

<p>Audited Financial Statements</p> <p>of</p> <p>Kansai Nerolac Paints (Bangladesh) Limited</p> <p>As at and for the year ended 31 March 2025</p>

Kansai Nerolac Paints (Bangladesh) Limited
Statement of Financial Position
As at 31 March 2025

		31 March 2025	31 March 2024
	<u>Notes</u>	<u>Taka</u>	<u>Taka</u>
ASSETS			
Non-current assets			
Property, plant and equipment - net	05	170,085,442	190,027,037
Intangible assets	06	11,989,015	15,392,270
Capital work in progress	07	1,205,340	1,205,340
Deferred tax assets	08	91,380,857	-
Right-of-use assets	09	31,945,045	32,274,223
		306,605,699	238,898,870
Current assets			
Inventories	10	297,029,923	407,295,669
Trade and other receivables	11	486,243,326	681,875,507
Advances, deposits and prepayment	12	131,235,724	213,990,812
Advance income tax	13	618,500,598	532,859,513
Investment in term deposits (FDRs)	14	19,380,315	23,246,442
Cash and cash equivalents	15	19,860,731	34,904,884
		1,572,250,617	1,894,172,827
TOTAL ASSETS		1,878,856,317	2,133,071,697
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	16	1,220,000,000	1,220,000,000
Share money deposit	17	1,247,532	1,247,532
Accumulated loss		(2,168,324,570)	(1,766,031,815)
		(947,077,038)	(544,784,283)
Non-current liabilities			
Employees benefits - non current portion	18	34,319,546	37,356,188
Lease liabilities - non current portion	19	14,109,905	17,194,547
		48,429,450	54,550,735
Current liabilities			
Employees benefits - current portion	18	71,383,462	72,820,445
Lease liabilities - current portion	19	19,467,383	13,104,702
Loan and borrowings	20	1,847,255,105	1,847,136,657
Trade and other payables	21	282,096,889	338,288,526
Accruals	22	349,537,823	256,745,468
Provision for taxation	23	207,763,243	95,209,448
		2,777,503,905	2,623,305,246
TOTAL LIABILITIES		2,825,933,355	2,677,855,980
TOTAL EQUITY AND LIABILITIES		1,878,856,317	2,133,071,697

These financial statements should be read in conjunction with annexed notes

Director

Chairman

As per our report of same date

Dhaka, 30 April 2025

Chartered Accountants

HVC

Kansai Nerolac Paints (Bangladesh) Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2025

		31 March 2025	31 March 2024
	<u>Notes</u>	<u>Taka</u>	<u>Taka</u>
Revenue	24	2,016,576,553	2,685,353,847
Cost of goods sold	25	(1,527,760,458)	(1,987,113,085)
Gross profit		488,816,095	698,240,762
Administrative expenses	26	(114,108,465)	(111,278,661)
Selling expenses	27	(511,907,042)	(613,399,630)
Other income	28	3,279,005	22,828,902
Operating loss		(133,920,407)	(3,608,627)
Net finance cost	29	(253,322,683)	(224,629,487)
Loss before tax		(387,243,091)	(228,238,114)
Income tax expense	30	(21,172,937)	(16,657,648)
Net loss after tax		(408,416,028)	(244,895,762)
Other comprehensive income/(loss)	18.4	6,123,274	(18,811,499)
Total other comprehensive loss for the period		(402,292,755)	(263,707,261)
Basic Earnings Per Share (EPS)	31.1	(3.35)	(2.01)
Diluted Earning Per Share (EPS)	31.2	(3.34)	(2.01)

These financial statements should be read in conjunction with annexed notes

Director

Chairman

As per our report of same date

Dhaka, 30 April 2025

Chartered Accountants

HVC

**Kansai Nerolac Paints (Bangladesh) Limited
Statement of Changes In Equity
For the year ended 31 March 2025**

(Amounts in Taka)

Particulars	Share capital	Share money deposit	Accumulated loss	Total
Balance at 1 April 2024	1,220,000,000	1,247,532	(1,766,031,815)	(544,784,283)
Loss for the year	-	-	(408,416,028)	(408,416,028)
Other comprehensive income for the year	-	-	6,123,274	6,123,274
Balance at 31 March 2025	1,220,000,000	1,247,532	(2,168,324,570)	(947,077,038)

Particulars	Share capital	Share money deposit	Accumulated loss	Total
Balance at 1 April 2023	1,220,000,000	1,247,532	(1,502,324,554)	(281,077,022)
Loss for the year	-	-	(244,895,762)	(244,895,762)
Other comprehensive income for the year	-	-	(18,811,499)	(18,811,499)
Balance at 31 March 2024	1,220,000,000	1,247,532	(1,766,031,815)	(544,784,283)

Director

Chairman

Kansai Nerolac Paints (Bangladesh) Limited
Statement of Cash Flows
For the year ended 31 March 2025

	31 March 2025	31 March 2024
	<u>Taka</u>	<u>Taka</u>
A. Cash flows from operating activities		
Cash receipts from customers and others	2,199,028,452	2,689,774,600
Cash payments to suppliers and employees	(2,107,046,927)	(2,730,622,412)
Cash flows from/(used in) operating activities	91,981,525	(40,847,812)
Income tax paid	(85,641,085)	(97,134,577)
Net cash flows from/(used in) operating activities	6,340,440	(137,982,389)
B. Cash flows from investing activities		
Payment for acquisition of property, plant and equipment	(3,036,037)	(16,132,687)
Proceeds from sale of property, plant and equipment	-	1,565,011
Payment for acquisition of intangible assets	(200,000)	(15,120,000)
Encashment of FDR	3,866,127	3,329,765
Interest received on bank deposit	1,706,715	1,503,962
Net cash flows from/(used in) investing activities	2,336,804	(24,853,949)
C. Cash flows from financing activities		
Proceeds from loan and borrowings	118,448	168,775,960
Lease payment	(23,839,845)	(32,016,007)
Net cash (used in)/flows from financing activities	(23,721,397)	136,759,953
D. Net decrease in cash and cash equivalents (A+B+C)	(15,044,153)	(26,076,385)
Cash and cash equivalents at beginning of the year	34,904,884	60,981,269
Cash and cash equivalents at end of the year	19,860,731	34,904,884

These financial statements should be read in conjunction with annexed notes

Director

Chairman



Kansai Nerolac Paints (Bangladesh) Limited
Notes to the Financial Statements
As at and for the year ended 31 March 2025

01 The Company and its nature of business

1.1 Company profile

Kansai Nerolac Paints (Bangladesh) Limited formerly known as RAK Paints Limited (hereinafter referred to as "the Company"), is a public company limited by shares, was incorporated in Bangladesh under the Companies Act, 1994 vide registration no. C - 76335/09 dated 20 April 2009 and currently has its registered office at RAK Tower (12th Floor), Plot No. # 1, Jasimuddin Avenue, Sector # 3, Uttara Model Town, Dhaka-1230. The authorised capital of the Company is Taka 1.5 billion divided into 150 million ordinary shares of Taka 10 each as on 31 March 2023. The paid up capital stands at Taka 1,220 million as on 31 March 2023. The Company started its commercial operation on 02 April 2011.

