;
- (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- (vi) developing, recommending, and reviewing, annually the company's human resources and training policies.

Review of financial statements by the Audit Committee: Audit Committee reviewing the annual financial statements for the year ended 30th June 2021 and placed its recommendation to the Board of Directors.

Role of Audit Committee: As per New Corporate Governance Code, 3 June 2018 Duties Responsibility and Role of audit committee shall include the following:

- i) The Audit Committee shall assist the Board 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;

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- (ii) The Audit Committee shall:
 - (a) Oversee the financial reporting process;
 - (b) Monitor choice of accounting policies and principles;
 - (c) Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and compliance plan and review of the internal Audit and Compliance report;
 - (d) Oversee hiring and performance of external auditors;
 - (e) Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.
 - (f) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval
 - (g) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;
 - (h) Review the adequacy of internal audit function;
 - (i) Review the management discussion and analysis before disclosing in the annual report;
 - (j) Review statement of significant related party transactions submitted by the management;
 - (k) Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;
 - (l) Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and
 - (m) Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or rights share offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the commission.

Provide that the management shall disclose to the Audit Committee about the use or applications of the proceeds by major category (capital expenditure, sales & marketing expenses, working capital etc.) on a quarterly basis, as a part of their quarterly declaration of financial results.

Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee

Nomination and Remuneration Committee (NRC)

Appointment and Composition In compliance with BSEC's Corporate Governance Code dated 3 June 2018, NRC of the Board of BAL has been constituted by the Board of Directors. As required, all members of the NRC are non-executive directors and are able to effectively discharge their duties and responsibilities as members of the Committee. That the Nomination and Remuneration Committee (NRC), a sub-committee of the Board of Directors of Bangladesh Autocars Limited has been accepted and approved as per Bangladesh Securities and Exchanges Commission (BSEC) Notification on Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80 dated: 3rd June, 2018.

The NRC Committee comprised of 3 (three) members including one Independent Director. The Chairman of the Committee is an Independent Director. The Company Secretary acts as the Secretary of the Committee

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That the Nomination and Remuneration Committee (NRC) has been comprised of the following three members from the Board of the Company as shown under:

| SL. | Name | Status with the | BAL Status with the committee |
|-----|-----------------------------|----------------------|-------------------------------|
| 1. | Mr. Md. Tauhidul Islam Azad | Independent Director | Chairman |
| 2. | Mr. Mohammad Murad | Chairman | Member |
| 3. | Mrs. Rina Momtaj | Managing Director | Member |

Roles and Responsibilities of NRC

The roles and responsibilities of NRC have been defined in alignment with the relevant provisions of Corporate Governance Code issued by BSEC to practice best corporate governance.

The added roles of the NRC include the followings:

- (a) NRC is independent and responsible or accountable to the Board and to the shareholders;
- (b) NRC oversee, among others, the following matters and may make report with recommendation to the Board:
 - (i) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 - (ii) To devise a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
 - (iii) To identify persons who are qualified to become directors and who may appoint in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
 - (iv) To formulate the criteria for evaluation of performance of independent directors and the Board;
 - (v) To identify the bank's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
 - (vi) To develop, recommend and review annually the bank's human resources and training policies;
- (c) The bank shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.

Internal Control and Compliance:

The Board has the ultimate responsibility for establishing an effective system of internal control. The internal control system holds all business risks, including financial, operational and strategic risks.

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REPORT ON COMPLIANCE OF BSEC'S NOTIFICATION ON CORPORATE GOVERNANCE

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 Issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|---|--------------|------------------|
| | | Complied | Not complied | |
| 1. | Board of Directors | | | |
| 1(1) | Board's Size shall not be less than 5 and more than 20 | ✓ | | |
| 1(2) | Independent Directors | | | |
| 1(2)(a) | Independent Director(s) - at least one fifth (1/5) of the total number of directors | ✓ | | |
| 1(2)(b)(i) | Independent director does not hold any share or holds less than one percent (1%) shares of total paid up capital | ✓ | | |
| 1(2)(b)(ii) | Independent director is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company | ✓ | | |
| 1(2)(b)(iii) | Independent director has not been an executive of the company in immediately preceding 2 (two) financial years | ✓ | | |
| 1(2)(b)(iv) | Independent director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies | ✓ | | |
| 1(2)(b)(v) | Independent director is not member or TREC holder, director or officer of any stock exchange | ✓ | | |
| 1(2)(b)(vi) | Independent director is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market | ✓ | | |
| 1(2)(b)(vii) | Independent director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code | ✓ | | |
| 1(2)(b)(viii) | Independent director is not independent director in more than 5 (five) listed companies | ✓ | | |
| 1(2)(b)(ix) | Independent director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFi) | ✓ | | |

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| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|---|--------------|---------------------|
| | | Complied | Not complied | |
| 1(2)(b)(x) | Independent director has not been convicted for a criminal offence involving moral turpitude | ✓ | | |
| 1(2)(c) | The independent director(s) shall be appointed by the Board and approved by the Shareholders in the AGM | ✓ | | |
| 1(2)(d) | The post of independent director(s) cannot remain vacant for more than 90 days | ✓ | | |
| 1(2)(e) | The tenure of office of an Independent Directors shall be for a period of 3 (three) years which may be extended for 1 (one) tenure only | ✓ | | |
| 1(3) | Qualification of Independent Director | | | |
| 1(3)(a) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business | ✓ | | |
| 1(3)(b)(i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association | | | N/A |
| 1(3)(b)(ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company | ✓ | | |
| 1(3)(b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law | | | N/A |
| 1(3)(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law | | | N/A |
| 1(3)(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification | ✓ | | |
| 1(3)(c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b) | ✓ | | |
| 1(3)(d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission | | | No such issue arose |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer | | | |
| 1(4)(a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals | ✓ | | |

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| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|---|--------------|------------------|
| | | Complied | Not complied | |
| 1(4)(b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company | ✓ | | |
| 1(4)(c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company | ✓ | | |
| 1(4)(d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer | ✓ | | |
| 1(4)(e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | |
| 1(5) | The Directors' Report to Shareholders | | | |
| 1(5)(i) | An industry outlook and possible future developments in the industry | ✓ | | |
| 1(5)(ii) | The Segment-wise or product-wise performance | ✓ | | |
| 1(5)(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any | ✓ | | |
| 1(5)(iv) | A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin, where applicable | ✓ | | |
| 1(5)(v) | A discussion on continuity of any extraordinary activities and their implications (gain or loss) | ✓ | | |
| 1(5)(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | ✓ | | |
| 1(5)(vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments | ✓ | | |
| 1(5)(viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc. | ✓ | | |
| 1(5)(ix) | An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements | ✓ | | |
| 1(5)(x) | A statement of remuneration paid to the directors including independent directors | ✓ | | |
| 1(5)(xi) | A statement that 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 | ✓ | | |
| 1(5)(xii) | A statement that proper books of account of the issuer company have been maintained | ✓ | | |
| 1(5)(xiii) | A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment | ✓ | | |

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| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|--|---|--------------|--|
| | | Complied | Not complied | |
| 1(5)(xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed | ✓ | | |
| 1(5)(xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored | ✓ | | |
| 1(5)(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress | ✓ | | |
| 1(5)(xvii) | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed | ✓ | | |
| 1(5)(xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained | ✓ | | |
| 1(5)(xix) | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized | ✓ | | |
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year | | | BOD declared 4% cash dividend for general shareholders (other than sponsors & directors) for the year ended 30 June, 2022 which is subject to approval of shareholders in upcoming |
| 1(5)(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend | ✓ | | |
| 1(5)(xxii) | The total number of Board meetings held during the year and attendance by each director | ✓ | | |
| 1(5)(xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by: | | | |
| 1(5)(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details) | | | N/A |
| 1(5)(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details) | ✓ | | |
| 1(5)(xxiii)(c) | Shareholding pattern of Executives | ✓ | | |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details) | | | No one hold 10% share |
| 1(5)(xxiv) | In case of appointment or re-appointment of a Director, a disclosure on the following information to the Shareholders: | | | |
| 1(5)(xxiv)(a) | A brief resume of the director | ✓ | | |
| 1(5)(xxiv)(b) | Nature of his or her expertise in specific functional areas | ✓ | | |
| 1(5)(xxiv)(c) | Names of companies in which the person also holds the directorship and the membership of committees of the board | ✓ | | |
| 1(5)(xxv) | A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on: | | | |

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| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|---|--------------|------------------|
| | | Complied | Not complied | |
| 1(5)(xxv)(a) | Accounting policies and estimation for preparation of financial statements | ✓ | | |
| 1(5)(xxv)(b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes | ✓ | | |
| 1(5)(xxv)(c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof | ✓ | | |
| 1(5)(xxv)(d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario | ✓ | | |
| 1(5)(xxv)(e) | Briefly explain the financial and economic scenario of the country and the globe | | | |
| 1(5)(xxv)(f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company | ✓ | | |
| 1(5)(xxv)(g) | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM | ✓ | | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A | ✓ | | |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C | ✓ | | |
| 1(6) | The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code | ✓ | | |
| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company | ✓ | | |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers and independency. | ✓ | | |

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| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|---|--------------|---|
| | | Complied | Not complied | |
| 2. | Governance of Board of Directors of Subsidiary Company: | | | |
| 2(a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company | | | N/A The company does not hold subsidiary company |
| 2(b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company | | | |
| 2(c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company | | | |
| 2(d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also | | | |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company | | | |
| 3. | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS): | | | |
| 3(1) | Appointment | | | |
| 3(1)(a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) | ✓ | | |
| 3(1)(b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals | ✓ | | |
| 3(1)(c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time | ✓ | | |
| 3(1)(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS | ✓ | | |
| 3(1)(e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s) | | | No such event occurred during the year. |
| 3(2) | Requirement to attend Board of Directors' Meetings | | | |
| | The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board | ✓ | | |
| 3(3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial | | | |
| 3(3)(a) | The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: | ✓ | | |
| 3(3)(a)(i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and | ✓ | | |

