

**RAK Ceramics (Bangladesh) Limited**

Consolidated financial statements  
as at and for the period ended 30 September 2022

**RAK Ceramics (Bangladesh) Ltd.**  
**Consolidated statement of financial position**  
**as at 30 September 2022**

	Notes	<u>30 Sep 2022</u> Taka	<u>31 Dec 2021</u> Taka
<b>Assets</b>			
Property, plant and equipment	4	3,340,515,573	2,799,893,949
Investment property	5	503,068,182	503,234,165
Right-of-use assets	6	27,582,355	13,852,546
Intangible assets	7	993,931	2,025,755
Capital work-in-progress	8	64,125,867	17,713,837
<b>Total non-current assets</b>		<u>3,936,285,908</u>	<u>3,336,720,252</u>
Inventories	9	3,820,084,360	2,989,795,940
Trade and other receivables	10	1,467,480,663	1,227,006,049
Advances, deposits and prepayments	11	485,871,984	311,692,999
Advance income tax	12	4,050,581,943	3,865,788,064
Cash and cash equivalents	13	1,062,730,521	2,276,654,664
<b>Total current assets</b>		<u>10,886,749,471</u>	<u>10,670,937,716</u>
<b>Total assets</b>		<u><b>14,823,035,379</b></u>	<u><b>14,007,657,968</b></u>
<b>Equity</b>			
Share capital	14	4,279,687,010	4,279,687,010
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,765,751,922	1,747,192,779
<b>Equity attributable to equity holders of the company</b>		<u>7,519,086,911</u>	<u>7,500,527,768</u>
<b>Non-controlling interests</b>		<u>1,330</u>	<u>1,418</u>
<b>Total equity</b>		<u>7,519,088,241</u>	<u>7,500,529,186</u>
<b>Liabilities</b>			
Deferred tax liability	17	116,005,657	139,829,250
Lease liability	20	14,507,656	4,904,896
<b>Total non-current liabilities</b>		<u>130,513,313</u>	<u>144,734,146</u>
Employees benefits payable	18	19,403,492	-
Borrowings	19	710,902,004	430,408,117
Lease liability	20	5,667,190	4,809,657
Trade and other payables	21	1,124,530,827	885,084,814
Unclaimed dividend payable	22	11,950,526	11,764,448
Accrued expenses	23	819,791,109	758,212,444
Provision for income tax	24	4,481,188,677	4,272,115,156
<b>Total current liabilities</b>		<u>7,173,433,825</u>	<u>6,362,394,636</u>
<b>Total liabilities</b>		<u>7,303,947,138</u>	<u>6,507,128,782</u>
<b>Total equity and liabilities</b>		<u><b>14,823,035,379</b></u>	<u><b>14,007,657,968</b></u>


The accompanying notes are an integral part of these financial statements



**Abdallah Massaad**  
Chairman



**SAK Ekramuzzaman**  
Managing Director



**Pramod Kumar Chand**  
Director



**Sadhan Kumar Dey**  
Chief Financial Officer



**Muhammad Shahidul Islam FCS**  
Company Secretary

Dated, 27 Oct 2022


**RAK Ceramics (Bangladesh) Ltd.**  
**Consolidated statement of profit or loss and other comprehensive income**  
**for the period ended 30 September 2022**

	<u>Notes</u>	<u>30 Sep 2022</u> <u>Taka</u>	<u>30 Sep 2021</u> <u>Taka</u>	<u>July to Sep 2022</u> <u>Taka</u>	<u>July to Sep 2021</u> <u>Taka</u>
Sales	25	5,687,262,994	4,843,267,746	1,884,237,091	1,574,566,808
Cost of sales	26	(4,112,771,064)	(3,419,391,877)	(1,437,849,537)	(1,126,981,169)
<b>Gross profit</b>		<b>1,574,491,930</b>	<b>1,423,875,869</b>	<b>446,387,554</b>	<b>447,585,639</b>
Other income	27	100	1,334,553	-	(212,927)
Administrative expenses	28	(260,258,887)	(239,766,276)	(78,996,088)	(77,009,637)
Impairment loss on trade receivables	28.1	(41,872)	(401,221)	(21,324)	(116,525)
Marketing and selling expenses	29	(479,507,452)	(378,018,210)	(173,071,591)	(122,570,210)
		<b>(739,808,111)</b>	<b>(616,851,154)</b>	<b>(252,089,003)</b>	<b>(199,909,299)</b>
<b>Profit from operating activities</b>		<b>834,683,819</b>	<b>807,024,715</b>	<b>194,298,551</b>	<b>247,676,340</b>
Finance income	30	39,871,127	30,719,489	8,786,232	8,118,029
Finance expenses	31	(98,082,359)	(4,166,269)	(33,105,614)	(1,869,430)
Net finance income		<b>(58,211,232)</b>	<b>26,553,220</b>	<b>(24,319,382)</b>	<b>6,248,599</b>
<b>Profit before contribution to worker's profit participation and welfare fund</b>		<b>776,472,587</b>	<b>833,577,935</b>	<b>169,979,169</b>	<b>253,924,939</b>
Contribution to workers' profit participation and welfare fund	32	(37,702,527)	(38,767,795)	(8,050,903)	(11,425,196)
<b>Profit before income tax</b>		<b>738,770,060</b>	<b>794,810,140</b>	<b>161,928,266</b>	<b>242,499,743</b>
<b>Income tax expense</b>					
Current tax	33	(209,073,522)	(217,060,704)	(44,569,396)	(63,680,599)
Deferred tax	17	23,823,593	52,953,317	5,705,178	16,319,820
		<b>(185,249,929)</b>	<b>(164,107,387)</b>	<b>(38,864,218)</b>	<b>(47,360,779)</b>
<b>Profit for the period</b>		<b>553,520,131</b>	<b>630,702,753</b>	<b>123,064,048</b>	<b>195,138,964</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>553,520,131</b>	<b>630,702,753</b>	<b>123,064,048</b>	<b>195,138,964</b>
<b>Profit attributable to:</b>					
Equity holders of the company		553,520,019	630,702,602	123,064,047	195,138,918
Non-controlling interests		112	151	1	46
<b>Profit after tax for the period</b>		<b>553,520,131</b>	<b>630,702,753</b>	<b>123,064,048</b>	<b>195,138,964</b>
<b>Basic earnings per share (Par value TK 10)</b>	39	<b>1.29</b>	<b>1.47</b>	<b>0.29</b>	<b>0.46</b>

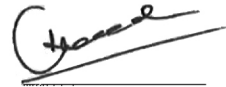
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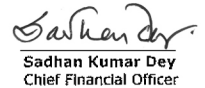
**Abdallah Massaad**  
Chairman



**SAK Ekramuzzaman**  
Managing Director



**Pramod Kumar Chand**  
Director



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Chief Financial Officer



**Muhammad Shahidul Islam FCS**  
Company Secretary

Dated, 27 Oct 2022

**RAK Ceramics (Bangladesh) Ltd.**  
**Consolidated statement of changes in equity**  
**for the period ended 30 September 2022**

Attributable to owners of the Company

	Share capital Taka (Note - 14)	Share Premium Taka (Note - 15)	Retained earnings Taka (Note - 16)	Total Taka	Non- controlling interests Taka	Total equity Taka
<b>Balance as at 01 January 2021</b>	4,279,687,010	1,473,647,979	1,269,975,797	7,023,310,786	1,314	7,023,312,100
Total comprehensive income for 2021	-	-	630,702,602	630,702,602	151	630,702,753
Profit for the period	-	-	630,702,602	630,702,602	151	630,702,753
Transactions with the shareholders	-	-	(427,968,701)	(427,968,701)	(100)	(427,968,801)
Cash dividend (2020)	-	-	(427,968,701)	(427,968,701)	(100)	(427,968,801)
<b>Balance as at 30 September 2021</b>	<b>4,279,687,010</b>	<b>1,473,647,979</b>	<b>1,472,709,698</b>	<b>7,226,044,687</b>	<b>1,365</b>	<b>7,226,046,052</b>
<b>Balance as at 01 January 2022</b>	4,279,687,010	1,473,647,979	1,747,192,779	7,500,527,768	1,418	7,500,529,186
Total comprehensive income for 2022	-	-	553,520,019	553,520,019	112	553,520,131
Profit for the period	-	-	553,520,019	553,520,019	112	553,520,131
Transactions with the shareholders:	-	-	(534,960,876)	(534,960,876)	(200)	(534,961,076)
Cash dividend (2021)	-	-	(534,960,876)	(534,960,876)	(200)	(534,961,076)
<b>Balance as at 30 September 2022</b>	<b>4,279,687,010</b>	<b>1,473,647,979</b>	<b>1,765,751,922</b>	<b>7,519,086,911</b>	<b>1,330</b>	<b>7,519,088,241</b>

*The accompanying notes are an integral part of these financial statements*

**RAK Ceramics (Bangladesh) Ltd.**  
**Consolidated statement of cash flows**  
**for the period ended 30 September 2022**

	<u>30 Sep 2022</u> <u>Taka</u>	<u>30 Sep 2021</u> <u>Taka</u>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	5,443,681,996	4,596,473,214
Cash payments to suppliers and employees	(5,328,342,682)	(4,228,833,606)
<b>Cash generated from operating activities</b>	<u>115,339,314</u>	<u>367,639,608</u>
Interest received from bank deposits	5,564,373	5,234,276
Income tax paid (note - 12)	(184,793,879)	(198,214,587)
<b>Net cash (used in)/from operating activities (note-42)</b>	<u>(63,890,192)</u>	<u>174,659,297</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(917,912,156)	(73,933,424)
Sale of property, plant and equipment (note-5.3)	474,999	3,332,000
Interest received from FDR	37,413,138	31,305,742
Income from rental	-	266,390
Dividend received	100	50
<b>Net cash (used in)/from investing activities</b>	<u>(880,023,919)</u>	<u>(39,029,242)</u>
<b>Cash flows from financing activities</b>		
Finance charges	(11,891,486)	(3,763,683)
Avail/(repayment) of short-term loan	280,493,887	127,458,355
Payment of lease liability	(5,044,893)	(3,439,413)
Dividend paid	(534,774,799)	(465,718,907)
Unclaimed share application refund	-	(508,800)
Adjustment related with non-controlling interest	(200)	(100)
<b>Net cash (used in)/from financing activities</b>	<u>(271,217,491)</u>	<u>(345,972,548)</u>
Effect of exchange rate changes in cash and cash equivalents	1,207,459	234,964
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(1,213,924,143)</u>	<u>(210,107,529)</u>
<b>Cash and cash equivalents as at 01 January</b>	<u>2,276,654,664</u>	<u>1,949,194,840</u>
<b>Cash and cash equivalents as at 30 September (Note 13)</b>	<u><u>1,062,730,521</u></u>	<u><u>1,739,087,311</u></u>

*The accompanying notes are an integral part of these financial statements*

## **RAK Ceramics (Bangladesh) Limited**

### **Notes to the consolidated financial statements as at and for the period ended 30 September 2022**

#### **1. Reporting entity**

RAK Ceramics (Bangladesh) Limited (the Company), formerly RAK Ceramics (Bangladesh) Pvt. Limited, a UAE-Bangladesh joint venture company, was incorporated in Bangladesh on 26 November 1998 as a private company limited by shares under the Companies Act 1994. The Company was later converted from a private limited into a public limited on 10 June 2008 after observance of required formalities as per laws. The name of the Company was thereafter changed to RAK Ceramics (Bangladesh) Ltd. as per certificate issued by the Registrar of Joint Stock Companies dated 11 February 2009. The address of the Company's registered office is RAK Tower, Plot # 1/A, Jasimuddin Avenue, Sector # 3, Uttara, Dhaka 1230. The company got listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 13 June 2010.

#### **1.1 Nature of business**

The Company is engaged in manufacturing and marketing of ceramics tiles, wash room sets and all types of sanitary ware. It has started its commercial production on 12 November 2000. The commercial production of its new sanitary ware plant, expansion unit of ceramics facilities, tiles and sanitary plant was started on 10 January 2004, 1 July 2004, 1 September 2007, 1 April 2015 and 17th May 2016 respectively.