Pursuant to the provisions of the Companies Act, 1994, the Company applied to the Registrar of Joint Stock Companies and Firms (RJSC) to change the name from RAK Paints Ltd. to Kansai Nerolac Paints (Bangladesh) Limited which was duly approved on 17 August 2020.

1.2 Nature of business

The principal activity of the Company is to manufacture all kinds of paint items, hardware equipment, building materials, chemicals and to undertake activities relating to detailed design, procurement of machines and erection and commissioning of paints for the purpose of operating, managing, manufacturing and marketing of said products.

02 Basis of preparation of financial statements

2.1 Basis of accounting

The financial statements of the Company comprise the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements including a summary of significant accounting policies that have been prepared in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), the Companies Act, 1994 and other applicable laws in Bangladesh.

These financial statements have been prepared on a going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for these financial statements.

2.2 Reporting period

The Company's financial statements cover from 01 April 2024 to 31 March 2025.

2.3 Functional and presentation currency

These financial statements are presented in Bangladeshi Taka, both functional and presentation currency of the Company. Accordingly, all financial information is presented in Taka and rounded off to the nearest Taka unless otherwise indicated.

2.4 Basis of measurement

These financial statements have been prepared on a historical cost basis in the statement of financial position except for the inventories, which are measured at cost or net realizable value, whichever is lower.

2.5 Use of judgments and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Accordingly, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

In particular, information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in these financial statements are stated in the following notes:

	<u>Note references</u>
Property, plant and equipment	: Note - 3.1 and 5
Intangible assets	: Note - 3.2 and 6
Right-of-use assets	: Note - 3.4.1 and 9
Lease liabilities	: Note - 3.4.2 and 19
Provision for trade receivables	: Note - 11.1.1
Current tax liabilities	: Note - 3.9.1 and 23
Employee benefits	: Note - 3.8 and 18
Contingent liabilities	: Note - 3.12 and 33
Inventories	: Note - 3.5 and 10

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03 Significant accounting policies

The Company has consistently applied the following accounting policies to all the years presented in these financial statements.

3.1 Property, plant and equipment

Initial recognition

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that are directly attributable to the acquisition of the assets.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful life of each part of an item of property, plant, and equipment. For acquisitions and disposals during the financial year, depreciation is charged from the date of acquisition and up to the date of the disposal, respectively. The rates at which property, plant, and equipment are depreciated are given below:

<u>Category of assets</u>	<u>Rate of depreciation</u>
Factory building	5%
Plant and machinery	10%
Furniture and fixtures	10%
Office equipment	15%
Communication equipment	15%
Electrical installation	10%
Gas pipe line	10%
Tools and appliances	25%
Laboratory equipment	10%
Vehicles	20%

Land is not depreciated as it deemed to have an infinite life.

3.2 Intangible assets

Initial recognition

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

Subsequent costs

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

Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the month they are available for use and is generally recognised in profit or loss. The current and comparative rates of amortization on the useful life of assets are as follows:

<u>Category of assets</u>	<u>Rate of amortisation</u>
Graphic software	20%
Color visualize software	20%
SAP software	20%

3.3 Capital work in progress

Capital work in progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use at period end and are stated at cost.

3.4 Leases

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the underlying assets' right to use.

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3.4.1 Right-of-use assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.4.2 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3.4.3 Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Instead, the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5 Basis of valuation of inventories

Raw and packing materials are measured at the lower of cost or net realisable value, while work in progress and goods in transit are measured at cost. The cost of inventories is based on the above and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Goods in transit represent the cost incurred up to date of the statement of financial position for the items that were not received till the date of the statement of financial position.

<u>Category</u>	<u>Basis of valuation</u>	<u>Method</u>
Raw and packing materials	At the lower of cost or net realisable value	Weighted average cost
Finished goods	At the lower of cost or net realisable value	Weighted average cost
Work in process	At cost	-
Goods in transit	At cost	-

3.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, and security and other deposits.

Initial recognition

The Company initially recognises financial assets in its statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

Derecognition

The Company derecognizes a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the contractual rights to receive the cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Initial measurement

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of six months or less that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

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ii) Trade and other receivables

Trade receivables represent the amounts due from the customers for local and exports sales. Trade receivables are stated net of provision for doubtful debts..

Other receivables comprise receiveables from scrap sales, commission and FDRs' interest.

Subsequent measurement of financial assets

The Company classifies its financial assets as subsequently measured at amortised cost.

3.6.2 Financial liabilities

Financial liabilities include creditors for goods, creditors for expenses, creditors for other finance and accrued expenses.

Initial recognition

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(i) Trade and other payables

The Company recognises a trade and intercompany payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

(ii) Loans and borrowings

Bank overdrafts that are repayable on demand and short term loans and borrowings are stated at their costs. Short term loans repayable within twelve months from the date of statement of financial position. Those are classified as current liabilities whereas unpaid interest and other charges are classified as current liabilities.

3.7 Advance from customers

The amount received from the dealers and corporate clients is booked under 'advance from customers' as 'current liability' at the time of the receipt and treated as 'sale' only when the performance obligations are satisfied.

3.8 Employee benefits

The Company maintains a defined benefit plan (gratuity), contribution plan (provident fund), and employees leave encashment benefit for its eligible permanent employees.

3.8.1 Defined benefit plan (gratuity)

The Company operates a funded gratuity scheme, provision in respect of which is made covering all its permanent eligible employees. Provision for gratuity payable is calculated by multiplying the number of years served with the last drawn basic monthly salary. A service period of more than eight months with the Company is considered as full year service for gratuity calculation. The employees should complete a minimum of three (3) years on the date of resignation/retirement/termination from the Company. No gratuity benefits shall be paid if the employees do not complete a minimum of three (3) years of services with the Company.