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| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|---|--------------|------------------------------|
| | | Complied | Not complied | |
| 3(3)(a)(ii) | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws; | ✓ | | |
| 3(3)(b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members; | ✓ | | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ✓ | | |
| 4. | Board of Directors' Committee | | | |
| | For ensuring good governance in the company, the Board shall have at least following subcommittees: | | | |
| 4(i) | Audit Committee; and | ✓ | | |
| 4(ii) | Nomination and Remuneration Committee. | ✓ | | |
| 5. | Audit Committee | | | |
| 5(1) | Responsibility to the Board of Directors | | | |
| 5(1)(a) | Audit Committee as a sub-committee of the Board | ✓ | | |
| 5(1)(b) | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business; | ✓ | | |
| 5(1)(c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | ✓ | | |
| 5.2 | Constitution of the Audit Committee | | | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3 (three) members | ✓ | | |
| 5(2)(b) | The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director; | ✓ | | |
| 5(2)(c) | All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | ✓ | | |
| 5(2)(d) | Casual Vacancy of the Audit Committee fill up immediately or not later than 1 (one) month from the date of vacancy | | | No such incident was occurs. |
| 5(2)(e) | The company secretary shall act as the secretary of the Committee | ✓ | | |
| 5(2)(f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director | ✓ | | |
| 5.3 | Chairperson of the Audit Committee | | | |
| 5(3)(a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director; | ✓ | | |

BANGLADESH AUTOCARS LIMITED

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|---|--------------|------------------------------|
| | | Complied | Not complied | |
| 5(3)(b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | | | No such incident was occurs. |
| 5(3)(c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM) | ✓ | | |
| 5.4 | Meeting of the Audit Committee | | | |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year: | ✓ | | |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | ✓ | | |
| 5.5 | Role of Audit Committee | | | |
| 5(5)(a) | Oversee the financial reporting process | ✓ | | |
| 5(5)(b) | Monitor choice of accounting policies and principles | ✓ | | |
| 5(5)(c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report; | ✓ | | |
| 5(5)(d) | Oversee hiring and performance of external auditors | ✓ | | |
| 5(5)(e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | ✓ | | |
| 5(5)(f) | Review along with the management, the annual financial statements before submission to the board for approval | ✓ | | |
| 5(5)(g) | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval | ✓ | | |
| 5(5)(h) | Review the adequacy of internal audit function | ✓ | | |
| 5(5)(i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report; | ✓ | | |
| 5(5)(j) | Review statement of all related party transactions submitted by the management | ✓ | | |
| 5(5)(k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors | ✓ | | |
| 5(5)(l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; | ✓ | | |

BANGLADESH AUTOCARS LIMITED

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|--|---|--------------|--|
| | | Complied | Not complied | |
| 5(5)(m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: | | | No such event occur during the year. |
| 5(6) | Reporting of the Audit Committee | | | |
| 5(6)(a) | Reporting to the Board of Directors | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board | ✓ | | |
| 5(6)(a)(ii) | The Audit Committee shall immediately report to the Board on the following findings, if any: | | | |
| 5(6)(a)(ii)(a) | Report on conflicts of interest | | | |
| 5(6)(a)(ii)(b) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | | | No such incident was occurs. |
| 5(6)(a)(ii)(c) | Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; | | | |
| 5(6)(a)(ii)(d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | | | No such matter arisen during the year. |
| 5(6)(b) | Reporting to the Authorities If any report which has material impact on the financial condition and results of operation and which has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier. | | | No such matter arisen during the year. |
| 5(7) | Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | | | No such matter arisen during the year. |
| 6. | Nomination and Remuneration Committee (NRC) | | | |
| 6(1) | Responsibility to the Board of Directors | | | |
| 6(1)(a) | The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board; | ✓ | | |
| 6(1)(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | ✓ | | |
| 6(1)(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b). | ✓ | | |

BANGLADESH AUTOCARS LIMITED

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|---|--------------|--|
| | | Complied | Not complied | |
| 6(2) | Chairperson of the NRC | | | |
| 6(2)(a) | The Committee shall comprise of at least three members including an independent director; | ✓ | | |
| 6(2)(b) | All members of the Committee shall be non-executive directors; | ✓ | | |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board; | ✓ | | |
| 6(2)(d) | The Board shall have authority to remove and appoint any member of the Committee; | ✓ | | |
| 6(2)(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | | | No such matter arisen during the year. |
| 6(2)(f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | | | No such matter arisen during the year. |
| 6(2)(g) | The company secretary shall act as the secretary of the Committee; | ✓ | | |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | ✓ | | |
| 6(2)(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | ✓ | | |
| 6(3) | Chairperson of the NRC | | | |
| 6(3)(a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | ✓ | | |
| 6(3)(b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | No such matter arisen during the year. |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders; | ✓ | | |
| 6(4) | Meeting of the NRC | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year; | ✓ | | |
| 6(4)(b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | ✓ | | |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); | ✓ | | |

BANGLADESH AUTOCARS LIMITED

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|---|--------------|------------------|
| | | Complied | Not complied | |
| 6(4)(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | ✓ | | |
| 6(5) | Role of the NRC | | | |
| 6(5)(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | ✓ | | |
| 6(5)(b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | ✓ | | |
| 6(5)(b)(i) | Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | ✓ | | |
| 6(5)(b)(i)(a) | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | ✓ | | |
| 6(5)(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; | ✓ | | |
| 6(5)(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | ✓ | | |
| 6(5)(b)(ii) | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | ✓ | | |
| 6(5)(b)(iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | ✓ | | |
| 6(5)(b)(iv) | Formulating the criteria for evaluation of performance of independent directors and the Board; | ✓ | | |
| 6(5)(b)(v) | Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; | ✓ | | |
| 6(5)(b)(vi) | Developing, recommending and reviewing annually the company's human resources and training policies; | ✓ | | |
| 6(5)(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | ✓ | | |
| 7. | External or Statutory Auditors | | | |
| 7(1) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: | ✓ | | |
| 7(1)(i) | Appraisal or valuation services or fairness opinions; | ✓ | | |
| 7(1)(ii) | Financial information systems design and implementation; | ✓ | | |
| 7(1)(iii) | Book-keeping or other services related to the accounting records or financial statements; | ✓ | | |

BANGLADESH AUTOCARS LIMITED

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|---|--------------|------------------|
| | | Complied | Not complied | |
| 7(1)(iv) | Broker – dealer services | ✓ | | |
| 7(1)(v) | Actuarial services | ✓ | | |
| 7(1)(vi) | Internal audit services or special audit services; | ✓ | | |
| 7(1)(vii) | Any service that the Audit Committee determines; | ✓ | | |
| 7(1)(viii) | Audit or certification services on compliance of corporate governance as required under condition No. 9(1); | ✓ | | |
| 7(1)(ix) | Any other service that creates conflict of interest. | ✓ | | |
| 7(2) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company | ✓ | | |
| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | ✓ | | |
| 8. | Maintaining a website by the Company | | | |
| 8(1) | The company shall have an official website linked with the website of the stock exchange. | ✓ | | |
| 8(2) | The company shall keep the website functional from the date of listing. | ✓ | | |
| 8(3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | ✓ | | |
| 9. | Reporting and Compliance of Corporate Governance | | | |
| 9(1) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | ✓ | | |
| 9(2) | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | ✓ | | |
| 9(3) | The directors of the company shall state, in accordance with the Annexure-Attached, in the directors' report whether the company has complied with these conditions or not. | ✓ | | |

1.5 (xxiii) (c) List of Executive:

| SL. No | Name | Designation |
|--------|------------------------------|--------------------------|
| 1 | Mr. Md. Mostaque Ahmed | CFO |
| 2 | Mr. Md. Shariful Islam | Acting Company Secretary |
| 3 | Mr. Mr. Mahmud Hasan Amanoth | Internal Auditor |
| 4 | Mr. Md. Shakil Ahmed | Office Executive |
| 5 | Mr. Babul Hossain | Asst. Engineer |

(d) List of 10% above Share of the Company as under:

| SL. No | Name | Share position |
|--------|------|----------------|
| | Nil | Nil |

BANGLADESH AUTOCARS LIMITED

**1(5)(xxvi) Certificate of Chief Executive Officer and Chief Financial Officer to the Board:
Annexure-A
Declaration by CEO and CFO**

The Board of Directors
Bangladesh Autocars Limited
110 Tejgaon I/A, Dhaka-1208.

Subject: Declaration on Financial Statements for the year ended on 30 June, 2022.

Dear Sirs,

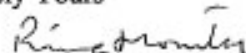
Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's notification No. BSEC/CMRRCD/2006-158/134/Admin/44, Dated 07 August 2012 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Bangladesh Autocars Limited for the year ended on 30 June, 2022, have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

In this regard, we also certify that:--

- (i) We have reviewed the financial statements for the year ended on 30 June, 2022 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely Yours



Mrs Rina Momtaz
Chief Executive Officer (CEO)



Md. Mostaque Ahmed
Chief Financial Officer (CFO)

BANGLADESH AUTOCARS LIMITED

Meeting of the Audit Committee:

The Audit Committee met 4(four) times during the year 30 June, 2022. All the members were present in all meetings of the committee. The details of attendance of each member at the Audit Committee meetings during the year 30 June 2022 are as follows

| Name | Title | Attended |
|-------------------------|----------|------------------|
| Md. Towhidul Islam Azad | Chairman | In the 4 meeting |
| Mrs. Rehmat Banu | Member | In the 4 meeting |
| Mr. Rahim Murad | Member | In the 4 meeting |

Report of the Audit Committee

Annexure-B

Date: September 24, 2022

The Board of Directors
Bangladesh Autocars Limited
110, Tejgaon I/A
Dhaka-1208.

