

RAK Ceramics (Bangladesh) Limited

**Auditor's report and consolidated financial statements
As at and for the year ended 31 December 2022**

Independent Auditor's Report
To the Shareholders of RAK Ceramics (Bangladesh) Limited
Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of RAK Ceramics (Bangladesh) Limited (the Group) which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters (KAM)

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

SL	Key Audit Matter	How our audit addressed the key audit matter
1	<p>Revenue recognition (Refer to notes 3.15 and 25 to these Consolidated financial statements)</p>	
	<p>The Group recognizes revenue when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Group expects to receive from customers. In determining the sales price, the Group considers the effect of commission, incentive, bonus and discounts (variable consideration).</p> <p>The terms of sales agreements, including the timing of transfer of control, based on the terms of relevant contract and nature of commission, incentive, bonus and discounts arrangements, create complexities that requires judgement in determining sales revenues.</p> <p>Considering the above factors and the risk associated with revenue recognition, we have determined the same to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1) We read the Group’s revenue recognition policy and assessed its compliance in terms of IFRS 15 ‘Revenue from contracts with customers’; 2) Performed sample tests of individual sales transactions and traced to sales invoices, sales orders and other related documents. In respect of the samples selected, we tested recognition of revenue based on underlying sales invoices, sales orders and other related documents; 3) We selected a sample of invoices on which rebates and discounts were given and obtained the rebates and discount schemes approved by the management. We noted the accounting of commission, incentive, bonus and discounts by the Group for the selected sample; 4) Selected samples of sales transactions made pre and post year end, agreed the date of transfer of control for the selected sample by testing underlying documents including customers confirmation; and 5) Assessed the relevant disclosures made within the consolidated financial statements.

SL	Key Audit Matter	How our audit addressed the key audit matter
2	Tax and regulatory matters (Refer to notes 3.22 and 43 to these Consolidated financial statements)	
	<p>The Group has several pending corporate tax assessments and legal proceedings with Government revenue authorities related to claims for tax, VAT and custom duty. The pending cases expose the Company to significant litigation and similar risks arising from many disputes and regulatory proceedings. Such matters are subject to many uncertainties, and the outcomes may not be appropriate to predict.</p> <p>These uncertainties inherently may affect the amount and timing of potential cash outflows with respect to tax provisions and contingent liabilities related to tax, VAT and custom duty.</p> <p>As listed entity, the Group also has to maintain compliance requirements of the Bangladesh Securities and Exchange Commission.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1) We obtained an understanding, evaluated the design and tested operational effectiveness of the Group's key control on tax provision and contingencies. 2) We enquired to those charged with governance to obtain their view on the status of all significant litigations and regulatory matters; 3) We enquired of the Group's internal legal counsel for all significant litigations and regulatory matters and inspected internal notes and report. We also received formal confirmation from external counsel; 4) We assessed the methodologies on which provision and contingencies are based and recalculated the provision and tested the completeness and accuracy of the underlying information; and 5) We also assessed the disclosures on the Group's provisions and contingent liabilities.

SL	Key Audit Matter	How our audit addressed the key audit matter
3	<p>Credit risks and impairment on trade receivables (Refer to notes 3.10, 3.14 and 36.1(b) to these Consolidated financial statements)</p>	
	<p>The amount of trade receivables covers 14% (2021: 11%) of total current assets. The pandemic situation has positioned many business organizations in the financial stress and as a result, the risks of being default in payment of debts by the stressed customers increases significantly.</p> <p>The significant amount of trade receivables of the Group is attributable to a single customer which is also a related party as disclosed in note 37 to the consolidated financial statements to the Group. Being the related party, there may be financial transactions that lack in the criteria of arm's length transaction.</p> <p>Significant amount of judgment is to be applied to determine the risk of default by the customers over the expected life of trade receivables which may have material impact on trade receivables and as a result, there is risk of error in determining the allowance for impairment on trade receivables.</p> <p>Considering the above factors and the risk associated with the determination of impairment allowance on trade receivables, we have determined the same to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1) We tested the receivable balances compared those with the results obtained from external confirmations. 2) We inspected the arrangements, security documents, credibility assessments and correspondences with parties concerned to assess the recoverability of significant long outstanding receivables; 3) We enquired of the Group's internal legal counsel for all significant litigations and regulatory matters and inspected internal notes and report. We also received formal confirmation from external counsel; 4) We reviewed the calculation of impairment allowance on trade receivables as per IFRS 9; and 5) We also assessed the disclosures on the trade receivables as per IFRS 9.

Sl. No.	Key Audit Matter	How our audit addressed the key audit matter
4	Property, plant and equipment (Refer to notes 3.5 and 4 to these consolidated financial statements).	
	<p>The property, plant and equipment balance comprises 22% (2021: 20%) of total assets. This amounts to BDT 3,263 million (2021: BDT 2,800 million) as shown in note 4.</p> <p>Judgement is exercised in determining the useful lives and when assessing whether there are any indicators of impairment exist and when performing impairment assessments where indicators have been identified.</p> <p>Based on the value of the property, plant and equipment as well as the judgements involved in determining useful lives, this has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1) Obtained the useful lives and confirmed that this was reviewed and considered in the year under review; 2) We have reviewed the judgments and methodology applied by management including the nature of underlying costs capitalized, determination of realizable value of the assets retired from active use, technical assessment conducted in assessing the useful life of assets; 3) Assessed whether indicators of impairment existed at 31 December 2022 based on our knowledge of the business and the industry; and 4) Assessed the relevant disclosures made within the financial statements.

Other information included in the Group's 31 December 2022 Annual Report

Other information consists of the information included in the Group's 31 December 2022 Annual Report other than the consolidated financial statements and our auditor's report thereon. We obtained Director's Report, Management Discussion and Analysis, five years financial information, and Corporate Governance report prior to the date of our auditor's report, and we expect to obtain the remaining reports of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

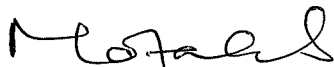
Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Group so far as it appeared from our examination of these books;
- iii) the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- iv) the expenditure incurred was for the purposes of the Group's business.