#### **1.2 Description of subsidiaries**

##### **RAK Power Pvt. Ltd.**

RAK Power Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 30 June 2005 as a private company limited by shares with an authorized capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 205,000,000 at the end of reporting period. The Company has gone into operation from 1 May 2009. The registered office of the Company is at RAK Tower (8th floor), Jashimuddin Avenue, Plot # 1/A, Sector # 03, Uttara Model Town, Dhaka - 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Power Pvt. Ltd. from 57% to 99.99% through purchase of 881,495 number of ordinary shares of BDT 100 each in consideration of BDT 255 per share totaling to BDT 224,781,225 only from all the other shareholders of RAK Power Pvt. Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Power (Pvt.) Ltd on 20 October 2015

##### **RAK Security and Services (Pvt.) Limited**

RAK Security and Services (Pvt.) Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 21 December 2006 as a private company limited by shares with an authorized capital of Taka 100,000,000 divided into 1,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 1,000,000 at the end of reporting period. The Company has gone into operation from 1 May 2007. The registered office of the Company is at RAK Tower (8th floor), Plot # 1/A, Jasimuddin Avenue, Sector # 03, Uttara Model Town, Dhaka-1230. 35% shares of RAK Security and Services (Pvt.) Ltd is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Security & Services (Pvt.) Ltd. from 35% to 99.00% through purchase of 6,500 number of ordinary shares of BDT 100 each in consideration of BDT 2,875 per share totaling to BDT 18,687,500 only from all the other shareholders of RAK Security & Services (Pvt.) Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Security and Services (Pvt.) Ltd on 20 October 2015.

## **2. Basis of preparation**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and the Securities and Exchange Rules 1987.

The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management IFRSs titles and format give better presentation to the shareholders.

### **Authorisation for issue**

These financial statements have been authorised for issue by the Board of Directors of the Company on 27 October 2022.

### **2.2 Basis of measurement**

These financial statements have been prepared on historical cost basis except for inventories which are measured at lower of cost and net realisable value.

### **2.3 Functional and presentational currency**

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

### **2.4 Use of estimates and judgements**

The preparation of these financial statements in conformity with IFRS 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 year in which the estimates are revised and in any future years affected.

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

Note 4	Property, plant & equipment
Note 5	Investment property
Note 6	Right-of-use assets
Note 17	Deferred tax liability
Note 18	Employees benefit payable
Note 20	Lease liability
Note 24	Provision for income tax
Note 28.1	Impairment on trade receivable

## **2.5 Reporting period**

The financial period of the Company covers one year from 1 January to 31 December each year and is followed consistently. These interim financial statements were prepared for a period from 1 January 2022 to 30 September 2022. The comparative figure cover the period from 1 January 2021 to 30 September 2021/31 Dec 2021 as applicable.

## **2.6 Going concern**

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

### **Impact of COVID-19 pandemic**

When assessing going concern assumption of the Company as above, key consideration was the impact of COVID-19 pandemic. The pandemic has caused country-wide lockdown in Bangladesh by the end of March 2020 and Mid of April 2021 which caused closure of outlets/stores of the company's dealers, suspension of production in factory, disruption in the supply chain and closure of physical office requiring employees to work from home. In face of uncertainties related to the impact of COVID-19, management has developed adequate plans to minimize the impact on its financial conditions and liquidity. However, presently situation improved a lot and the economy has been returned back to normalcy. Accordingly, the management believes the going concern assumption will remain unaffected from COVID-19.

## **3 Significant accounting policies**

The accounting policies set out below, which comply with IFRSs, have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by Group entities.

### **3.1 Basis of consolidation**

These consolidated financial statements comprise the consolidated financial position and the consolidated results of operations of the Company and its subsidiaries (collectively referred to as "the Group") on a line by line basis together with the Group's share in the net assets of its equity-accounted investees.

IFRS-10 "Consolidated Financial Statements" introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. An investor has power over an investee when the investor has existing rights that gives it the current ability to direct the relevant activities that significantly affect the investee's returns. Power arises from rights. An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. An investor controls an investee if the investor not only has the power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's return from its involvement with the investee.

### **Subsidiaries**

Subsidiaries are enterprises controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The results of operations and total assets and liabilities of subsidiary companies are included in the consolidated financial statements on a line-by-line basis and the interest of minority shareholders, if any, in the results and net assets of subsidiaries is stated separately. The financial statement of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases. Any gains or losses on increase/decrease in non-controlling interest in subsidiaries without a change in control, is recognised as a component of equity.

### **Loss of control**

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.



#### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **3.2 Financial assets**

#### **a) Trade & other receivables**

Trade & other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition trade & other receivables are measured at amortised cost using the effective interest method, less any impairment provision.

#### **b) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank including short notice deposits and fixed deposits having maturity of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

### **3.3 Financial liabilities**

#### **a) Trade & other payables**

Trade & other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, trade & other payables are measured at amortised cost using the effective interest method.

#### **b) Borrowings**

Interest-bearing borrowings include short term bank loan. Interest-bearing borrowings are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

### 3.4 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 share capital represents total amount contributed by the shareholders and bonus shares 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.

### 3.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment. Ongoing repairs and maintenance is expensed as incurred.

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset 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.

#### 3.5.1 Depreciation on property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Capital-work-in-progress and land are not depreciated. Depreciation on addition to fixed assets is charged when it is available for use and charging of depreciation on property, plant and equipment ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

Rates of depreciation on various classes of property, plant and equipment are as under:

Category of property, plant and equipment	Rate (%)
Factory building	5-20
General building	5
Head Office building	5
Plant and machinery	5-10
Mobile plant	10
Electrical installation	10-20
Gas pipeline	10-20
Furniture, fixture and equipment	10
Office equipment	10-20
Communication equipment	10-20
Tools and appliances	10-20
Vehicles	10-20
Fire fighting equipment	20

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Land is not depreciated as it deemed to have an indefinite life.

### 3.6 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the investment property. Maintenance, renewals and betterments that enhances the economic useful life of the investment property or that improve the capacity, quality or reduce subsequently the operation cost or administration expenses and capitalized by adding it to the related investment property. Ongoing repairs and maintenance is expensed as incurred.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income the period in which the property is derecognised.

#### 3.6.1 Depreciation on investment property

Depreciation charged on the basis of straight line method. Depreciation continues to be charged on each item of investment property until written value of such fixed asset is reduced to Taka one. Depreciation on addition to fixed assets is charged when it is available for use and charging of depreciation on property, plant, equipment & investment property ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

Rates of depreciation on various classes of investment property are as under:

Category of property, plant and equipment	Rate (%)
Building	5

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

### 3.7 Capital work-in-progress

Capital work in progress is stated at cost less impairment, if any, until the construction is completed. Upon completion of construction, the cost of such assets together with the cost directly attributable to construction, including capitalised borrowing costs are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

### 3.8 Intangible assets

Intangible assets that are acquired by the Group (such as designs and trade marks for manufacture of ceramic tiles and sanitary ware) have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives of 2 to 3 years from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. No internal developed intangible assets capitalized during the period.

### **3.9 Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, 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. Materials in transit are valued at cost.

Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less estimated cost of completion and any estimated costs necessary to make the sale.

### **3.10 Impairment**

#### **Non-derivative financial assets**

Non derivative financial assets are assessed at each reporting date to determine the loss allowance for lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition. When there is no significant increase in credit risk on the financial instruments since initial recognition, the expected credit losses for next 12 months is measured as loss allowance on that financial instrument.

#### **Non-financial assets**

The carrying amount 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 then the assets' recoverable amounts are estimated. For intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

#### **Calculation of recoverable amount**

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that 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 (CGU) to which the asset belongs.

### **Recognition of impairment**

Impairment losses are recognised in profit or loss. Impairment losses in respect of CGUs are allocated first to reduced the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro-rata basis.

### **Reversal of impairment**

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's 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.

## **3.11 Employee benefit schemes**

The Group maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

### **Defined contribution plan (Provident fund)**

Defined contribution plan is a post employment benefit plan under which the Group provides benefits to one or more employees. 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 percent of their basic salary to the provident fund and the Group also makes equal contribution to the fund. These are administered by the Board of Trustees. The contributions are invested separately from the Group's assets.

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

### **Defined benefit plan (Gratuity)**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Permanent employees are entitled to gratuity on the basis of his latest basic salary for a completed year of service or for service for a period of more than six months, salary of minimum 30 days, or salary of 45 days for a continuous service for more than ten years, it shall be in addition to any payment of compensation or payment of any wage or allowance in lieu of notice due to termination of services of a worker on different grounds. The expected cost of this benefit is included in respective annual statement of profit or loss and other comprehensive income over the period of employment.

## **3.12 Workers' Profit Participation Fund and Welfare Fund (WPPF)**

The Company provides 5% of its net profit before tax after charging such expense as WPPF in accordance with "The Bangladesh Labour Act 2006 amended in 2018".

## **3.13 Provisions**

Provisions are recognised on the reporting date if, as a result of past events, the Group 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.

### 3.14 IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

#### i. Classification – financial assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

#### ii. Impairment

IFRS 9 introduces a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-months ECLs: these are ECLs which result from possible default events within the 12 months after the reporting date; and
- 12-Lifetime ECLs: these are ECLs which result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the group has a choice to also apply this policy for trade receivables and contract assets with a significant financing component.

The estimated ECL will be calculated based on actual credit loss experience. The group will perform the calculation of ECL rates separately for different types of customers including related parties.

Actual credit losses will be adjusted to reflect differences between economic conditions during the period over which the historical data will be collected, prevalent conditions and the Group's view of economic conditions over the expected lives of the receivables and related party balances.

#### iii. Hedging

IFRS 9 incorporates hedge accounting rules which intend to align hedge accounting with a group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness.

Impact of IFRS 9 shown in note no. 36.1 (b).

### **3.15 IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

#### **i. Sales of goods**

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

Revenue will be recognised for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Based on the group's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales.

#### **ii. Rendering of services**

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the group sells the services in separate transactions.

Based on the group's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these services.

#### **iii. Construction contracts**

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.

### **3.16 IFRS 16 Leases**

Under this IFRS 16, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for a lease classification test. The IFRS 16 guidance has an increased focus on who controls the asset and may change which contracts are leases.

#### **General impact of application of IFRS 16 Leases**

IFRS 16 introduces requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these requirements are described in Notes to the financial statements. The impact of the adoption of IFRS 16 on the Group's financial statements is described below.

The group has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information

#### **Impact of the new definition of a lease**

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts.

#### **Impact on Lessee Accounting**

Former operating leases

IFRS 16 changes how the group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and separates the total amount of cash paid presented within financing activities in the statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within rent expenses in the statement of profit or loss.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the group's financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures requirements, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.



### **3.17 Finance income and expenses**

Finance income comprises interest income on fixed deposits and Short Notice Deposit (SND). Interest income is recognized in profit or loss as it accrues, using the effective interest rate method.

Finance costs comprises interest expense on overdraft, LTR, term loan, short term borrowings and finance lease. All finance expenses are recognised in the statement of comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities 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.

### **3.18 Foreign currency**

Transactions in foreign currencies are translated to Taka at the foreign exchange rates prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Taka at the rates of exchange prevailing on 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 International Accounting Standard IAS-21 "The Effects of Changes in Foreign Exchange Rates".

### **3.19 Taxation**

Income tax expenses represents current tax and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

#### **Current tax:**

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2022.

#### **Deferred tax:**

Deferred tax has been recognised in accordance with International Accounting Standard IAS-12. Deferred tax is provided using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purpose. Deferred tax is determined at the effective income tax rate prevailing at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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.

### **3.20 Earning per share**

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the year, adjusted for the effect of change in number of shares for bonus issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

### **3.21 Determination and presentation of operating segment**

Details of product-wise segment reporting as required by IFRS-8 operating segments is followed.

### **3.22 Contingencies**

#### **Contingent liability**

Contingent liability is a possible obligation that arises from past events and whose existence will 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 year in which the recognition criteria of provision have been met.

#### **Contingent asset**

Contingent asset is a possible asset that arises from past events and whose existence will 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.

### **3.23 Statement of cash flows**

Statement of cash flows is prepared under direct method in accordance with International Accounting Standard IAS-7 "*Statement of cash flows*" as required by the Securities and Exchange Rules 1987.

### **3.24 Events after the reporting period**

Events after the reporting period that provide additional information about the Group's position at the reporting date are reflected in the financial statements. Material events after the reporting period that are not adjusting events are disclosed by way of note.