Dear Sirs,


Subject: Report of the Audit Committee under Conditions 5.6 & 5.7 of Notification

No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 of the BSEC.

The Audit Committee of Bangladesh Autocars Limited takes pleasure to submit to you the following report on its activities:

- 1) The Committee has discharged the audit activities of Bangladesh Autocars Limited throughout the financial year 2021-2022 and has found that the financial reporting process, accounting policies and principles, internal audit and compliance plan and process, the hiring and performance of external auditors, internal audit functions, etc. are in line with the requirement of the company.
- 2) The Committee has reviewed the quarterly and half-yearly as well as annual financial statements of Bangladesh Autocars Limited for the financial year 2021-2022 i.e. from July 01, 2021 to June 30, 2022 before submission to the Board of Directors for approval and found those in order.
- 3) The Committee also reviewed the adequacy of internal audit functions, management's discussion and analysis, monitoring system prevailing within the business as well as the statement of related party transactions of the company and found those adequate, good and proper.
- 4) The Committee supervised the hiring and performance of external or statutory auditors including determination of their audit fees, hold meeting with them for review of annual financial statements before submission to the Board for approval and found the performance of statutory auditors satisfactory and determination of their fees justified based on scope and magnitude of works and time required therefor to ensure effective performance.
- 5) Bangladesh Autocars Limited did not raise any money during the year 2021-2022 through Initial Public Offering (IPO), Repeat Public Offering (RPO) and issuance of Rights Shares.
- 6) During discharge of responsibilities, the Committee neither found any weakness in the internal control functions of the company nor any conflicts of interest, fraud or irregularity, infringement of laws, rules and regulations or any other matter which should be reported to the Board of Directors. The Committee also did not find any letter of internal control weakness issued by statutory auditors.
- 7) The Audit Committee always assisted the Board of Directors of Bangladesh Autocars Limited in ensuring that the financial statements of the company reflect true and fair view of the state of affairs of the company.

Thanking you,
Yours sincerely


Md. Towhidul Islam Azad
Independent Director



মালেক সিদ্দিকীওয়ালী, চার্টার্ড একাউন্টেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

Malek Siddiqui Wali
CHARTERED ACCOUNTANTS
B-G, Motijheel C/A, 2nd Floor, Dhaka-1000, Bangladesh.
Extension Office : Property Heights, 1st Floor
12, R.K. Mission Road, Dhaka-1000.

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EMAIL : wali@saltoombd.com
Web : www.msw-bd.com

Independent Auditor's Report
To the Shareholders of Bangladesh Autocars Limited
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **Bangladesh Autocars Limited** which comprise the financial position as at June 30, 2022, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, except the effect described in the Basis for Qualified Opinion paragraph the financial statements present fairly, in all material respects, of the financial position of the Company as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the company act 1994, the Security and Exchange Rules 1987 and other applicable law and regulations.

Basis for Qualified Opinion

1. The company has refund claim of Tk.1, 070,772 dated: 28.11.2007 and 22.08.2008 to taxation authority for VAT deducted at import stage. The said claim was not responded by the government authority since then. This long outstanding should be written off in the face of statement of profit or loss as the chance of recoverability of said claim is remote.
2. In view of our audit, we observed that the financial statements is excessively carrying of Tk. 1,695,974 and Tk.183, 631 respect of Advance Income Tax (note no. 5.02) and advance against capital expenditure respectively. The Advance Income Tax and advance against capital expenditure should be written off further by TK.1, 879,605.
3. If the observation raised in SL no. 1 to 2 in Basis of Qualified Opinion Paragraph is correctly accounted for in these financial statements for the year June 30, 2022, then Net Asset Value (NAV) and profit at the year-end will be reduced by Tk. 2,950,377. Consequently, the NAV and EPS per share shall be reduced by Tk.0.68

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

Other Matter Paragraphs

1. As per labor act 2006, sec-234, the company must have to pay WPPF liability within 09 months form the accounting year end. The balance of unpaid WPPF stood of taka 2,954,648 at the year end, out of which taka 933,956 is maintained in separate Bank account no: 23089 with Pubali Bank Limited.
2. During our audit we did not obtain third party confirmation in all respect.



3. According to the directive of BSEC no. BESC/CMRRCD/2021-386/03 dated: January 2021, the company have to kept unclaimed dividend in separate bank account and transfer the unclaimed dividend to the Capital Market Stabilization Fund (CMSF) which is unpaid consecutive three years. In our observation, we found that the unclaimed dividend is older than three year of was not transferred to CMSF. As per guide line of said directive unclaimed dividend taka 4,344,489 (out of which taka 2,159,268 is belong to the directors) should maintain in separate bank account, but current balance of the bank account (designated for the dividend) is maintained taka 1,148,691.

Key Audit Matters

| Risk | Our response |
|--|---|
| Revenue recognition | |
| <p>At the year ended, the company's reported total revenue of Tk. 51,778,747.</p> <p>Revenue is measured net of trade discount and VAT. Time of revenue recognition is matter. The revenue may overstated for the early recognition of revenue to achieve the desire result.</p> | <p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Policy of revenue recognition; • Issuance of VAT challan; • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period; • VAT is correctly dealt with; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting Standards. |
| Please see the note 15 in this financial statements. | |
| Valuation of inventory | |
| <p>The balance of inventory of the Company at the year-end was Tk. 5,406,951 held in the company's warehouse.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> | <p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory and related provisions by:</p> <ul style="list-style-type: none"> • evaluating the design and implementation of key inventory controls operating across the Company in respect of inventory management; • to attend the physical inventory counts and reconciling the count results to the inventory listings to test the completeness of data; |



| | |
|--|--|
| | <ul style="list-style-type: none"> • to review the inventory costing procedures and methodology. • comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; • reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; and • Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow- moving/obsolete stock are valid and complete. |
| <p>Please see the note 3 in this financial statements.</p> | |
| <p>Measurement and recognition of deferred tax</p> | |
| <p>The balance of reported deferred tax liability of the company was Tk. 5,347,342 as on June 30, 2022.</p> <p>The risk for the financial statements is that these provisions are not properly measured for all types of temporary difference as per IAs 12: Income Tax.</p> | <p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax.</p> <p>We have assessed the appropriateness of the carrying amounts of net asset value as per tax base and accounting base.</p> <p>We have also assessed the rate of deferred for each temporary difference.</p> <p>Also, we examined the accounting treatment of deferred tax.</p> |
| <p>Please see the note 10 in this financial statements.</p> | |

Other Information

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



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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

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

Malek Siddiqui Wali, Chartered Accountants

Md. Waliullah, FCA
Enrolment No: 0247
DVC:2111090247AS402249

Dated, Dhaka
November 07, 2022

BANGLADESH AUTOCARS LIMITED

Bangladesh Autocars Limited
Statement of Financial Position
As at 30 June 2022



| Particulars | Notes | Amount in Taka | | | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | Unit - 2 | Unit - 3 | 30.06.2022 | 30.06.2021 |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, Plant & Equipment | 2 | 18,995,264 | 12,323,739 | 31,319,003 | 34,148,510 |
| Current Assets | | | | | |
| Inventories | 3 | 1,757,330 | 3,649,821 | 5,406,951 | 6,421,391 |
| Trade debtors | 4 | 175,733 | - | 175,733 | 249,110 |
| Advance, deposits and pre-payments | 5 | 5,091,202 | 3,660,458 | 8,751,660 | 8,802,729 |
| Cash and Cash equivalents | 6 | 8,299,069 | 269,263 | 8,568,332 | 4,320,167 |
| Total Asset | | 34,318,598 | 19,903,080 | 54,221,678 | 53,941,907 |
| Equity and Liabilities | | | | | |
| Equity | | | | | |
| Share capital | 7 | 5,596,760 | 37,663,370 | 43,260,130 | 43,260,130 |
| General reserve | | - | 9,944,188 | 9,944,188 | 9,944,188 |
| Tax holiday reserve | | 5,230,968 | 1,353,011 | 6,583,979 | 6,583,979 |
| Retained earning | 8 | 10,572,774 | (39,798,904) | (29,226,130) | (30,137,092) |
| Non-Current Liabilities | | | | | |
| Long Term Loan | 9 | 2,796,548 | 701,000 | 701,000 | 701,000 |
| Deferred Tax | 10 | 2,796,548 | 2,550,794 | 5,347,342 | 5,675,752 |
| Current Liabilities | | | | | |
| Liabilities for expenses | 11 | 5,743,919 | 131,180 | 5,875,099 | 4,769,426 |
| Liabilities for expenses | 12 | 2,355,794 | 1,555,842 | 3,911,636 | 3,975,397 |
| Unclaimed dividend | 12.2 | - | 4,344,489 | 4,344,489 | 4,283,682 |
| Provision for income tax | 13 | 2,126,483 | 1,353,462 | 3,479,945 | 3,300,950 |
| Bank Overdraft | 14 | - | - | - | 1,584,496 |
| Inter Unit Balance | | (104,648) | 104,648 | - | - |
| Total Equity and Liabilities | | 34,318,598 | 19,903,080 | 54,221,678 | 53,941,907 |
| Net Assets Value (NAV) per share | 23 | | | 7.06 | 6.85 |

The accounting policies and other explanatory notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors as on 29 October 2022 and were signed on its behalf by:

Director

Managing Director

Chairman

Signed as per our separate report of even date annexed.

