CEAT AKKHAN LTD.

Auditor's report and financial statements
As at and for the year ended 31 March 2026

Saif Kashem & Co.
Chartered Accountants
AUDIT • TAX • ADVISORY

Delowar Bhaban (3rd Floor)
104 Agrabad Commercial Area
Chattogram-4000
Bangladesh.

Independent Auditor's Report
to the Shareholders of CEAT AKKHAN LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CEAT AKKHAN LTD. ("the Company"), which comprise the statement of financial position as at 31 March 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 to the financial statements where management explains that the going concern basis of preparing the financial statements has not been used as the company has ceased its business operations. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Chattogram, 15 APR 2026
DVC2604270847AS726300
FRC Enlistment Number. CAF-001-082

Mohammad Saif Uddin FCA
Enrollment No: 0847
Managing Partner
Saif Kashem & Co.
Chartered Accountants

Saif Kashem & Co. Chartered Accountants

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CEAT AKKHAN LTD.
Statement of financial position
As at 31 March

In Taka	*Notes*	2026	2025
Assets			
Assets held-for-sale	6	**620,267,830**	620,384,532
Trade and other receivables	7	-	308,333
Inter company receivables	8	**14,288,409**	30,341,199
Advances, deposits and prepayments	9	**72,750,897**	72,878,611
Cash and cash equivalents	10	**36,948**	16,881,706
Current assets		**707,344,083**	740,794,381
Total assets		**707,344,083**	740,794,381
Equity			
Share capital	11	**1,500,000,000**	1,500,000,000
Retained earnings		**(997,009,925)**	(959,821,082)
Total equity		**502,990,075**	540,178,918
Liabilities			
Trade and other payables	12	**120,966,354**	120,733,481
Accruals	13	**39,394,526**	38,587,582
Inter company payable	14	**43,308,353**	42,886,518
Current tax liabilities	15	**684,774**	(1,592,118)
Current liabilities		**204,354,008**	200,615,463
Total liabilities		**204,354,008**	200,615,463
Total equity and liabilities		**707,344,083**	740,794,381

The notes on pages 7 to 33 are an integral part of these financial statements.

Chairman/ Director

Managing Director/ Director

Company Secretary

Signed in terms of our annexed report of same date.

Mohammad Saif Uddin FCA
Enrollment No: 0847
Managing Partner
Saif Kashem & Co.
Chartered Accountants

Chattogram, 15 APR 2026
DVC 2604270847AS726300

FRC Enlistment Number. CAF-001-082

Saif Kashem & Co. Chartered Accountants

CEAT AKKHAN LTD.

Statement of profit or loss and other comprehensive income

For the year ended 31 March

In Taka	Notes	2026	2025
Revenue	16	-	252,386,056
Cost of sales	17	-	(216,242,398)
Gross profit		-	36,143,658
General and administrative expenses	18	**(34,945,018)**	(69,632,163)
Operating profit/(loss)		**(34,945,018)**	(33,488,505)
Finance income	19	**269,847**	1,522,782
Finance expenses	20	-	(7,765,012)
Net finance costs		**269,847**	(6,242,230)
Other income/(loss)	21	**(115,145)**	(10,673,447)
Profit/(loss) before tax		**(34,790,316)**	(50,404,182)
Income tax (expenses)/benefit	22	**(2,398,527)**	1,282,137
Profit/(loss) for the year		**(37,188,843)**	(49,122,045)
Other comprehensive income		-	-
Total comprehensive income/(loss)		**(37,188,843)**	(49,122,045)

The notes on pages 7 to 33 are an integral part of these financial statements.

Chairman/
Director

Managing Director/
Director

Company Secretary

Signed in terms of our annexed report of same date.