A. Qasem & Co.

Chartered Accountants
RJSC Registration No.: 2-PC7202



Mohammad Motaleb Hossain FCA

Partner
Enrolment Number: 0950

25 January 2023

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 31 December 2022

	<u>Notes</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
Assets			
Property, plant and equipment	4	3,263,124,297	2,799,893,949
Investment property	5	503,012,247	503,234,165
Right-of-use assets	6	25,127,649	13,852,546
Intangible assets	7	675,942	2,025,755
Capital work-in-progress	8	155,705,038	17,713,837
Total non-current assets		<u>3,947,645,173</u>	<u>3,336,720,252</u>
Inventories	9	3,404,569,828	2,989,795,940
Trade and other receivables	10	1,524,574,050	1,227,006,049
Advances, deposits and prepayments	11	299,208,628	311,692,999
Advance income tax	12	4,100,140,671	3,865,788,064
Cash and cash equivalents	13	1,275,774,291	2,276,654,664
Total current assets		<u>10,604,267,468</u>	<u>10,670,937,716</u>
Total assets		<u>14,551,912,641</u>	<u>14,007,657,968</u>
Equity			
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	1,883,817,400	1,747,192,779
Equity attributable to equity holders of the company		<u>7,637,152,389</u>	<u>7,500,527,768</u>
Non-controlling interests		<u>1,336</u>	<u>1,418</u>
Total equity		<u>7,637,153,725</u>	<u>7,500,529,186</u>
Liabilities			
Deferred tax liability	17	108,058,703	139,829,250
Lease liability	20	13,155,601	4,904,896
Total non-current liabilities		<u>121,214,304</u>	<u>144,734,146</u>
Borrowings	19	372,805,793	430,408,117
Lease liability	20	5,427,646	4,809,657
Trade and other payables	21	1,048,213,664	885,084,814
Unclaimed dividend payable	22	11,901,967	11,764,448
Accrued expenses	23	833,246,587	758,212,444
Provision for income tax	24	4,521,948,955	4,272,115,156
Total current liabilities		<u>6,793,544,612</u>	<u>6,362,394,636</u>
Total liabilities		<u>6,914,758,916</u>	<u>6,507,128,782</u>
Total equity and liabilities		<u>14,551,912,641</u>	<u>14,007,657,968</u>

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

As per our report of same date

A. Qasem & Co.
Chartered Accountants
RJSC Registration No.: 2-PC7202



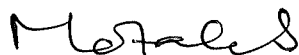
Abdallah Massaad
Chairman



SAK Ekramuzzaman
Managing Director



Pramod Kumar Chand
Director



Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950



Sadhan Kumar Dey
Chief Financial Officer



Muhammad Shahidul Islam FCS
Company Secretary

25 January 2023




RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	<u>Notes</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
Sales	25	7,453,465,494	6,851,136,685
Cost of sales	26	<u>(5,483,544,470)</u>	<u>(4,818,277,683)</u>
Gross profit		1,969,921,024	2,032,859,002
Other income	27	100	50
Administrative expenses	28	(347,982,610)	(333,244,125)
Impairment loss on trade receivables	28.1	(2,928,652)	(275,532)
Marketing and selling expenses	29	<u>(623,919,697)</u>	<u>(523,744,007)</u>
		<u>(974,830,859)</u>	<u>(857,263,614)</u>
Profit from operating activities		995,090,165	1,175,595,388
Finance income	30	48,912,214	44,817,209
Finance expenses	31	<u>(109,274,503)</u>	<u>(10,390,323)</u>
Net finance income		(60,362,289)	34,426,886
Profit before contribution to workers' profit participation and welfare fund		<u>934,727,876</u>	<u>1,210,022,274</u>
Contribution to workers' profit participation and welfare fund	32	<u>(45,079,009)</u>	<u>(55,919,793)</u>
Profit before income tax		889,648,867	1,154,102,481
Income tax expense			
Current tax	33	(249,833,799)	(300,848,645)
Deferred tax	17	<u>31,770,547</u>	<u>51,932,051</u>
		<u>(218,063,252)</u>	<u>(248,916,594)</u>
Profit for the year		<u>671,585,615</u>	<u>905,185,887</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>671,585,615</u>	<u>905,185,887</u>
Profit attributable to:			
Equity holders of the company		671,585,497	905,185,683
Non-controlling interests		118	204
Profit after tax for the year		<u>671,585,615</u>	<u>905,185,887</u>
Basic earnings per share (Par value TK 10)	39	<u>1.57</u>	<u>2.12</u>


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

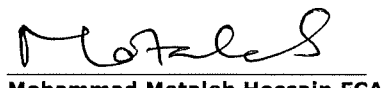
As per our report of same date

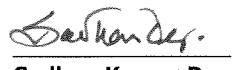
A. Qasem & Co.
Chartered Accountants
RJSC Registration No.: 2-PC7202

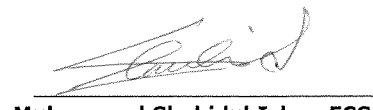

Abdallah Massaad
Chairman


SAK Ekramuzzaman
Managing Director


Pramod Kumar Chand
Director


Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950


Sadhan Kumar Dey
Chief Financial Officer


Muhammad Shahidul Islam FCS
Company Secretary

25 January 2023



RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
For the year ended 31 December 2022

	Attributable to owners of the Company					
	Share capital	Share Premium	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
	Taka (Note - 14)	Taka (Note - 15)	Taka (Note - 16)	Taka	Taka	Taka
Balance as at 01 January 2021	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	-	-	905,185,683	905,185,683	204	905,185,887
Profit for the year	-	-	905,185,683	905,185,683	204	905,185,887
Transactions with the shareholders						
Cash dividend (2020)	-	-	(427,968,701)	(427,968,701)	(100)	(427,968,801)
Balance as at 31 December 2021	4,279,687,010	1,473,647,979	1,747,192,779	7,500,527,768	1,418	7,500,529,186
Balance as at 01 January 2022	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	-	-	671,585,497	671,585,497	118	671,585,615
Profit for the year	-	-	671,585,497	671,585,497	118	671,585,615
Transactions with the shareholders						
Cash dividend (2021)	-	-	(534,960,876)	(534,960,876)	(200)	(534,961,076)
Balance as at 31 December 2022	4,279,687,010	1,473,647,979	1,883,817,400	7,637,152,389	1,336	7,637,153,725

