

**Audited Financial Statements**  
**of**  
**Kansai Nerolac Paints (Bangladesh) Limited**

As at and for the year ended 31 March 2026

**Kansai Nerolac Paints (Bangladesh) Limited  
Statement of Financial Position  
As at 31 March 2026**

		<b>31 March 2026</b>	<b>31 March 2025</b>
	<b>Notes</b>	<b>Taka</b>	<b>Taka</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment - net	05	148,344,701	170,085,442
Intangible assets	06	8,591,500	11,989,015
Capital work in progress	07	1,205,340	1,205,340
Deferred tax assets	08	108,370,270	91,380,857
Right-of-use assets	09	34,942,813	31,945,045
Investment in term deposits (FDRs) - long-term	10	10,723,028	8,406,543
		<b>312,177,652</b>	<b>315,012,242</b>
<b>Current assets</b>			
Inventories	11	188,915,498	297,029,923
Trade and other receivables	12	396,833,428	486,243,326
Advances, deposits and prepayment	13	126,215,435	131,235,724
Advance income tax	14	652,869,823	618,500,598
Investment in term deposits (FDRs)	15	9,031,253	10,973,772
Cash and cash equivalents	16	12,574,375	19,860,731
		<b>1,386,439,812</b>	<b>1,563,844,074</b>
<b>TOTAL ASSETS</b>		<b>1,698,617,464</b>	<b>1,878,856,317</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	17	1,220,000,000	1,220,000,000
Share money deposit	18	1,247,532	1,247,532
Accumulated loss		(2,561,638,921)	(2,168,324,570)
		<b>(1,340,391,389)</b>	<b>(947,077,038)</b>
<b>Non-current liabilities</b>			
Employees benefits - non current portion	19	42,274,356	34,319,546
Lease liabilities - non current portion	20	23,568,252	14,109,905
Long-term loan and borrowing	21	114,675,291	-
		<b>180,517,899</b>	<b>48,429,451</b>
<b>Current liabilities</b>			
Employees benefits - current portion	19	69,176,085	71,383,462
Lease liabilities - current portion	20	14,054,935	19,467,383
Short-term loan and borrowings	22	1,756,958,578	1,847,255,105
Trade and other payables	23	270,559,656	282,096,889
Accruals	24	510,503,651	349,537,822
Provision for taxation	25	237,238,049	207,763,243
		<b>2,858,490,954</b>	<b>2,777,503,904</b>
<b>TOTAL LIABILITIES</b>		<b>3,039,008,853</b>	<b>2,825,933,355</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,698,617,464</b>	<b>1,878,856,317</b>

*These financial statements should be read in conjunction with annexed notes*

Director

Chairman

As per our report of same date

Dhaka, 28 April 2026

Chartered Accountants

**Kansai Nerolac Paints (Bangladesh) Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 March 2026**

	<u>Notes</u>	<u>31 March 2026</u> <u>Taka</u>	<u>31 March 2025</u> <u>Taka</u>
Revenue	26	1,227,710,351	2,016,576,553
Cost of goods sold	27	(1,045,399,168)	(1,527,760,458)
<b>Gross profit</b>		<b>182,311,183</b>	<b>488,816,095</b>
Administrative expenses	28	(96,343,566)	(114,108,465)
Selling expenses	29	(354,955,142)	(511,907,042)
Other income	30	5,911,357	3,279,005
<b>Operating loss</b>		<b>(263,076,168)</b>	<b>(133,920,407)</b>
Net finance cost	31	(118,518,192)	(253,322,683)
<b>Loss before tax</b>		<b>(381,594,360)</b>	<b>(387,243,091)</b>
Income tax expenses	25	(29,474,807)	(112,553,795)
Deferred tax income	8	16,989,413	91,380,857
<b>Net loss after tax</b>		<b>(394,079,754)</b>	<b>(408,416,029)</b>
Other comprehensive income		765,403	6,123,274
<b>Total other comprehensive loss for the period</b>		<b>(393,314,351)</b>	<b>(402,292,755)</b>
<b>Earning Per Share (EPS)</b>	32.1	<b>(3.23)</b>	<b>(3.35)</b>
<b>Diluted Earning Per Share (EPS)</b>	32.2	<b>(3.23)</b>	<b>(3.34)</b>

*These financial statements should be read in conjunction with annexed notes*

Director

As per our report of same date

Chairman

Dhaka, 28 April 2026

Chartered Accountants



**Kansai Nerolac Paints (Bangladesh) Limited  
Statement of Changes in Equity  
For the year ended 31 March 2026**

*(Amounts in Taka)*

Particulars	Share capital	Share money deposit	Accumulated loss	Total
<b>Balance at 1 April 2025</b>	1,220,000,000	1,247,532	(2,168,324,570)	(947,077,038)
Loss for the year	-	-	(394,079,754)	(394,079,754)
Other comprehensive income for the year	-	-	765,403	765,403
<b>Balance at 31 March 2026</b>	<b>1,220,000,000</b>	<b>1,247,532</b>	<b>(2,561,638,921)</b>	<b>(1,340,391,389)</b>
<b>Balance at 1 April 2024</b>	1,220,000,000	1,247,532	(1,766,031,815)	(544,784,283)
Loss for the year	-	-	(408,416,029)	(408,416,029)
Other comprehensive income for the year	-	-	6,123,274	6,123,274
<b>Balance at 31 March 2025</b>	<b>1,220,000,000</b>	<b>1,247,532</b>	<b>(2,168,324,570)</b>	<b>(947,077,038)</b>