3.8.2 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan. The recognised Employees Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes the same contribution to the fund.

Contribution to defined contribution plan is recognised as an expense when an employee has rendered services to the Company. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

3.8.3 Employee leave encashment

Employee leave encashment is the benefit provided to employees who have completed 1 (one) year of continuous service in an establishment. The employees shall be allowed, during the following period of 12 months leave with wages for days calculated on the basis of the works of the preceding 12 months at the rate of 1(one) day for every 18 (eighteen) days of work. Notwithstanding anything contained above, an employee shall cease to earn any leave, when the earned leave due to him amounts to 60 (sixty) days.

3.9 Taxation

Tax on profit or loss for the year comprises current and deferred tax recognised in profit or loss.

3.9.1 Current tax

Provision for the current year's taxation is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with the provision of the prevailing Finance Act 2024/Income Tax Act 2023.

3.9.2 Deferred tax

Deferred tax is recognised in compliance with IAS 12 "Income Taxes". Deferred tax arises due to deductible or taxable temporary differences for the events or transactions recognized in the statement of profit or loss and other comprehensive income. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount or reported amount in the statement of financial position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future periods recognized in the current period. The deferred tax asset/income or liability/ expense does not create a legal recoverability/liability to and from the income tax authority.

3.10 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies on the reporting date are retranslated to the functional currency using the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the statement of profit or loss and other comprehensive income.

3.11 Provisions

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

3.12 Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is possible that a liability has been incurred and the amount can be reasonably estimated.

3.13 Revenue

Revenue is recognized based on approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

The Company recognises revenue when it satisfies a performance obligation by transferring promised goods to a customer. Goods are considered as a transfer when the customer obtains control of that goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of return, trade discount, and Value Added Tax (VAT).

3.14 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred unless capitalisation is required under International Accounting Standards (IAS) 23 "Borrowing Costs". No borrowing cost has been capitalised during the year.

3.15 Finance costs

Finance costs comprise interest expense on borrowings and exchange loss. Borrowing costs not directly attributable to the acquisition, construction, or production of a qualified asset are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost, depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Finance income

Finance income comprises interest income on funds invested. Interest income is recognised on an accrual basis.

3.17 Statement of cash flows

Cash flows from operating activities are presented under the direct method as per IAS 7 "Statement of Cash Flows".

3.18 Events after the reporting date

Events after the reporting date that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is inappropriate are reflected in the financial statements. In addition, material events after the reporting date that are not adjusting events are disclosed in note 35.

04 General

- i) Comparative information has been rearranged whenever considered necessary to conform to the current years's presentation; and
- ii) Amounts appearing in the financial statements have been rounded off to the nearest Taka. As a result of these rounding off, the totals may not match the sum of individual balances in some instances.

05 Property, plant and equipment - net

(Amounts in Taka)

Particulars	Cost				Rate %	Accumulated depreciation				Written down value as at 31 March 2025
	Balance as at 1 April 2024	Addition during the period	Disposal during the period	Balance as at 31 March 2025		Balance as at 1 April 2024	Charged during the period	Adjustment during the period	Balance as at 31 March 2025	
Land	38,470,921	-	-	38,470,921	-	-	-	-	-	38,470,921
Factory buildings	170,897,124	156,080	-	171,053,204	5.0%	87,966,783	8,549,410	-	96,516,193	74,537,011
Plant and machinery	126,731,147	2,488,227	-	129,219,374	10.0%	107,262,258	3,072,645	-	110,334,903	18,884,471
Furniture and fixture	25,338,647	42,090	-	25,380,737	10.0%	9,357,788	2,200,622	-	11,558,410	13,822,327
Office equipment	41,094,495	451,011	-	41,545,506	15.0%	22,884,809	4,278,878	-	27,163,687	14,381,819
Communication equipment	6,668,669	607,560	111,830	7,164,399	15.0%	4,834,128	662,570	34,152	5,462,546	1,701,853
Electrical installation	21,270,412	-	-	21,270,412	10.0%	19,257,905	245,302	-	19,503,207	1,767,205
Gas pipe line	9,175,034	-	-	9,175,034	10.0%	8,508,976	143,879	-	8,652,855	522,180
Tool and appliances	17,381,049	91,383	-	17,472,433	25.0%	13,051,355	2,666,605	-	15,717,960	1,754,473
Laboratory equipment	7,222,441	-	-	7,222,441	10.0%	3,436,470	655,324	-	4,091,794	3,130,647
Vehicles	34,424,247	-	-	34,424,247	20.0%	32,086,678	1,225,034	-	33,311,712	1,112,535
Total 31 March 2025	498,674,186	3,836,352	111,830	502,398,708		308,647,150	23,700,269	34,152	332,313,267	170,085,442
Total 31 March 2024	484,106,510	16,132,687	1,565,011	498,674,187		284,732,884	24,897,084	982,817	308,647,150	190,027,037

	31 March 2025	31 March 2024
5.1 Allocation of depreciation charged	<u>Taka</u>	<u>Taka</u>
Cost of goods sold (note - 25)	16,641,972	17,439,861
Administrative expenses (note - 26)	3,798,487	4,191,708
Selling expenses (note - 27)	3,259,810	3,265,514
	23,700,269	24,897,084

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	31 March 2025 <u>Taka</u>	31 March 2024 <u>Taka</u>
06 Intangible assets		
Software		
A. Cost		
Opening balance	19,312,938	2,512,938
Additions during the year	200,000	16,800,000
	19,512,938	19,312,938
B. Accumulated amortisation		
Opening balance	3,920,668	1,917,540
Amortisation during the year	3,603,255	2,003,128
	7,523,923	3,920,668
C. Written down value (A-B)	11,989,015	15,392,270
07 Capital work in progress		
Factory Building	1,205,340	1,205,340
	1,205,340	1,205,340

The above-noted amount represents cost of survey for constructing a new shade in the factory premises of the Company. However, the construction work is currently discontinued considering current financial conditions. The initial budgeted amount to complete this shed was approximately Taka 159 million.