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



RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
For the year ended 31 December 2022

	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	7,150,436,892	6,627,974,761
Cash payments to suppliers and employees	<u>(6,304,309,331)</u>	<u>(5,776,542,072)</u>
Cash generated from operating activities	<u>846,127,561</u>	<u>851,432,689</u>
Interest received from bank deposits	7,642,696	8,553,389
Income tax paid (note - 12)	<u>(234,352,607)</u>	<u>(277,128,389)</u>
Net cash (used in)/from operating activities (note-42)	<u>619,417,650</u>	<u>582,857,689</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,045,896,573)	(132,428,540)
Sale of property, plant and equipment (note-5.3)	497,560	3,332,000
Interest received from FDR	46,730,120	40,649,943
Income from rental	-	570,000
Intangible assets	-	(450,000)
Dividend received	100	50
Net cash (used in)/from investing activities	<u>(998,668,793)</u>	<u>(88,326,547)</u>
Cash flows from financing activities		
Finance charges	(23,303,829)	(5,095,764)
Avail/(repayment) of short-term loan	(57,602,324)	310,467,212
Payment of lease liability	(7,110,461)	(6,074,925)
Dividend paid	(534,823,358)	(465,780,393)
Unclaimed share application refund	-	(748,800)
Adjustment related with non-controlling interest	<u>(200)</u>	<u>(100)</u>
Net cash (used in)/from financing activities	<u>(622,840,172)</u>	<u>(167,232,770)</u>
Effect of exchange rate changes in cash and cash equivalents	<u>1,210,942</u>	<u>161,452</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,000,880,373)</u>	<u>327,459,824</u>
Cash and cash equivalents as at 01 January	<u>2,276,654,664</u>	<u>1,949,194,840</u>
Cash and cash equivalents as at 31 December (Note 13)	<u>1,275,774,291</u>	<u>2,276,654,664</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 year ended 31 December 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 25 January 2023.

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.

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.



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 year.

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

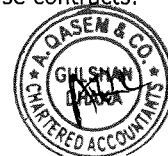
IFRS 16 introduces requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, 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 year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. 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 years.

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 year's financial statements.

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



4 Property, plant and equipment

2022

Particulars	C O S T					D E P R E C I A T I O N					Amount in Taka Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal transfer during the year	Balance as at 31 Dec 2022	Rate (%)	Balance as at 01 Jan 2022	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2022		
	Land*	341,565,707	691,701,310	-	1,033,267,017	5-20	-	-	-	-	
Factory building	1,039,010,882	6,260,687	-	1,045,271,569	5	537,116,690	48,819,390	-	585,936,080	459,335,489	
Office and accommodation building	534,211,506	8,684,209	(82,121)	542,813,594	5-10	203,708,611	29,112,653	-	232,821,264	309,992,330	
Plant and machinery	5,838,268,311	156,574,890	(1,512,451)	5,993,330,750	10	4,355,890,753	325,245,589	(123,487)	4,681,012,855	1,312,317,895	
Mobile plant	122,557,641	16,270,864	82,121	138,910,626	10-20	84,900,028	7,841,674	-	92,741,702	46,168,924	
Electrical installation	242,630,147	-	-	242,630,147	10-20	215,255,337	6,433,656	-	221,688,993	20,941,154	
Gas pipeline	80,514,054	-	-	80,514,054	10-20	64,055,745	4,058,162	-	68,113,907	12,400,147	
Furniture and fixtures	44,050,472	4,474,835	(372,578)	48,152,729	10	28,097,484	4,787,817	(372,567)	32,512,734	15,639,995	
Office equipment	52,713,848	11,352,166	(357,220)	63,708,794	10-20	40,839,174	6,282,016	(357,214)	46,763,976	16,944,818	
Communication equipment	12,509,259	4,056,926	-	16,566,185	10-20	8,369,622	2,420,254	-	10,789,876	5,776,309	
Tools and appliances	19,831,622	-	(5,246,399)	14,585,223	10-20	14,977,934	1,267,390	(4,972,142)	11,273,182	3,312,041	
Vehicles	90,757,466	8,529,485	(3,098,911)	96,188,040	10-20	65,515,588	6,036,138	(2,391,864)	69,159,862	27,028,178	
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-	
Total	8,422,251,927	907,905,372	(10,587,559)	9,319,569,740		5,622,357,978	442,304,739	(8,217,274)	6,056,445,443	3,263,124,297	

*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 was proposed to be utilized for greenfield expansion of another tiles plant and new faucets plant.

2021

Particulars	C O S T					D E P R E C I A T I O N					Amount in Taka Net book value as at 31 Dec 2021
	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		
	Land	341,565,707	-	-	341,565,707	5-20	-	-	-	-	
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	340,568,353	(58,338,508)	4,355,890,753	1,482,377,558	
Mobile plant	142,301,896	10,921,834	(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)	8,369,622	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	-	
Total	8,399,690,005	171,351,396	(148,789,476)	8,422,251,927		5,312,625,791	451,806,678	(142,074,492)	5,622,357,978	2,799,893,949	



5 Investment Property

2022

Particulars	COST			Rate	DEPRECIATION			Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/Transfer during the year		Balance as at 31 Dec 2022	Charged during the year	Adjustment during the year	
Land ¹	500,571,750	-	-		-	-	-	500,571,750
Office building ²	4,432,737	-	-	5%	221,918	-	1,992,240	2,440,497
Total	505,004,487	-	-		221,918	-	1,992,240	503,012,247

2021

Particulars	COST			Rate	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	Charged during the year	Adjustment during the year	
Land ¹	500,571,750	-	-		-	-	-	500,571,750
Office building ²	4,432,737	-	-	5%	221,918	-	1,770,322	2,662,415
Total	505,004,487	-	-		221,918	-	1,770,322	503,234,165