Director

Chairman



**Kansai Nerolac Paints (Bangladesh) Limited  
Statement of Cash Flows  
For the year ended 31 March 2026**

	31 March 2026	31 March 2025
<b>A. Cash flows from operating activities</b>	<b><u>Taka</u></b>	<b><u>Taka</u></b>
Cash receipts from customers and others	1,305,674,655	2,199,028,452
Cash payments to suppliers and employees	(1,276,024,789)	(2,107,046,927)
<b>Cash generated from /(used in) operating activities</b>	<b><u>29,649,866</u></b>	<b><u>91,981,525</u></b>
Income tax paid	(34,369,225)	(85,641,085)
<b><i>Net cash generated used in operating activities</i></b>	<b><u>(4,719,359)</u></b>	<b><u>6,340,440</u></b>
<b>B. Cash flows from investing activities</b>		
Payment for acquisition of property, plant and equipment	(261,408)	(3,036,037)
Payment for acquisition of intangible assets	(44,444)	(200,000)
Net cash movement in FDRs	(373,965)	3,866,127
Interest received on bank deposit	1,654,203	1,706,715
<b><i>Net cash flows generated from/(used in) investing activities</i></b>	<b><u>974,386</u></b>	<b><u>2,336,804</u></b>
<b>C. Cash flows from financing activities</b>		
Proceeds from loan and borrowings	24,378,764	118,448
Lease payment	(27,920,146)	(23,839,845)
<b><i>Net cash (used in)/generated from financing activities</i></b>	<b><u>(3,541,383)</u></b>	<b><u>(23,721,397)</u></b>
<b>D. Net decrease in cash and cash equivalents (A+B+C)</b>	<b><u>(7,286,356)</u></b>	<b><u>(15,044,153)</u></b>
Cash and cash equivalents at beginning of the year	19,860,731	34,904,884
<b>Cash and cash equivalents at end of the year</b>	<b><u>12,574,375</u></b>	<b><u>19,860,731</u></b>

*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 2026**

**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 1500 million divided into 150 million ordinary shares of Taka 10 each as on 31 March 2026. The paid up capital stands at Taka 1,220 million as on 31 March 2026. 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 2025 to 31 March 2026.

**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

**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.

**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 instrument**

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.

**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 receivables 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 Employees 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 2025/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.

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**05 Property, plant and equipment - net**

(Amounts in Taka)

Particulars	Cost				Rate %	Accumulated depreciation				Written down value as at 31 March 2026
	Balance as at 1 April 2025	Addition during the year	Disposal during the year	Balance as at 31 March 2026		Balance as at 1 April 2025	Charged during the year	Adjustment during the year	Balance as at 31 March 2026	
Land	38,470,921	-	-	38,470,921	-	-	-	-	-	38,470,921
Factory buildings	171,053,204	-	-	171,053,204	5.0%	96,516,193	8,552,661	-	105,068,854	65,984,350
Plant and machinery	129,219,374	-	-	129,219,374	10.0%	110,334,903	3,104,966	-	113,439,869	15,779,506
Furniture and fixture	25,380,737	-	-	25,380,737	10.0%	11,558,410	2,173,398	-	13,731,807	11,648,930
Office equipment	41,545,506	32,500	-	41,578,006	15.0%	27,163,687	3,919,528	-	31,083,215	10,494,791
Communication equipment	7,164,399	38,908	(98,850)	7,104,456	15.0%	5,462,546	583,323	(21,062)	6,024,807	1,079,649
Electrical installation	21,270,412	-	-	21,270,412	10.0%	19,503,207	245,302	-	19,748,509	1,521,902
Gas pipe line	9,175,034	-	-	9,175,034	10.0%	8,652,855	143,879	-	8,796,735	378,300
Tool and appliances	17,472,433	190,000	-	17,662,433	25.0%	15,717,960	1,477,593	-	17,195,553	466,880
Laboratory equipment	7,222,441	-	-	7,222,441	10.0%	4,091,794	611,175	-	4,702,969	2,519,472
Vehicles	34,424,247	-	(5,805,551)	28,618,696	20.0%	33,311,712	569,541	(5,262,557)	28,618,696	-
<b>Total 31 March 2026</b>	<b>502,398,708</b>	<b>261,408</b>	<b>(5,904,401)</b>	<b>496,755,714</b>		<b>332,313,267</b>	<b>21,381,365</b>	<b>(5,283,619)</b>	<b>348,411,014</b>	<b>148,344,701</b>
<b>Total 31 March 2025</b>	<b>498,674,186</b>	<b>3,836,352</b>	<b>111,830</b>	<b>502,398,708</b>		<b>308,647,150</b>	<b>23,700,269</b>	<b>34,152</b>	<b>332,313,267</b>	<b>170,085,442</b>