### **3.25 Comparatives and reclassification**

Comparative information have been disclosed in respect of 2021 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/reclassified whenever considered necessary to confirm to current period's presentation.

4 Property, plant and equipment

30 Sep 2022

Particulars	C O S T					D E P R E C I A T I O N					Amount in Taka	
	Balance as at 01 Jan 2022	Addition during the period	Sale/disposal transfer during the period	Balance as at 30 Sep 2022	Rate (%)	Balance as at 01 Jan 2022	Charged during the period	Adjustment during the period	Balance as at 30 Sep 2022	Net book value as at 30 Sep 2022		
	Land*	341,565,707	691,701,310	-	1,033,267,017	5-20	-	-	-	-	1,033,267,017	
Factory building	1,039,010,882	4,351,587	-	1,043,362,470	5	537,116,690	36,521,134	-	573,637,824	469,724,646		
Office and accommodation building	534,211,506	4,295,952	-	538,507,457	5-10	203,708,611	21,746,381	-	225,454,993	313,052,465		
Plant and machinery	5,838,268,311	133,425,932	(1,512,451)	5,970,181,791	10	4,355,890,753	241,880,458	(123,487)	4,597,647,724	1,372,534,068		
Mobile plant	122,557,641	16,241,351	-	138,798,991	10-20	84,900,028	5,276,711	-	90,176,738	48,622,253		
Electrical installation	242,630,147	-	-	242,630,147	10-20	215,255,337	4,812,022	-	220,067,359	22,362,789		
Gas pipeline	80,514,054	-	-	80,514,054	10-20	64,055,745	3,035,283	-	67,091,028	13,423,026		
Furniture and fixtures	44,050,472	4,029,992	-	48,080,465	10	28,097,484	3,520,376	-	31,617,861	16,462,604		
Office equipment	52,713,848	6,049,966	-	58,658,814	10-20	40,839,174	4,429,617	(105,000)	45,163,789	13,495,025		
Communication equipment	12,509,259	2,874,550	-	15,383,809	10-20	8,369,622	1,757,497	-	10,127,119	5,256,690		
Tools and appliances	19,831,622	-	-	14,585,223	10-20	14,977,934	957,981	(4,972,142)	10,963,774	3,621,449		
Vehicles	90,757,466	8,529,485	-	96,386,114	10-20	65,515,588	4,570,775	(2,193,791)	67,892,570	28,493,544		
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-		
<b>Total</b>	<b>8,422,251,927</b>	<b>871,500,125</b>	<b>(9,764,687)</b>	<b>9,283,987,365</b>		<b>5,622,357,978</b>	<b>328,508,233</b>	<b>(7,394,420)</b>	<b>5,943,471,792</b>	<b>3,340,515,573</b>		

\*Addition of land includes BDT. 677,182,210 for the purchase of 33.05 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others as approved in EGM dated August 4, 2022. The land proposed to be utilized for greenfield expansion of another tiles plant and new faucets plant.

31 Dec 2021

Particulars	C O S T					D E P R E C I A T I O N					Amount in Taka	
	Balance as at 01 Jan 2021	Addition during the year	Sale/disposal transfer during the year	Balance as at 31 Dec 2021	Rate (%)	Balance as at 01 Jan 2021	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2021	Net book value as at 31 Dec 2021		
	Land	341,565,707	-	-	341,565,707	5-20	-	-	-	-	341,565,707	
Factory building	1,038,033,128	977,754	-	1,039,010,882	5	488,346,178	48,770,512	-	537,116,690	501,894,192		
Office and accommodation building	507,945,395	26,266,111	-	534,211,506	5-10	174,934,010	28,774,601	-	203,708,611	330,502,895		
Plant and machinery	5,786,866,674	113,409,476	(62,007,839)	5,838,268,311	10	4,073,660,908	340,566,353	(58,338,508)	4,355,890,753	1,482,377,558		
Mobile plant	142,301,896	10,921,854	(30,666,089)	122,557,641	10-20	108,869,473	4,912,074	(28,881,519)	84,900,028	37,657,613		
Electrical installation	242,630,147	-	-	242,630,147	10-20	208,442,647	6,812,690	-	215,255,337	27,374,810		
Gas pipeline	79,438,345	1,075,709	-	80,514,054	10-20	59,976,468	4,079,277	-	64,055,745	16,458,309		
Furniture and fixtures	42,711,628	5,920,657	(4,581,813)	44,050,472	10	28,184,191	3,446,949	(3,533,656)	28,097,484	15,952,988		
Office equipment	97,120,413	4,912,673	(49,319,238)	52,713,848	10-20	85,303,137	4,748,582	(49,212,545)	40,839,174	11,874,674		
Communication equipment	13,757,325	903,004	(2,151,070)	12,509,259	10-20	8,450,583	1,963,875	(2,044,836)	8,369,637	4,139,637		
Tools and appliances	19,177,097	717,952	(63,427)	19,831,622	10-20	13,596,805	1,444,556	(63,427)	14,977,934	4,853,688		
Vehicles	84,511,240	6,246,226	-	90,757,466	10-20	59,230,380	6,285,208	-	65,515,588	25,241,878		
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-		
<b>Total</b>	<b>8,399,690,005</b>	<b>171,351,396</b>	<b>(148,789,476)</b>	<b>8,422,251,927</b>		<b>5,312,625,791</b>	<b>451,806,878</b>	<b>(142,074,492)</b>	<b>5,622,357,978</b>	<b>2,799,893,949</b>		

5 Investment Property

Particulars	COST				DEPRECIATION				Net book value as at 30 Sep 2022	
	Balance as at 01 Jan 2022	Addition during the period	Sale/Transfer during the period	Balance as at 30 Sep 2022	Rate	Balance as at 01 Jan 2022	Charged during the period	Adjustment during the period		Balance as at 30 Sep 2022
	Land <sup>1</sup>	500,571,750	-	-	500,571,750	5%	-	-		-
Office building <sup>2</sup>	4,432,737	-	-	4,432,737	5%	1,770,322	165,983	-	1,936,305	
<b>Total</b>	<b>505,004,487</b>	<b>-</b>	<b>-</b>	<b>505,004,487</b>		<b>1,770,322</b>	<b>165,983</b>	<b>-</b>	<b>1,936,305</b>	

Particulars	COST				DEPRECIATION				Net book value as at 31 Dec 2021	
	Balance as at 01 Jan 2021	Addition during the year	Sale/Transfer during the year	Balance as at 31 Dec 2021	Rate	Balance as at 01 Jan 2021	Charged during the year	Adjustment during the year		Balance as at 31 Dec 2021
	Land <sup>1</sup>	500,571,750	-	-	500,571,750	5%	-	-		-
Office building <sup>2</sup>	4,432,737	-	-	4,432,737	5%	1,548,404	221,918	-	1,770,322	
<b>Total</b>	<b>505,004,487</b>	<b>-</b>	<b>-</b>	<b>505,004,487</b>		<b>1,548,404</b>	<b>221,918</b>	<b>-</b>	<b>1,770,322</b>	

1 The land 10 khata is situated besides the RAK Tower was acquired in March 2012 and presently the asset is under investment property as per IAS 40 considering undetermined future use.

The said property are stated at cost as per IAS 16 due to alternate reliable sources of measurement being unavailable.

2 A godown building is situated at above land and presently the asset is under investment property as per IAS 40 considering undetermined future use.

The said property are stated at cost as per IAS 16 due to alternate reliable sources of measurement being unavailable.

	<u>30 Sep 2022</u>	<u>30 Sep 2021</u>
	<u>Taka</u>	<u>Taka</u>
<b>5.1 Depreciation</b>		
Property, plant and equipment (Note 4)	328,508,234	339,749,145
Investment Property (Note 5)	165,983	165,983
	<b><u>328,674,217</u></b>	<b><u>339,915,128</u></b>
<b>5.2 Allocation of Depreciation</b>		
Cost of sales (Note 26)	300,493,964	313,609,299
Administrative expenses (Note 5.2.1)	23,245,424	22,314,608
Marketing & selling expenses (Note 29)	4,934,828	3,991,221
	<b><u>328,674,217</u></b>	<b><u>339,915,128</u></b>
<b>5.2.1 Allocation of Administrative Depreciation</b>		
Depreciation on property, plant & equipment (Note 28)	23,079,441	22,148,625
Depreciation on investment property (Note 28)	165,983	165,983
	<b><u>23,245,424</u></b>	<b><u>22,314,608</u></b>

### 5.3 Disposal of property, plant and equipment

#### 30 Sep 2022

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	105,000	105,000	-	-	-
Plant and machinery	1,512,451	123,487	1,388,964	-	(1,388,964)
Vehicles	2,900,837	2,193,791	707,046	474,999	(232,047)
Tools and appliances	5,246,399	4,972,142	274,257	-	(274,257)
<b>Total</b>	<b>9,764,687</b>	<b>7,394,420</b>	<b>2,370,267</b>	<b>474,999</b>	<b>(1,895,268)</b>

#### 31 Dec 2021

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Mobile plant	30,666,089	28,881,519	1,784,570	3,332,000	1,547,430
Office equipment	49,319,238	49,212,545	106,693	-	(106,693)
Furniture & fixture	4,581,813	3,533,656	1,048,156	-	(1,048,156)
Plant and machinery	62,007,839	58,338,508	3,669,331	-	(3,669,331)
Communication equipment	2,151,070	2,044,836	106,234	-	(106,234)
Tools and appliances	63,427	63,427	-	-	-
<b>Total</b>	<b>148,789,476</b>	<b>142,074,492</b>	<b>6,714,984</b>	<b>-</b>	<b>(3,382,984)</b>

6 Right-of-use assets

30 Sep 2022

Particulars	COST			DEPRECIATION				Net book value as at 30 Sep 2022
	Balance as at 01 Jan 2022	Addition during the period	Sale/disposal during the period	Balance as at 30 Sep 2022	Balance as at 01 Jan 2022	Charged during the period	Adjustment during the period	
Display center	44,590,469	17,601,130	(13,913,368)	48,278,232	31,468,446	5,986,768	(13,913,368)	23,541,846
Accommodation building	1,393,850	805,053	(727,523)	1,471,380	663,327	543,635	(727,523)	479,439
Warehouse	-	1,880,142	-	1,880,142	-	26,113	-	26,113.08
<b>Total</b>	<b>45,984,319</b>	<b>20,286,325</b>	<b>(14,640,891)</b>	<b>51,629,753</b>	<b>32,131,773</b>	<b>6,556,516</b>	<b>(14,640,891)</b>	<b>24,047,398</b>

Amount in Taka

31 Dec 2021

Particulars	COST			DEPRECIATION				Net book value as at 31 Dec 2021
	Balance as at 01 Jan 2021	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2021	Balance as at 01 Jan 2021	Charged during the year	Adjustment during the year	
Display center	51,948,657	-	(7,358,189)	44,590,469	31,481,037	7,458,852	(7,471,444)	31,468,446
Accommodation building	2,432,214	690,046	(1,728,411)	1,393,850	1,716,579	714,217	(1,767,470)	663,327
Office Building	3,776,889	-	(3,776,889)	-	3,776,889	-	(3,776,889)	-
<b>Total</b>	<b>58,157,760</b>	<b>690,046</b>	<b>(12,863,490)</b>	<b>45,984,319</b>	<b>36,974,305</b>	<b>8,173,069</b>	<b>(13,015,803)</b>	<b>32,131,773</b>

Amount in Taka

6.1 Allocation of depreciation

	30.Sep.2022	30.Sep.2021
Administrative expenses (Note 28)	543,635	508,046
Marketing & Selling expenses (Note 29)	6,012,881	5,477,180
	<u>6,556,516</u>	<u>5,985,226</u>

1. Company rented four display centers situated in Dhaka, Chattogram, Sylhet and Mymensingh.
2. Accommodation buildings rented for the use of transit employees.
3. Office buildings rented for the use of official work.
4. Warehouse rented to store finished goods.