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>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
5.1 Depreciation		
Property, plant and equipment (Note 4)	442,304,739	451,806,678
Investment Property (Note 5)	221,918	221,918
	<u>442,526,657</u>	<u>452,028,596</u>
5.2 Allocation of Depreciation		
Cost of sales (Note 26)	404,399,955	416,656,484
Administrative expenses (Note 5.2.1)	31,297,603	29,748,902
Marketing & selling expenses (Note 29)	6,829,099	5,623,210
	<u>442,526,657</u>	<u>452,028,596</u>
5.2.1 Allocation of Administrative Depreciation		
Depreciation on property, plant & equipment (Note 28)	31,075,685	29,526,984
Depreciation on investment property (Note 28)	221,918	221,918
	<u>31,297,603</u>	<u>29,748,902</u>
5.3 Disposal of property, plant and equipment		

2022

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	357,220	357,214	6	4,000	3,994
Furniture & fixture	372,578	372,567	11	18,560	18,549
Plant and machinery	1,512,451	123,487	1,388,964	-	(1,388,964)
Vehicles	3,098,911	2,391,864	707,047	475,000	(232,047)
Tools and appliances	5,246,399	4,972,142	274,257	-	(274,257)
Total	10,587,559	8,217,274	2,370,285	497,560	(1,872,725)

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	-	-	-
Total	148,789,476	142,074,492	6,714,984	3,332,000	(3,382,984)



6 Right-of-use assets

2022

Particulars	COST				DEPRECIATION				Amount in Taka Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2022	Balance as at 01 Jan 2022	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2022	
Display center	44,590,469	17,601,130	(13,913,368)	48,278,231	31,468,446	8,215,417	(13,913,368)	25,770,495	22,507,736
Accommodation building	1,393,850	805,053	(727,523)	1,471,380	663,327	730,522	(727,523)	666,326	805,054
Warehouse	-	1,880,142	-	1,880,142	-	65,283	-	65,283	1,814,859
Total	45,984,319	20,286,325	(14,640,891)	51,629,753	32,131,773	9,011,222	(14,640,891)	26,502,104	25,127,649

2021

Particulars	COST				DEPRECIATION				Amount in Taka 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	Balance as at 31 Dec 2021	
Display center	51,948,657	-	(7,358,189)	44,590,469	31,481,037	7,458,852	(7,471,444)	31,468,446	13,122,023
Accommodation building	2,432,214	690,046	(1,728,411)	1,393,850	1,716,579	714,217	(1,767,470)	663,327	730,523
Office Building	3,776,889	-	(3,776,889)	-	3,776,889	-	(3,776,889)	-	-
Total	58,157,760	690,046	(12,863,490)	45,984,319	36,974,505	8,173,069	(13,015,803)	32,131,773	13,852,546

6.1 Allocation of depreciation

	2022	2021
Administrative expenses (Note 28)	730,522	714,217
Marketing & Selling expenses (Note 29)	8,280,700	7,458,852
	9,011,222	8,173,069

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



7 Intangible assets

2022

Particulars	COST				AMORTIZATION				Amount in Taka Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2022	Balance as at 01 Jan 2022	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2022	
	License Computer Software	22,692,876 12,064,380	- -	- -	22,692,876 12,064,380	22,381,800 10,349,701	205,707 1,144,106	- -	
Total	34,757,256	-	-	34,757,256	32,731,501	1,349,813	-	34,081,314	675,942

2021

Particulars	COST				AMORTIZATION				Amount in Taka 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	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2021	
	License Computer Software	22,692,876 11,614,380	- 450,000	- -	22,692,876 12,064,380	22,091,943 9,082,956	289,857 1,266,745	- -	
Total	34,307,256	450,000	-	34,757,256	31,174,899	1,556,602	-	32,731,501	2,025,755



	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
8 Capital Work-in-Progress		
Balance as at 1 January	17,713,837	56,636,694
Add: Addition during the year (note 8.1)	306,335,970	96,626,942
	<u>324,049,807</u>	<u>153,263,636</u>
Less: Transfer to property, plant & equipment during the year (note 8.2)	168,344,769	135,549,799
Balance as at 31 December	<u>155,705,038</u>	<u>17,713,837</u>
8.1 Addition during the year		
Building	15,264,180	24,938,333
Plant & machinery	273,363,820	61,065,396
Others	17,707,970	10,623,213
	<u>306,335,970</u>	<u>96,626,942</u>
8.2 Items transferred from capital work in progress to property, plant & equipment		
Building	14,944,895	27,243,865
Plant & machinery	138,247,010	97,667,721
Others	15,152,864	10,638,213
	<u>168,344,769</u>	<u>135,549,799</u>
9 Inventories		
Raw materials	1,616,409,488	1,330,068,854
Less : Provision for slow moving & obsolete inventories	27,390,319	17,729,507
	<u>1,589,019,169</u>	<u>1,312,339,347</u>
Stores and consumables spares and packing	1,099,615,246	896,238,370
Less: Write off for stores and spares	45,658,898	53,019,381
	<u>1,053,956,348</u>	<u>843,218,989</u>
Finished goods (net of net realizable value adjustment) *	587,936,012	584,786,606
Less : Provision for slow moving & obsolete inventories	10,193,909	15,720,612
	<u>577,742,103</u>	<u>569,065,994</u>
Work-in-process	72,294,867	59,359,055
Goods-in-transit	111,557,341	205,812,555
	<u>3,404,569,828</u>	<u>2,989,795,940</u>
*Finished goods exclude provision of net realizable value BDT. 25,977,522.		
10 Trade and other receivables		
Trade receivables (Note 10.1)	1,523,479,675	1,220,402,229
	<u>1,523,479,675</u>	<u>1,220,402,229</u>
Accrued interest (Note 10.2)	1,094,375	6,554,976
Other receivable	-	48,844
	<u>1,524,574,050</u>	<u>1,227,006,049</u>
10.1 Trade receivables		
Receivables from local sales	1,535,563,513	1,229,557,415
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	6,039,333	2,581,204
Related parties	6,044,505	6,573,982
	<u>1,523,479,675</u>	<u>1,220,402,229</u>
10.2 Accrued interest		
Interest accrued on Fixed Deposit Receipt	1,094,375	6,554,976
	<u>1,094,375</u>	<u>6,554,976</u>