Malek Siddiqui Wali, Chartered Accountants

Md. Waliullah, FCA

Enrolment No: 0247

Dhaka, November 07, 2022



Bangladesh Autocars Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended on 30 June 2022

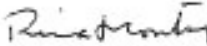
| Particulars | Notes | Unit - 2 | Unit - 3 | Amount in Taka | |
|--|-----------|------------------|----------------|------------------|------------------|
| | | | | 30.06.2022 | 30.06.2021 |
| Sales Revenue | 15 | 47,481,847 | 4,296,900 | 51,778,747 | 50,024,164 |
| Cost of goods sold | 16 | (43,127,371) | (3,308,725) | (46,436,096) | (45,459,583) |
| Gross Profit | | 4,354,476 | 988,175 | 5,342,651 | 4,564,581 |
| Administrative expenses | 17 | (1,088,828) | (392,368) | (1,481,196) | (1,564,995) |
| Financial expenses | 18 | (22,387) | (7,464) | (29,851) | (387,858) |
| Net Profit / (Loss) before WPPF and Tax | | 3,243,261 | 588,344 | 3,831,604 | 2,611,728 |
| Provision for WPPF | | (154,441) | (28,016) | (182,457) | (124,368) |
| Net Profit/(Loss) before Tax | | 3,088,820 | 560,327 | 3,649,147 | 2,487,360 |
| Income Tax Expenses | 19 | (1,014,618) | (513,260) | (1,527,877) | (906,790) |
| Net Profit/(Loss) after Tax | | 2,074,202 | 47,067 | 2,121,270 | 1,580,571 |
| Other Comprehensive Income | | - | - | - | - |
| Total Comprehensive Income | | 2,074,202 | 47,067 | 2,121,270 | 1,580,571 |
| Earning Per Share (EPS) | 22 | | | 0.49 | 0.37 |

The accounting policies and other explanatory notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors as on 29 October 2022 and were signed on its behalf by:



Director



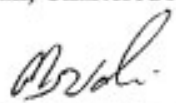
Managing Director



Chairman

Signed as per our separate report of even date annexed.

Malek Siddiqui Wali, Chartered Accountants


Md. Waliullah, FCA
 Enrolment No: 0247

Dhaka, November 07, 2022



Bangladesh Autocars Limited
Statement of Changes in Equity
For the year ended 30 June 2022

| Particulars | Share capital | General reserve | Tax holiday reserve | Retained earning | Total |
|---------------------------------|-------------------|------------------|---------------------|---------------------|-------------------|
| Balance (01.07.2021) | 43,260,130 | 9,944,188 | 6,583,979 | (30,137,092) | 29,651,205 |
| Net profit/(loss) for this year | - | - | - | 2,121,270 | 2,121,270 |
| Cash Dividend (2020-21) | - | - | - | (1,210,307) | (1,210,307) |
| Balance (30.06.2022) | 43,260,130 | 9,944,188 | 6,583,979 | (29,226,130) | 30,562,167 |

Bangladesh Autocars Limited
Statement of Changes in Equity
For the year ended 30 June 2021

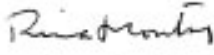
| Particulars | Share capital | General reserve | Tax holiday reserve | Retained earning | Total |
|---------------------------------|-------------------|------------------|---------------------|---------------------|-------------------|
| Balance (01.07.2020) | 43,260,130 | 9,944,188 | 6,583,979 | (30,419,859) | 29,368,438 |
| Net profit/(loss) for this year | - | - | - | 1,580,571 | 1,580,571 |
| Cash Dividend (2019-20) | - | - | - | (1,297,804) | (1,297,804) |
| Balance (30.06.2020) | 43,260,130 | 9,944,188 | 6,583,979 | (30,137,092) | 29,651,205 |

The accounting policies and other explanatory notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors as on 29 October 2022 and were signed on its behalf by:



Director




Managing Director



Chairman

Signed as per our separate report of even date annexed

Malek Siddiqui Wali, Chartered Accountants


Md. Waliullah, FCA
Enrolment No: 0247

Dhaka, November 07, 2022

BANGLADESH AUTOCARS LIMITED

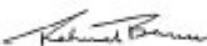
Bangladesh Autocars Limited
Statement of Cash Flows
For the year ended on 30 June 2022



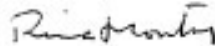
| | Notes | Amount in Taka | |
|---|-------------|--------------------|--------------------|
| | | 30.06.2022 | 30.06.2021 |
| Cash Flows From Operating Activities: | | | |
| Collection from sale and other income | | 51,612,124 | 50,274,490 |
| Payments against purchases, supplies, employees & others | | (43,113,689) | (39,902,453) |
| Finance cost paid | | (29,851) | (387,858) |
| Tax paid | | (1,486,424) | (1,132,349) |
| Net cash generated/(used) in operation | 24.1 | 6,982,161 | 8,851,831 |
| Cash Flows From Investment Activities: | | | |
| Acquisition of Property, Plant & Equipment | | - | - |
| Net cash generated/(used) in investing activity | | - | - |
| Cash flows From Financing Activities: | | | |
| Bank Overdraft | | (1,584,496) | (4,421,506) |
| Dividend Paid & Transfer to capital market stabilization fund | | (1,149,500) | (2,038,475) |
| Loans & advance received/(Repaid) | | - | (874,913) |
| Net cash generated/(used) financing activity | | (2,733,996) | (7,334,894) |
| Net Cash Inflow / (Outflow) for the year | | 4,248,165 | 1,516,937 |
| Opening Cash and Cash equivalents | | 4,320,167 | 2,803,230 |
| Closing Cash and Cash equivalents | | 8,568,332 | 4,320,167 |
| Net operating cash flow per share (NOCFPS) | 24 | 1.61 | 2.05 |

The accounting policies and other explanatory notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors as on 29 October 2022 and were signed on its behalf by:



Director



Managing Director



Chairman

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

Malek Siddiqui Wali, Chartered Accountants



Md. Waliullah, FCA

Enrolment No: 0247

Dhaka, November 07, 2022

Bangladesh Autocars Limited
Notes to the financial statements
For the year ended on 30 June 2022

1.0 Significant accounting policies and other material information:

1.1 Legal form of Enterprise:

The Bangladesh Autocars Ltd. was incorporated on 01 August, 1979 in Bangladesh as a Public Limited Company under the Companies Act, 1913 (subsequently replaced in 1994) and its shares are listed in the Dhaka Stock Exchange Ltd.

1.2 Nature of Business Activities:

The Company was engaged in producing Three Wheelers Auto Tempo (two strokes) under technical collaboration with Piaggio & C s.p.a. (manufacturer of world famous Vespa Brand). The company had to stop production of Three Wheelers Auto Tempo (two strokes) since 1999 due to imposition of ban in producing such vehicles in Bangladesh by the Government. Now, the company has been only carrying out the business of CNG Conversion and CNG Refueling of Vehicles.

1.3 Basis of Accounting:

These accounts have been prepared on going concern basis under generally accepted accounting principles based on International Financial Reporting Standard (IFRS) and relative interpretation concern there to.

1.4 Responsibility for preparation and presentation of financial Statement:

The Board of Director is responsible for the preparation and presentation of financial Statements in compliance with the Companies Act 1994, the Securities and Exchange Rules 1987, Listing Regulation of Dhaka Stock Exchange Limited (DSE), International Accounting Standard (IAS), International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

1.5 Risk and uncertainties for use of estimates in preparation of financial statement:

The preparation of financial statements in conformity with the International Accounting Standard requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of financial statements and revenues and expenses. Actual results could differ from those estimates which are used for certain items, such as, long term contracts, depreciation, taxes, reserves, contingencies etc.

1.6 Components of the Financial Statements:

According to the International Accounting Standard (IAS) 1 "Presentation of Financial Statement" the complete set of Financial Statement includes the following components:

- i. Statement of Financial Position as at 30 June 2022.

Bangladesh Autocars Limited
Notes to the financial statements
For the year ended on 30 June 2022

- i. Statement of Profit or Loss and Other Comprehensive Income for the year end 30 June 2022.
- ii. Statement of Cash Flows for the year ended 30 June 2022.
- iii. Statement of Changes in Equity for the ended 30 June 2022.
- iv. Accounting policies and Explanatory notes.

1.7 Comparative information:

Comparative information has been disclosed in respect of the year 2021- 2022 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current periods financial statements. Figures of the year 2021- 2022 have been rearranged/restated whenever considered necessary to ensure comparability with the current period.

1.8 Reporting currency and precision:

The figures in the financial statements represent Bangladesh Currency (Taka), which have been rounded off to the nearest Taka except where indicates otherwise.

1.9 Foreign Currency:

Foreign currencies are translated into Bangladesh Taka currency at the rates prevailing on the date of transaction and the balances in hand at the close of business at the rate prevailing on the cut-off date.

1.10 Statement of Cash Flows:

The cash flow statement has been presented under direct method following the provisions of respective IAS 7.

1.11 Recognition of Property, Plant and Equipment and Depreciation:

Property, Plant and Equipment are stated at cost less accumulated depreciation in accordance with respective IAS. Cost represents cost of acquisition of construction and include purchases price and other directly attributable costs for bringing the assets to working conditions for its intended use, but do not include any capitalized borrowing cost. No depreciation was charged on land and land development.