7 Intangible assets

30 Sep 2022

Particulars	COST			AMORTIZATION			Amount in Taka		
	Balance as at 01 Jan 2022	Addition during the period	Sale/ disposal during the period	Balance as at 30 Sep 2022	Balance as at 01 Jan 2022	Amortized during the period	Adjustment during the period	Balance as at 30 Sep 2022	Net book value as at 30 Sep 2022
	License	22,692,876	-	-	22,692,876	22,381,800	163,228	-	22,545,027
Computer Software	12,064,380	-	-	12,064,380	10,349,701	868,596	-	11,218,297	846,083
<b>Total</b>	<b>34,757,256</b>	<b>-</b>	<b>-</b>	<b>34,757,256</b>	<b>32,731,501</b>	<b>1,031,824</b>	<b>-</b>	<b>33,763,325</b>	<b>993,931</b>

31 Dec 2021

Particulars	COST			AMORTIZATION			Amount in Taka		
	Balance as at 01 Jan 2021	Addition during the year	Sale/ disposal during the year	Balance as at 31 Dec 2021	Balance as at 01 Jan 2021	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2021	Net book value as at 31 Dec 2021
	License	22,692,876	-	-	22,692,876	22,091,943	289,857	-	22,381,800
Computer Software	11,614,380	450,000	-	12,064,380	9,082,956	1,266,745	-	10,349,701	1,714,679
<b>Total</b>	<b>34,307,256</b>	<b>450,000</b>	<b>-</b>	<b>34,757,256</b>	<b>31,174,899</b>	<b>1,556,602</b>	<b>-</b>	<b>32,731,501</b>	<b>2,025,755</b>

	<b>30 Sep 2022</b>	<b>31 Dec 2021</b>
	<b>Taka</b>	<b>Taka</b>
<b>8 Capital Work-in-Progress</b>		
Balance as at 1 January	17,713,837	56,636,694
Add: Addition during the period (note 8.1)	190,407,906	96,626,942
	<u>208,121,743</u>	<u>153,263,636</u>
Less: Transfer to property, plant & equipment and investment Property (note 8.2)	143,995,876	135,549,799
Balance as at 30 September	<b><u>64,125,867</u></b>	<b><u>17,713,837</u></b>
<b>8.1 Addition during the period</b>		
Building	9,278,411	24,938,333
Plant & machinery	165,627,220	61,065,396
Others	15,502,275	10,623,213
	<b><u>190,407,906</u></b>	<b><u>96,626,942</u></b>
<b>8.2 Items transferred from capital work in progress to property, plant &amp; equipment</b>		
Building	8,647,538	27,243,865
Plant & machinery	120,224,987	97,667,721
Others	15,123,351	10,638,213
	<b><u>143,995,876</u></b>	<b><u>135,549,799</u></b>
<b>9 Inventories</b>		
Raw materials	1,893,750,554	1,330,068,854
Less : Provision for slow moving & obsolete inventories	23,130,225	17,729,507
	<u>1,870,620,329</u>	<u>1,312,339,347</u>
Stores and consumables spares and packing	1,050,491,631	896,238,370
Less: Write off for stores and spares	33,981,093	53,019,381
	<u>1,016,510,538</u>	<u>843,218,989</u>
Finished goods (net of net realizable value adjustment)	697,601,253	584,786,606
Less : Provision for slow moving & obsolete inventories	12,912,179	15,720,612
	<u>684,689,073</u>	<u>569,065,994</u>
Work-in-process	73,230,847	59,359,055
Goods-in-transit	175,033,573	205,812,555
	<b><u>3,820,084,360</u></b>	<b><u>2,989,795,940</u></b>



	<u>30 Sep 2022</u>	<u>31 Dec 2021</u>
	<u>Taka</u>	<u>Taka</u>
<b>10 Trade and other receivables</b>		
Trade receivables (Note 10.1)	1,464,032,071	1,220,402,229
	<u>1,464,032,071</u>	<u>1,220,402,229</u>
Accrued interest (Note 10.2)	3,448,592	6,554,976
Other receivable	-	48,844
	<u>1,467,480,663</u>	<u>1,227,006,049</u>
<b>10.1 Trade receivables</b>		
Receivables from local sales	1,473,229,129	1,229,557,415
Receivables from export sales	-	-
	<u>1,473,229,129</u>	<u>1,229,557,415</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	2,606,327	2,581,204
Related parties	6,590,731	6,573,982
	<u>1,464,032,071</u>	<u>1,220,402,229</u>
<b>10.2 Accrued interest</b>		
Interest accrued on Fixed Deposit Receipt	2,640,093	6,554,976
Interest accrued on Special Notice Deposit	808,499	-
	<u>3,448,592</u>	<u>6,554,976</u>
<b>11 Advance, deposit and prepayments</b>		
Advances:		
Employees	317,000	298,000
Purchase of land and others	17,954,329	10,017,270
Suppliers against materials and services	173,582,981	68,049,896
	<u>191,854,310</u>	<u>78,365,166</u>
Security and other deposits:		
Titas gas	69,752,450	69,752,450
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	2,144,170	2,191,784
Deposited with income tax authority	79,320,962	79,320,962
Deposited with VAT authority	109,995,535	58,361,240
Display center and others	1,312,000	2,372,000
Other deposits	1,494,626	1,494,626
	<u>265,974,743</u>	<u>215,448,062</u>
Prepayments:		
Showroom, warehouse and office rent	6,864,000	-
Insurance and others	21,178,931	17,879,771
	<u>28,042,931</u>	<u>17,879,771</u>
	<u>485,871,984</u>	<u>311,692,999</u>

	<u>30 Sep 2022</u>	<u>31 Dec 2021</u>
	<u>Taka</u>	<u>Taka</u>
<b>11.1 Supplementary duty &amp; VAT</b>		
Balance as at 1 January	2,191,784	7,417,931
Add: Treasury deposit for SD & VAT purpose	6,794,809	9,533,102
	<u>8,986,593</u>	<u>16,951,033</u>
Less: SD & VAT on sales	6,842,423	14,759,249
Balance as at 30 September	<u><u>2,144,170</u></u>	<u><u>2,191,784</u></u>

The above amount represents RAK Security and services (Pvt) Ltd.

<b>12 Advance Income Tax</b>		
Balance as at 1 January	3,865,788,064	3,588,659,675
Add: Paid during the period	184,793,879	277,128,389
Balance as at 30 September (Note - 12.1)	<u><u>4,050,581,943</u></u>	<u><u>3,865,788,064</u></u>

**12.1 Payment for the year**

<u>Income year</u>		
Current period	165,980,993	-
Year 2021	273,987,480	255,174,594
Year 2020	130,950,084	130,950,084
Year 2019	280,949,748	280,949,748
Year 2018	314,338,282	314,338,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	291,694,002	291,694,002
Year 2013	389,651,054	389,651,054
Year 2012	334,263,453	334,263,453
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u><u>4,050,581,943</u></u>	<u><u>3,865,788,064</u></u>

	<u>30 Sep 2022</u>	<u>31 Dec 2021</u>
	<u>Taka</u>	<u>Taka</u>
<b>13 Cash and cash equivalents</b>		
Cash in hand	4,350,430	2,606,103
Cash at banks		
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	252,435	98,519,046
BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	2,590,350	15,126,914
Citibank N.A. (current account - G0100001200262018 - BDT)	143,679	149,989
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	1,319,241	1,628,655
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	1,418,827	4,648,910
Standard Chartered Bank (Margin money account)	5,287,775	16,608,637
United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	1,428,040	31,825,028
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	53,716	54,866
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	27,088,353	141,614,772
Prime Bank Ltd. (SND - 2125316004690 - BDT)	1,275,635	13,135,435
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	364,155	587,252
Dhaka Bank Ltd (SND - 102.150.274- BDT))	12,416,998	27,682,861
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	-	5,739
Dhaka Bank Ltd (CD - 204100000019318- BDT))	340,951	1,241,296
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	56,330	60,071,855
Commercial Bank of Ceylon (ERQ-1806012366 - USD.)	1,167,574	4,308,029
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	2,728,197	24,494,840
Midland Bank Ltd. (SND 0006-1070000015, 0006-10600000043 - BDT)	347,843,189	171,763,920
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	12,472,778	71,777,074
Eastern Bank Ltd. (Margin Money account)	5,862,989	4,681,650
Commercial Bank of Ceylon (Margin Money account)	-	53,212
	<u>424,111,212</u>	<u>689,979,980</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,689,328	1,685,806
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,501	3,919,501
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,606	153,606
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,599	126,599
	<u>5,889,034</u>	<u>5,885,512</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,832,666	2,848,356
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	1,096,576	1,112,266
SCB (SND - 02-6162940-02- BDT) - 2012	176,117	180,227
SCB (SND - 02-6162940-03- BDT) - 2013	321,299	337,376
SCB (SND - 02-6162940-04- BDT) - 2014	-	3,862
SCB (SND - 02-6162940-05- BDT) - 2015	40,440	44,581
SCB (SND - 02-6162940-06- BDT) - 2016	7,168	11,317
SCB (SND - 02-6162940-07- BDT) - 2017	1,133	5,283
SCB (SND - 02-6162940-08- BDT) - 2018	-	1,925,267
SCB (SND - 02-6162940-09- BDT) - 2019	6,105,327	6,576,189
SCB (SND - 02-6162940-10- BDT) - 2020	3,194,356	3,630,950
SCB (SND - 02-6162940-11- BDT) - 2021	3,097,368	-
	<u>16,872,450</u>	<u>16,675,674</u>
Investment In Fixed Deposit Receipt (FDR)		
SCB	762,080	762,080
BRAC Bank Ltd.	-	50,000,000
Dutch Bangla Bank Ltd.	-	400,000,000
Eastern Bank Ltd.	255,745,315	505,745,315
Dhaka Bank Ltd.	350,000,000	550,000,000
Commercial bank of Ceylon	5,000,000	55,000,000
	<u>611,507,395</u>	<u>1,561,507,395</u>
	<u><b>1,062,730,521</b></u>	<u><b>2,276,654,664</b></u>

	<u>30 Sep 2022</u>		<u>31 Dec 2021</u>	
	Taka		Taka	
<b>14 Share Capital</b>				
Authorised :				
600,000,000 ordinary shares of Taka 10/- each		<u>6,000,000,000</u>		<u>6,000,000,000</u>
Issued, subscribed, called and paid up :				
427,968,701 ordinary shares of Taka 10/- each		<u>4,279,687,010</u>		<u>4,279,687,010</u>
Percentage of shareholdings :	<u>30 Sep 2022</u>		<u>31 Dec 2021</u>	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,915,864,310	68.13	2,915,864,310
S.A.K. Ekramuzzaman	3.95	168,958,240	3.95	168,958,240
Other Sponsors	0.00	1,660	0.00	1,660
General Public	27.92	1,194,862,800	27.92	1,194,862,800
	<u>100.00</u>	<u>4,279,687,010</u>	<u>100.00</u>	<u>4,279,687,010</u>

The company was incorporated on 26<sup>th</sup> of November 1998 with paid up capital of BDT 1,000 and subsequently has issued ordinary shares including bonus shares in several dates i.e. 30 September 2000, 30 October 2005, 15 June 2009, 28 July 2009, 31 January 2010, 24 May 2010, 20 March 2011, 15 April 2012, 10 April 2013, 02 April 2014, 29 March 2017, 18 April 2018 and 09 April 2019.

Mr. SAK Ekramuzzaman pledged 14,670,215 no of shares out of his total holding of 16,895,824 no of shares.