	2022	2021
	Taka	Taka
11 Advance, deposit and prepayments		
Advances:		
Employees	354,500	298,000
Purchase of land and others	18,037,873	10,017,270
Suppliers against materials and services	60,283,423	68,049,896
	<u>78,675,796</u>	<u>78,365,166</u>
Security and other deposits:		
Titas gas	71,833,050	69,752,450
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	2,123,789	2,191,784
Deposited with income tax authority	79,320,962	79,320,962
Deposited with VAT authority	34,345,289	58,361,240
Display center and others	1,312,000	2,372,000
Other deposits	1,494,626	1,494,626
	<u>192,384,716</u>	<u>215,448,062</u>
Prepayments:		
Showroom, warehouse and office rent	15,774,000	-
Insurance and others	12,374,116	17,879,771
	<u>28,148,116</u>	<u>17,879,771</u>
	<u>299,208,628</u>	<u>311,692,999</u>

11.1 Supplementary duty & VAT

Balance as at 1 January	2,191,784	7,417,931
Add: Treasury deposit for SD & VAT purpose	9,170,717	9,533,102
	<u>11,362,501</u>	<u>16,951,033</u>
Less: SD & VAT on sales	9,238,712	14,759,249
Balance as at 31 December	<u>2,123,789</u>	<u>2,191,784</u>

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

12 Advance Income Tax

Balance as at 1 January	3,865,788,064	3,588,659,675
Add: Paid during the year	234,352,607	277,128,389
Balance as at 31 December (Note - 12.1)	<u>4,100,140,671</u>	<u>3,865,788,064</u>

12.1 Payment for the year

Income year

Year 2022	215,539,721	-
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>4,100,140,671</u>	<u>3,865,788,064</u>



	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
13 Cash and cash equivalents		
Cash in hand	4,940,100	2,606,103
Cash at banks		
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	48,008,704	98,519,046
BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	7,029,098	15,126,914
Citibank N.A. (current account - G0100001200262018 - BDT)	143,529	149,989
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	2,224,092	1,628,655
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	1,305,563	4,648,910
Standard Chartered Bank (Margin money account)	11,369,665	16,608,637
United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	19,582,657	31,825,028
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	376,147	54,866
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	64,575,111	141,614,772
Prime Bank Ltd. (SND - 2125316004690 - BDT)	5,163,335	13,135,435
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	1,187,158	587,252
Dhaka Bank Ltd (SND - 102.150.274- BDT))	12,724,019	27,682,861
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	-	5,739
Dhaka Bank Ltd (CD - 204100000019318- BDT))	337,606	1,241,296
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	36,099,416	60,071,855
Commercial Bank of Ceylon (ERQ-1806012366 - USD.)	1,167,570	4,308,029
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	18,037,173	24,494,840
Midland Bank Ltd. (SND 0006-1070000015, 0006-1060000043 - BDT)	323,664,743	171,763,920
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	76,971,089	71,777,074
Eastern Bank Ltd. (Margin Money account)	685,732	4,681,650
Commercial Bank of Ceylon (Margin Money account)	331,882	53,212
	<u>630,984,289</u>	<u>689,979,980</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,686,673	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>5,886,379</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	176,153	180,227
SCB (SND - 02-6162940-03- BDT) - 2013	321,365	337,376
SCB (SND - 02-6162940-04- BDT) - 2014	-	3,862
SCB (SND - 02-6162940-05- BDT) - 2015	40,449	44,581
SCB (SND - 02-6162940-06- BDT) - 2016	7,170	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	6,099,271	6,576,189
SCB (SND - 02-6162940-10- BDT) - 2020	3,179,172	3,630,950
SCB (SND - 02-6162940-11- BDT) - 2021	3,070,463	-
	<u>16,824,418</u>	<u>16,675,674</u>
Investment in Fixed Deposit Receipt (FDR)		
SCB	-	762,080
BRAC Bank Ltd.	-	50,000,000
Dutch Bangla Bank Ltd.	-	400,000,000
Eastern Bank Ltd.	262,139,105	505,745,315
Dhaka Bank Ltd.	300,000,000	550,000,000
Commercial bank of Ceylon	55,000,000	55,000,000
	<u>617,139,105</u>	<u>1,561,507,395</u>
	<u>1,275,774,291</u>	<u>2,276,654,664</u>



	2022		2021	
	Taka		Taka	
14 Share Capital				
Authorised :				
600,000,000 ordinary shares of Taka 10/- each		6,000,000,000		6,000,000,000
Issued, subscribed, called and paid up :				
427,968,701 ordinary shares of Taka 10/- each		4,279,687,010		4,279,687,010
Percentage of shareholdings :				
	2022		2021	
	%	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
	100.00	4,279,687,010	100.00	4,279,687,010

The company was incorporated on 26th of November 1998 with paid up capital of BDT 1,000 and subsequently was 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	
	2022	2021	2022	2021
01-499 shares	17,249	16,571	4,042,747	4,007,328
500 to 5,000 shares	8,179	6,107	13,158,647	9,667,706
5001 to 10,000 shares	926	645	7,005,165	4,753,914
10,001 to 20,000 shares	486	351	7,117,059	5,125,053
20,001 to 30,000 shares	154	116	3,901,900	2,852,640
30,001 to 40,000 shares	76	64	2,717,389	2,260,040
40,001 to 50,000 shares	65	38	3,061,080	1,763,948
50,001 to 100,000 shares	98	73	6,955,385	5,366,610
100,001 to 1,000,000 shares	81	90	24,464,289	28,132,218
1,000,001 to 1,000,000,000 Shares	15	17	355,545,040	364,039,244
	27,329	24,072	427,968,701	427,968,701

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)	2022	2021
		Taka	Taka
10000000	30	300,000,000	300,000,000
34510000	38	1,311,380,000	1,311,380,000
		1,611,380,000	1,611,380,000
Less : Share issue expenses		137,732,021	137,732,021
		1,473,647,979	1,473,647,979

16 Retained earnings (Reserve and surplus)

Balance as on 1 January	1,747,192,779	1,269,975,797
Add : Profit during the year	671,585,497	905,185,683
	2,418,778,276	2,175,161,480
Less: Dividend declared during the year	(534,960,876)	(427,968,701)
Balance as on 31 December	1,883,817,400	1,747,192,779

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



	2022 Taka	2021 Taka
17 Deferred tax liabilities		
Balance as at 1 January	139,829,250	191,761,301
Less : Deferred tax (income)/expenses	<u>(31,770,547)</u>	<u>(51,932,051)</u>
Balance as at 31 December	<u>108,058,703</u>	<u>139,829,250</u>