Chattogram, 15 APR 2026

DVC2604270847AS726300

FRC Enlistment Number. CAF-001-082

Mohammad Saif Uddin FCA
Enrollment No: 0847
Managing Partner
Saif Kashem & Co.
Chartered Accountants

Saif Kashem & Co. ★ Chartered Accountants ★

CEAT AKKHAN LTD.
Statement of changes in equity

For the year ended 31 March 2025

In Taka	Attributable to owners of the Company Share capital	 Retained earnings	 Total equity
Balance as at 1 April 2024	1,500,000,000	(910,699,037)	589,300,963
Profit/(loss) for the year	-	(49,122,045)	(49,122,045)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	-	(49,122,045)	(49,122,045)
Balance at 31 March 2025	1,500,000,000	(959,821,082)	540,178,918

For the year ended 31 March 2026	Attributable to owners of the Company Share capital	 Retained earnings	 Total equity
Balance as at 1 April 2025	**1,500,000,000**	**(959,821,082)**	**540,178,918**
Profit/(loss) for the year	-	**(37,188,843)**	**(37,188,843)**
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	-	**(37,188,843)**	**(37,188,843)**
Balance at 31 March 2026	**1,500,000,000**	**(997,009,925)**	**502,990,075**

The notes on pages 7 to 33 are an integral part of these financial statements.

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CEAT AKKHAN LTD.
Statement of cash flows

For the year ended 31 March *In Taka*	Notes	2026	2025
Cash flows from operating activities			
Profit before tax		**(34,790,316)**	(50,404,182)
Adjustment for :			
Adjustment for impairment		-	233,400
Amortisation		-	1,805
Gain/(loss) on disposal of property, plant and equipment	21	**115,145**	67,031
		(34,675,171)	(50,101,946)
Changes in:			
Inventories		-	206,412,421
Trade and other receivables	7	**308,333**	121,161,543
Inter company receivables	8	**16,052,790**	(2,984,379)
Advances, deposits and prepayments	9 & 15.2	**1,556,767**	127,901,433
Trade and other payables	12	**232,873**	(7,198,698)
Accruals & defined benefit obligation	13	**806,944**	(13,000,726)
Inter company payable	14	**421,835**	4,218,345
Cash generated from/(used in) operating activities		**(15,295,629)**	386,407,994
Income tax paid		**(1,550,688)**	(57,030,479)
Net cash generated from/(used in) operating activities		**(16,846,317)**	329,377,515
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**1,559**	115,712
Proceeds from encashment of Fixed deposit		-	200,000
Net cash used in investing activities		**1,559**	315,712
Cash flows from financing activities			
Proceeds from/(repayment of) short term loan & bank overdraft		-	(471,148,820)
Net cash flows from financing activities		-	(471,148,820)
Net increase/ (decrease) in cash and cash equivalents		**(16,844,758)**	(141,455,593)
Cash and cash equivalents as at 1 April		**16,881,706**	158,337,299
Cash and cash equivalents as at 31 March	10	**36,948**	16,881,706

The notes on pages 7 to 33 are an integral part of these financial statements.

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1 Reporting entity

1.1 Company profile

CEAT AKKHAN LTD. ("the Company") is a public limited company incorporated under the Companies Act, 1994 vide incorporation no. C-102115/12 dated 30 May 2012. The address of the Company's registered office is 606 Shanta Western Tower, 186 Tejgaon I/A, Dhaka-1208. The Company changed its name from CEAT Bangladesh Limited to CEAT AKKHAN LTD. in accordance with a resolution adopted by the shareholders of the Company at an Extra-ordinary General Meeting held on 6 November 2014 and subsequently endorsed by the Assistant Registrar of Joint Stock Companies & Firms vide their certificate no. C-102115 dated 24 November 2014.

1.2 Nature of business

The Company was incorporated with the primary objective of designing, developing, constructing, producing, repairing, purchasing, selling, importing, exporting and generally dealing in tyres, semi-tyres, tubes and flaps for all types of vehicles used in heavy, medium and light passenger transports, cars, scooters, motorcycles and other two and three wheel vehicles. However, the Company never commenced its planned manufacturing operations as of 31 march 2026. The Company has ceased all trading operations and is in the process of liquidating its remaining assets.

1.3 Decision of Discontinuation of operation

The Company has discontinued its import and trading operations in Bangladesh due to significant challenges which include high AIT deducted or collected at the import stage that can't be carried forward or adjusted with operations that could not be passed on to customers in the form of price. Additionally, current high exchange rate for USD to BDT and difficulties in opening LCs due to a shortage of dollars have further complicated the import operations. These factors have led to a continuous increase in the operating cost leading to losses. As a result, it has reduced the manpower and closed regional offices as the infrastructure was created based on local manufacturing model.

The above decisions was ratified by a board of directors resolution at the board meeting held on 25 April 2024. The company has not yet completed the required formalities to cease the operation and would take additional steps.