	31 March 2026	31 March 2025
	<u>Taka</u>	<u>Taka</u>
Cost of goods sold (note - 27.2)	15,142,081	16,641,972
Administrative expenses (note - 28)	3,112,350	3,798,487
Selling expenses (note - 29)	3,126,934	3,259,810
	<u><b>21,381,365</b></u>	<u><b>23,700,269</b></u>

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		31 March 2026		31 March 2025
		<u>Taka</u>		<u>Taka</u>
<b>06 Intangible assets</b>				
<b>Software</b>				
<b>A. Cost</b>				
Opening balance		19,512,938		19,312,938
Additions during the year		44,444		200,000
		<u>19,557,382</u>		<u>19,512,938</u>
<b>B. Accumulated amortisation</b>				
Opening balance		7,523,923		3,920,668
Amortisation during the year		3,441,959		3,603,255
		<u>10,965,882</u>		<u>7,523,923</u>
<b>C. Written down value (A-B)</b>		<u>8,591,500</u>		<u>11,989,015</u>
<b>07 Capital work in progress</b>				
Factory Building		<u>1,205,340</u>		<u>1,205,340</u>

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**

**For the year ended 31 March 2026**

Particulars	Carrying amount on balance sheet date	Tax base	Taxable/ (deductible) temporary difference
Property, Plant and Equipments including intangible	156,936,201	156,320,126	616,075
Unabsorbed depreciation (14-15 to 23-24)		128,022,408	(128,022,408)
Unabsorbed depreciation (24-25)		8,023,901	(8,023,901)
Unabsorbed depreciation (25-26)		8,563,178	(8,563,178)
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)
Business loss (25-26)	-	39,573,830	(39,573,830)
<b>Total deductible temporary differences</b>			<u>(433,481,078)</u>
Applicable tax rate			<u>25.0%</u>
<b>Deferred tax assets as on 31 March 2026</b>			<u>(108,370,270)</u>
<b>Deferred tax assets as on 31 March 2025</b>			<u>(91,380,857)</u>
<b>Deferred tax income for the year ended 31 March 2026</b>			<u>(16,989,413)</u>

**For the year ended 31 March 2025**

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)
<b>Total deductible temporary differences</b>			<u>(365,523,427)</u>
Applicable tax rate			<u>25.0%</u>
<b>Deferred tax assets as on 31 March 2025</b>			<u>(91,380,857)</u>
<b>Deferred tax assets as on 31 March 2024</b>			-
<b>Deferred tax income for the year ended 31 March 2025</b>			<u>(91,380,857)</u>

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		31 March 2026	31 March 2025
		<u>Taka</u>	<u>Taka</u>
<b>09</b>	<b>Right-of-use assets</b>		
	<b>A. At cost</b>		
	Opening balance	105,092,354	82,303,953
	Additions made during the year	30,844,631	22,788,401
	Disposals/adjustments during the year	(33,661,558)	-
		<u>102,275,427</u>	<u>105,092,354</u>
	<b>B. Accumulated depreciation</b>		
	Opening balance	73,147,309	50,029,730
	Charged during the year (note - 9.1)	22,229,792	23,117,579
	Disposals/adjustments during the year	(28,044,487)	-
		<u>67,332,614</u>	<u>73,147,309</u>
	<b>C. Written down value (A-B)</b>	<u>34,942,813</u>	<u>31,945,045</u>
<b>9.1</b>	<b>Allocation of depreciation charged</b>		
	Administrative expenses (note - 28)	10,096,161	9,586,761
	Selling expenses (note - 29)	12,133,633	13,530,818
		<u>22,229,793</u>	<u>23,117,579</u>
<b>10</b>	<b>Investment in term deposits (FDRs) - long-term</b>		
	One Bank PLC.	<u>10,723,028</u>	<u>8,406,543</u>
<b>11</b>	<b>Inventories</b>		
	Raw materials	100,374,838	196,213,545
	Stores and spares	17,721,367	17,725,546
	Packing materials	4,124,126	4,528,826
	Work in process	3,431,969	5,440,400
	Finished goods	49,351,176	61,902,890
	Promotional materials	13,912,022	11,218,715
		<u>188,915,498</u>	<u>297,029,923</u>
<b>12</b>	<b>Trade and other receivables</b>		
	Trade receivables (note - 12.1)	392,820,345	480,570,367
	Other receivables (note - 12.2)	4,013,083	5,672,959
		<u>396,833,428</u>	<u>486,243,326</u>
<b>12.1</b>	<b>Trade receivables</b>		
	Receivables - local	410,507,107	472,252,097
	Receivables - export		
	Receivable from dealer (Tinting)	17,813,238	37,818,270
		<u>428,320,345</u>	<u>510,070,367</u>
	Provision for trade receivables (note - 12.1.1)	(35,500,000)	(29,500,000)
		<u>392,820,345</u>	<u>480,570,367</u>
<b>12.1.1</b>	<b>Provision for trade receivables</b>		
	Opening balance	29,500,000	23,500,000
	Provision made during the year	6,000,000	6,000,000
		<u>35,500,000</u>	<u>29,500,000</u>
	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.		
<b>12.2</b>	<b>Other receivables</b>		
	Accrued interest on FDR	957,238	384,806
	Others	3,055,845	5,288,153
		<u>4,013,083</u>	<u>5,672,959</u>