	Carrying amount on the date of statement of financial position	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 31 December 2022			
Property, plant and equipment (Excluding land and others)	2,191,768,732	1,654,353,913	537,414,819
Trade receivable	1,532,613,442	1,544,697,280	(12,083,838)
Inventories	3,349,411,095	3,412,972,845	(63,561,750)
Right of use assets	25,127,649	-	25,127,649
Lease liability	(18,583,247)	-	<u>(18,583,247)</u>
Net taxable temporary difference			<u>468,313,633</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>108,058,703</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)	-	<u>(9,714,554)</u>
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

	2022		
	<u>Provident fund</u>	<u>Gratuity fund</u>	<u>Total</u>
	Taka	Taka	Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	75,861,432	28,029,345	103,890,777
	75,861,432	28,029,345	103,890,777
Less: Payments made to fund during the year	75,861,432	28,029,345	103,890,777
Balance as at 31 December	<u>-</u>	<u>-</u>	<u>-</u>

Forfeited amount of provident fund amounting to BDT. 833,466 for the year 2022 has been adjusted with provision and payment.

	2021		
	<u>Provident fund</u>	<u>Gratuity fund</u>	<u>Total</u>
	Taka	Taka	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	67,435,963	38,368,823	105,804,785
Balance as at 31 December	<u>-</u>	<u>-</u>	<u>-</u>

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

19 Borrowings

Short-term borrowings	372,805,793	430,408,117
Balance as at 31 December	<u>372,805,793</u>	<u>430,408,117</u>

19.1 Borrowings by maturity

At 31 December 2022	< 1 year	1-2 years	2-5 years	Total
Short-term borrowings	372,805,793	-	-	372,805,793
	<u>372,805,793</u>	<u>-</u>	<u>-</u>	<u>372,805,793</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>-</u>	<u>-</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	-	Revolving	From company's own source	1) Corporate guarantee, 2) Hypothecation over stock & book debts on a parri-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	57,859,449	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	235,015,937	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 PLC	Overdraft	35,000,000	-	Revolving	From company's own source		
	Short term loan	550,000,000	79,930,407	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.

	2022	2021
	Taka	Taka
20 Lease liability		
Non-current:		
Lease liability	18,583,247	9,714,554
Less : Current portion of lease liability	5,427,646	4,809,657
	<u>13,155,601</u>	<u>4,904,896</u>
Current:		
Current portion of lease liability	5,427,646	4,809,657

31 December 2022

Lease liability schedule

Particulars	Balance as on 01 January 2022	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2022
Display center	8,959,184	11,971,130	6,203,091	1,169,941	5,033,149	15,897,164
Accommodation Building	755,370	805,053	802,105	75,893	726,213	834,211
Warehouse	-	1,880,142	105,265	76,995	28,270	1,851,871
	<u>9,714,554</u>	<u>14,656,325</u>	<u>7,110,461</u>	<u>1,322,829</u>	<u>5,787,632</u>	<u>18,583,247</u>

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
	<u>13,796,578</u>	<u>842,361</u>	<u>6,074,925</u>	<u>1,150,540</u>	<u>4,924,385</u>	<u>9,714,554</u>

21 Trade and other payables

Trade payables

Payable to local suppliers	144,065,549	185,069,082
Payable to foreign suppliers	222,739,944	306,722,614
Payable to service provider	71,856,030	68,742,282
Payable to C & F agent	62,174,471	49,038,384
	<u>500,835,994</u>	<u>609,572,362</u>

Other payables

Tax deducted at source	18,039,481	24,500,151
Tax deducted at source on remuneration (Note-23.1)	7,099,944	8,807,367
Tax deducted at source on incentive and bonus (Note-23)	7,263,075	4,603,182
VAT deducted at source	8,445,799	10,541,119
VAT and Supplementary duty payable (Note-21.1)	115,766,477	117,438,944
Unclaimed share application	20,061,956	20,061,956
Advance from customer against sales	7,663,680	9,745,981
Security deposit payable	2,075,814	2,018,224
Payable to employees	1,534,726	1,823,489
Payable to customer against claim	16,656,209	13,735,760
Provisional liabilities - material & services	44,632,834	62,236,279
Payable against purchase of land (Note - 37)	298,137,675	-
	<u>547,377,670</u>	<u>275,512,452</u>
	<u>1,048,213,664</u>	<u>885,084,814</u>



	2022	2021
	Taka	Taka
21.1 VAT and Supplementary duty (SD) payable		
Opening Balance	117,438,944	139,511,697
Add: VAT and Supplementary duty on sales	2,512,675,861	2,324,239,441
Other payable	211,101	-
	<u>2,630,325,905</u>	<u>2,463,751,139</u>
Less: Treasury deposit for SD & VAT purpose	1,633,832,497	1,510,551,448
Rebate of Input VAT	880,726,931	835,760,747
	<u>2,514,559,428</u>	<u>2,346,312,194</u>
Balance as at 31 December	<u>115,766,477</u>	<u>117,438,944</u>

22 Unclaimed Dividend Payable **11,901,967** **11,764,448**

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2022	Fund Transferred to CMSF	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	357,227,075	1,946,478	-
2019	641,953,052	49,029,624	592,923,428	586,814,480	-	6,108,948
2020	427,968,701	32,747,652	395,221,049	392,398,879	-	2,822,171
2021	534,960,876	39,123,334	495,837,543	492,866,695	-	2,970,848
	<u>6,307,249,174</u>	<u>532,743,804</u>	<u>5,774,505,371</u>	<u>5,721,521,659</u>	<u>41,081,745</u>	<u>11,901,967</u>

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2021	Fund Transferred to CMSF	Undistributed fund (BDT) as on 31 Dec 2021
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
	<u>5,772,288,298</u>	<u>493,620,470</u>	<u>5,278,667,828</u>	<u>5,227,768,113</u>	<u>39,135,267</u>	<u>11,764,448</u>