2 Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994.

2.2 Authorisation for issue

The financial statements were authorised for issue by the Board of Directors on ... 15 APR 2026

2.3 Reporting period

The financial period of the Company covers twelve months from 1 April to 31 March and is followed consistently.

Details of the Company's accounting policies including changes during the year are included in notes 28.

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3 Basis of Preparation

In light of the above decision(note 1.3) of closure of trading operations, management has determined that the going concern basis is no longer appropriate for the preparation of the financial statements. Accordingly, these financial statements have been prepared on a basis other than going concern. Accordingly, the non-current assets and liabilities have been reclassified as current and presented in order of liquidity. Assets are deemed to be financially impaired or additional financial obligation arose as result of the decision to terminate operations, the Company has written down assets and recognised liabilities accordingly.

The financial statements have been prepared based on accrual basis of accounting except the statement of cash flows.

4 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional currency. All financial information are presented in Taka and have been rounded off to the nearest Taka unless otherwise indicated.

5 Use of estimates and judgements

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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods 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 recognised in these financial statements are stated in the following notes:

Note 6	Assets held-for-sale
Note 15	Current tax liabilities

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6 Assets held-for-sale

See accounting policies in Note 28.B

In Taka	Land and Land development	Furniture and fixtures	Office equipment	IT equipment	Electrical equipment	Total
Cost						
Balance at 1 April 2024	619,776,065	2,148,231	1,924,941	3,841,006	535,797	628,226,040
Additions/transferred to PPE		-	-	-	-	-
Adjustment for impairment	-	(69,432)	(88,315)	(54,366)	(21,287)	(233,400)
Disposals		(123,073)	(571,430)	(2,013,276)	(110,000)	(2,817,779)
Balance at 31 March 2025	619,776,065	1,955,726	1,265,196	1,773,364	404,510	625,174,861
Balance at 1 April 2025	**619,776,065**	**1,955,726**	**1,265,196**	**1,773,364**	**404,510**	**625,174,861**
Additions/transferred to PPE	-	-	-	-	-	-
Disposals	-	**(652,609)**	**(255,908)**	**(365,826)**	**(121,680)**	**(1,396,023)**
Balance at 31 March 2026	**619,776,065**	**1,303,117**	**1,009,288**	**1,407,538**	**282,830**	**623,778,838**
Accumulated depreciation						
Balance at 1 April 2024	-	1,970,430	1,613,387	3,528,613	312,934	7,425,364
Adjustment for disposals	-	(116,028)	(536,997)	(1,912,614)	(69,396)	(2,635,035)
Balance at 31 March 2025	-	1,854,402	1,076,390	1,615,999	243,538	4,790,329
Balance at 1 April 2025	-	**1,854,402**	**1,076,390**	**1,615,999**	**243,538**	**4,790,329**
Adjustment for disposals	-	**(619,979)**	**(239,232)**	**(347,535)**	**(72,574)**	**(1,279,320)**
Balance at 31 March 2026	-	**1,234,423**	**837,158**	**1,268,464**	**170,963**	**3,511,008**
Carrying amounts						
At 31 March 2025	619,776,065	101,325	188,805	157,365	160,972	620,384,532
At 31 March 2026	**619,776,065**	**68,695**	**172,129**	**139,075**	**111,867**	**620,267,830**

***see note 24a contingent Liabilities for details of a tittle dispute over a portion of the company's land.**

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7 Trade and other receivables

See accounting policies in Note 28.D

In Taka	**31-Mar-26**	31-Mar-25
Trade receivables	-	-
Less: Provision for doubtful debt	-	-
	-	-
Other receivable	-	308,333
	-	308,333

Other receivables include interest receivable from fixed deposits.