08 Deferred tax assets

Particulars	Carrying amount on balance sheet date	Tax base	Taxable/ (deductible) temporary difference
Property, Plant and Equipments including intangible	182,074,455	161,637,738	20,436,717
Unabsorbed depreciation (14-15 to 23-24)	-	128,022,407	(128,022,407)
Unabsorbed depreciation (24-25)	-	8,023,901	(8,023,901)
Business loss (21-22)	-	128,574,959	(128,574,959)
Business loss (22-23)	-	22,723,483	(22,723,483)
Business loss (23-24)	-	12,596,455	(12,596,455)
Business loss (24-25)	-	86,018,939	(86,018,939)
Total deductible temporary differences			(365,523,427)
Applicable tax rate			25.0%
Taxable/(deductible) temporary difference			(91,380,857)

The Company recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will be recovered in the future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the quantum and timing of future taxable income. However, the Company has recognised the deferred tax assets as at date, considering future recoverability.

09 Right-of-use assets

Building

A. At cost

Opening balance	82,303,953	73,911,850
Additions made during the year	22,788,401	18,100,219
Disposals/adjustments during the year	-	(9,708,116)
	105,092,354	82,303,953

B. Accumulated depreciation

Opening balance	50,029,730	29,636,526
Charged during the year (note - 9.1)	23,117,579	24,266,785
Disposals/adjustments during the year	-	(3,873,581)
	73,147,309	50,029,730

C. Written down value (A-B)

	31,945,045	32,274,223
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9.1 Allocation of depreciation charged

Administrative expenses (note - 26)	9,586,761	9,516,184
Selling expenses (note - 27)	13,530,818	14,750,602
	23,117,579	24,266,785

HVC

	31 March 2025 <u>Taka</u>	31 March 2024 <u>Taka</u>
10 Inventories		
Raw materials	196,213,545	252,809,340
Stores and spares	17,725,546	11,954,961
Packing materials	4,528,826	8,446,966
Work in process	5,440,400	6,409,639
Finished goods	61,902,890	116,289,911
Promotional materials	11,218,715	11,384,852
	297,029,923	407,295,669
11 Trade and other receivables		
Trade receivables (note - 11.1)	480,570,367	674,923,334
Other receivables (note - 11.2)	5,672,959	6,952,173
	486,243,326	681,875,507
11.1 Trade receivables		
Receivables - local	473,787,441	645,020,177
Receivables - export	(1,535,344)	(160,637)
Receivable from dealer (Tinting)	37,818,270	53,563,795
	510,070,367	698,423,334
Provision for trade receivables (note - 11.1.1)	(29,500,000)	(23,500,000)
	480,570,367	674,923,334
11.1.1 Provision for trade receivables		
Opening balance	23,500,000	22,500,000
Provision made during the year	6,000,000	1,000,000
	29,500,000	23,500,000
The Company has been consistently reviewing the recoverability of the trade receivables and has not come across any significant doubtful of recovery. Hence the provision made above appears to be reasonable and the outstanding amounts are recoverable in due course.		
11.2 Other receivables		
Receivables from sales of scrap	-	-
Accrued interest on FDR	384,806	145,300
Others	5,288,153	6,806,873
	5,672,959	6,952,173
12 Advances, deposits and prepayment		
Advances		
Advance to suppliers	96,085,370	147,540,954
Advance VAT and SD paid against sales	-	-
Other advances	5,352,410	4,368,491
	101,437,781	151,909,444
Deposits		
Deposit for office rent	601,272	419,858
Security deposit for utilities	8,304,527	9,239,527
Margin money	18,497,808	48,462,064
	27,403,607	58,121,448
Prepayment		
Insurance premium	2,394,336	3,959,920
	2,394,336	3,959,920
	131,235,724	213,990,812
13 Advance income tax		
AIT on imported goods	420,051,874	372,725,906
AIT on registration and renewal	3,116,731	2,700,231
AIT on interest on bank deposit	914,537	585,699
AIT on sales	194,403,540	156,833,761
AIT on courier services	13,916	13,916
	618,500,598	532,859,513
14 Investment in term deposits (FDRs)		
Pubali Bank PLC.	10,973,772	19,237,966
One Bank PLC.	8,406,543	4,008,476
	19,380,315	23,246,442

HVC

	31 March 2025 <u>Taka</u>	31 March 2024 <u>Taka</u>
15 Cash and cash equivalents		
Cash in hand	2,316,564	3,222,597
Cash at bank (note-15.1)	17,544,167	31,682,287
	<u>19,860,731</u>	<u>34,904,884</u>
15.1 Cash at bank		
Current account (note - 15.2)	13,849,938	10,897,028
Short Term Deposit (STD) - Prime Bank PLC.	571,228	1,926,269
Mobile Financial Service (MFS) - Dutch-Bangla Bank PLC.	3,123,000	18,858,990
	<u>17,544,167</u>	<u>31,682,287</u>
15.2 Current account		
Pubali Bank PLC.	2,270,711	1,013,865
One Bank PLC.	1,441,355	87,904
Dhaka Bank PLC.	399,547	134,362
Bank Asia PLC.	391,842	5,660,907
State Bank of India	179,293	61,532
Standard Chartered Bank	197,570	30,383
Dutch-Bangla Bank PLC.	8,969,620	3,908,073
	<u>13,849,938</u>	<u>10,897,028</u>