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		31 March 2026	31 March 2025
		<u>Taka</u>	<u>Taka</u>
<b>13</b>	<b>Advances, deposits and prepayment</b>		
	<b>Advances</b>		
	Advance to suppliers	80,161,694	96,085,370
	Other advances	4,490,029	5,352,411
		<u>84,651,723</u>	<u>101,437,781</u>
	<b>Deposits</b>		
	Deposit for office rent	512,505	601,272
	Security deposit for utilities	5,361,749	8,304,527
	Margin money	34,655,027	18,497,808
		<u>40,529,280</u>	<u>27,403,607</u>
	<b>Prepayment</b>		
	Insurance premium	1,034,432	2,394,336
		<u>1,034,432</u>	<u>2,394,336</u>
		<u>126,215,435</u>	<u>131,235,724</u>
<b>14</b>	<b>Advance income tax</b>		
	AIT on imported goods	433,136,383	420,051,874
	AIT on registration and renewal	3,249,231	3,116,731
	AIT on interest on bank deposit	1,040,042	914,537
	AIT on sales	215,430,251	194,403,540
	AIT on courier services	13,916	13,916
		<u>652,869,823</u>	<u>618,500,598</u>
<b>15</b>	<b>Investment in term deposits (FDRs)</b>		
	Pubali Bank PLC.	1,408,638	10,973,772
	One Bank PLC.	7,622,615	-
		<u>9,031,253</u>	<u>10,973,772</u>
<b>16</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	1,659,462	2,316,564
	Cash at bank (note-16.1)	10,914,913	17,544,167
		<u>12,574,375</u>	<u>19,860,731</u>
<b>16.1</b>	<b>Cash at bank</b>		
	Current account (note - 16.2)	4,647,300	13,849,938
	Short Term Deposit (STD) - Prime Bank PLC.	430,703	571,228
	Mobile Financial Service (MFS) - Dutch-Bangla Bank PLC.	5,836,910	3,123,000
		<u>10,914,913</u>	<u>17,544,167</u>
<b>16.2</b>	<b>Current account</b>		
	Pubali Bank PLC.	1,113,734	2,270,711
	One Bank PLC.	907,509	1,441,355
	Dhaka Bank PLC.	141,443	399,547
	Bank Asia PLC.	1,530,562	391,842
	State Bank of India	138,194	179,293
	Standard Chartered Bank	194,120	197,570
	Dutch-Bangla Bank PLC.	621,738	8,969,620
		<u>4,647,300</u>	<u>13,849,938</u>

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			31 March 2026 <u>Taka</u>	31 March 2025 <u>Taka</u>
<b>17 Share capital</b>				
<b>Authorised</b>				
150,000,000 ordinary shares of Taka 10 each			<u>1,500,000,000</u>	<u>1,500,000,000</u>
<b>Issued, subscribed and paid up</b>				
122,000,000 ordinary shares of Taka 10 each			<u>1,220,000,000</u>	<u>1,220,000,000</u>
<b>Percentage of shareholding</b>				
<b>Name of the shareholders</b>	<b>Incorporated in / nationality</b>	<b>Number of shares</b>	<b>Value in Taka</b>	<b>Percentage of holding</b>
<b>At 31 March 2026</b>				
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%
Naeema 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>
<b>At 31 March 2025</b>				
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%
Naeema 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>
<b>17.1</b>	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.			
<b>18 Share money deposit</b>				
Kansai Nerolac Paints Limited			<u>1,247,532</u>	<u>1,247,532</u>
<b>19 Employees benefits</b>				
Provident fund (note - 19.1)			41,407,660	40,084,016
Leave encashment (note - 19.2)			27,098,310	30,654,463
Gratuity fund (note - 19.3)			42,944,471	34,964,530
			<u>111,450,441</u>	<u>105,703,008</u>
<b>Employees benefits are segregated as follow:</b>				
Employee benefits - non current portion			42,274,356	34,319,546
Employee benefits - current portion			69,176,085	71,383,462
			<u>111,450,441</u>	<u>105,703,008</u>
<b>19.1 Provident fund</b>				
Opening balance			40,084,016	39,145,872
Add: Provision made during the year			17,418,328	24,325,472
			<u>57,502,344</u>	<u>63,471,344</u>
Less: Contribution transferred during the year			16,094,684	23,387,328
			<u>41,407,660</u>	<u>40,084,016</u>

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	<b>31 March 2026</b>	<b>31 March 2025</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>19.2 Leave encashment</b>		
Opening balance	30,654,463	33,674,572
Add: Addition during the year	1,952,581	2,150,026
	<b><u>32,607,044</u></b>	<b><u>35,824,598</u></b>
Less: Payment made during the year	5,508,734	5,170,135
	<b><u>27,098,310</u></b>	<b><u>30,654,463</u></b>
<b>19.3 Gratuity fund</b>		
Opening balance	34,964,530	37,356,188
Add: Addition during the year	15,905,276	9,361,581
	<b><u>50,869,805</u></b>	<b><u>46,717,769</u></b>
Less: Payment made during the year	7,925,334	11,753,240
	<b><u>42,944,471</u></b>	<b><u>34,964,530</u></b>
<b>Employees gratuity fund are segregated as follow:</b>		
Non-current portion	42,274,356	34,319,546
Current portion	670,115	644,984
	<b><u>42,944,471</u></b>	<b><u>34,964,530</u></b>