8 Inter company receivables

In Taka	**31-Mar-26**	31-Mar-25
CEAT Limited, India	**14,288,409**	30,341,199
	14,288,409	30,341,199

9 Advances, deposits and prepayments

See accounting policies in Note 28.D

In Taka	*Note*	**31-Mar-26**	31-Mar-25
Advances			
Advance to employees		**31,338**	79,822
Advance to suppliers	9.1	**558,875**	485,516
Advance VAT		**71,431,812**	71,431,812
		72,022,025	71,997,150
Deposits			
Security deposit		**728,872**	881,461
		728,872	881,461
		72,750,897	72,878,611

9.1 Advance to suppliers	**31-Mar-26**	31-Mar-25
Advance to suppliers	**84,488,480**	84,415,121
Less: Provision for doubtful advance	**(83,929,605)**	(83,929,605)
	558,875	485,516

10 Cash and cash equivalents

See accounting policies in Note 28.D

In Taka	*Note*	**31-Mar-26**	31-Mar-25
Cash in hand		-	10,423
Cash at bank			
Fixed deposit receipt		-	14,000,000
Short term deposits and current accounts	*10.1*	**36,948**	2,871,283
		36,948	16,871,283
Cash and cash equivalents in the statement of financial position		**36,948**	16,881,706

Saif Kashem & Co. * Chartered Accountants *

10.1 Short term deposits and current accounts

In Taka	31-Mar-26	31-Mar-25
Standard Chartered Bank	**19,807**	184,448
The City Bank Limited	**11,045**	1,939,552
Eastern Bank Limited	**6,097**	371,859
Prime Bank Limited	-	353,018
State Bank of India	-	22,406
	36,948	2,871,283

11 Share capital

See accounting policies in Note 28.E

In Taka	31-Mar-26	31-Mar-25
Authorised:		
150,000,000 ordinary shares of Taka 10 each	**1,500,000,000**	1,500,000,000
	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up:		
150,000,000 ordinary shares of Taka 10 each	**1,500,000,000**	1,500,000,000
	1,500,000,000	1,500,000,000

11.1 Shareholding position

	31-Mar-26		31-Mar-25	
Name of shareholders	Number of shares	Value (Taka)	Number of shares	Value (Taka)
CEAT Limited, India	104,999,994	1,049,999,940	104,999,994	1,049,999,940
A.K. KHAN & Co. Limited, Bangladesh	45,000,000	450,000,000	45,000,000	450,000,000
Mr. Harsh Vardhan Goenka	1	10	1	10
Mr. Anant Vardhan Goenka	1	10	1	10
Mr. Suresh Mathew	1	10	1	10
Mr. Tom Thomas	1	10	1	10
Mr. Paras Kumar Chowdhury	1	10	1	10
Mr. Jyotibrata Banerjee	1	10	1	10
	150,000,000	**1,500,000,000**	150,000,000	1,500,000,000

11 Percentage of shareholdings

	31-Mar-26	31-Mar-25
Name of shareholder		
CEAT Limited, India	**69.999996%**	69.999996%
A.K. KHAN & Co. Limited, Bangladesh	**30.000000%**	30.000000%
Mr. Harsh Vardhan Goenka	**0.000001%**	0.000001%
Mr. Anant Vardhan Goenka	**0.000001%**	0.000001%
Mr. Suresh Mathew	**0.000001%**	0.000001%
Mr. Tom Thomas	**0.000001%**	0.000001%
Mr. Paras Kumar Chowdhury	**0.000001%**	0.000001%
Mr. Jyotibrata Banerjee	**0.000001%**	0.000001%
	100.000000%	100.000000%

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12 Trade and other payables

See accounting policies in Note 28.D

In Taka	Note	31-Mar-26	31-Mar-25
Trade payables	12.1	329,417	196,016
Advance received from dealers		120,000,000	120,000,000
Withholding tax payable		568,398	350,909
Withholding VAT payable		68,539	186,556
		120,966,354	120,733,481

12.1 Trade payables

In Taka	31-Mar-26	31-Mar-25
Trade payables:		
Other trade payables	329,417	196,016
	329,417	196,016

13 Accruals

In Taka	31-Mar-26	31-Mar-25
Salaries and allowances	4,214,625	2,865,260
Provision for retirement benefits	2,404,404	1,741,219
Promotional and advertisement expenses	263,234	263,234
Consultancy fees & Legal Expenses	30,065,026	30,467,526
Audit fee	143,750	488,750
Travelling expenses	699,106	1,014,303
Selling and distribution expenses payable	270,644	270,644
Network, communication, utilities and others	1,333,738	1,476,646
Total accruals	39,394,526	38,587,582

14 Inter company payable

See accounting policies in Note 28.D

In Taka	31-Mar-26	31-Mar-25
CEAT Limited, India	43,308,353	42,886,518
	43,308,353	42,886,518

Inter company payable includes amount payable for project implementation, and plant commissioning services and bank guarantee.