Expenditure for major replacements, renewals and betterment are capitalized. Depreciation has been charged on assets, where applicable, at the rates varying from 6% to 20% applying reducing balance method excepting the additions from the date of its operation which is allocated to Factory Overhead and Administrative Expenses proportionately.

Impairment losses/gains of assets are not provided, as these have been performing as per intended use of such assets assessed by the management. The annual depreciation rates are applied on principal category of assets as below:

Bangladesh Autocars Limited
Notes to the financial statements
For the year ended on 30 June 2022

| Item | Rate of Depreciation | Item | Rate of Depreciation |
|----------------------|----------------------|------------------------|----------------------|
| Plant and Machinery | 8% and 10% | Transport and Vehicles | 10% |
| Office Equipments | 10% | Furniture and Fixtures | 6% |
| Electrical Equipment | 20% | | |

1.12 Lease:

The company's policy is to account for lease payment in accordance the requirement of IAS 17 Lease. The operating lease rental payment charged to the Profit or Loss statement when they arise. No asset is recognized in the financial statements asset acquired under operating lease.

Asset acquired under finance lease agreement is included in non current asset of the financial statement and depreciated over the economic life of asset. Present value of minimum lease payment is recognized as finance lease liability at the inception of the lease. Financial expense is charged to the Profit or Loss statement at the lessor's interest rate charged to this finance lease agreement.

1.13 Inventories:

Inventories are valued at lower of average cost and net realizable value on 30 June 2022.

1.14 Trade Debtors and Advance, Deposits and Prepayments:

These are recognized at original invoice amount, but remain unsecured. The amounts are considered good and collectible/adjustable.

1.15 Loan to/from Inter Units:

These are recognized as inter unit transaction within the company.

1.16 Cash and Cash Equivalents:

Cash in hand, bank current accounts, other bank deposits have been considered as cash and cash equivalents in accordance with the provisions of respective IAS.

1.17 Liabilities for Expenses:

These are recognized for the amounts to be paid in the future for goods and services received whether or not billed.

1.18 Other Liabilities:

These are recognized for the amounts to be paid or refunded in future for keeping security deposit, finance expenses and others.

1.19 Revenue Recognition:

Revenue is shown net off return in ward, discount and VAT. Sales revenue is recognized as per IAS 18 "Revenue" on accrual basis as and when significant risk and reward relating to the sold goods passes to buyer and it 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 the consideration received or receivable in the normal course of business.

Bangladesh Autocars Limited
Notes to the financial statements
For the year ended on 30 June 2022

1.20 Current Tax:

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income, because it excludes items of income or expenses that are taxable or deductible in other years and it further excluded items that are never taxable or deductible. Current tax is usually applicable at the rate applicable for public limited company in accordance with the provisions of ITO 1984.

1.21 Deferred Tax Assets/Liabilities:

The entity is suppose to recognize the deferred tax on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding carrying amount at tax bases.

1.22 Transaction with related parties:

The company has been operating CNG plant unit-2 and unit-3 and paid Tk. 132,000 as rent to Mr. Mohammad Murad against uses his premises at 110 Tejgaon Dhaka. There has been no other transaction with related parties in the normal course of business during the year.

1.23 Earnings Per Share:

Basic EPS

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS

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

BANGLADESH AUTOCARS LIMITED

Bangladesh Autocars Limited

Notes to the financial statements For the year ended on June 30, 2022

| | Unit-2 | Unit-3 | Amount in Taka | |
|--|-------------------|-------------------|--------------------|--------------------|
| | | | 30.06.2022 | 30.06.2021 |
| 2 Property, Plant & Equipment | | | | |
| Cost | | | | |
| Opening Balance 01.07.2021 | 61,591,995 | 42,335,861 | 103,927,856 | 103,927,856 |
| Add: Addition during the year | - | - | - | - |
| Total Cost | 61,591,995 | 42,335,861 | 103,927,856 | 103,927,856 |
| Less: Accumulated Depreciation | | | | |
| Opening Balance 01.07.2021 | 40,835,191 | 28,944,155 | 69,779,347 | 66,677,851 |
| Add: Charged during the year | 1,761,541 | 1,067,964 | 2,829,505 | 3,101,496 |
| Closing balance 30.06.2022 | 42,596,732 | 30,012,119 | 72,608,851 | 69,779,346 |
| Written down value as on 30.06.2022 | 18,995,263 | 12,323,742 | 31,319,005 | 34,148,510 |

Details are shown in Annexure- A

| | | | | |
|---|------------------|------------------|------------------|------------------|
| 3 Inventories | | | | |
| Spare parts and Raw Materials Note-3.1 | 1,757,330 | 3,649,621 | 5,406,951 | 6,421,391 |
| | 1,757,330 | 3,649,621 | 5,406,951 | 6,421,391 |

Inventories are valued at average cost price and net realizable value whichever is less. Physical Inventory of UNIT – 2 and 3 was carried out at the reporting date of year end by the inventory verification team and found in order.

| | Qty | Amount | Qty | Amount |
|--------------------------------|------------|------------------|--------------|------------------|
| 3.1 Inventory: (Unit-2) | | | | |
| Gas Generator Spare parts | 188 | 837,419 | 192 | 1,065,218 |
| Others Spare parts | 431 | 919,911 | 495 | 1,036,552 |
| | 619 | 1,757,330 | 687 | 2,101,770 |
| Inventory: (Unit-3) | 358 | 3,649,621 | 409 | 4,319,621 |
| Total | 977 | 5,406,951 | 1,096 | 6,421,391 |

4 Trade Debtors

Details are shown in Note- 4.1 This is arrived at as below:

| | | |
|---|------------------|------------------|
| Opening balance | 249,110 | 344,436 |
| Add: Addition during the year | 2,632,029 | 3,350,556 |
| | 2,881,139 | 3,694,992 |
| Less: Received/Adjusted during the year | (2,705,406) | (3,445,882) |
| | 175,733 | 249,110 |

It is relevant to note that the balances remain unsecured, but considered good.

4.1 Trade debtors

| | | | | |
|------------------------------------|----------------|----------|----------------|----------------|
| P.W.D | 17,614 | - | 17,614 | 28,206 |
| Continental Insurance Co. Ltd. | 13,843 | - | 13,843 | 10,365 |
| Karnafuli Gas Dis. Company Limited | 20,052 | - | 20,052 | 15,529 |
| GDS Chemical | - | - | - | 71,575 |
| Mr. Lutfor Rahman (Bay Leasing) | 8,542 | - | 8,542 | 5,983 |
| Uniqlo | 35,497 | - | 35,497 | 37,681 |
| Navana | 80,185 | - | 80,185 | 79,771 |
| Total | 175,733 | - | 175,733 | 249,110 |

4.2 Maturity Analysis

| | | |
|----------------------|----------------|----------------|
| Within 30 Days | 75,496 | 189,027 |
| More than 30 Days | 100,237 | 31,877 |
| Within 60 to 90 days | - | 28,206 |
| More than 90 Days | - | - |
| | 175,733 | 249,110 |

The directors of the company assessed that the above balance good and collectable in due time.

There is no security is maintained other than personal security.

BANGLADESH AUTOCARS LIMITED

Bangladesh Autocars Limited

Notes to the financial statements For the year ended on June 30, 2022

| | Unit-2 | Unit-3 | Amount in Taka | |
|--|------------------|------------------|------------------|-------------------|
| | | | 30.06.2022 | 30.06.2021 |
| 5 Advance, deposits and pre-payments | | | | |
| Advances : | | | | |
| Advance against VAT | - | 1,070,772 | 1,070,772 | 1,070,772 |
| Advance against income tax | 3,569,522 | 674,428 | 4,243,950 | 4,434,819 |
| Advance against capital expenditure | 183,831 | - | 183,831 | 183,831 |
| Advance against Salary | 316,200 | - | 316,200 | 20,800 |
| Advance against raw materials purchase | - | 1,668,258 | 1,668,258 | 1,823,858 |
| Deposit : | | | | |
| Security deposit - CDBL | 50,000 | 50,000 | 100,000 | 100,000 |
| Security deposit – T&T | - | 11,000 | 11,000 | 11,000 |
| Security deposit- Titas Gas | 354,173 | - | 354,173 | 354,173 |
| Deposit with PDB | - | 1,000 | 1,000 | 1,000 |
| Deposit for demand note - ISD line | - | 85,000 | 85,000 | 85,000 |
| Bank guarantee margin - Titas Gas | 517,676 | - | 517,676 | 517,676 |
| Security Money for office rent | 100,000 | 100,000 | 200,000 | 200,000 |
| | 5,091,202 | 3,660,458 | 8,751,660 | 8,802,729 |
| 5.1 Advance against VAT | | | 1,070,772 | 1,070,772 |
| Adjustment of outstanding VAT during the year | | | | |
| | | | 1,070,772 | 1,070,772 |
| 5.2 Advance against Income tax | 3,296,208 | 1,138,611 | 4,434,819 | 9,614,535 |
| Add. Addition during the year | 1,482,285 | 4,139 | 1,486,424 | 1,132,349 |
| | 4,778,493 | 1,142,750 | 5,921,243 | 10,746,884 |
| Advance Income Tax written off | (500,000) | (50,000) | (550,000) | (440,000) |
| Less: Adjustment during the year AY2020-21 | (708,971) | (418,322) | (1,127,293) | - |
| Less: Adjustment during the year AY19-20 | - | - | - | (5,872,065) |
| | 3,569,522 | 674,428 | 4,243,950 | 4,434,819 |
| Maturity Analysis | | | | |
| Adjustable/realizable within 12 Months | | | 1,984,458 | 1,844,658 |
| Adjustable/realizable after 12 Months | | | 6,767,202 | 6,958,071 |
| | | | 8,751,660 | 8,802,729 |
| i. Deposits are lying with the statutory authorities being security. | | | | |
| ii. No amount was due by the Directors and other officers of the company or by any associated undertaking. | | | | |
| iii. Advance against VAT and Income Tax represents amount paid at the time of import of 3-wheeler vehicles for UNIT - 1 . Refund was claimed from the respective authorities vide letter dated 28.11.2007 and 22.07.2008 which is yet to be settled. | | | | |
| 6 Cash and Cash equivalents | | | | |
| Cash in hand | 195,204 | 112,788 | 307,992 | 283,998 |
| Cash at bank : | | | | |
| Pubali Bank Limited-1531 | 5,969,314 | - | 5,969,314 | 3,199,072 |
| Pubali Bank Limited-23089(WPPF A/C) | 933,956 | - | 933,956 | - |
| Agrani Bank - A/c CD – 33001870 | 44,940 | - | 44,940 | 44,940 |
| Mutual Trust Bank Limited - A/c No. -9190 | - | 17,726 | 17,726 | 17,726 |
| Prime Bank Limited - A/c-14378 | - | 17,935 | 17,935 | 17,935 |
| United Commercial Bank Limited A/C-637 | - | 62,546 | 62,546 | 62,546 |
| Al-Falah Islami Bank Ltd A/c- 200891-201 | - | 42,512 | 42,512 | 42,512 |
| Southeast Bank Ltd. CD A/C - 30355 | - | 15,756 | 15,756 | 557,018 |
| Southeast Bank Ltd., Gulshan br.13532 | 1,148,691 | - | 1,148,691 | 87,456 |
| Shahjalal Islami Bank Ltd. CD A/C - 1911 | 6,964 | - | 6,964 | 6,964 |
| | 8,299,069 | 269,263 | 8,568,332 | 4,320,167 |