HVC

			31 March 2025 Taka	31 March 2024 Taka
16 Share capital				
Authorised				
150,000,000 ordinary shares of Taka 10 each			<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid up				
122,000,000 ordinary shares of Taka 10 each			<u>1,220,000,000</u>	<u>1,220,000,000</u>
Percentage of shareholding				
Name of the shareholders	Incorporated in/nationality	Number of shares	Value in Taka	Percentage of holding
At 31 March 2025				
Kansai Nerolac Paints Limited	India	67,100,000	671,000,000	55.00%
S.A.K Ekramuzzaman	Bangladeshi	50,722,400	507,224,000	41.58%
Shaylin Zaman Akbar	Bangladeshi	2,088,600	20,886,000	1.71%
Qamar - Uz - Zaman	Bangladeshi	2,088,600	20,886,000	1.71%
Nacema Jahan Akhter	Bangladeshi	100	1,000	0.00%
Ashik Malek	Bangladeshi	100	1,000	0.00%
Sangam Lal	Indian	100	1,000	0.00%
Ariane Massaad	Lebanese	100	1,000	0.00%
		<u>122,000,000</u>	<u>1,220,000,000</u>	<u>100.00%</u>
At 31 March 2024				
Kansai Nerolac Paints Limited	India	67,100,000	671,000,000	55.00%
S.A.K Ekramuzzaman	Bangladeshi	50,722,400	507,224,000	41.58%
Shaylin Zaman Akbar	Bangladeshi	2,088,600	20,886,000	1.71%
Qamar - Uz - Zaman	Bangladeshi	2,088,600	20,886,000	1.71%
Nacema Jahan Akhter	Bangladeshi	100	1,000	0.00%
Ashik Malek	Bangladeshi	100	1,000	0.00%
Sangam Lal	Indian	100	1,000	0.00%
Ariane Massaad	Lebanese	100	1,000	0.00%
		<u>122,000,000</u>	<u>1,220,000,000</u>	<u>100.00%</u>
16.1	The board of directors in its meeting held on 13 March 2019, approved to transfer entire holding of 100 ordinary shares of Ms. Ariane Massaad to Ms. Shaylin Zaman Akbar which has not been effected yet in the absence of any approval from the RJSC.			
17 Share money deposit				
Kansai Nerolac Paints Limited			<u>1,247,532</u>	<u>1,247,532</u>
17.1	The share money deposit will be converted into share capital and the necessary regulatory formalities are in process. Therefore, share money deposits have been considered as potential shares in calculating diluted earnings per share in note 31.2.			
18 Employees benefits				
Provident fund (note - 18.1)			40,084,016	39,145,872
Leave encashment (note - 18.2)			30,654,463	33,674,572
Gratuity fund (note - 18.3)			34,964,530	37,356,188
			<u>105,703,008</u>	<u>110,176,633</u>
Employees benefits are segregated as follow:				
Employee benefits - non current portion			34,319,546	37,356,188
Employee benefits - current portion			71,383,462	72,820,445
			<u>105,703,008</u>	<u>110,176,633</u>
18.1 Provident fund				
Opening balance			39,145,872	23,478,083
Add: Provision made during the year			24,325,472	20,864,168
			<u>63,471,344</u>	<u>44,342,251</u>
Less: Contribution transferred during the year			23,387,328	5,196,379
			<u>40,084,016</u>	<u>39,145,872</u>
18.2 Leave encashment				
Opening balance			33,674,572	27,882,918
Add: Addition during the year			2,150,026	9,738,817
			<u>35,824,598</u>	<u>37,621,735</u>
Less: Payment made during the year			5,170,135	3,947,162
			<u>30,654,463</u>	<u>33,674,572</u>

HVC

18.3 Gratuity fund

Opening balance
Add: Addition during the year

Less: Payment made during the year

Employees gratuity fund are segregated as follows:

Non-current portion
Current portion

31 March 2025	31 March 2024
<u>Taka</u>	<u>Taka</u>
37,356,188	12,331,897
9,361,581	29,090,241
46,717,769	41,422,138
11,753,240	4,065,950
34,964,530	37,356,188
34,319,546	37,356,188
644,984	-
34,964,530	37,356,188

HVC

18.4 Net Defined Benefit Liability/(Asset)

Particulars	(Amounts in Taka)					
	Defined benefit obligation		Fair value of asset		Net defined (asset)/ liability	
	2025	2024	2025	2024	2025	2024
Balance at 1 April	67,976,920	39,386,678	30,620,732	27,054,781	37,356,188	12,331,897
Included in profit or loss						
Current service cost	12,336,898	11,465,841	-	-	12,336,898	11,465,841
Past service cost	-	-	-	-	-	-
Interest expense (income)	6,797,692	3,572,372	3,649,735	2,615,584	3,147,957	956,788
	19,134,590	15,038,213	3,649,735	2,615,584	15,484,855	12,422,629
Included in OCI						
Remeasurement loss (gain):						
-Actuarial loss (gain) arising from:						
-demographic assumption	-	-	-	-	-	-
-financial assumption	(6,345,850)	(11,418,575)	-	-	(6,345,850)	(11,418,575)
-experience adjustment	(3,427,159)	24,970,604	-	-	(3,427,159)	24,970,604
-return on assets	-	-	(3,649,735)	(2,615,584)	3,649,735	2,615,584
	(9,773,009)	13,552,029	(3,649,735)	(2,615,584)	(6,123,274)	16,167,612
Other						
Contribution paid by the employer	-	-	11,753,240	3,565,951	(11,753,240)	(3,565,951)
Increase due to plan combination	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
Other (Employee contribution, taxes, expenses)	-	-	-	-	-	-
	-	-	11,753,240	3,565,951	(11,753,240)	(3,565,951)
Balance at 31 March	77,338,501	67,976,920	42,373,972	30,620,732	34,964,529	37,356,188

HVC

	31 March 2025	31 March 2024
	<u>Taka</u>	<u>Taka</u>
18.4.1 Net Defined Benefit Liability/(Asset) reconciliation		
Opening balance	37,356,188	12,331,897
Defined benefit cost included in profit or loss	15,484,855	12,422,629
Total remeasurements included in OCI	(6,123,274)	16,167,613
Amount recognised due to plan combinations	-	-
Employer contributions	(11,753,240)	(3,565,951)
Other (Employee contribution, taxes, expenses)	-	-
	<u>34,964,529</u>	<u>37,356,188</u>

18.4.2 Characteristics of defined benefit plans

Valuation Date	: 31 March 2025.
Sponsoring Employer	: Kansai Nerolac Paints (Bangladesh) Limited.
Type of Plan	: Defined benefit.
Eligibility	: As per the Company Rules/Bangladesh Labour Act 2006.
Vesting Period	: 5 years (Other than Death/Disability).
Employer's Contribution	: 100%
Member's Contribution	: Nil.
Benefit Basis	: Accrued benefit.
Normal Retirement Benefit	: As per the Company Rules / Bangladesh Labour Act 2006.
Benefit on Death in Service	: As per the Company Rules / Bangladesh Labour Act 2006.
Benefit on Disability in Service	: As per the Company Rules / Bangladesh Labour Act 2006.
Benefit on Death, Disability, Early Retirement/ Termination/ Resignation/ Withdrawal	: As per the Company Rules / Bangladesh Labour Act 2006.
Maximum limit on Benefits	: No Limit.
Gratuity Formula	: $15/26 \times \text{Last drawn salary} \times \text{Number of completed years of service}$
Normal Retirement Age	: 60 Years.
Month of release of annual salary increment	: April.