15 Current tax liabilities

See accounting policies in Note 28.L

In Taka	Notes	31-Mar-26	31-Mar-25
Provision for tax	15.1	10,176,959	9,329,120
Advance income tax	15.2	(9,492,185)	(10,921,238)
		684,774	(1,592,118)

15.1 Provision for tax

In Taka	Note	31-Mar-26	31-Mar-25
Balance as at 1 April		9,329,120	67,641,736
Provision made during the year	22	2,398,527	(1,282,137)
		11,727,647	66,359,599
Paid/adjusted during the year		(1,550,688)	(57,030,479)
Balance as at 31 March		10,176,959	9,329,120

Saif Kashem & Co. Chartered Accountants

15.2 Advance income tax

In Taka	31-Mar-26	31-Mar-25
Opening balance	**10,921,238**	63,545,756
Additions	**121,635**	4,288,579
Adjustment for completion of assessment of prior year	**(1,550,688)**	(56,913,097)
Closing balance	**9,492,185**	10,921,238

This includes TK 89,10,355 paid as minimum tax under section 120 which is adjustible in future under section 163(8) of Income Tax Act 2023.

16 Revenue

See accounting policies in Note 28.K

In Taka	31-Mar-26	31-Mar-25
Sales revenue	-	252,386,056
	-	252,386,056

16.1

In units	31-Mar-26	31-Mar-25
Sale of:		
Tyre	-	28,198
	-	28,198

17 Cost of sales

In Taka	31-Mar-26	31-Mar-25
Opening inventories	-	206,412,421
Purchase during the year	-	9,829,977
	-	216,242,398

18 General and administrative expenses

In Taka	Notes	31-Mar-26	31-Mar-25
Salaries, allowances and benefits		**24,396,072**	27,884,698
Audit fees		-	542,907
Govt. Fees		**369,792**	388,144
Consultancy & Legal Expenses		**669,875**	21,227,435
Car rent expenses		**3,117**	781,513
Fuel, Gas & Toll fees expenses		**30,104**	766,516
Network and communication		**535,127**	1,070,976
Impairment for asset held-for-sale		-	233,400
Amortisation	*6*	-	1,805
Entertainment		**154,265**	478,293
Insurance		**421,572**	968,501
Travelling expenses-Local		**187,480**	-
Travelling expenses-Foreign		**736,146**	1,454,158
Selling, distribution and sales related obligation		-	369,402
Casual labour		**22,500**	-
Health & Safety / Medical Expenses		**1,115**	-
Promotional and advertisement expenses		-	100,000
Security and cleaning charges		**2,548,658**	4,145,569
Books & Periodical		**16,861**	-
Repair and maintenance		**421,234**	617,836
Rent		**3,628,710**	6,339,119
Utilities and others		**413,879**	520,034
Foreign exchange (gain)/loss		**331,132**	1,233,966
Bank charges		**57,379**	507,891
		34,945,018	69,632,163

Saif Kashem & Co. Chartered Accountants

19 Finance income

See accounting policies in Note 28.N

In Taka	**31-Mar-26**	31-Mar-25
Interest on fixed and short term deposits	**269,847**	1,522,782
	269,847	1,522,782

20 Finance expenses

See accounting policies in Note 28.N

In Taka	**31-Mar-26**	31-Mar-25
Interest on short term loans	-	7,765,012
	-	7,765,012

21 Other income/(loss)

In Taka	**31-Mar-26**	31-Mar-25
Gain/(loss) on disposal of property, plant and equipment	**(115,145)**	(94,993)
Scraps and other sales	-	175,479
Advance written off	-	(10,753,933)
	(115,145)	(10,673,447)

22 Income tax (expenses)/benefit

See accounting policies in Note 28.L

In Taka	**31-Mar-26**	31-Mar-25
Current tax expense/benefit:		
For current year	**1,266,604**	2,696,462
Adjustment on completion of assessment for prior year	**1,131,923**	(3,978,599)
	2,398,527	(1,282,137)

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23 Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. 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 Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is mainly attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customers. Receivables are normally paid within very short time from when they are invoiced and credit risk from these receivables is very minimal.