- i. Physical cash in hand was counted and bank balances were reconciled at the year end and found in order.

BANGLADESH AUTOCARS LIMITED

Bangladesh Autocars Limited

Notes to the financial statements For the year ended on June 30, 2022

| | Unit-2 | Unit-3 | Amount in Taka | |
|---|--------|--------|--------------------|--------------------|
| | | | 30.06.2022 | 30.06.2021 |
| 7 Share capital | | | | |
| Authorized: 10,000,000 ordinary shares of taka 10 each | | | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued, subscribed and paid-up | | | | |
| 43,26,013 shares of Tk. 10 each | | | <u>43,260,130</u> | <u>43,260,130</u> |
| | | | 43,260,130 | 43,260,130 |
| Composition of share holding as on 30.06.2022 | | | | |
| Sponsors and Director | | | 30.06% | 30.06% |
| Investment corporation of Bangladesh | | | 7.69% | 6.21% |
| ICB capital management | | | 0.05% | 0.07% |
| Public shareholders | | | 62.20% | 63.66% |
| | | | <u>100.00%</u> | <u>100.00%</u> |

Face value of share has been converted into Tk 10 from Tk 100 on 04 December 2011 as per SEC order no SEC/CMRRCD/2009-193/109 dated 15.09.2011.

7.1 Year wise breakup of Paid up capital issued

| Allotment | Shares | Taka | Taka | Basis of allotment |
|---|---------|------|------------|--|
| 1st on 01st August 1979 (during incorporation) | 5,000 | 100 | 500,000 | Cash(Banking channel) |
| 2nd on 28th September 1981 | 6,100 | 100 | 610,000 | Cash(Banking channel) |
| 3rd on 2nd November 1981 | 6,900 | 100 | 690,000 | Cash(Banking channel) |
| 4th on 1st May 1982 | 10,945 | 100 | 1,094,500 | Cash(Banking channel) |
| 5th on 15th April 1985 | 23,055 | 100 | 2,305,500 | Cash(Banking channel) |
| 6th on 25th June 1985 | 14,000 | 100 | 1,400,000 | Cash(Banking channel) |
| 7th on 13th October 1985 | 9,500 | 100 | 950,000 | Cash(Banking channel) |
| 8th on 30th October 1985 | 11,250 | 100 | 1,125,000 | Cash(Banking channel) |
| 9th on 30th October 1986 | 4,800 | 100 | 480,000 | Cash(Banking channel) |
| 10th on 30th October 1989 | 82,950 | 100 | 8,295,000 | Cash(Banking channel) IPO proceeds |
| 11th on 30th December 1991 (Issued right Shares) | 149,255 | 100 | 14,925,500 | Cash(Banking channel) |
| 12th on 19th December 2010 | 16,188 | 100 | 1,618,800 | 5% Bonus share approved on 31st AGM based on the Financial Statements June 30, 2010 |
| 13th on 29th December 2011 | 169,971 | 10 | 1,699,710 | 5% Bonus share approved on 32nd AGM based on the Financial Statements June 30, 2011 |
| 14th on 27th December 2012 | 71,388 | 10 | 713,880 | 2% Bonus share approved on 33rd AGM based on the Financial Statements June 30, 2012 |
| 15th on 15th December 2016 | 109,223 | 10 | 1,092,230 | 3% Bonus share approved on 37th AGM based on the Financial Statements June 30, 2016 |
| 16th on 10th December 2017 | 112,500 | 10 | 1,125,000 | 3% Bonus share approved on 38th AGM based on the Financial Statements June 30, 2017 |
| 17th on 29th November 2018 | 463,501 | 10 | 4,635,010 | 12% Bonus share approved on 39th AGM based on the Financial Statements June 30, 2018 |

BANGLADESH AUTOCARS LIMITED

Bangladesh Autocars Limited

Notes to the financial statements For the year ended on June 30, 2022

| | Unit-2 | Unit-3 | Amount in Taka | |
|---|-------------------|---------------------|---------------------|---------------------|
| | | | 30.06.2022 | 30.06.2021 |
| 8 Retained earning | | | | |
| Opening Balance | 8,655,155 | (38,792,247) | (30,137,093) | (30,419,859) |
| Net profit/(loss) for this year | 2,074,202 | 47,067 | 2,121,269 | 1,580,570 |
| Cash Dividend | (156,583) | (1,053,724) | (1,210,307) | (1,297,804) |
| Closing Balance | 10,572,774 | (39,798,904) | (29,226,130) | (30,137,093) |
| 9 Long term loan : (Non- Current Maturity) | | | | |
| Customs Debenture: | - | 701,000 | 701,000 | 701,000 |
| | - | 701,000 | 701,000 | 701,000 |
| 9.1 Maturity analysis | | | | |
| Current Maturity (within 1 year) | - | - | - | - |
| Non-Current Maturity (within 2 to 5 year) | - | 701,000 | 701,000 | 701,000 |
| | - | 701,000 | 701,000 | 701,000 |
| 9.2 Lease Finance (2297) | | | | |
| Opening balance | | | | 874,913 |
| Addition during the year | | | | |
| Sub-Total | | | - | 874,913 |
| Add: Interest for the year | | | | 36,781 |
| Less: Paid during the year | | | | (911,694) |
| Closing Balance | | | - | (874,913) |
| Maturity analysis of above loan | | | | |
| Current Maturity (within 1 year) | | | | |
| Non-Current Maturity (within 2 to 5 year) | | | | |
| | | | - | |

i. Custom debenture was issued for custom duty of imported machinery of UNIT - 1.

ii. Lease Finance was taken for CNG generator's spare parts.

iii. **Brief terms & conditions for the long term loan :**

| Long term loan description | Finance Lease 2297 |
|-----------------------------------|----------------------------------|
| Name of the loan holder | Bay Leasing & Investment Ltd. |
| Payment Term | Monthly installment |
| Rate of Interest | 12.50% |
| Installment size | 130,242 |
| Security | Directors personal property |
| Total and outstanding installment | Full paid and no any outstanding |

Bangladesh Autocars Limited
Notes to the financial statements For the year ended on June 30, 2022