18.4.3 Actuarial assumptions

The followings were the principal actuarial assumptions at the reporting date :

	<u>Rate</u>	<u>Rate</u>
Discount rate	10.50%	10.00%
Future salary growth (Salary escalation)	10.00%	10.00%

Assumptions regarding future mortality have been used based on published statistics and mortality tables. As there is no published mortality table in Bangladesh and hence the Indian Assured Life Mortality rate (2012-14) ultimately based on the mortality experience of assured lives in India is being used as a reasonable approximation. The current longevities underlying the values of the defined obligations at the reporting date was adopted from Indian Life Mortality table.

18.4.4 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Increase of discount rate (1% movement)	(66,305,080)	(54,403,386)
Decrease of discount rate (1% movement)	90,667,105	75,603,414
Increase of future salary growth (1% movement)	90,381,664	75,312,000
Decrease of future salary growth (1% movement)	(66,327,158)	(54,451,846)

Although the analysis does not take of full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.

The Company has a funded gratuity scheme recognized by National Board of Revenue (NBR). Contributions to the fund by the Company were recognized in profit or loss of the Company but the value of plan assets and present value of defined benefit obligation were not in the financial statements of the Company till 2019. The fair value of plan assets and present value of defined benefit obligation was first recognized in the financial statements of the Company starting from 2020 as per IAS 19 "Employee Benefits". The amounts were recognised as per Actuarial Valuation Report carried out by professional actuary for the year ended 31 March 2025.

HVC

		<u>Taka</u>
18.4.5 Maturity profile defined benefit obligations		
	Year 1	667,045
	Year 2	257,125
	Year 3	309,386
	Year 4	1,374,522
	Year 5	3,848,402
	Year 6	845,817
	Year 7	915,890
	Year 8	1,048,971
	Year 9	2,583,644
	Year 10	9,711,239
	Year 11 and onwards	518,159,708

The weighted average duration of the defined benefit obligation is 17.67

HV

	31 March 2025 <u>Taka</u>	31 March 2024 <u>Taka</u>
19 Lease obligation - leases as lessee		
19.1 Lease liabilities recognized in statement of financial position		
Lease liabilities - non current portion	14,109,905	17,194,547
Lease liabilities - current portion	19,467,383	13,104,702
	33,577,288	30,299,249
19.2 Amounts recognized in profit or loss		
Interest on lease obligation	4,525,961	4,429,803
Depreciation expense	23,117,579	24,266,785
	27,643,540	28,696,588
19.3 Amounts recognized in statement of cash flows		
Total cash outflows for leases	26,130,338	(32,016,007)
19.4 Movement in lease payable		
Opening balance	30,299,249	41,965,234
Additions during the year	24,882,416	15,920,219
Interest charged during the year	4,525,961	4,429,803
Payment made during the year	(26,130,338)	(32,016,007)
	33,577,287	30,299,249
20 Loan and borrowings		
Bank overdraft (note - 20.1)	780,342,661	790,603,751
Short term borrowings (note - 20.2)	1,066,912,444	1,056,532,906
	1,847,255,105	1,847,136,657
20.1 Bank overdraft		
State Bank of India	310,551,991	307,567,178
Pubali Bank PLC.	413,591,533	411,794,095
Bank Asia PLC.	56,199,137	71,242,478
	780,342,661	790,603,751
20.2 Short term borrowings		
Bank Asia PLC.	4,569,316	16,357,075
One Bank PLC.	133,571,883	118,904,806
Pubali Bank PLC.	127,648,786	206,182,606
Standard Chartered Bank	-	-
Parent company - KNPL	801,122,458	715,088,420
	1,066,912,444	1,056,532,906
21 Trade and other payables		
Trade payables	141,678,361	217,877,183
Other payables - intercompany	140,418,528	120,411,344
	282,096,889	338,288,526
21.1 The Company entered into an agreement with its parent Kansai Nerolac Paints Limited to pay royalty at the rate of 1% to 3% on its net sales value less Value Added Tax (VAT), Supplementary Duty (SD), commission and discount on sell of goods. The agreement is effective from 1 January 2019. However, the Company provided for royalty expenses at the rate 1% on its net sales value.		
22 Accruals		
TDS and VDS payables	95,905,909	72,110,103
VAT and SD payable against sales	34,392,892	63,825,089
Staff cost	18,810,069	16,678,316
Audit fees	1,327,500	600,000
Power and Gas	506,202	791,254
Others	198,595,250	102,740,706
	349,537,823	256,745,468
23 Provision for taxation		
Opening balance	95,209,448	78,551,801
Add: Addition made during the year	112,553,794	16,657,647
	207,763,243	95,209,448

HVC

	31 March 2025	31 March 2024
	<u>Taka</u>	<u>Taka</u>
24 Revenue		
Sales of product - local	2,243,498,975	3,061,690,273
Service revenue	3,597,609	21,587,608
	2,247,096,584	3,083,277,881
Less: Discounts and rebates	(230,520,031)	(410,943,887)
	2,016,576,553	2,672,333,994
Sales - export	-	13,019,853
	2,016,576,553	2,685,353,847
25 Cost of goods sold		
Raw and packaging material	1,247,836,313	1,728,351,548
Direct labour (note - 25.1)	75,274,539	65,717,283
Direct expenses (note - 25.2)	36,161,323	42,882,496
Other production overhead (note - 25.3)	77,491,860	62,657,516
Movement in work in process and finished goods	74,995,924	80,310,833
Application charges (SLE)	16,000,498	7,193,409
	1,527,760,458	1,987,113,085
25.1 Direct labour		
Salaries and wages	41,831,191	38,934,898
Overtime	3,060,245	2,235,129
Bonus	4,018,058	3,655,481
Temporary labour wages	13,867,606	12,360,479
Gratuity fund	2,737,304	1,152,148
Provident fund	1,906,222	1,675,275
Leave encashment	1,864,775	1,667,018
Group life insurance	-	-
Uniform to workers main plant	-	-
Health and other welfare expense	-	-
Staff welfare	5,989,137	4,036,856
	75,274,539	65,717,283
25.2 Direct expenses		
Power, water and gas	8,975,712	12,203,438
Repairs and indirect materials	10,543,639	13,239,196
Depreciation on property, plant and equipment (note - 5.1)	16,641,972	17,439,861
	36,161,323	42,882,496
25.3 Other production overhead		
Demurrage	59,417,059	38,732,712
Insurance	1,492,864	5,266,379
Travelling, hauling and fooding expenses	1,202,037	1,663,292
Rent and rates	1,172,800	984,900
Fuel, toll and vehicle maintenance	1,069,466	1,445,950
Security and safety	2,355,787	2,353,984
Other expenses	10,781,847	12,210,298
	77,491,860	62,657,516
26 Administrative expenses		
Staff cost (note - 26.1)	68,826,348	60,768,764
Telephone, postage and supplies	988,482	1,370,807
Office repairs and maintenance (note - 26.2)	12,026,645	13,892,513
Registration and renewal	5,252,000	2,515,747
Legal and professional fees	4,191,423	5,072,090
Audit fees	1,029,500	1,206,500
Vehicle repair and maintenance	1,431,189	1,537,401
Rent, rates and taxes	1,613,840	1,606,200
Insurance	668,744	412,006
Depreciation on property, plant and equipment (note - 5.1)	3,798,487	4,191,708
Depreciation on right-of-use assets (note - 9.1)	9,586,761	9,516,184
Bank charges	4,482,370	7,143,322
Others	212,677	2,045,419
	114,108,465	111,278,661