**Classification of shareholders by holding**

Shareholders' range	Number of shareholders		Number of shares	
	<u>30 Sep 2022</u>	<u>31 Dec 2021</u>	<u>30 Sep 2022</u>	<u>31 Dec 2021</u>
01-499 shares	16,760	16,571	3,942,619	4,007,328
500 to 5,000 shares	7,861	6,107	12,715,232	9,667,706
5001 to 10,000 shares	931	645	7,037,669	4,753,914
10,001 to 20,000 shares	515	351	7,579,431	5,125,053
20,001 to 30,000 shares	169	116	4,246,843	2,852,640
30,001 to 40,000 shares	74	64	2,640,636	2,260,040
40,001 to 50,000 shares	66	38	3,114,280	1,763,948
50,001 to 100,000 shares	111	73	7,833,705	5,366,610
100,001 to 1,000,000 shares	81	90	23,367,275	28,132,218
1,000,001 to 1,000,000,000 Shares	16	17	355,491,011	364,039,244
	<u>26,584</u>	<u>24,072</u>	<u>427,968,701</u>	<u>427,968,701</u>

**15 Share premium**

On 31 January, 2010, company issued 10,000,000 ordinary shares in favor of institutional shareholder and employees per share BDT. 40 (include BDT. 30 as premium). On 24 May, 2010 Company again issued 34,510,000 ordinary shares through IPO per share BDT. 48 (include BDT. 38 as premium). Details reconciliation shown below:

No. of shares	Share premium (per share)	<u>30 Sep 2022</u>		<u>31 Dec 2021</u>	
		Taka		Taka	
10,000,000	30		300,000,000		300,000,000
34,510,000	38		<u>1,311,380,000</u>		<u>1,311,380,000</u>
			1,611,380,000		1,611,380,000
Less : Share Issue expenses			<u>137,732,021</u>		<u>137,732,021</u>
			<u>1,473,647,979</u>		<u>1,473,647,979</u>

**16 Retained earnings (Reserve and surplus)**

Balance as on 1 January	1,747,192,779	1,269,975,797
Add : Profit during the period	<u>553,520,019</u>	<u>905,185,683</u>
	2,300,712,798	2,175,161,480
Less: Dividend declared during the period	<u>(534,960,876)</u>	<u>(427,968,701)</u>
Balance as on 30 September	<u>1,765,751,922</u>	<u>1,747,192,779</u>

Detail movement for reserve and surplus shown under statement of changes in equity.

	30 Sep 2022 Taka	31 Dec 2021 Taka
<b>17 Deferred tax liabilities</b>		
Balance as at 1 January	139,829,250	191,761,301
Less : Deferred tax (income)/expenses	<u>(23,823,593)</u>	<u>(61,932,051)</u>
Balance as at 30 September	<u>116,005,657</u>	<u>139,829,250</u>

	Carrying amount on the date of statement of financial position  Taka	Tax base  Taka	Taxable/ (deductible) temporary difference  Taka
As at 30 September 2022			
Property, plant and equipment (Excluding land and others)	2,266,106,956	1,700,106,263	566,000,693
Trade receivable	1,472,689,522	1,481,886,580	(9,197,058)
Inventories	3,766,486,081	3,827,747,993	(61,261,913)
Right of use assets	27,582,356	-	27,582,356
Lease liability	(20,174,846)	-	(20,174,846)
Net taxable temporary difference			<u>502,949,232</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>116,005,657</u>
As at 31 December 2021			
Property, plant and equipment (Excluding land and others)	2,410,027,994	1,750,469,029	659,558,965
Trade receivable	1,226,424,016	1,235,579,202	(9,155,186)
Inventories	2,945,904,573	3,001,580,552	(55,675,979)
Right of use assets	13,852,546	-	13,852,546
Lease liability	(9,714,554)	-	(9,714,554)
Net taxable temporary difference			<u>598,865,791</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>139,829,250</u>

#### 18 Employees benefits payable

Provident fund	8,160,527	-
Gratuity fund	<u>11,242,965</u>	-
	<u>19,403,492</u>	-

	30 Sep 2022		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	57,238,779	31,922,214	89,160,993
	57,238,779	31,922,214	89,160,993
Less: Payments made to fund during the period	<u>49,078,252</u>	<u>20,679,249</u>	<u>69,757,501</u>
Balance as at 30 September	<u>8,160,527</u>	<u>11,242,965</u>	<u>19,403,492</u>

Forfeited amount of provident fund amounting to BDT. 779,627 for the period 2022 has been adjusted with provision and payment.

	31 Dec 2021		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	67,435,963	38,368,823	105,804,785
	67,435,963	38,368,823	105,804,785
Less: Payments made to fund during the year	<u>67,435,963</u>	<u>38,368,823</u>	<u>105,804,785</u>
Balance as at 31 December	-	-	-

Forfeited amount of provident fund amounting to BDT. 1,195,599 for the year 2021 has been adjusted with provision and payment.

#### 19 Borrowings

Bank overdrafts	62,105,713	-
Short-term borrowings	648,796,291	430,408,117
Balance as at 30 September	<u>710,902,004</u>	<u>430,408,117</u>

##### 19.1 Borrowings by maturity

At 30 September 2022	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	62,105,713	-	-	62,105,713
Short-term borrowings	648,796,291	-	-	648,796,291
	<u>710,902,004</u>	-	-	<u>710,902,004</u>
At 31 December 2021	< 1 year	1-2 years	2-5 years	Total
Short-term borrowings	430,408,117	-	-	430,408,117
	<u>430,408,117</u>	-	-	<u>430,408,117</u>

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	42,319,085	Revolving	From company's own source	1) Corporate guarantee, 2) Hypothecation over stock & book debts on a pari-passu basis with other lenders. 3) Demand promissory note.	1) Specific charge over plant, machinery and equipment of BMRE projects.
	Short term loan	500,000,000	355,245,309	180/360 days from B/L date			
Eastern Bank Ltd.	Long term loan*	450,000,000	-	5 years with 1 year moratorium period	From company's own source		
	Overdraft	30,000,000	-	Revolving			
	Short term loan	425,000,000	159,972,810	180/360 days from B/L date			
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	90,000,000	-	180/360 days from B/L date			
Commercial Bank of Ceylon	Overdraft	35,000,000	19,786,627	Revolving	From company's own source		
	Short term loan	550,000,000	133,578,173	180/360 days from B/L date			

\* The long term loan facility limit approved in Board of Directors meetings dated July 20, 2022 to be utilized for the BMRE project of tiles plant

30 Sep 2022  
Taka

31 Dec 2021  
Taka

20 Lease liability

Non-current:

Lease liability

Less : Current portion of lease liability

20,174,846  
5,667,190  
14,507,656

9,714,554  
4,809,657  
4,904,896

Current:

Current portion of lease liability

5,667,190

4,809,657

30 September 2022

Lease liability schedule

Particulars	Balance as on 01 January 2022	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 30 September 2022
Display center	8,959,184	11,971,130	4,405,945	764,234	3,641,712	17,288,602
Accommodation Building	755,370	805,053	596,842	53,689	543,154	1,017,270
Warehouse	-	1,880,142	42,105	30,938	11,168	1,868,974
	<b>9,714,554</b>	<b>14,656,325</b>	<b>5,044,893</b>	<b>848,861</b>	<b>4,196,033</b>	<b>20,174,846</b>

31 December 2021

Lease liability schedule

Particulars	Balance as on 01 January 2021	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2021
Display center	13,054,447	113,255	5,291,767	1,083,249	4,208,518	8,959,184
Accommodation Building	742,131	729,106	783,158	67,291	715,867	755,370
	<b>13,796,578</b>	<b>842,361</b>	<b>6,074,925</b>	<b>1,150,540</b>	<b>4,924,385</b>	<b>9,714,554</b>

21 Trade and other payables

Trade payables

Payable to local suppliers	95,547,594	185,069,082
Payable to foreign suppliers	378,916,839	306,722,614
Payable to service provider	57,994,207	68,742,282
Payable to C & F agent	46,617,104	49,038,384
	<b>579,075,744</b>	<b>609,572,362</b>

Other payables

Tax deducted at source	20,650,811	24,500,151
Tax deducted at source on remuneration (Note-23.1)	5,938,148	8,807,367
Tax deducted at source on incentive and bonus (Note-23)	-	4,603,182
VAT deducted at source	5,620,288	10,541,119
VAT and Supplementary duty payable (Note-21.1)	53,894,691	117,438,944
Unclaimed share application	20,061,956	20,061,956
Advance from customer against sales	10,873,287	9,745,981
Security deposit payable	2,078,374	2,018,224
Payable to employees	2,174,124	1,823,489
Payable to customer against claim	16,542,038	13,735,760
Provisional liabilities - material & services	109,483,691	62,236,279
Payable against purchase of land (Note - 37)	298,137,675	-
	<b>545,455,083</b>	<b>275,512,452</b>
	<b>1,124,530,827</b>	<b>885,084,814</b>

30 Sep 2022  
Taka

31 Dec 2021  
Taka

21.1 VAT and Supplementary duty (SD) payable

Opening Balance	117,438,944	139,511,697
Add: VAT and Supplementary duty on sales	1,914,252,137	2,324,239,441
	<b>2,031,691,080</b>	<b>2,463,751,139</b>
Less: Treasury deposit for SD & VAT purpose	1,297,428,781	1,510,551,448
Rebate of Input VAT	680,367,608	835,760,747
	<b>1,977,786,389</b>	<b>2,346,312,134</b>
Balance as at 31 July	<b>53,894,691</b>	<b>117,438,944</b>

22 Unclaimed Dividend Payable

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 30 Sep 2022	Fund Transferred to CMSF	Undistributed fund (BDT) as on 30 Sep 2022
2010	345,110,250	60,198,297	284,911,953	274,257,528	10,654,425	-
2011	379,621,275	65,382,545	314,238,730	306,565,331	7,673,399	-
2012	417,583,403	27,344,749	390,238,653	386,535,373	3,703,280	-
2013	459,341,744	30,693,245	428,648,499	426,108,408	2,540,090	-
2014	842,126,528	60,654,665	781,471,863	776,464,072	5,007,791	-
2015	842,126,528	61,659,449	780,467,078	776,773,479	3,693,599	-
2016	673,701,222	48,745,089	624,956,133	620,752,883	4,203,250	-
2017	353,693,141	27,276,252	326,416,889	324,757,456	1,659,433	-
2018	389,062,456	29,888,903	359,173,553	357,227,075	1,946,478	-
2019	641,953,052	49,029,624	592,923,428	586,808,009	-	6,115,419
2020	427,968,701	32,747,652	395,221,049	392,383,695	-	2,837,354
2021	534,960,876	39,123,334	495,837,543	492,839,790	-	2,997,753
	<b>6,307,249,174</b>	<b>532,743,804</b>	<b>5,774,505,370</b>	<b>5,721,473,099</b>	<b>41,081,745</b>	<b>11,950,526</b>

11,950,526

11,764,448

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2022	Fund Transferred to CMSE	Undistributed fund (BDT) as on 31 Dec 2022
2010	345,110,250	60,198,297	284,911,953	274,257,528	10,654,425	-
2011	379,621,275	65,382,545	314,238,730	306,565,331	7,673,399	-
2012	417,583,403	27,344,749	390,238,653	386,535,373	3,703,280	-
2013	459,341,744	30,693,245	428,648,499	426,108,408	2,540,090	-
2014	842,126,528	60,654,665	781,471,863	776,464,072	5,007,791	-
2015	842,126,528	61,659,449	780,467,078	776,773,479	3,693,599	-
2016	673,701,222	48,745,089	624,956,133	620,752,883	4,203,250	-
2017	353,693,141	27,276,252	326,416,889	324,757,456	1,659,433	-
2018	389,062,456	29,888,903	359,173,553	357,224,527	-	1,949,026
2019	641,953,052	49,029,624	592,923,428	586,341,069	-	6,582,359
2020	427,968,701	32,747,652	395,221,049	391,987,987	-	3,233,062
	<b>5,772,288,298</b>	<b>493,620,470</b>	<b>5,278,667,827</b>	<b>5,227,768,114</b>	<b>39,135,267</b>	<b>11,764,448</b>