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**19.4 Net Defined Benefit Liability/ (Asset)**

*Amounts in Taka*

	Defined benefit obligation		Fair value of asset		Net defined (asset)/ liability	
	2026	2025	2026	2025	2026	2025
<b>Balance at 1 April</b>	<b>77,338,501</b>	<b>67,976,920</b>	<b>42,373,972</b>	<b>30,620,732</b>	<b>34,964,529</b>	<b>37,356,188</b>
<b>Included in profit or loss</b>						
Current service cost	21,814,372	12,336,898	-	-	21,814,372	12,336,898
Interest expense (income)	8,120,542	6,797,692	5,284,294	3,649,735	2,836,248	3,147,957
	<b>29,934,914</b>	<b>19,134,590</b>	<b>5,284,294</b>	<b>3,649,735</b>	<b>24,650,620</b>	<b>15,484,855</b>
<b>Included in OCI</b>						
-financial assumption	(5,975,187)	(6,345,850)	-	-	(5,975,187)	(6,345,850)
-experience adjustment	(74,509)	(3,427,159)	-	-	(74,509)	(3,427,159)
-return on assets	-	-	(5,284,294)	(3,649,735)	5,284,294	3,649,735
	<b>(6,049,697)</b>	<b>(9,773,009)</b>	<b>(5,284,294)</b>	<b>(3,649,735)</b>	<b>(765,403)</b>	<b>(6,123,274)</b>
<b>Other</b>						
Contribution paid by the employer	-	-	15,905,276	11,753,240	(15,905,276)	(11,753,240)
	-	-	<b>15,905,276</b>	<b>11,753,240</b>	<b>(15,905,276)</b>	<b>(11,753,240)</b>
<b>Balance at 31 March</b>	<b>101,223,719</b>	<b>77,338,501</b>	<b>58,279,248</b>	<b>42,373,972</b>	<b>42,944,471</b>	<b>34,964,529</b>

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	<b>31 March 2026</b>	<b>31 March 2025</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>19.4.1 Net Defined Benefit Liability/ (Asset) reconciliation</b>		
Opening balance	34,964,529	37,356,188
Defined benefit cost included in profit or loss	24,650,620	15,484,855
Total remeasurements included in OCI	(765,403)	(6,123,274)
Employer contributions	(15,905,276)	(11,753,240)
	<b><u>42,944,471</u></b>	<b><u>34,964,529</u></b>

**19.4.2 Characteristics of defined benefit plans**

Valuation Date	: 31 March 2026.
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 * Last drawn salary * Number of completed years of service
Normal Retirement Age	: 60 Years.
Month of release of annual salary increment	: April.

**19.4.3 Actuarial assumptions**

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

	<b><u>Rate</u></b>	<b><u>Rate</u></b>
Discount rate	10.89%	10.50%
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.

**19.4.4 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.

	<b><u>Taka</u></b>	<b><u>Taka</u></b>
Increase of discount rate (1% movement)	(87,679,949)	(66,305,080)
Decrease of discount rate (1% movement)	117,438,488	90,667,105
Increase of future salary growth (1% movement)	117,110,485	90,381,664
Decrease of future salary growth (1% movement)	(87,700,592)	(66,327,158)

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 2026.

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31 March 2026

**19.4.5 Maturity profile defined benefit obligations**

Taka

Year 1	332,263
Year 2	399,352
Year 3	3,288,383
Year 4	4,390,803
Year 5	1,578,248
Year 6	1,183,846
Year 7	1,475,590
Year 8	4,842,145
Year 9	6,932,519
Year 10	12,287,338
Year 11 and onwards	644,756,367

The weighted average duration of the defined benefit obligation is 16.59

	<b>31 March 2026</b>	<b>31 March 2025</b>
	<u>Taka</u>	<u>Taka</u>
<b>20 Lease obligation - leases as lessee</b>		
<b>20.1 Lease liabilities recognized in statement of financial position</b>		
Lease liabilities - non current portion	23,568,252	14,109,905
Lease liabilities - current portion	14,054,935	19,467,383
	<u>37,623,187</u>	<u>33,577,288</u>
<b>20.2 Amounts recognized in profit or loss</b>		
Interest on lease obligation	5,110,456	4,525,961
Depreciation expense	22,229,793	23,117,579
	<u>27,340,249</u>	<u>27,643,540</u>
<b>20.3 Amounts recognized in statement of cash flows</b>		
Total cash outflows for leases	<u>27,920,146</u>	<u>26,130,338</u>
<b>20.4 Movement in lease payable</b>		
Opening balance	33,577,287	30,299,249
Additions during the year	11,057,605	24,882,416
Interest charged during the year	3,311,291	4,525,961
Payment made during the year	(27,920,146)	(26,130,338)
	<u>20,026,037</u>	<u>33,577,287</u>
<b>21 Long-term loan and borrowing</b>		
Pubali Bank PLC.	<u>114,675,291</u>	-
<b>22 Short-term loan and borrowings</b>		
Bank overdraft (note - 22.1)	776,298,132	780,342,661
Short term borrowings (note - 22.2)	980,660,446	1,066,912,444
	<u>1,756,958,578</u>	<u>1,847,255,105</u>
<b>22.1 Bank overdraft</b>		
State Bank of India	309,204,175	310,551,991
Pubali Bank PLC.	412,289,524	413,591,533
Bank Asia PLC.	54,804,433	56,199,137
	<u>776,298,132</u>	<u>780,342,661</u>
<b>22.2 Short-term borrowings</b>		
Bank Asia PLC.	55,004,075	4,569,316
One Bank PLC.	138,908,671	133,571,883
Pubali Bank PLC.	7,202,327	127,648,786
Parent company - KNPL	779,545,374	801,122,458
	<u>980,660,446</u>	<u>1,066,912,444</u>