| | Unit-2 | Unit-3 | Amount in Taka | |
|---|-------------------|-------------------|-------------------|-------------------|
| | | | 30.06.2022 | 30.06.2021 |
| 10 Deferred Tax Liabilities | | | | |
| Taxable Temporary Difference: | | | | |
| Carrying Value of Depreciable Fixed Assets | 18,995,264 | 12,323,741 | 31,319,005 | 34,148,510 |
| Tax base value | (6,566,161) | (986,879) | (7,553,040) | (8,922,947) |
| Deductible Temporary Difference: | 12,429,103 | 11,336,862 | 23,765,965 | 25,225,563 |
| Applicable Tax Rate | 22.50% | 22.50% | 22.50% | 22.50% |
| Deferred Tax (Assets)/Liabilities | 2,796,548 | 2,550,794 | 5,347,342 | 5,675,752 |
| Deferred Tax (Income)/Expenses is arrived at as follows: | | | | |
| Closing Deferred Tax (Assets)/Liabilities | 2,796,548 | 2,550,794 | 5,347,342 | 5,675,752 |
| Opening Deferred Tax (Assets)/Liabilities | 2,914,192 | 2,761,560 | 5,675,752 | 6,668,067 |
| Deferred tax income/expenses during the year | (117,644) | (210,766) | (328,410) | (992,315) |
| 11 Liabilities for expenses | | | | |
| Salaries and allowances | 98,979 | 32,993 | 131,972 | 130,040 |
| CNG gas bill | 5,350,380 | - | 5,350,380 | 4,225,375 |
| Electricity bill | 88,835 | 29,612 | 118,447 | 181,061 |
| Audit fees | 108,750 | 36,250 | 145,000 | 145,000 |
| Scrutiniser fees | 7,500 | 2,500 | 10,000 | |
| DSE listing fees | 37,500 | 12,500 | 50,000 | 50,000 |
| Office Rent | 51,975 | 17,325 | 69,300 | 37,950 |
| | 5,743,919 | 131,180 | 5,875,099 | 4,769,426 |
| i. Liabilities for expenses represents the amount payable in respect of various outstanding expenses as on 30 June 2022 | | | | |
| ii. No current liabilities are due for more than 12 months. | | | | |
| iii. In the opinion of the Directors, no liabilities in the Statement of Financial Position at a value equal to the amount which are payable on the Statement of Financial Position. | | | | |
| 12 Others liabilities | | | | |
| Jumana bridge levy | - | 192,909 | 192,909 | 192,909 |
| Development levy | - | 240,169 | 240,169 | 240,169 |
| Income tax deduction | - | 194,253 | 194,253 | 194,253 |
| TDS - payable | - | 9,930 | 9,930 | 9,930 |
| WPPF 12.1 | 2,036,067 | 918,581 | 2,954,648 | 2,778,409 |
| Security for trade Debtors | 319,727 | - | 319,727 | 559,727 |
| | 2,355,794 | 1,555,842 | 3,911,636 | 3,975,397 |
| 12.1 WPPF | | | | |
| Opening Balance | 1,887,844 | 890,565 | 2,778,409 | 2,661,377 |
| Adjustment of TDS deposit | (6,218) | | (6,218) | (7,336) |
| | 1,881,626 | 890,565 | 2,772,191 | 2,654,041 |
| Addition during the year | 154,441 | 28,016 | 182,457 | 124,368 |
| | 2,036,067 | 918,581 | 2,954,648 | 2,778,409 |
| 12.2 Unclaimed dividend | | | | |
| Unclaimed dividend | | 4,344,489 | 4,344,489 | 4,283,682 |
| i. Jumana bridge levy and development levy represents the amount deducted from dividend from 1987 - 88 to 1990 - 91 and one portion deposited into Government Treasury and other portion not deposited on due time. | | | | |
| ii. Income tax deduction represents the amount deducted @ 10% from dividend of 1990 - 91 and the amount was yet to deposit to Government Treasury on due time. | | | | |
| iii. Security for trade debtors represents amount taken from customer being security against credit sale of CNG gas. | | | | |

BANGLADESH AUTOCARS LIMITED

Bangladesh Autocars Limited
Notes to the financial statements For the year ended on June 30, 2022

| | Unit-2 | Unit-3 | Amount in Taka | |
|--|------------------|------------------|------------------|------------------|
| | | | 30.06.2022 | 30.06.2021 |
| 13 Provision for income tax | | | | |
| Opening balance | 2,608,623 | 692,327 | 3,300,950 | 7,713,910 |
| Less: Advance Adjustment(AY 2019-20) | | - | - | (2,105,031) |
| Less: Advance Adjustment | | | - | (3,388,384) |
| Less: Advance Adjustment(AY 2020-21) | (1,106,960) | | (1,106,960) | - |
| Add: Addition during the year(Note:19) | 624,820 | 661,135 | 1,285,955 | 1,080,455 |
| | <u>2,126,483</u> | <u>1,353,462</u> | <u>3,479,945</u> | <u>3,300,950</u> |
| 14 Bank Overdraft | | | | |
| Balance outstanding at the year end | - | - | - | 1,584,496 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,584,496</u> |

Brief terms & conditions for the above loan:

| | |
|-------------------|---------------------------------|
| Name of lender | Southeast Bank Ltd. |
| Sanction facility | .60 core |
| Mode of facility | Overdraft |
| Rate of Interest | 0.09 |
| Repayment term | Based on fund availability |
| Security | Personal guarantee of Directors |

| | | | | |
|---|-------------------|------------------|-------------------|-------------------|
| 15 Sales Revenue | | | | |
| Sale of goods and services | <u>47,481,847</u> | <u>4,296,900</u> | <u>51,778,747</u> | <u>50,024,164</u> |
| Sales represent the sale of CNG refueling station and CNG materials and services. | | | | |

| | | | | |
|--------------------------------|----------------------------|------------------|-------------------|-------------------|
| 16 Cost of goods sold : | | | | |
| Opening stock | 2,101,770 | 4,319,621 | 6,421,391 | 7,115,831 |
| Purchase - import and local | - | 1,435,600 | 1,435,600 | 2,584,800 |
| Gas bill (CNG) | 39,031,300 | - | 39,031,300 | 36,433,018 |
| | <u>41,133,070</u> | <u>5,755,221</u> | <u>46,888,291</u> | <u>46,133,649</u> |
| Factory overhead | Note-16.1 3,751,631 | 1,203,125 | 4,954,756 | 5,747,325 |
| | <u>44,884,701</u> | <u>6,958,346</u> | <u>51,843,047</u> | <u>51,880,974</u> |
| Closing stock | (1,757,330) | (3,649,621) | (5,406,951) | (6,421,391) |
| Total | <u>43,127,371</u> | <u>3,308,725</u> | <u>46,436,096</u> | <u>45,459,583</u> |

| | | | | |
|---|------------------|------------------|------------------|------------------|
| 16.1 Factory overhead | | | | |
| Wages and salaries | 880,067 | 293,356 | 1,173,422 | 1,202,552 |
| Bonus to workers | | | | |
| Electric bill | 1,456,332 | - | 1,456,332 | 1,995,500 |
| Diesel Mobile, Oil fuel, and lubricants | 6,000 | 2,000 | 8,000 | 10,000 |
| Depreciation | 1,409,233 | 907,770 | 2,317,002 | 2,539,273 |
| | <u>3,751,631</u> | <u>1,203,125</u> | <u>4,954,756</u> | <u>5,747,325</u> |

* Gas bill on CNG sales has been recognized as purchase.

Bangladesh Autocars Limited
Notes to the financial statements For the year ended on June 30, 2022

| | Unit-2 | Unit-3 | Amount in Taka | |
|--|--------------------|------------------|--------------------|------------------|
| | | | 30.06.2022 | 30.06.2021 |
| 17 Administrative and selling expenses | | | | |
| Salary and allowances | 293,355 | 97,785 | 391,140 | 401,040 |
| Bonus | | | | |
| Travelling and conveyance | 1,328 | 443 | 1,770 | 1,820 |
| Entertainment | - | - | | 1,178 |
| Internet line Exp | 11,813 | 3,938 | 15,750 | 5,250 |
| Telephone, mobile and fax charges | 750 | 250 | 1,000 | 5,600 |
| Stamp, postage and telegram | 1,339 | 446 | 1,785 | 3,077 |
| Legal fees and expenses | 12,750 | 4,250 | 17,000 | 16,500 |
| Office expenses | - | - | | 853 |
| Office Stationery | 1,188 | 396 | 1,584 | |
| CDBL annual fees | 23,250 | 7,750 | 31,000 | 31,000 |
| CDBL line Charge | 53,625 | 17,875 | 71,500 | 78,000 |
| License renewal fees | 13,833 | 4,611 | 18,444 | 35,694 |
| Annual general meeting expenses | 22,500 | 7,500 | 30,000 | 30,000 |
| Cleaning charge | 2,700 | 900 | 3,600 | 1,700 |
| Listing fees - DSE | 50,000 | | 50,000 | 50,000 |
| BAPLC Annual fees | 5,000 | 5,000 | 10,000 | 10,000 |
| Electricity expenses | 5,490 | 1,830 | 7,320 | 4,260 |
| Scrutiniser fees | 15,000 | 5,000 | 20,000 | |
| Compliance Audit Fees | 22,500 | 7,500 | 30,000 | 60,000 |
| Audit fees | 86,250 | 28,750 | 115,000 | 115,000 |
| Office rent | 113,850 | 37,950 | 151,800 | 151,800 |
| Depreciation | 352,308 | 160,195 | 512,503 | 562,223 |
| | 1,088,828 | 392,368 | 1,481,196 | 1,564,995 |
| 18 Financial expenses | | | | |
| Lease rental interest (2297) | - | - | - | 19,816 |
| Bank overdraft interest | 6,564 | 2,189 | 8,752 | 349,454 |
| Bank charges | 15,824 | 5,275 | 21,098 | 18,588 |
| | 22,387 | 7,464 | 29,850 | 387,858 |
| 19 Income Tax Expense | | | | |
| Current Tax Provision | (624,820) | (661,135) | (1,285,955) | (1,080,455) |
| Advance Income Tax written off | (500,000) | (50,000) | (550,000) | (440,000) |
| Prior Over/ (under) Provision | (7,442) | (12,891) | (20,333) | (378,651) |
| Deferred Tax(Note:10) | 117,644 | 210,766 | 328,410 | 992,315 |
| | (1,014,617) | (513,260) | (1,527,877) | (906,790) |
| 20 Contingent Liability disclosure | | | | |
| The company dose not hold any claim that meets defining og contingent liability in accordance with IAS 37 Provision Coningent Liability and Contingent Asset exisis at reporting date. | | | | |

Bangladesh Autocars Limited
Notes to the financial statements For the year ended on June 30, 2022

| | | Amount in Taka | |
|--|--------|----------------|------------|
| | Unit-2 | Unit-3 | |
| | | | 30.06.2022 |
| | | | 30.06.2021 |

21 Related Party disclosure

The company, in normal course of business, carried out following of transaction with other entities that fall within the definition of related party contained in IAS 24: Related Party Disclosures. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates, other than. Details of transactions with related parties and balances with them as at 30 June 2022 were as follows:

| Name | Nature of Relationship | Nature of Transaction | Transaction | | June 30, 2022 | June 30, 2021 |
|--------------------|------------------------|-----------------------|----------------|----------------|---------------|---------------|
| | | | Debit | Credit | | |
| Mr. Mohammed Murad | Chairman | Rent | 132,000 | 132,000 | - | - |
| | | | <u>132,000</u> | <u>132,000</u> | - | - |

22 Earning Per Share (EPS)

Basic EPS

| | | |
|---|-------------|-------------|
| Earning for the year | 2,121,270 | 1,580,571 |
| Weighted Average No. of share outstanding at year end | 4,326,013 | 4,326,013 |
| Earning Per Share | <u>0.49</u> | <u>0.37</u> |

Earning attributable of ordinary shareholders = EPS
Weighted Average No. of share

i. The company's sales were slightly increased during the year and cost minimizing strategy helps the company to boost the company's profit. Moreover, due to effect of deduction of loan liability, the finance cost of company for the year was reduced resulting profit was slightly increased.