23 Accrued expenses

Power and gas	45,724,712	42,359,243
Staff cost	116,913,361	132,239,271
Dealer's incentive and bonus	65,367,671	41,428,638
Audit fees	1,840,000	1,555,000
Professional charges	460,497	1,045,000
Interest on loans	7,598,906	2,440,939
Telephone	236,848	205,976
Freight bill	1,750,586	676,640
Business promotion and advertisement	32,591,430	19,209,107
Hiring heavy equipment	1,660,994	1,506,239
Managing Director's remuneration (Note 23.1)	21,299,832	26,422,103
Worker's profit participation and welfare fund (Note 23.2)	45,079,009	55,919,793
Royalty and technical know-how fees (Note 23.3)	478,068,907	407,974,519
Others	14,653,834	25,229,974
	<u>833,246,587</u>	<u>758,212,444</u>

23.1 Managing Director's remuneration

Balance as at 1 January	26,422,103	10,062,153
Add: Payable to Managing Director for the year	28,399,776	35,229,470
	<u>54,821,879</u>	<u>45,291,623</u>
Less: Tax deducted at source during the year (Note 21)	7,099,944	8,807,367
Less: Paid to Managing Director during the year	26,422,103	10,062,153
Balance as at 31 December	<u>21,299,832</u>	<u>26,422,103</u>



	2022 Taka	2021 Taka
23.2 Worker's profit participation and welfare fund		
Balance as at 1 January	55,919,793	22,816,672
Add: Contribution made to the fund during the year	45,079,009	55,919,793
	100,998,802	78,736,465
Less: Payment made from the fund during the year	55,919,793	22,816,672
Balance as at 31 December	45,079,009	55,919,793
23.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	407,974,519	317,433,528
Add: Provision made during the year	70,094,388	90,540,991
Balance as at 31 December	478,068,907	407,974,519
24 Provision for Income Tax		
Balance as at 1 January	4,272,115,156	3,971,266,511
Add: Provision made during the year	249,833,799	300,848,645
Balance as at 31 December (Note 24.1)	4,521,948,955	4,272,115,156
24.1 Provision for Income Tax		
Income year		
Year 2022	249,833,799	-
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
	4,521,948,955	4,272,115,156



	2022	2021
	Taka	Taka
25 Sales		
Gross sales from Ceramics product	10,629,010,173	9,814,133,937
Gross sales from Power generation	423,653,680	430,107,240
Gross sales from Security service	96,967,823	81,589,706
	<u>11,149,631,676</u>	<u>10,325,830,883</u>
Less: Elimination	414,579,652	412,133,652
Supplementary Duty	1,068,911,395	995,615,214
VAT	1,453,214,279	1,343,383,475
Discount	13,455,579	5,910,710
Commission, Incentive and bonus	746,005,277	717,651,147
Net sales	<u>7,453,465,494</u>	<u>6,851,136,685</u>
26 Cost of sales		
Materials consumed:		
Opening Inventory as at 1 January	1,312,339,347	562,104,748
Add: Purchase during the year	3,339,339,803	3,365,056,879
	<u>4,651,679,150</u>	<u>3,927,161,627</u>
Less: Closing Inventory as at 31 December	1,589,019,169	1,312,339,347
	<u>3,062,659,981</u>	<u>2,614,822,280</u>
Manufacturing overhead:		
Direct labour (note 26.1)	681,862,234	649,384,487
Direct expenses:		
Power and gas	359,835,413	322,438,008
Repairs and indirect materials (note 26.2)	826,456,415	770,632,074
Depreciation on property, plant & equipment (note 5.2)	404,399,955	416,656,484
Royalty and technical know-how/assistance fees *	70,094,388	90,540,991
Other production overhead (note 26.3)	93,246,628	95,725,214
Provision for slow moving & obsolete inventories (note 9)	4,134,109	(3,860,575)
Movement in stock	(19,144,653)	(138,061,280)
	<u>5,483,544,470</u>	<u>4,818,277,683</u>
26.1 Direct labour		
Salary & wages	470,246,000	422,077,810
Overtime	41,862,228	40,027,676
Bonus	44,273,390	63,647,147
Incentive	42,498	375,504
Temporary labour wages	63,830,005	61,431,115
Staff uniform, safety and welfare expenses	1,380,726	848,136
Gratuity	19,630,212	27,209,389
Employer's contribution to provident fund	25,673,570	23,071,166
Leave encashment	12,029,754	7,706,607
Group life Insurance	2,472,578	2,820,500
Compensation	421,273	169,437
	<u>681,862,234</u>	<u>649,384,487</u>
26.2 Repairs and indirect materials		
Stores, spares, repair & maintenance	405,154,135	412,961,053
Packing expenses	421,302,280	357,671,021
	<u>826,456,415</u>	<u>770,632,074</u>
26.3 Other production overhead		
Tour and travel expenses	2,566,673	5,081,308
Demurrage	8,349,282	3,348,351
Insurance	25,652,960	23,463,569
Hiring charges and transportation	7,423,206	5,145,760
Write off for stores and spares	45,658,898	53,019,381
Other expenses	3,595,609	5,666,845
	<u>93,246,628</u>	<u>95,725,214</u>
*Royalty has been calculated 8% on business profit as per Finance Act 2020.		
27 Other Income		
Dividend Income	100	50
	<u>100</u>	<u>50</u>