The company normally provides goods and services to their customers on credit basis. The company has established and implemented standard credit management policies, processes, IT systems, and credit risk evaluation models. In addition, The company has established a dedicated credit management function in the organisation. The company uses the credit risk evaluation models to determine customer credit ratings and credit limits, and has implemented various risk control points over key processes along the end-to-end sales cycle. The company's Credit Management Department regularly evaluates credit risk exposures, estimates potential losses, and allocates bad debt provisions as appropriate. In the event that the credit risk for a specific customer or outstanding trade receivable becomes inappropriately high, a special handling process is initiated to mitigate the risk.

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In Taka	**Notes**	**31-Mar-26**	**31-Mar-25**
Trade and other receivables	7	-	308,333
Deposits	9	728,872	881,461
		728,872	1,189,794

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23.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 March 2026

			Contractual cash flows					
In Taka	*Notes*	Carrying amount	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Trade and other payables	12	120,966,354	(120,966,354)	-	-	(120,966,354)	-	-
Accruals	13	39,394,526	(39,394,526)	(39,394,526)	-	-	-	-
Inter company payable	14	43,308,353	(43,308,353)	-	(43,308,353)	-	-	-
		203,669,233	(203,669,233)	(39,394,526)	(43,308,353)	(120,966,354)	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31 March 2025

			Contractual cash flows					
In Taka	*Notes*	Carrying amount	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Trade and other payables	12	120,733,481	(120,733,481)	(120,733,481)	-	-	-	-
Accruals	13	38,587,582	(38,587,582)	(38,587,582)	-	-	-	-
Inter company payable	14	42,886,518	(42,886,518)	-	(42,886,518)	-	-	-
		202,207,581	(202,207,581)	(159,321,063)	(42,886,518)	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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23.3 Market risk

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

a) Currency risk

The Company is exposed to currency risk relating to purchases and other transactions which are denominated in foreign currencies. The Company's foreign currency transactions are denominated in United States Dollar (USD).

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	As at 31 March 2026		As at 31 March 2025	
	Taka	USD	Taka	USD
Foreign currency denominated assets				
Inter company receivables	14,288,409	115,977	30,341,199	248,698
	14,288,409	115,977	30,341,199	248,698
Foreign currency denominated liabilities				
Inter company payable	(43,308,353)	(351,529)	(42,886,518)	(351,529)
	(43,308,353)	(351,529)	(42,886,518)	(351,529)
Net exposure	(29,019,944)	(235,552)	(12,545,319)	(102,830)

The following exchange rates are applied at reporting date:

	31-Mar-26	31-Mar-25
USD	123.20	122.00

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Sensitivity analysis

A reasonably possible strengthening (weakening) of foreign currency against Taka at 31 March would have effected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown in the following table. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

In Taka	**Strengthening profit or (loss)**	Weakening *profit or (loss)*
31 March 2026		
USD (5 percent movement)	**(1,450,999)**	1,450,999
	(1,450,999)	1,450,999
31 March 2025		
USD (5 percent movement)	**(627,266)**	627,266
	(627,266)	627,266

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company is not significantly exposed to fluctuation in interest rates as it had neither floating interest rate bearing financial liabilities nor had it entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

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23.3 Market risk (continued)

c) Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount						
In Taka	*Notes*	Fair value - hedging instruments	FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
31 March 2026								
Financial assets not measured at fair value								
Advances, deposits and prepayments	*9*	-	-	-	-	72,750,897	-	72,750,897
Cash at bank	*10*	-	-	-	-	36,948	-	36,948
		-	-	-	-	72,787,844	-	72,787,844
Financial liabilities not measured at fair value								
Trade and other payables	*12*	-	-	-	-	-	120,966,354	120,966,354
Inter company payable	*14*	-	-	-	-	-	43,308,353	43,308,353
		-	-	-	-	-	164,274,707	164,274,707

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In Taka	Notes	Carrying amount						
		Fair value - hedging instruments	FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
31 March 2025								
Financial assets not measured at fair value								
Trade and other receivables	*7*	-	-	-	-	308,333	-	308,333
Advances, deposits and prepayments	*9*	-	-	-	-	72,878,611	-	72,878,611
Cash at bank	*10*	-	-	-	-	16,871,283	-	16,871,283
		-	-	-	-	90,058,227	-	90,058,227
Financial liabilities not measured at fair value								
Trade and other payables	*12*	-	-	-	-	-	120,733,481	120,733,481
Inter company payable	*14*	-	-	-	-	-	42,886,518	42,886,518
		-	-	-	-	-	163,619,999	163,619,999