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		31 March 2026	31 March 2025
<b>23</b>	<b>Trade and other payables</b>	<b><u>Taka</u></b>	<b><u>Taka</u></b>
	Trade payables	117,885,329	141,678,361
	Other payables - intercompany	152,674,327	140,418,528
		<b><u>270,559,656</u></b>	<b><u>282,096,889</u></b>
<b>23.1</b>	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.		
<b>24</b>	<b>Accruals</b>		
	TDS and VDS payables	124,222,875	95,905,909
	VAT and SD payable against sales	43,568,409	34,392,891
	Staff cost	18,756,662	18,810,069
	Audit fees	953,334	1,327,500
	Power and Gas	682,819	506,202
	Others	322,319,552	198,595,250
		<b><u>510,503,651</u></b>	<b><u>349,537,822</u></b>
<b>25</b>	<b>Provision for taxation</b>		
	Opening balance	207,763,243	95,209,448
	Add: Addition made during the year	29,474,807	112,553,795
		<b><u>237,238,049</u></b>	<b><u>207,763,243</u></b>

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 1% of total gross receipts or (c) tax deducted at source 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 tax deducted at source as tax expenses during the period of income year. The total current tax expenses for the year includes Taka 29,474,807 for the current year and the rest of Taka 207,763,243 for the previous periods.

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		31 March 2026	31 March 2025
		<u>Taka</u>	<u>Taka</u>
<b>26</b>	<b>Revenue</b>		
	Sales of product - local	1,357,617,800	2,243,498,975
	Service revenue	155,956	3,597,609
		<u>1,357,773,757</u>	<u>2,247,096,584</u>
	Less: Discounts and rebates	(130,063,405)	(230,520,031)
		<u><u>1,227,710,351</u></u>	<u><u>2,016,576,553</u></u>
<b>27</b>	<b>Cost of goods sold</b>		
	Raw and packaging material	768,357,584	1,247,836,313
	Direct labour (note - 27.1)	69,102,709	75,274,539
	Direct expenses (note - 27.2)	28,016,078	36,161,323
	Other production overhead (note - 27.3)	147,359,426	77,491,860
	Movement in work in process and finished goods	32,257,647	74,995,924
	Application charges (SLE)	305,724	16,000,498
		<u>1,045,399,168</u>	<u>1,527,760,458</u>
<b>27.1</b>	<b>Direct labour</b>		
	Salaries and wages	42,632,545	41,831,191
	Overtime	1,232,459	3,060,245
	Bonus	3,571,417	4,018,058
	Temporary labour wages	9,445,071	13,867,606
	Gratuity fund	3,834,416	2,737,304
	Provident fund	1,972,384	1,906,222
	Leave encashment	1,032,490	1,864,775
	Staff welfare	5,381,928	5,989,137
		<u>69,102,709</u>	<u>75,274,539</u>
<b>27.2</b>	<b>Direct expenses</b>		
	Power, water and gas	6,671,167	8,975,712
	Repairs and indirect materials	6,202,830	10,543,639
	Depreciation on property, plant and equipment (note - 5.1)	15,142,081	16,641,972
		<u>28,016,078</u>	<u>36,161,323</u>
<b>27.3</b>	<b>Other production overhead</b>		
	Demurrage	133,073,707	59,417,059
	Insurance	740,362	1,492,864
	Travelling, hauling and fooding expenses	1,349,449	1,202,037
	Rent and rates	822,950	1,172,800
	Fuel, toll and vehicle maintenance	908,639	1,069,466
	Security and safety	2,480,997	2,355,787
	Other expenses	7,983,323	10,781,847
		<u>147,359,426</u>	<u>77,491,860</u>
<b>28</b>	<b>Administrative expenses</b>		
	Staff cost (note - 28.1)	58,900,399	68,826,348
	Telephone, postage and supplies	904,961	988,482
	Office repairs and maintenance (note - 26.2)	11,385,707	12,026,645
	Registration and renewal	1,110,302	5,252,000
	Legal and professional fees	4,709,728	4,191,423
	Audit fees	1,050,000	1,029,500
	Vehicle repair and maintenance	586,521	1,431,189
	Rent, rates and taxes	1,629,660	1,613,840
	Insurance	599,653	668,744
	Depreciation on property, plant and equipment (note - 5.1)	3,112,350	3,798,487
	Depreciation on right-of-use assets (note - 9.1)	10,096,161	9,586,761
	Bank charges	2,133,771	4,482,370
	Others	124,354	212,677
		<u>96,343,566</u>	<u>114,108,465</u>