	30 Sep 2022	31 Dec 2021
	Taka	Taka
<b>23 Accrued expenses</b>		
Power and gas	33,871,248	42,359,243
Staff cost	138,480,729	132,239,271
Dealer's incentive and bonus	28,716,489	41,428,638
Audit fees	1,402,500	1,555,000
Professional charges	1,163,446	1,045,000
Interest on loans	7,220,684	2,440,939
Telephone	236,848	205,976
Freight bill	21,571,893	676,640
Business promotion and advertisement	28,807,497	19,209,107
Hiring heavy equipment	910,994	1,506,239
Managing Director's remuneration (Note 23.1)	17,814,444	26,422,103
Worker's profit participation and welfare fund (Note 23.2)	37,702,527	55,919,793
Royalty and technical know-how fees (Note 23.3)	466,084,792	407,974,519
Others	35,807,018	25,229,974
	<b>819,791,109</b>	<b>758,212,444</b>
<b>23.1 Managing Director's remuneration</b>		
Balance as at 1 January	26,422,103	10,062,153
Add: Payable to Managing Director for the period	23,752,592	35,229,470
	50,174,695	45,291,623
Less: Tax deducted at source during the period	5,938,148	8,807,367
Less: Paid to Managing Director during the period	26,422,103	10,062,153
Balance as at 30 September	<b>17,814,444</b>	<b>26,422,103</b>
<b>23.2 Worker's profit participation and welfare fund</b>		
Balance as at 1 January	55,919,793	22,816,672
Add: Contribution made to the fund during the period	37,702,527	55,919,793
	93,622,320	78,736,465
Less: Payment made from the fund during the period	55,919,793	22,816,672
Balance as at 30 September	<b>37,702,527</b>	<b>55,919,793</b>
<b>23.3 Provision for royalty and technical know-how fees</b>		
Balance as at 1 January	407,974,519	317,433,528
Add: Provision made during the period	58,110,273	90,540,991
	466,084,792	407,974,519
Less: Payment made during the period	-	-
Balance as at 30 September	<b>466,084,792</b>	<b>407,974,519</b>
<b>24 Provision for income Tax</b>		
Balance as at 1 January	4,272,115,156	3,971,266,511
Add: Provision made during the period	209,073,522	300,848,645
Balance as at 30 September (Note 24.1)	<b>4,481,188,677</b>	<b>4,272,115,156</b>
<b>24.1 Provision for income Tax</b>		
<b>Income year</b>		
Current period	209,073,522	
Year 2021	300,848,645	300,848,645
Year 2020	137,014,355	137,014,355
Year 2019	296,420,303	296,420,303
Year 2018	316,355,666	316,355,666
Year 2017	346,089,883	346,089,883
Year 2016	302,798,649	302,798,649
Year 2015	323,397,728	323,397,728
Year 2014	377,885,822	377,885,822
Year 2013	362,336,361	362,336,361
Year 2012	339,211,366	339,211,366
Year 2011	326,685,215	326,685,215
Year 2010	348,965,691	348,965,691
Year 2009	266,823,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	<b>4,481,188,677</b>	<b>4,272,115,156</b>

	30 Sep 2022	30 Sep 2021	July to Sep 2022	July to Sep 2021
	Taka	Taka	Taka	Taka
<b>25 Sales</b>				
Gross sales from Ceramics product	8,105,300,264	6,940,137,613	2,692,465,105	2,253,121,986
Gross sales from Power generation	323,863,522	320,362,227	103,474,058	105,977,121
Gross sales from Security service	71,955,667	60,301,364	24,320,929	20,224,802
	<u>8,501,119,453</u>	<u>7,321,201,204</u>	<u>2,820,260,092</u>	<u>2,379,323,909</u>
Less: Elimination	315,659,648	307,356,966	101,473,681	102,263,210
Supplementary Duty	813,406,590	705,411,670	273,018,716	222,217,301
VAT	1,107,687,969	951,359,100	367,813,814	305,874,810
Discount	9,366,691	3,952,881	1,574,239	129,601
Commission, incentive and bonus	567,735,561	509,852,841	192,142,551	174,272,179
<b>Net sales</b>	<u>5,687,262,994</u>	<u>4,843,267,746</u>	<u>1,884,237,091</u>	<u>1,574,566,808</u>
<b>26 Cost of sales</b>				
Materials consumed:				
Opening inventory as at 1 January	1,312,339,347	562,104,748	1,396,836,054	728,580,180
Add: Purchase during the period	2,899,214,833	2,447,060,827	1,188,775,269	1,065,605,257
	<u>4,211,554,180</u>	<u>3,009,165,575</u>	<u>2,585,611,323</u>	<u>1,794,185,437</u>
Less: Closing inventory as at 30 September	1,870,620,329	1,173,846,249	1,870,620,329	1,173,846,249
	<u>2,340,933,851</u>	<u>1,835,319,326</u>	<u>714,990,994</u>	<u>620,339,188</u>
Manufacturing overhead:				
Direct labour (note 26.1)	522,963,046	482,504,827	173,026,095	157,219,009
Direct expenses:				
Power and gas	269,543,477	233,093,495	92,968,841	72,147,547
Repairs and indirect materials (note 26.2)	676,299,950	540,769,581	198,496,504	184,747,928
Depreciation on property, plant & equipment (note 5.2)	300,493,964	313,609,299	102,144,639	102,827,533
Royalty and technical know-how/assistance fees *	58,110,273	62,064,277	13,128,262	18,920,401
Other production overhead (note 26.3)	67,683,458	50,522,916	23,777,837	15,740,614
Provision for slow moving & obsolete inventories (note 9)**	2,592,285	(2,139,774)	2,337,185	(1,621,203)
Movement in stock	(125,849,240)	(96,352,070)	116,979,180	(43,339,848)
	<u>4,112,771,064</u>	<u>3,419,391,877</u>	<u>1,437,849,537</u>	<u>1,126,981,169</u>
<b>26.1 Direct labour</b>				
Salary & wages	352,722,000	314,640,100	117,833,518	104,345,276
Overtime	36,012,524	30,340,249	10,030,761	8,797,902
Bonus	32,335,748	47,774,631	10,818,101	15,812,482
Incentive	32,499	42,682	-	-
Temporary labour wages	50,017,484	43,358,451	16,985,420	12,761,564
Staff uniform expenses	937,811	611,745	325,010	206,569
Gratuity	22,382,371	20,222,111	7,454,472	6,754,044
Employer's contribution to provident fund	19,476,791	17,717,537	6,503,229	5,909,675
Leave encashment	6,327,127	5,732,826	2,148,395	1,912,623
Group life insurance	2,541,155	1,895,058	957,189	718,874
Compensation	177,536	169,437	-	-
	<u>522,963,046</u>	<u>482,504,827</u>	<u>173,026,095</u>	<u>157,219,009</u>
<b>26.2 Repairs and indirect materials</b>				
Stores, spares, repair & maintenance	347,196,640	288,469,021	93,742,124	102,828,809
Packing expenses	329,103,310	252,300,560	104,754,380	81,919,119
	<u>676,299,950</u>	<u>540,769,581</u>	<u>198,496,504</u>	<u>184,747,928</u>
<b>26.3 Other production overhead</b>				
Tour and travel expenses	1,800,667	859,852	688,660	301,346
Demurrage	4,067,657	596,142	2,725,312	308,770
Insurance	19,426,630	18,418,586	6,226,332	5,090,155
Hiring charges and transportation	5,402,440	3,237,684	2,080,571	785,537
Write off for stores and spares	33,981,093	23,120,063	11,327,031	7,706,688
Other expenses	3,004,971	4,290,589	721,931	1,548,118
	<u>67,683,458</u>	<u>50,522,916</u>	<u>23,777,837</u>	<u>15,740,614</u>
*Royalty has been calculated 8% on business profit as per Finance Act 2020.				
<b>27 Other income</b>				
Dividend income	100	50	-	-
Profit on sale of fixed assets (note 5.3)	-	1,334,503	-	(212,927)
	<u>100</u>	<u>1,334,553</u>	<u>-</u>	<u>(212,927)</u>



	30 Sep 2022	30 Sep 2021	July to Sep 2022	July to Sep 2021
	Taka	Taka	Taka	Taka
<b>28 Administrative expenses</b>				
Staff cost (note 28.2)	146,533,208	137,670,288	47,733,921	44,222,117
Annual General Meeting expenses	1,749,291	1,398,500	362,425	102,000
Telephone and postage	8,464,473	5,077,936	2,599,570	2,118,791
Office repair and maintenance (note 28.3)	5,176,371	6,285,379	926,446	679,523
Registration and renewal	836,352	2,306,143	242,386	1,299,040
Security and guard expenses	132,078	120,072	46,866	42,606
Electricity, gas and water	4,413,793	5,857,990	794,274	2,269,023
Depreciation on property, plant & equipment (note 5.2.1)	23,079,441	22,148,625	7,884,958	7,425,256
Depreciation on investment property (note 5.2.1)	165,983	165,983	55,936	55,936
Depreciation on right of use assets (note 6.1)	543,635	508,046	186,887	169,349
Amortization (note 7)	1,031,824	1,137,330	326,636	383,276
Legal and professional fees	10,006,176	9,223,589	3,124,059	3,514,969
Vehicle repair and maintenance	11,385,543	7,473,811	3,541,369	2,033,307
Rent, rate and tax	3,585,593	3,270,313	882,037	839,184
Loss on retirement of assets (note 5.3)	1,895,268	-	232,047	278,992
IT expenses	2,418,920	2,480,455	977,737	-
General Service	2,870,881	3,782,770	381,329	1,203,815
Donation	1,988,371	2,022,671	50,000	1,402,671
Managing Director's remuneration (note 28.4)	23,752,592	24,423,711	5,072,069	7,197,873
Others	10,229,094	4,412,664	3,575,136	1,771,909
	<b>280,258,887</b>	<b>239,766,276</b>	<b>78,996,088</b>	<b>77,009,637</b>
<b>28.1 Impairment loss on trade receivables</b>				
Unrelated parties	25,123	120,366	16,904	34,957
Related parties	16,749	280,855	4,420	81,568
	<b>41,872</b>	<b>401,221</b>	<b>21,324</b>	<b>116,525</b>
New classification of financial assets shown in note 36.1(b) as per IFRS 9.				
<b>28.2 Staff cost</b>				
Salary & wages	104,128,552	94,467,399	34,441,694	30,769,369
Bonus	8,986,742	13,880,023	3,132,135	4,373,941
Incentive	559,521	709,777	196,580	484,892
Gratuity	6,297,836	5,639,688	2,114,245	1,848,196
Employer's contribution to provident fund	5,768,718	5,177,337	1,942,487	1,695,395
Leave encashment	1,821,802	1,604,024	629,089	524,363
Group life insurance	676,449	547,924	259,285	197,496
Canteen and conveyance expenses	12,992,142	7,432,457	3,840,176	2,573,846
Staff uniform expenses	2,152,788	2,302,093	619,888	162,518
Travelling expenses	1,868,474	2,564,788	360,417	1,222,979
Compensation	246,184	1,526,707	-	-
Medical expenses	311,351	1,181,546	38,873	261,967
Accommodation expenses	712,649	459,758	159,052	48,233
Other employee benefit	-	176,767	-	58,922
	<b>146,533,208</b>	<b>137,670,288</b>	<b>47,733,921</b>	<b>44,222,117</b>
Accommodation expenses includes rent expenses for short term lease for BDT. 117,000 and related government levies wherever applicable. Details of the short term lease is shown in note 35 . No low value item exists at the reporting period.				
<b>28.3 Office repair &amp; maintenance</b>				
Repairs office equipment	1,261,776	349,392	57,060	52,105
Office maintenance	3,914,595	5,935,987	869,386	627,418
	<b>5,176,371</b>	<b>6,285,379</b>	<b>926,446</b>	<b>679,523</b>
<b>28.4 Managing Director's remuneration</b>				
Provision made during the period	23,752,592	24,423,711	5,072,069	7,197,873
	<b>23,752,592</b>	<b>24,423,711</b>	<b>5,072,069</b>	<b>7,197,873</b>
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.				
<b>29 Marketing &amp; selling expenses</b>				
Staff cost (note 29.1)	79,989,598	66,947,014	28,507,501	22,578,764
Advertisement	24,036,663	8,354,435	18,618,872	2,711,973
Freight and transportation	264,147,189	225,309,425	92,950,357	70,926,387
Compensation to customers	6,863,378	8,256,552	1,427,916	6,727,418
Business promotion	66,913,228	44,426,972	16,190,778	12,065,642
Depreciation on property, plant & equipment (note 5.2)	4,934,828	3,991,221	1,734,880	1,340,942
Depreciation on right of use assets (note 6.1)	6,012,881	5,477,180	2,193,016	1,825,727
Showroom, office & house rent	1,016,598	1,715,828	305,326	713,728
Sample expenses	14,277,501	10,119,137	5,294,154	2,678,819
Tour, travel and others	11,315,588	3,420,446	5,848,791	1,000,810
	<b>479,507,452</b>	<b>378,018,210</b>	<b>173,071,591</b>	<b>122,570,210</b>
<b>29.1 Staff cost</b>				
Salary & wages	50,090,597	40,562,389	18,117,615	14,165,514
Bonus	4,184,177	5,631,580	1,678,046	1,988,142
Incentive	9,721,780	7,949,148	2,580,214	2,156,987
Gratuity	3,242,005	2,653,023	1,169,459	919,416
Employer's contribution to provident fund	2,984,066	2,436,033	1,081,508	846,562
Leave Encashment	963,536	787,326	349,604	273,481
Group life insurance	377,608	230,541	176,043	87,210
Conveyance & food expenses	8,367,484	6,576,462	3,355,012	2,141,452
Staff uniform expenses	58,345	120,512	-	-
	<b>79,989,598</b>	<b>66,947,014</b>	<b>28,507,501</b>	<b>22,578,764</b>