HVC

	31 March 2025	31 March 2024
	<u>Taka</u>	<u>Taka</u>
26.1 Staff cost		
Salaries and wages	56,186,701	46,584,206
Overtime	-	17,690
Bonus	4,544,636	4,259,954
Leave encashment	-	1,504,339
Gratuity fund	3,315,116	1,787,100
Provident fund	2,241,391	1,826,437
Staff welfare and fooding expenses	1,517,117	1,322,210
Hotel, conveyance, tour and ticket	1,021,387	2,776,829
Foreign technician expenses	-	690,000
	<u>68,826,348</u>	<u>60,768,764</u>
26.2 Office repairs and maintenance		
Repairs and maintenance	9,075,088	11,102,129
Electricity, gas and water	2,951,557	2,790,384
	<u>12,026,645</u>	<u>13,892,513</u>
27 Selling expenses		
Staff cost (note - 27.1)	239,873,771	259,872,710
Advertisement	9,676,898	30,739,559
Royalty	20,007,184	26,448,496
Telephone, postage and supplies	4,528,787	5,984,198
Registration and renewal	341,832	1,245,464
Freight and transportation/delivery expenses	48,797,042	65,534,742
Business promotion	106,228,271	135,315,578
Travel, entertainment and others	26,640,578	34,593,670
Security and guard expenses	8,286,052	8,189,376
Rent, rates and taxes	2,665,314	3,246,557
Vehicle repairs and maintenance	11,506,987	13,442,097
Other repairs and maintenance (note - 27.2)	3,958,512	4,834,380
Bad and doubtful debts	9,001,928	3,933,558
Depreciation on property, plant and equipment (note - 5.1)	3,259,810	3,265,514
Amortization on intangible assets (note - 6)	3,603,257	2,003,128
Depreciation on right-of-use assets (note - 9.1)	13,530,818	14,750,602
	<u>511,907,042</u>	<u>613,399,630</u>
27.1 Staff cost		
Salaries and wages	179,290,291	190,441,905
Bonus and incentive	30,516,335	33,755,527
Gratuity fund	9,432,435	6,839,494
Provident fund	6,751,678	6,930,372
Leave encashment	12,000	6,567,460
Insurance	2,296,135	1,490,030
Fooding expenses and others	11,574,898	13,847,922
	<u>239,873,771</u>	<u>259,872,710</u>
27.2 Other repairs and maintenance		
Electricity, gas and water	1,807,802	1,584,201
Other maintenance	2,150,710	3,250,179
	<u>3,958,512</u>	<u>4,834,380</u>
28 Other income		
Loss on sale of property, plant and equipment	(91,009)	(393,833)
Miscellaneous income	3,370,014	23,222,735
	<u>3,279,005</u>	<u>22,828,902</u>
29 Net finance cost		
Interest income	1,706,715	1,503,962
Finance cost (note - 29.1)	(255,029,398)	(226,133,449)
	<u>(253,322,683)</u>	<u>(224,629,487)</u>

HVC

	31 March 2025	31 March 2024
	<u>Taka</u>	<u>Taka</u>
29.1 Finance cost		
Interest expenses	190,153,432	165,950,006
Interest on lease	4,525,961	4,429,803
Foreign exchange loss	60,350,005	55,753,640
	<u>255,029,398</u>	<u>226,133,449</u>
30 Income tax expense		
Current tax expenses	112,553,794	16,657,648
Deferred tax income	(91,380,857)	-
	<u>21,172,937</u>	<u>16,657,648</u>

As per the applicable tax law, the Company has to pay tax at the rate applicable to it subject to a minimum tax which is higher of (a) regular tax calculated on the income from regular sources or (b) at the rate of 0.60% of total gross receipts or (c) tax deducted at source for export and at the time of sale as per Income Tax Act, 2023. As the tax calculated on gross receipts is higher, we have considered the tax calculated on the gross receipts as tax expenses during the period of income year. The total current tax expenses for the Period includes BDT 112,553,794 for the current period and the rest of BDT 95,209,449 for the previous periods.