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	<b>31 March 2026</b>	<b>31 March 2025</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>28.1 Staff cost</b>		
Salaries and wages	48,240,554	56,186,701
Bonus	4,037,684	4,544,636
Leave encashment	352,239	-
Gratuity fund	3,221,136	3,315,116
Provident fund	1,549,141	2,241,391
Staff welfare and fooding expenses	1,148,393	1,517,117
Hotel, conveyance, tour and ticket	351,252	1,021,387
	<b><u>58,900,399</u></b>	<b><u>68,826,348</u></b>
<b>28.2 Office repairs and maintenance</b>		
Repairs and maintenance	8,629,209	9,075,088
Electricity, gas and water	2,756,498	2,951,557
	<b><u>11,385,707</u></b>	<b><u>12,026,645</u></b>
<b>29 Selling expenses</b>		
Staff cost (note - 29.1)	193,494,103	237,009,771
Advertisement	246,525	9,676,898
Royalty	12,255,799	20,007,184
Telephone, postage and supplies	3,334,083	4,528,787
Registration and renewal	265,194	341,832
Freight and transportation/delivery expenses	33,507,767	51,661,042
Business promotion	48,640,779	106,228,271
Travel, entertainment and others	15,373,689	26,640,578
Security and guard expenses	6,220,159	8,286,052
Rent, rates and taxes	2,190,775	2,665,314
Vehicle repairs and maintenance	5,279,147	11,506,987
Other repairs and maintenance (note - 29.2)	4,540,135	3,958,512
Bad and doubtful debts	10,904,462	9,001,928
Depreciation on property, plant and equipment (note - 5.1)	3,126,934	3,259,810
Amortization on intangible assets (note - 6)	3,441,958	3,603,257
Depreciation on right-of-use assets (note - 9.1)	12,133,633	13,530,818
	<b><u>354,955,142</u></b>	<b><u>511,907,042</u></b>
<b>29.1 Staff cost</b>		
Salaries and wages	138,421,580	176,426,291
Bonus and incentive	27,707,466	30,516,335
Gratuity fund	9,615,126	9,432,435
Provident fund	5,187,639	6,751,678
Leave encashment	567,852	12,000
Insurance	899,727	2,296,135
Fooding expenses and others	11,094,713	11,574,898
	<b><u>193,494,103</u></b>	<b><u>237,009,771</u></b>
<b>29.2 Other repairs and maintenance</b>		
Electricity, gas and water	1,307,943	1,807,802
Other maintenance	3,232,192	2,150,710
	<b><u>4,540,135</u></b>	<b><u>3,958,512</u></b>
<b>30 Other income</b>		
Gain/(loss) on sale of property, plant and equipment	1,745,146	(91,009)
Miscellaneous income	4,166,211	3,370,014
	<b><u>5,911,357</u></b>	<b><u>3,279,005</u></b>
<b>31 Net finance cost</b>		
Interest income	1,654,203	1,706,715
Finance cost (note 31.1)	(120,172,395)	(255,029,398)
	<b><u>(118,518,192)</u></b>	<b><u>(253,322,683)</u></b>

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	<b>31 March 2026</b>	<b>31 March 2025</b>
<b>31.1 Finance cost</b>	<b><u>Taka</u></b>	<b><u>Taka</u></b>
Interest expenses	180,008,587	190,153,432
Interest on lease	5,110,456	4,525,961
Foreign exchange loss	(64,946,648)	60,350,005
	<b><u>120,172,395</u></b>	<b><u>255,029,398</u></b>
<b>32 Earnings Per Share (EPS)</b>		
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.		
<b>32.1 Basic Earnings Per Share (EPS)</b>		
<b>The computation of Earnings Per Share is given below:</b>		
Earnings attributable to the ordinary shareholders	(394,079,754)	(408,416,029)
Weighted average number of ordinary shares outstanding during the year	122,000,000	122,000,000
	<b><u>(3.23)</u></b>	<b><u>(3.35)</u></b>
<b>32.1.1 Weighted average number of ordinary shares outstanding</b>		
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.		
	<b><u>No of share</u></b>	<b><u>No of share</u></b>
Issued ordinary shares	122,000,000	122,000,000
<b>Weighted average number of ordinary shares</b>	<b><u>122,000,000</u></b>	<b><u>122,000,000</u></b>
<b>32.2 Diluted Earning Per Share (EPS)</b>		
<b>Numerator (BDT)</b>		
Earnings attributable to the ordinary shareholders	(394,079,754)	(408,416,029)
<b>Denominator (Shares)</b>		
Weighted average number of ordinary shares outstanding for the year including dilutive potential ordinary shares (124,753 shares).	122,124,753	122,124,753
<b>Diluted EPS in BDT</b>	<b><u>(3.23)</u></b>	<b><u>(3.34)</u></b>
<b>33 Number of employee engaged for drawing remuneration</b>	<b><u>Number</u></b>	<b><u>Number</u></b>
<b>Disclosure as per requirement of schedule XI Part II of Para 3:</b>		
(a) Above Taka 3,000 per month	266	308
(b) Below Taka 3,000 per month	-	-
	<b><u>266</u></b>	<b><u>308</u></b>
<b>34 Contingent liabilities</b>		
Letter of credit	34,062,954	51,962,783
Bank guarantee (local)	10,593,542	23,213,616
Income tax demand for assessment year 2013-2014	17,384,458	17,384,458
Income tax demand for assessment year 2017-2018	22,413,508	22,413,508
Income tax demand for assessment year 2019-2020	8,751,926	8,751,926
Income tax demand for assessment year 2020-2021	17,243,049	17,243,049
Income tax demand for assessment year 2021-2022	55,685,615	55,685,615
Income tax demand for assessment year 2022-2023	8,914,385	8,914,385
Income tax demand for assessment year 2023-2024	23,810,867	23,810,867
Income tax demand for assessment year 2024-2025	1,190,862	-
	<b><u>200,051,166</u></b>	<b><u>229,380,207</u></b>
<b>35 Capital expenditure commitment</b>		
There were no capital expenditure commitments at the year ended 31 March 2026 (31 March 2025: Nil).		
<b>36 Events after the reporting date</b>		
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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**37 Related party transactions**