	30 Sep 2022	30 Sep 2021	July to Sep 2022	July to Sep 2021	
	Taka	Taka	Taka	Taka	
<b>29.2 Salary &amp; wages under staff cost (note no. 26.1, 28.2 &amp; 29.1) Includes employee contribution to provident fund for BDT. 19,476,791, BDT. 5,768,718 &amp; BDT. 2,984,066.</b>					
<b>30 Finance income</b>					
Interest on bank account (SWD)	5,564,373	5,234,276	833,740	982,847	
Interest on fixed deposits	34,306,754	24,790,812	7,952,492	7,668,899	
Foreign exchange gain	-	694,401	-	(533,717)	
	<b>39,871,127</b>	<b>30,719,489</b>	<b>8,786,232</b>	<b>8,118,029</b>	
<b>31 Finance expenses</b>					
Interest expenses against loan	14,668,674	2,203,734	7,873,946	1,366,744	
Interest expenses against lease liability	848,861	896,163	395,089	277,285	
Foreign exchange loss	80,562,267	-	23,947,011	-	
Bank charges	2,002,557	1,066,372	889,568	225,401	
	<b>98,082,359</b>	<b>4,166,269</b>	<b>33,105,614</b>	<b>1,869,430</b>	
<b>32 Contribution to worker's profit participation and welfare fund</b>					
Provision made during the period	37,702,527	38,767,795	8,050,903	11,425,196	
	<b>37,702,527</b>	<b>38,767,795</b>	<b>8,050,903</b>	<b>11,425,196</b>	
<b>33 Income tax expenses</b>					
Accounting profit (PBT as per Individual company)	784,769,863	817,310,041	161,928,266	242,499,740	
Add: Inadmissible depreciation allowance for separate consideration: Accounting Depreciation of Fixed Assets	328,674,216	339,915,128	111,820,412	111,649,666	
	1,113,444,079	1,157,225,168	273,748,678	354,149,406	
Add: Inadmissible expenses / allowances as per ITO. 1984:					
Business promotion expenses	25,675,997	9,443,877	2,493,787	707,725	
Royalty expenses	267,587	90,178	(424)	(23,786)	
Samale expenses	6,482,099	2,980,984	3,167,326	379,892	
Amortization expenses	964,509	1,137,330	303,951	383,276	
Depreciation on Right of Use Assets (ROUA)	6,556,516	5,985,225	2,379,903	1,995,076	
Interest on lease liability	848,861	896,163	395,089	277,285	
Provision for slow moving inventories	2,592,285	20,980,289	2,337,185	6,085,485	
NRV Provision on Inventories	2,993,648	2,011,654	204,924	2,011,654	
	46,381,502	43,525,701	11,281,741	11,816,608	
	1,159,825,581	1,200,750,869	285,030,419	365,966,015	
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO.1984):	(225,925,041)	(241,211,988)	(85,024,317)	(85,374,336)	
Admissible expenses as per ITO.1984:					
Rent expenses	(8,893,997)	(8,804,604)	(3,163,487)	(3,084,412)	
Deduct: Dividend Income	(45,949,800)	(22,479,900)	-	-	
Taxable profit	970,956,343	973,214,177	196,842,616	277,507,266	
Applicable tax rate for Individual company					
On Business Income		As per applicable tax rate for individual company			
On Dividend Income	20%	20%	20%	20%	
Tax expenses as per applicable tax rate for Individual company :					
Business Income	199,873,542	212,560,715	44,569,396	63,680,589	
Dividend Income	9,199,980	4,499,980	-	-	
Current Tax Liability	<b>209,073,522</b>	<b>217,060,704</b>	<b>44,569,396</b>	<b>63,680,589</b>	
<b>34 Reconciliation of effective tax rate</b>					
		30 Sep 2022		30 Sep 2021	
		Taka		Taka	
Profit before tax	%	738,770,060	%	794,810,140	
Current tax expenses	28.30%	209,073,522	27.31%	217,060,704	
Deferred tax expenses	-3.22%	(23,823,593)	-6.66%	(52,953,317)	
Total tax expenses	25.08%	185,249,929	20.65%	164,107,387	
Expected income tax using applicable tax rate for Individual company	24.11%	178,146,265	23.52%	186,910,267	
Prior year adjustment	-	-	-	-	
Tax on non-deductible expenses	4.2%	30,927,256	3.8%	30,150,437	
Effective current tax	28.30%	209,073,522	27.31%	217,060,704	
Effective deferred tax	-3.22%	(23,823,593)	-6.66%	(52,953,317)	
	25.08%	185,249,929	20.65%	164,107,387	
<b>35 Short term lease expenses</b>					
		30 Sep 2022	30 Sep 2021	July to Sep 2022	July to Sep 2021
		Taka	Taka	Taka	Taka
Nature of the lease	Lease term	Rent Payment	Rent Payment		
Rented accommodation	<1 year	117,000	791,275	39,000	39,000
Rented accommodation	<1 year	-	-	-	-
		<b>117,000</b>	<b>791,275</b>	<b>39,000</b>	<b>39,000</b>

### 36 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 36.1 Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition etc. Trade & other receivable are mainly related to receivables from dealers, receivables from export sales, claim receivables, accrued interest and other receivables. The Company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of customers.

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

##### a) 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:

	USD		Amounts in Taka	
	As at 30 Sep 2022	As at 31 Dec 2021	As at 30 Sep 2022	As at 31 Dec 2021
Trade receivables	-	-	1,464,032,071	1,220,402,229
Customer-Local	-	-	1,464,032,071	1,220,402,229
Other receivables				
Accrued Interest			3,448,592	6,554,976
Others			-	48,844
			<u>3,448,592</u>	<u>6,603,820</u>
Cash equivalents			<u>1,058,380,091</u>	<u>2,274,048,561</u>

##### b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 30 June 2022.

Financial assets	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Impairment loss (Refer note 10.1)
Trade receivable-unrelated	10.1	Loan & receivable	Amortized cost	683,671,675	681,065,348	2,606,327
Trade receivable-related	10.1	Loan & receivable	Amortized cost	789,557,454	782,966,723	6,590,731
Cash & cash equivalent	13	Loan & receivable	Amortized cost	1,058,380,091	1,058,380,091	-

i The above table provides information ECLs till date. Impairment provision till Dec 2021 was Tk. 9,155,186 and provision made during the period is Tk. 41,872.

ii Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these receivables was recognised in the current period on transition to IFRS 9.

iii Cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these cash & cash equivalent was recognised in the current period on transition to IFRS 9.

iv Impairment loss allowance has not been considered on other receivables and bank balances because business is confident to recover the full amount from the party.

##### c) Ageing of receivables

The ageing of trade receivables as at 30 September was:

	Amounts in Taka	
	As at 30 Sep 2022	As at 31 Dec 2021
Not past due	1,334,725,729	1,149,687,410
0-90 days past due	83,501,499	34,881,457
91-180 days past due	24,151,552	27,859,771
181-365 days past due	20,522,792	5,342,346
over 365 days past due	1,130,499	2,621,245
	<u>1,464,032,071</u>	<u>1,220,402,229</u>

### 36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when become 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, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities of the Company:

	As at 30 Sep 2022			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	1,124,530,827	1,124,530,827	1,124,530,827	-
Overdraft	62,105,713	62,105,713	62,105,713	-
Short term borrowing	648,796,291	648,796,291	648,796,291	-
	<b>1,897,538,544</b>	<b>1,897,538,544</b>	<b>1,897,538,544</b>	<b>-</b>

	As at 31 Dec 2021			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	885,084,814	885,084,814	885,084,814	-
Short term borrowing	430,408,117	430,408,117	430,408,117	-
	<b>1,315,492,931</b>	<b>1,315,492,931</b>	<b>1,315,492,931</b>	<b>-</b>

### 36.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding 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 on certain revenues and purchase of raw material, spare parts, accessories and capital item. Majority of the company's foreign currency purchase are denominated in USD and EURO. All the export proceeds are receipt in USD, 15% of export proceeds are crediting to export retention quota account and rest of the 85% are converted to Taka and crediting to company's current account.

##### i Exposure to currency risk

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

	As at 30 Sep 2022				As at 31 Dec 2021			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets	-	-	25,633	-	-	-	105,562	-
Cash at bank	-	-	25,633	-	-	-	105,562	-

	As at 30 Sep 2022				As at 31 Dec 2021			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
<b>Foreign currency denominated liabilities</b>								
Trade payables	4,442	416,929	2,592,393	684,534	60,550	249,274	2,840,637	322,266
Short term borrowings	-	-	6,366,990	-	-	-	5,013,490	-
Royalty & Technical Fees	-	-	4,573,843	-	-	-	4,752,178	-
	4,442	416,929	13,533,326	684,534	60,550	249,274	12,606,305	322,266
<b>Net exposure</b>	<b>(4,442)</b>	<b>(416,929)</b>	<b>(13,507,693)</b>	<b>(684,534)</b>	<b>(60,550)</b>	<b>(249,274)</b>	<b>(12,500,743)</b>	<b>(322,266)</b>

The Company has foreign exchange loss of Tk 80,562,267 during the period ended 30 Sep 2022 (30 Sep 2021: Exchange gain Tk 694,401).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	30 Sep 2022	31 Dec 2021
	Taka	Taka
AED	27.0888	23.2942
GBP	117.9515	115.4990
USD	101.4000	85.3500
EURO	100.9098	97.0488

#### Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening or weakening of the Taka, as indicated below, against the AED, GBP, USD, EURO at 30 Sep would have increased/(decreased) profit or loss by the amounts shown below.

	As at 30 Sep 2022		As at 31 Dec 2021	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
<b>At 30 Sep</b>				
AED (3 percent movement)	(137)	129	(1,873)	1,764
GBP (3 percent movement)	(12,895)	12,144	(7,710)	7,260
USD (3 percent movement)	(417,764)	393,428	(386,621)	364,099
EURO (3 percent movement)	(21,171)	19,938	(9,967)	9,386

#### 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 company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

#### Profile

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at 30 Sep 2022	As at 31 Dec 2021
	Taka	Taka
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investment in FDR	611,507,395	1,561,507,395
Cash at banks	446,872,696	712,541,165
<b>Financial liabilities</b>		
Bank overdraft	62,105,713	-
Short term borrowing	648,796,291	430,408,117

Fair value of financial assets and liabilities of the Company together with carrying amount shown in the statement of financial position are as follows:

	As at 30 Sep 2022		As at 31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
<b>Financial assets</b>				
<b>Held to maturity assets</b>				
Investment in FDR	611,507,395	611,507,395	1,561,507,395	1,561,507,395
<b>Loans and receivables</b>				
Trade receivables	1,464,032,071	1,464,032,071	1,220,402,229	1,220,402,229
Other receivables	3,448,592	3,448,592	6,603,820	6,603,820
Cash equivalents	1,058,380,091	1,058,380,091	2,274,048,561	2,274,048,561
<b>Financial liabilities</b>				
<b>Liabilities carried at amortised costs</b>				
Bank overdraft	62,105,713	62,105,713	-	-
Trade and other payables	1,124,530,827	1,124,530,827	885,084,814	885,084,814
Short term borrowing	648,796,291	648,796,291	430,408,117	430,408,117

**Interest rates used for determining amortised cost**

The interest rates used to discount estimated cash flows, when applicable were as follows:

	30 Sep 2022	31 Dec 2021
Investment in FDR (local currency/BDT)	1.50%-6.50%	1.50%-5.00%
Bank overdraft (local currency/BDT)	9%	9%
Short term bank loan (local currency/BDT)	9%	9%
Short term bank loan (foreign currency/USD)	Libor+2.00%-3.50%	Libor+2.00%-3.50%