24 Commitments and Contingencies

a) Contingent liabilities

Of the 28.24 acres of land acquired by the company in Bhaluka, Mymensingh, 6.62 acres is subject to dispute whereby the company's mutation of the said portion of land was cancelled. The Bangladesh Forest Department filed two cases claiming the title of land, both cases were disposed in favour of the company at district court level. The Forest Department has subsequently filed an appeal before District Judge Court Mymensingh against such order but proceedings yet to be started.

25 Related parties

a) Parent and ultimate controlling party

The ultimate parent of the Company CEAT Limited incorporated in India.

b) Other related party transactions

		Transaction values for		Receivable/(Payable)	
In Taka	**Relationship**	**2026**	2025	**2026**	2025
Bank guarantee					
CEAT Limited, India	Parent company	**(22,235)**	(222,346)	**(2,282,753)**	(2,260,518)
Claim for tyre replacement					
CEAT Limited, India	Parent company	**(16,052,790)**	2,984,380	**14,288,409**	30,341,199
Project implementation and plant commissioning services*					
CEAT Limited, India	Parent company	**(399,600)**	(3,996,000)	**(41,025,600)**	(40,626,000)
C&F Agent:					
A.K. KHAN & Co. Limited	Shareholder	-	3,298,300	-	-

*Pursuant to a Technology, Trade Mark and Trade Name License Agreement between CEAT Limited, India and CEAT AKKHAN LTD. dated 23 January 2013.

26 Subsequent events

In accordance with IAS 10: Events after the Reporting Period, amounts recognised in the financial statements are adjusted for events after the reporting period that provide additional evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period except below.

The Company had no other significant events after the reporting period except above that might require adjustment or disclosure in the financial statements.

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27 Other Disclosure

27.1 Particulars of employees

During the year under audit or part thereof, number of employees receiving remuneration of Taka 55,000 or more in the year ended 31 March 2026 was 7.

27.2 Remittance in foreign currency

In Taka			2026	2025
Name of the party	Nature of transaction	Currency		
CEAT India Ltd.	Claim received for Tyre replacement warrenty	USD	**132,721**	-

27.3 Going concern

As discussed in notes 1.3 and 3, following managements decision of discontinuation of Company's trading operation, the going concern basis is no longer an appropriate basis of preparation for the financial statements. Hence, these financial statements have been prepared on a basis other than going concern.

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28 Significant accounting policies

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

Set out below is an index of the significant accounting policies, the details of which are available on the following pages:

A Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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 which is measured at cost.

ii. Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

iii. Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The Company considers 5% of the costs as salvage value for each category of assets. Capital work-in-progress is not depreciated.

Depreciation on newly acquired asset is charged from the month of acquisition. On deletion/disposal of an asset, depreciation is charged up to the month prior to the deletion/disposal.

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The rates of depreciation vary according to the estimated useful lives of each particular class of property, plant and equipment, as follows:

Category	Useful life in years	Rate of depreciation
Furniture and fixtures	10	9.50%
Office equipment	5	19%
IT equipment	3	31.67%
Electrical equipment	20	4.75%

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

iv. Retirements and disposals

An item of property, plant and equipment is derecognised on disposal or when no further economic benefits are expected from its use. Gain or loss on disposal of an item of property, plant and equipment is determined as the difference of net disposal proceeds and the carrying amount of an item of property, plant and equipment and is recognised as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

v. 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 which is measured at cost. Capital work-in-progress consists of acquisition costs of land, plant and machinery, capital components of other equipment and related installation costs incurred until the date placed in service.

B Assets held-for-sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held-for-sale if it is highly probable that their recovery will be achieved primarily through sale rather than continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any Impairment loss on a disposal group is allocated first to goodwill, then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale, as well as subsequent gains or losses on remeasurement, are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant, and equipment are no longer amortized or depreciated and any equity-accounted investees is no longer equity accounted.

When the sale is expected to occur beyond one year, the entity shall measure the costs to sell at their present value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented in profit or loss as a financing cost.