**37.1 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.

**37.2 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 2026	31 March 2025
<b>Short-term employee benefits</b>	<b>13,618,586</b>	<b>14,222,826</b>	<b>(1,056,160)</b>	<b>(1,660,400)</b>

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

**37.3 Other related party transactions**

*(Amounts in Taka)*

Name of party	Nature of related party transactions	Transaction for the period		Balance outstanding	
		DR.	CR.	31 March 2026	31 March 2025
<b>Transactions with parent company</b>					
Kansai Nerolac Paints Limited	Royalty	-	12,255,799	(152,674,327)	(140,418,528)
Kansai Nerolac Paints Limited	Loan	21,577,085	-	(779,545,374)	(801,122,458)
<b>Transactions with other related parties (under common control)</b>					
Mohammad Trading	Purchase	-	-	6,662	6,662
Speedway International	C&F Agent & transport	21,999,086	22,004,075	(263,457)	(258,468)
Qamar - Uz - Zaman	Advance	-	-	1,174,484	1,174,484
Star Porcelain Limited	Sales	35,133	103,081	(1,346)	66,603
Star Ceramics Limited	Sales	-	-	377,607	377,607
Rakeen Development Co. (BD) Limited	Sales	-	18,002	2,988,520	3,006,522
	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	713,516	521,090	277,455	85,030
RAK Security & Services Pvt. Limited	Security Services provider	13,326,413	13,311,291	(1,752,835)	(1,767,957)
RAK Power Ltd.	Sales	-	3,635	(40)	3,595
Palli Properties Pte Ltd.	Sales	47,219	46,950	(269)	-
Palli Properties Pte Ltd.	Service Provider	18,223,322	18,654,650	(1,372,561)	(941,233)
Pelikan Plastic & Packaging Pvt. Limited	Packaging Material Supplier	2,621,856	2,095,029	(28,987)	(555,813)
	Commission	2,893,824	6,262,838	-	3,369,014
		<b>81,437,452</b>	<b>75,276,440</b>	<b>(930,974,941)</b>	<b>(937,135,416)</b>

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 year of allowances for expected losses in respect of amounts owed by related parties.

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**38 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.

**38.1 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.

	<b>31 March 2026</b>	<b>31 March 2025</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>Financial assets</b>		
Trade and other receivables	396,833,428	486,243,326
Cash and cash equivalents	12,574,375	19,860,731
	<b><u>409,407,803</u></b>	<b><u>506,104,057</u></b>

**Aging of financial assets**

The exposure to credit risk for trade debtors at the end of the reporting year:

Trade receivables	392,820,345	480,570,367
Other receivables	4,013,083	5,672,959
	<b><u>396,833,428</u></b>	<b><u>486,243,326</u></b>

**Aging of trade receivables**

Past due 1-30 days	122,567,250	143,678,634
Past due 31-60 days	60,061,634	107,979,397
Past due 61-90 days	34,785,996	20,922,246
Past due 91-180 days	41,541,584	55,248,994
Past due over 180 days	151,550,643	144,422,826
Past due of receivable from dealer (Tinting)	17,813,238	37,818,270
	428,320,345	510,070,367
Allowances for expected losses	(35,500,000)	(29,500,000)
	<b><u>392,820,345</u></b>	<b><u>480,570,367</u></b>

**The movement of allowances for expected losses in trade and other receivables during the year was as follows:**

Opening balance	29,500,000	23,500,000
Provision made during the year	6,000,000	6,000,000
	<b><u>35,500,000</u></b>	<b><u>29,500,000</u></b>

**Aging of cash and cash equivalents**

Cash in hand	1,659,462	2,316,564
Cash at banks	10,914,913	17,544,167
	<b><u>12,574,375</u></b>	<b><u>19,860,731</u></b>

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**39 Going concern**

The accumulated loss and net negative equity of the Company during the financial period ended 31 March 2026 appear Taka 2,561,638,921 and Taka 1,340,391,389 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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