37 Related party disclosures under IAS-24

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advance	Outstanding payable	Remuneration	Amounts in Taka	
										Dividend Income	Dividend Income
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period Previous period	281,620,454 278,749,763	3,756,519 8,217,391	3,756,519 8,217,391	103,474,058 72,371,667	-	-	40,999,800 20,499,900
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period Previous period	32,489,191 27,334,187	-	-	8,474,495 8,092,852	-	-	4,950,000 1,980,000
RAK Ceramics PISC, UAE	Parent	Unsecured	Nil	Current period Previous period	4,313,568 4,422,545	-	-	18,643,948 19,413,898	-	-	-
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current period Previous period	731,370,337 514,622,592	-	-	-	-	-	-
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	Current period Previous period	706,935 48,362	-	-	-	-	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	- 423,872	-	303,610	278,908	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current period Previous period	78,418,968 41,101,755	-	-	8,325,560 7,121,601	-	-	-
Palli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current period Previous period	9,365,753 8,020,853	-	-	-	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	1,152,881 294,030	-	-	27,250	-	-	-
Masram Agro Ltd. (**)	Other related party	Unsecured	Nil	Current period Previous period	209,743,750 -	-	-	209,743,750	-	-	-
Speedway International Pvt. Ltd	Other related party	-	-	Current period Previous period	17,993,256 269,293	-	-	1,785,511 7,686	-	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current period Previous period	1,496,233 7,843,174	-	-	6,414 6,414	-	-	-
Pelikan Plastic & Pecking Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	44,295,905 -	-	-	6,054,030	-	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current period Previous period	2,138,367,108 1,712,054,437	-	789,425,421 672,027,541	-	-	-	-
S.A.K. Ekramuzzaman (**)	Key Management Personnel	Unsecured	Nil	Current period Previous period	405,561,765 2,201,425	-	-	106,208,369 17,096,598	23,752,592 24,423,711	-	-
Sadhan Kumar Dey	Key Management Personnel	Unsecured	Nil	Current period Previous period	- -	-	-	-	7,507,371 7,002,679	-	-

\* Transaction represents purchase of 11.32 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 627.34 million excluding registration and other expenses from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others in its Board of Directors meeting dated June 13, 2022 and subsequent approval of the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. The land registered in the name of the Company and balance 0.86 acres of land is under process of registration. The land proposed to be utilized for greenfield expansion of tiles plant with an additional production capacity of 15,000 sqm of tiles per day, has been decided in the Board of Directors meeting as mentioned above. The total cost of the project estimated BDT. 9,025 Million.

\*\* Purchase includes 21.73 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 402,090,100 excluding registration and other expenses from S.A.K. Ekramuzzaman and balances BDT. 68,393,925 is showing as payable against purchase of land (Note -21).

The Group has also decided to establish a new faucets plant with production capacity of 1,500 pcs per day on the above land in the Board of Directors meeting held on July 20, 2022. The total cost of the project estimated BDT. 950 Million.

To comply the BSEC notification no. BSEC/CMRCD/2009-193/10/Admin/118 dated March 22, 2021 shareholders of the company in its 23rd Annual General Meeting dated March 31, 2022 approved an agenda to enter into contract for supply of goods and materials to Mohammed Trading (Owner of Mohammed Trading is Managing Director of RAK Ceramics (Bangladesh) Limited) amounting to 10% (Ten percent) or above of the revenue for the immediate financial year."

37.2 Paid to Directors

During the period, provision was made as MD's remuneration for Taka. 23,752,592.

During the period, Board meeting fees of Taka 600,000 was paid to the board members for attending the Board meetings.

### 38 Segment reporting

The company has three reportable segments which offer different products and services and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each segment:

**Ceramics & Sanitary Ware:** Engages in manufacturing and marketing of ceramics tiles, bathroom sets and all types of sanitary ware.

**Power:** Set-up power utilities and operate power-generating plants, transmission system and distribution system and to sell the generated electric power to any legal entity.

**Security and services:** Engages in providing security guard, cleaning services, verification services, termite and pest control services and set up manpower technical training.

### 30 Sep 2022

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	5,656,188,944	-	31,074,050	-	5,687,262,994
Revenue - inter segment	-	281,620,454	34,039,194	(315,659,648)	-
Total segment revenue	5,656,188,944	281,620,454	65,113,244	(315,659,648)	5,687,262,994
Cost of sales- external customer	(3,824,256,837)	(239,873,869)	(48,640,361)	-	(4,112,771,064)
Cost of sales- inter segment	(281,620,454)	(5,306,522)	-	286,926,976	-
Total segment cost of sales	(4,105,877,288)	(245,180,391)	(48,640,361)	286,926,976	(4,112,771,064)
Gross profit	1,550,311,656	36,440,063	16,472,883	-	1,574,491,930
Dividend income	45,949,800	50,000	100	(45,999,800)	100
Rental income	3,756,519	-	-	(3,756,519)	-
Financial income	39,420,910	424,777	25,440	-	39,871,127
Financial expenses	(97,883,167)	(193,279)	(5,913)	-	(98,082,359)
Depreciation	(307,289,158)	(21,238,788)	(146,271)	-	(328,674,217)
Other operating expenses	(480,216,029)	13,753,316	(14,862,999)	32,489,191	(448,836,521)
Segment profit before tax	754,050,533	29,236,089	1,483,241	-	738,770,060
Income tax expense	(197,703,729)	(10,905,811)	(463,982)	-	(209,073,522)
Deferred tax	19,219,274	4,585,562	18,756	-	23,823,592
Profit for the period					<b>553,520,131</b>



**30 Sep 2021**

**Business Segments**

	Ceramic & sanitary ware		Power		Security and services		Inter segment		Entity total	
	Taka		Taka		Taka		Taka		Taka	
Revenue - external customers	4,817,304,886	-	-	25,962,861	-	-	-	-	4,843,267,746	-
Revenue - inter segment	-	278,749,763	278,749,763	28,607,203	(307,356,966)	-	-	-	-	-
Total segment revenue	4,817,304,886	278,749,763	278,749,763	54,570,064	(307,356,966)	-	-	-	4,843,267,746	-
Cost of sales- external customer	(3,158,327,376)	(220,378,338)	(220,378,338)	(40,686,162)	-	-	-	-	(3,419,391,877)	-
Cost of sales- inter segment	(278,749,763)	(9,490,407)	(9,490,407)	-	288,240,170	-	-	-	-	-
Total segment cost of sales	(3,437,077,140)	(229,868,745)	(229,868,745)	(40,686,162)	288,240,170	-	-	-	(3,419,391,877)	-
Gross profit	1,380,227,746	48,881,018	48,881,018	13,883,902	-	-	-	-	1,423,875,869	-
Other income	1,334,503	-	-	-	-	-	-	-	1,334,503	-
Dividend income	22,479,900	20,000	20,000	50	(22,499,900)	-	-	-	50	-
Rental income	8,217,391	-	-	-	(8,217,391)	-	-	-	-	-
Financial income	30,712,152	(9,771)	(9,771)	17,107	-	-	-	-	30,719,489	-
Financial expenses	(4,064,739)	(96,767)	(96,767)	(4,763)	-	-	-	-	(4,166,269)	-
Depreciation	(318,359,576)	(21,401,212)	(21,401,212)	(154,340)	-	-	-	-	(339,915,128)	-
Other operating expenses	(345,191,481)	14,124,034	14,124,034	(13,305,114)	27,334,187	-	-	-	(317,038,375)	-
Segment profit before tax	775,355,896	41,517,302	41,517,302	436,842	-	-	-	-	794,810,140	-
Income tax expense	(202,085,841)	(14,843,810)	(14,843,810)	(131,053)	-	-	-	-	(217,060,704)	-
Deferred tax	48,798,861	4,369,112	4,369,112	(214,656)	-	-	-	-	52,953,317	-
Profit for the period									<b>630,702,753</b>	

	<u>30 Sep 2022</u> Taka	<u>30 Sep 2021</u> Taka
<b>39 Calculation of Earnings per share (EPS)</b>		
Calculation of earnings per share (EPS) is as under:		
(a) Profit attributable to equity holders of the Company	<u>553,520,019</u>	<u>630,702,602</u>
(b) No. of ordinary equity shares	<u>427,968,701</u>	<u>427,968,701</u>
(c) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Earnings per share (EPS) for the period (a÷c)	<u>1.29</u>	<u>1.47</u>
Diluted earnings per share for the period (a÷c)	<u>1.29</u>	<u>1.47</u>

#### 39.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they have been issued at the start of the period presented as the comparative figures.

	<u>30 Sep 2022</u>	<u>30 Sep 2021</u>
Outstanding shares	<u>427,968,701</u>	<u>427,968,701</u>
	<u>427,968,701</u>	<u>427,968,701</u>

#### 39.2 Diluted earning per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

#### 39.3 Reason of deviation of earnings per share:

Due to the revised and responsive business strategy taken by the management, sales are increased by 17.43% from BDT. 4,843.27 mn to BDT. 5,687.26 mn, even though earning per share is decreased from BDT. 1.47 to 1.29 due to increase in gas price, significant volatile of foreign currency market, disruption of global supply chain caused increase of all input raw material price and shipping freight. In addition, disruption of production due to inadequate pressure of supplied gas from mid of August 2022 and sometimes no gas resulting increase of production cost compare to previous period. Therefore, gross profit margin has reduced from 29.40% to 27.68% and sales volume is not achieved as expected in the month of September 2022 due to the shortage of production.

#### 40 Calculation of Net assets value per share

(a) Net assets value (Note 14, 15 & 16)	<u>7,519,086,911</u>	<u>7,226,044,687</u>
(b) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Net assets value per share (a÷b)	<u>17.57</u>	<u>16.88</u>

#### 41 Calculation of Net operating cash flow per share

(a) Net Cash flows from operating activities (Note 42)	<u>(63,890,192)</u>	<u>174,659,297</u>
(b) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Net operating cash flow per share (a÷b)	<u>(0.15)</u>	<u>0.41</u>

#### 41.1 Reason of deviation of net operating cash flow per share:

Due to the revised and responsive business strategy taken by the management, sales are increased by 17.43% from BDT. 4,843.27 mn to BDT. 5,687.26 mn. However, collection has not been increased proportionately. Settlement of multiple import bills in the reporting period causing vendor payment was more compare to collection. Moreover, due to the significant devaluation of foreign currency, increase of imported raw materials and freight, import related payment was more compare to previous period due to depreciation of BDT against USD. Gas payment also increased due the price hike of gas rate caused net operating cash flow per share has been decreased from positive BDT 0.41 to BDT. negative 0.15.

42 Reconciliation of operating cash flow:	<u>30 Sep 2022</u>	<u>30 Sep 2021</u>
<b>Cash flows from operating activities</b>		
Profit before taxation	738,770,060	794,810,140
Adjustment for:		
Depreciation	335,230,732	345,900,353
Amortization	1,031,824	1,137,330
Advance rent adjustment	(5,630,000)	-
Loss on assets retirement	1,895,268	-
Foreign exchange loss	80,562,267	-
Finance expenses	17,520,092	4,166,269
Finance income	(39,871,127)	(30,719,489)
Other income	(100)	(1,334,553)
	<u>1,129,509,016</u>	<u>1,113,960,051</u>
Increase/decrease in trade and other receivables	(243,580,999)	(246,794,533)
Increase/decrease in inventories	(830,288,420)	(913,482,928)
Increase/decrease in trade and other payables	59,699,716	413,957,018
<b>Cash generated from operating activities</b>	<u>115,339,314</u>	<u>367,639,608</u>
Interest received from bank deposit	5,564,373	5,234,276
Income tax paid	(184,793,879)	(198,214,587)
<b>Net cash (used in)/from operating activities</b>	<u>(63,890,192)</u>	<u>174,659,297</u>

#### 43 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 997,520,562 (30 Sep 2021: Tk 1,149,451,034). Considering the merits of the cases, it has not been deemed necessary to make provisions for all such disputed claims.

There is also contingent liability in respect of outstanding letters of credit of Tk 339,788,203 (30 Sep 2021: Tk 751,826,389) and letter of guarantee of Tk 139,177,233 (30 Sep 2021: Tk 139,459,353).

The company issued one corporate guarantee value BDT. 70 Million (SCB) in favour of subsidiary company to avail loan from banks. Outstanding loan against the said corporate guarantee are nil at 30 September 2022. Therefore no credit loss allowances is expected.