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	31 March 2025 <u>Taka</u>	31 March 2024 <u>Taka</u>
31 Earnings Per Share (EPS)		
Basic Earnings Per Share ("EPS") is computed by dividing the net profit/(loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.		
31.1 Basic Earnings Per Share (EPS)		
Numerator (BDT)		
Earnings attributable to the ordinary shareholders	(408,416,028)	(244,895,762)
Denominator (Shares)		
Weighted average number of ordinary shares outstanding during the year (note - 31.1.1)	122,000,000	122,000,000
	<u><u>(3.35)</u></u>	<u><u>(2.01)</u></u>
31.1.1 Weighted average number of ordinary shares outstanding		
The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days the shares are outstanding as a proportion of the total number of days in the year.		
	<u>No of share</u>	<u>No of share</u>
Issued ordinary shares	122,000,000	122,000,000
Weighted average number of ordinary shares	<u>122,000,000</u>	<u>122,000,000</u>
31.2 Diluted Earning Per Share (EPS)		
Numerator (BDT)		
Earnings attributable to the ordinary shareholders	(408,416,028)	(244,895,762)
Denominator (Shares)		
Weighted average number of ordinary shares outstanding for the year including dilutive potential ordinary shares (124,753 shares).	122,124,753	122,124,753
Diluted EPS in BDT	<u><u>(3.34)</u></u>	<u><u>(2.01)</u></u>
32 Number of employee engaged for drawing remuneration		
Disclosure as per requirement of schedule XI Part II of Para 3:		
Above Taka 3,000 per month	308	364
	<u>308</u>	<u>364</u>
33 Contingent liabilities		
Letter of credit	51,962,783	192,802,378
Bank guarantee (local)	23,213,616	73,038,972
Income tax demand for assessment year 2013-2014	17,384,458	3,737,500
Income tax demand for assessment year 2017-2018	22,413,508	-
Income tax demand for assessment year 2019-2020	8,751,926	-
Income tax demand for assessment year 2020-2021	17,243,049	521,291
	<u>140,969,340</u>	<u>270,100,141</u>
34 Capital expenditure commitment		
There were no capital expenditure commitments at the year ended 31 March 2025 (31 March 2024: Nil).		
35 Events after the reporting date		
No material events had occurred after the reporting period to the date of issue of these financial statements, which could affect the values stated in the financial statements.		

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36 Related party transactions

36.1 Parent and ultimate controlling party

Kansai Nerolac Paints Limited has 55% shareholdings of the Company. As a result, the Company's parent and ultimate controlling party are Kansai Nerolac Paints Limited, India.

36.2 Key management personnel compensation

Key management personnel compensation comprised the following:

(Amounts in Taka)

Nature of related party transactions	Transaction for the period		Balance outstanding	
	DR.	CR.	31 March 2025	31 March 2024
Short-term employee benefits	21,886,010	21,715,610	(1,660,400)	(1,490,000)

Compensation of the Company's key management personnel includes salaries and benefits, fees, accommodation facilities, and non-cash benefits.

36.3 Other related party transactions

(Amounts in Taka)

Other Related party transactions		Transaction for the period		Balance outstanding	
Name of party	Nature of related party transactions	DR.	CR.	31 March 2025	31 March 2024
Transactions with parent company					
Kansai Nerolac Paints Limited	Royalty		20,007,184	(140,418,528)	(120,411,344)
Kansai Nerolac Paints Limited	Loan		86,034,039	(801,122,458)	(715,088,420)
Transactions with other related parties (under common control)					
Mohammad Trading	Purchase	16,916,956	16,916,956	6,662	6,662
Speedway International	C&F Agent & transport	48,413,261	47,752,391	(258,468)	(919,339)
Qamar - Uz - Zaman	Advance	-	-	1,174,484	1,174,484
Star Porcelain Limited	Sales	41,171	336,119	66,603	361,551
	Purchase (Promotional Items)	1,010,798	568,529	-	(442,269)
Star Ceramics Limited	Sales	5,900	-	377,607	371,707
Rakeen Development Co. (BD) Limited	Sales	396,462	379,030	3,006,522	2,989,089
	Depot Rent and Expenses	-	-	(632,608)	(632,608)
RAK Mosfly Bangladesh Pvt. Limited	Sales	-	-	191,261	191,261
	Advance	-	-	280,873	280,873
RAK Ceramics Bangladesh Limited	Sales	1,788,995	1,975,669	85,030	271,704
RAK Security & Services Pvt. Limited	Security Services provider	11,694,212	11,682,920	(1,767,957)	(1,779,249)
RAK Power Ltd.	Sales	20,892	17,296	3,595	-
Palli Properties Pte Ltd.	Service Provider	15,284,720	16,225,953	(941,233)	-
Pelikan Plastic & Packaging Pvt. Limited	Packaging Material Supplier	8,236,014	7,255,233	(555,813)	(1,536,594)
RAK Consumer Products Ltd.	Purchase	334,560	334,560	-	-
	Commission	3,369,014	2,834,039	3,369,014	2,834,039
		107,512,955	212,319,917	(937,135,416)	(832,328,454)

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within two months of the reporting date. None of the balances is secured. No expense has been recognised in the current or prior period of allowances for expected losses in respect of amounts owed by related parties.

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37 Financial risk management

The Company's Board of directors has overall responsibility for establishing and overseeing the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The Board is assisted in its oversight role by Group Internal Audit. Group Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

37.1 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to financial assets fails to meet its contractual obligations and arises principally from the Company's trade and other receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	31 March 2025 Taka	31 March 2024 Taka
Financial assets		
Trade and other receivables	486,243,326	681,875,507
Cash and cash equivalents	19,860,731	34,904,884
	506,104,057	716,780,391
Aging of financial assets		
The exposure to credit risk for trade debtors at the end of the reporting year:		
Trade receivables	480,570,367	674,923,334
Other receivables	5,672,959	6,952,173
	486,243,326	681,875,507
Aging of trade receivables		
Past due 1-30 days	143,678,634	240,421,241
Past due 31-60 days	107,979,397	158,163,095
Past due 61-90 days	20,922,246	47,694,689
Past due 91-180 days	55,248,994	33,529,003
Past due over 180 days	144,422,826	165,051,511
Past due of receivable from dealer (Tinting)	37,818,270	53,563,795
	510,070,367	698,423,334
Allowances for expected losses	(29,500,000)	(23,500,000)
	480,570,367	674,923,334
The movement of allowances for expected losses in trade and other receivables during the year was as follows:		
Opening balance	23,500,000	22,500,000
Provision made during the year	6,000,000	1,000,000
	29,500,000	23,500,000
Aging of cash and cash equivalents		
Cash in hand	2,316,564	3,222,597
Cash at banks	17,544,167	31,682,287
	19,860,731	34,904,884

38 Going concern

The accumulated loss and net negative equity of the Company during the financial period ended 31 March 2025 appear Taka 2,168,324,570 and Taka 947,077,038 respectively.

The financial statements have been prepared on a going concern basis (notwithstanding above mentioned facts) which the directors believe to be appropriate as the Company has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of its operations. The Company is likely to make a profit during the financial year based on the Company's business plan. As per management assessment, there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern. Kansai Nerolac Paints Limited (the Company's immediate holding company) has indicated that for at least 12 months from the date of approval of the financial statements, it will continue to make available such funds as are needed by the Company. The management considers that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

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