23 Calculation of Net Asset Value (NAV)

| | 30.06.2020 | 30.06.2022 | 30.06.2021 |
|---|-------------|-------------|-------------|
| Total Equity for the period end | 29,368,438 | 30,562,167 | 29,651,205 |
| Weighted Average No. of share outstanding at period end | 4,326,013 | 4,326,013 | 4,326,013 |
| Net Asset Value (NAV) | <u>6.79</u> | <u>7.06</u> | <u>6.85</u> |

Total Assets - Total Liabilities = NAV
No. of share outstanding at period end

24 Calculation of Net Operating Cash Flows Per Share (NOCFPS)

| | | |
|---|-------------|-------------|
| Net cash generated/(used) in operation for the period | 6,982,161 | 8,851,831 |
| No. of share outstanding at period end | 4,326,013 | 4,326,013 |
| Net Operating Cash Flows Per Share (NOCFPS) | <u>1.61</u> | <u>2.05</u> |

Due to increase in the requirement of working capital at the year end, NOCF per share has been decreased.

24.1 Reconciliation between net profit to operating cash flows

| | | |
|---|------------------|-------------------|
| Profit/(loss) before tax | 3,649,147 | 2,487,360 |
| Finance cost | 29,851 | 387,858 |
| Operating profit | 3,678,998 | 2,875,218 |
| Adjustment: | | |
| Depreciation | 2,829,505 | 3,101,496 |
| Non cash Interest income | - | - |
| Changes in Working capital: | | |
| (Increase)/Decrease of Inventory | 1,014,441 | 694,440 |
| (Increase)/Decrease of Trade debt | 73,377 | 95,326 |
| (Increase)/Decrease of Advance, deposit & Prepayment except AIT | (139,800) | 2,752,000 |
| Increase/(Decrease) of Liability for expenses | 1,105,674 | 581,525 |
| Increase/(Decrease) of other Liabilities | (63,761) | 272,032 |
| | <u>8,498,436</u> | <u>10,372,037</u> |
| Tax paid | (1,486,424) | (1,132,349) |
| Finance cost paid | (29,851) | (387,858) |
| | <u>6,982,161</u> | <u>8,851,830</u> |

BANGLADESH AUTOCARS LIMITED

Bangladesh Autocars Limited
Notes to the financial statements For the year ended on June 30, 2022

| | Unit-2 | Unit-3 | Amount in Taka | |
|--|--------|--------|----------------|------------|
| | | | 30.06.2022 | 30.06.2021 |
| 25 Employees minimum pay | | | | |
| Employees earn over or equal Tk. 3,500 but less than 5,000 | | | - | - |
| Employees earn over or equal Tk. 5,000 | | | 14 | 14 |
| | | | <u>14</u> | <u>14</u> |

26 Remuneration from Directors & Executives

| | 2021-2022 | | 2020-2021 | |
|-------------------------|-----------|------------|-----------|------------|
| | Directors | Executives | Directors | Executives |
| Remuneration | - | - | - | - |
| House rent | - | - | - | - |
| Utilities | - | - | - | - |
| Bonus | - | - | - | - |
| Conveyance | - | - | - | - |
| Medical | - | - | - | - |
| Leave encashment | - | - | - | - |
| | - | - | - | - |
| Number of person | <u>5</u> | <u>-</u> | <u>5</u> | <u>-</u> |

26.1 No meeting fee has been paid to the directors during the year.

26.2 The directors are considered executive.

27 Operating Segment

27.1 All non current assets of the Company as at June 30, 2022 are located in Bangladesh.

28 Event after reporting period

The Board of Directors of the company has approved the financial statements as on 29.10.2022 and recommended cash 4% dividend to general public holders for the financial year June 30,2022. Except the fact above, no circumstances have arisen that to be disclosed as note or adjusted in the financial statements.

29 Compliance of Securities and Exchange Rule - 1987

- i. All shares have been fully called up and paid up.
- ii. The company did not issue preference shares.
- iii. No expenses was paid as royalty and salaries to technical experts etc. in foreign currencies as per para - 8 (KHA) of part - 11 .
- iv. No brokerage was paid against sales during the year under audit.
- v. No amount was payable being contingent liabilities of the Company as on 30.06.2022.
- vi. 4 (Four) Nos. Board Meeting were held during the year under audit.
- vii. Auditors are paid only statutory audit fee approved by the shareholders in the last AGM.
- viii. The company did not earn any foreign currency during the year.
- ix. There are no non - resident shareholders of the company and hence no amount is required to be remitted being dividend.
- x. There is no claim against the company which is being acknowledged as debt.
- xi. No amount was expended by the company for compensating any member of the board for special services rendered.

Bangladesh Autocars Limited
Schedule of Property, Plant & Equipment
as on 30 June 2022

| Particulars | Cost | | Rate | Depreciation | | Written Down Value (Taka) as on 30.06.2022 |
|------------------------------------|--------------------|-----------------------|------|-------------------|-------------------------|--|
| | As on 30.06.2021 | Addition / Adjustment | | As on 30.06.2021 | Charged during the year | |
| (Unit - 2) | | | | | | |
| Office equipment's | 6,495,134 | - | 10% | 4,856,506 | 163,862.80 | 1,474,765 |
| Furniture and fixtures | 2,903,438 | - | 6% | 1,639,888 | 75,813.00 | 1,187,737 |
| Gas line installation | 3,377,613 | - | 10% | 2,595,026 | 78,259 | 704,328 |
| Electric equipment | 7,605,591 | - | 20% | 6,956,897 | 129,739 | 518,955 |
| Plant and machinery | 11,453,247 | - | 8% | 6,438,143 | 401,208 | 4,613,896 |
| Plant and machinery - Lease Assets | 29,756,972 | - | 8% | 18,348,730 | 912,659 | 10,495,583 |
| Unit-2 Total | 61,591,995 | - | | 40,835,191 | 1,761,541 | 18,995,264 |
| (Unit - 3) | | | | | | |
| Plant and machinery | 4,346,194 | - | 10% | 4,193,982 | 15,221 | 136,991 |
| Transport and vehicles | 1,699,680 | - | 10% | 1,539,400 | 16,028 | 144,252 |
| Office equipment's | 3,436,040 | - | 10% | 2,841,109 | 59,493 | 535,438 |
| Furniture and fixtures | 3,096,975 | - | 6% | 2,020,933 | 64,563 | 1,011,479 |
| Plant and machinery - Lease Assets | 29,756,972 | - | 8% | 18,348,730 | 912,659 | 10,495,583 |
| Unit-3 Total | 42,335,861 | - | | 28,944,155 | 1,067,964 | 12,323,741 |
| Total as on 30.06.2022 | 103,927,856 | - | | 69,779,346 | 2,829,505 | 31,319,003 |
| Total as on 30.06.2021 | 103,927,856 | - | | 66,677,850 | 3,101,496 | 34,148,510 |

| Allocation of depreciation : | 2022 | | 2021 | |
|------------------------------|------------------|------------------|------------------|------------------|
| | Unit - 2 | Unit - 3 | Total | Total |
| Administrative expenses | 352,308 | 160,195 | 512,503 | 562,223 |
| Factory overhead | 1,409,233 | 907,770 | 2,317,002 | 2,539,273 |
| Total | 1,761,541 | 1,067,964 | 2,829,505 | 3,101,496 |

BANGLADESH AUTOCARS LIMITED
FORM OF PROXY

I/we.....
Of.....
Being a shareholder of Bangladesh Autocars Limited here by appointed Mr/Mrs./Miss.....
another member of the Company as my/our proxy to attend and vote for me/us and on my/our behalf at
the 43rd Annual General Meeting of the Company to be held on 28th December, 2022 at 12 noon and
at any adjournment of the meeting or any poll that may be taken in consequence thereof.

As witness my/our hand this Day of2022

Signature of Proxy

Signature of Shareholder

Shareholder's Folio/ BO No.....

**Affix Revenue
Stamp Tk.10/-**

NOTES :

A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in his own right. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing.

If the member is a Corporation its common seal (if any) should be affixed to the instrument.

The instrument appointing a proxy, together with the Power of Attorney (if any) under which it is signed or a naturally certified copy thereof, should be deposited at the Head Office not less than 48 hours before the time of holding the meeting.

BANGLADESH AUTOCARS LIMITED
SHAREHOLDER'S ATTENDANCE SLIP

I hereby record my presence at the 41th Annual General Meeting of Bangladesh Autocars Limited on 28th December, 2022 at 12.00 noon.

Name of Shareholder

BO ID

Shareholder's FolioSignature

Name of Proxy (in block letters)

Signature of Proxy.....

Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the registration counter on the day of the meeting.

Running Project

SUPER CNG

FILLING STATION & CONVERSION WORKSHOP