C Intangible assets

i. Recognition and measurement

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible asset is recognised when all the conditions for recognition as per IAS 38: *Intangible Assets* are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner. Intangible assets include SAP, Project Information Archive System (PIAS) and other office software.

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ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the statement of profit or loss and other comprehensive income when incurred.

iii. Amortisation

Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of intangible assets. The intangible asset is amortised from the month of its capitalisation. The estimated useful lives for intangible assets are three years.

D 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.

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.
Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets include cash and cash equivalents, trade and other receivables and receivable from related parties.

(a) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and all cash deposits with maturities of three 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.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Classification and subsequent measurement of financial liability

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities include trade and other payables, borrowings, accrued expenses, etc.

(a) 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.

(b) Loans and borrowings

Principal amounts of the loans and borrowings are stated at their amortised amount. Borrowings repayable after twelve months from reporting date are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from reporting date, unpaid interest and other charges are classified as current liabilities.

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(c) Accrued expenses

Accrued expenses represent various operating expenses that are due at the reporting date which are initially measured at fair value.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

In the case the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Impairment of financial assets

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

E Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

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F Impairment

i. Recognition for non-financial assets

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

ii. Calculation of recoverable amount

The recoverable amount of asset is the greater of its net selling price or its value in use. The latter is determined by discounting the estimated future cash flows to a present value using a discount rate which reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

iii. Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

G Inventories

Inventories are measured at the lower of cost and net realisable value less allowance for obsolescence. Cost is calculated except for goods in transit on weighted average basis and includes expenditure for acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is defined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Goods in transit are valued at cost.

H Employee benefits

The company has discontinued all employee benefit scheme following the decision of termination of Company's trading operation as discussed on note 1.3 and 3. The company has made provision for retirement benefits obligations on estimated basis to cover the payment of retirement benefits, if any, at the time of winding up of the company.

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I Provisions

A provision is recognised on the reporting date if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provision are reversed.

i Provision for warranty

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to three years.

J Contingencies

i. Contingent liability

Contingent liability is a possible obligation that arises from past events, the existence of which can be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

ii. Contingent asset

Contingent asset is a possible asset that arises from past events, the existence of which can be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

K Revenue

Revenues from contracts with customers are recognised when the performance obligations towards customer have been met. Performance obligations are deemed to have been met when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer includes fixed amounts, variable amounts or both. The Company acts as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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Sale of Goods

Revenue from sale of goods (Tyres, tubes and flaps) is recognised at a point in time when control of the goods is transferred to customer depending on terms of sales. The normal credit term is 30 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, if any.

Variable consideration

The Company offers various forms of discounts on the goods sold to its dealers and distributors. In all such cases, accumulated experience is used to estimate and provide for the variability in revenue, using the expected value method and the revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future on account of refund or discounts.

Significant financing component

Generally, the Company receives advances from its customers. Using the practical expedient IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Sales related obligations

The Company normally provides sales related obligations for a period of three years on all its products sold, in line with industry practice. These sales related obligations are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See Note 18 for more information. The Company does not provide any extended warranties to its customers.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to note 35.C.i – Financial Instruments in accounting policies.

L Income tax

Income tax expenses comprise current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income.

i. Current tax

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority but they intend to settle current tax liabilities and assets on a net basis or there tax assets and liabilities will be realised simultaneously.

M Foreign currency transactions

Transactions in foreign currencies are translated to Bangladesh Taka at the rates ruling on the transaction date. All monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate prevalent at that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per IAS 21: *The Effects of Changes in Foreign Exchange Rates.*

N Finance income and expenses

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. Finance costs comprise interest expense on overdraft, short term loans and bank charges.

O Statement of cash flows

Cash flows from operating activities have been presented under indirect method as per IAS 7: *Statement of Cash Flows*.

P Comparatives and rearrangement

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged and reclassified whenever considered necessary to conform to current year's presentation.

Q Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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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 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.

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.

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. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

29 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 April 2025 and earlier application is permitted. However, the Company has not early adopted the following new or amended standards in preparing these financial statements.

Effective for year beginning 1 January 2026	• Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments.
Effective for year beginning 1 January 2027	• IFRS 18 : Presentation and Disclosure in Financial Statements.

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have impact on the company's financial statements.

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