

## **REPORT OF THE BOARD OF DIRECTORS**

### **Dear Shareholders,**

It is my proud privilege to welcome you all, once again, to the 43<sup>rd</sup> 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 30<sup>th</sup> 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%
<b>Total</b>		<b>51,778,747</b>	<b>5,342,651</b>	<b>2,121,270</b>	

### **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 extremely difficult to quantify or control.

**Discussion on cost of sales and profitability margin:**

S L	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)

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.

**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
	Mr. Mohammad Murad	4	4	Nil	
	Mrs. Rina Momtaj	4	4	Nil	
	Mrs. Rehmat Banu	4	2	Nil	
	Mr. Rahim Murad	4	0	Nil	
	Mr. Md. Towhidul Islam Azad	4	4	Nil	
	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 policies that adopted by the company are consistently applied during the year.

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

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 30<sup>th</sup> June, 2022 and it shall be effective after getting confirmation by the Shareholder of the Company at the 43<sup>rd</sup> Annual General Meeting.

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

SL No.	Types of shareholder	Number		% of shareholding	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:

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
	<b>Shareholding by Directors, CEO, CS, CFO, HOI and their spouse:</b>					
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:		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
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		<b>43,26,013</b>	<b>43,26,013</b>	<b>100</b>	<b>100</b>



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.

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.

On behalf of the Board

**Dhaka**  
**November 14, 2022**

**Mr. Mohammad Murad**  
**Chairman**