	2022	2021
	Taka	Taka
28 Administrative expenses		
Staff cost (note 28.2)	193,947,545	184,940,010
Annual General Meeting expenses	1,941,291	1,500,500
Telephone and postage	10,742,187	7,495,489
Office repair and maintenance (note 28.3)	6,447,904	5,293,093
Registration and renewal	1,342,050	2,509,315
Security and guard expenses	210,764	268,809
Electricity, gas and water	5,897,032	6,981,039
Depreciation on property, plant & equipment (note 5.2.1)	31,075,685	29,526,984
Depreciation on investment property (note 5.2.1)	221,918	221,918
Depreciation on right of use assets (note 6.1)	730,522	714,217
Amortization (note 7)	1,349,813	1,556,602
Legal and professional fees	15,410,904	13,093,065
Vehicle repair and maintenance	17,525,520	11,894,753
Rent, rate and tax	4,304,999	4,444,213
Loss on retirement of assets (note 5.3)	1,872,725	3,382,984
IT expenses	4,629,673	3,206,443
General Service	4,962,745	5,713,979
Donation	2,620,836	3,487,111
Managing Director's remuneration (note 28.4)	28,399,776	35,229,470
Others	14,348,721	11,784,130
	347,982,610	333,244,125
28.1 Impairment loss on trade receivables		
Unrelated parties	3,458,129	189,138
Related parties	(529,477)	86,394
	2,928,652	275,532
New classification of financial assets shown in note 36.1(b) as per IFRS 9.		
28.2 Staff cost		
Salary & wages	138,625,187	126,714,394
Bonus	12,531,984	18,383,801
Incentive	777,101	1,225,194
Gratuity	4,196,428	7,584,905
Employer's contribution to provident fund	7,703,860	6,894,272
Leave encashment	4,233,691	2,163,674
Group life insurance	791,147	784,799
Canteen and conveyance expenses	17,603,010	11,434,091
Staff uniform, safety and welfare expenses	3,590,935	3,184,395
Travelling expenses	2,214,271	1,686,538
Compensation	246,184	1,526,707
Medical expenses	462,296	1,305,449
Accommodation expenses	971,451	1,816,103
Other employee benefit	-	235,688
	193,947,545	184,940,010
Accommodation expenses Includes rent expenses for short term lease for BDT. 156,000 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.		
28.3 Office repair & maintenance		
Repairs office equipment	1,558,993	416,558
Office maintenance	4,888,911	4,876,535
	6,447,904	5,293,093
28.4 Managing Director's remuneration		
Provision made during the period	28,399,776	35,229,470
	28,399,776	35,229,470
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.		
29 Marketing & selling expenses		
Staff cost (note 29.1)	119,734,188	89,858,917
Advertisement	47,539,985	12,294,710
Freight and transportation	328,668,292	300,626,263
Compensation to customers	9,386,717	22,280,195
Business promotion	67,785,066	62,672,470
Depreciation on property, plant & equipment (note 5.2)	6,829,099	5,623,210
Depreciation on right of use assets (note 6.1)	8,280,700	7,458,852
Showroom, office & house rent	1,271,536	1,549,622
Sample expenses	20,080,439	14,923,161
Tour, travel and others	14,343,675	6,456,607
	623,919,697	523,744,007
29.1 Staff cost		
Salary & wages	69,285,302	54,627,697
Bonus	6,216,799	7,607,299
Incentive	13,556,819	10,251,516
Gratuity	4,202,702	3,574,529
Employer's contribution to provident fund	4,136,553	3,154,744
Leave Encashment	1,186,678	1,060,630
Group life insurance	394,162	359,027
Conveyance & food expenses	11,492,718	9,092,963
Staff uniform, safety and welfare expenses	9,262,455	130,512
	119,734,188	89,858,917



	2022	2021
	Taka	Taka
29.2 Salary & wages under staff cost (note no. 26.1, 28.2 & 29.1) includes employee contribution to provident fund for BDT. 25,673,570, BDT. 7,703,860 & BDT. 4,136,553.		
30 Finance income		
Interest on bank account (SND)	7,642,696	8,553,389
Interest on fixed deposits	41,269,518	36,263,820
	48,912,214	44,817,209
31 Finance expenses		
Interest expenses against loan	25,253,694	4,553,264
Interest expenses against lease liability	1,322,829	1,150,540
Foreign exchange loss	79,489,878	2,578,334
Bank charges	3,208,102	2,108,185
	109,274,503	10,390,323
32 Contribution to worker's profit participation and welfare fund		
Provision made during the year	45,079,009	55,919,793
	45,079,009	55,919,793
33 Income tax expenses		
Accounting profit (PBT as per Individual company)	935,648,667	1,176,602,382
Add: Inadmissible depreciation allowance for separate consideration: Accounting Depreciation of Fixed Assets	442,526,657	452,028,596
	1,378,175,324	1,628,630,978
Add: Inadmissible expenses / allowances as per ITO, 1984:		
Business promotion expenses	13,737,385	13,027,044
Royalty expenses	270,752	48,662
Sample expenses	9,754,600	4,945,668
Amortization expenses	1,259,813	1,554,136
Depreciation on Right of Use Assets (ROUA)	9,011,222	8,173,069
Interest on lease liability	1,322,829	1,150,540
Provision for slow moving inventories	4,134,109	-
NRV Provision on inventories	3,751,662	-
	43,242,372	28,899,119
	1,421,417,696	1,657,530,097
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984):	(307,779,495)	(329,374,048)
Admissible expenses as per ITO,1984:		
Rent expenses	(12,127,538)	(11,600,296)
Deduct: Dividend income	(45,949,800)	(22,479,900)
Taxable profit	1,147,460,464	1,339,035,653
Applicable tax rate for Individual company		
On Business Income		As per applicable tax rate for Individual company
On Dividend Income		20%
Tax expenses as per applicable tax rate for Individual company :		
Business Income	240,633,819	296,348,655
Dividend Income	9,199,980	4,499,980
Current Tax Liability	249,833,799	300,848,645

34 Reconciliation of effective tax rate

	2022		2021
	Taka		Taka
Profit before tax	889,648,867	%	1,154,102,481
Current tax expenses	249,833,799	28.08%	300,848,645
Deferred tax expenses	(31,770,547)	-3.57%	(51,932,051)
Total tax expenses	218,063,252	24.51%	248,916,594
Expected income tax using applicable tax rate for individual company	212,305,075	23.86%	268,695,218
Tax on non-deductible expenses	37,528,724	4.2%	32,153,427
Effective current tax	249,833,799	28.08%	300,848,645
Effective deferred tax	(31,770,547)	-3.57%	(51,932,051)
	218,063,252	24.51%	248,916,594

35 Short term lease expenses

		2022	2021
		Taka	Taka
Nature of the lease	Lease term	Rent Payment	Rent Payment
Rented accommodation	<1 year	Admin	Admin
		156,000	156,000
		156,000	156,000



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 analyze 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 receivables 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 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
Trade receivables				
Customer-Local	-	-	1,523,479,675	1,220,402,229
			1,523,479,675	1,220,402,229
Other receivables				
Accrued Interest			1,094,375	6,554,976
Others			-	48,844
			1,094,375	6,603,820
Cash equivalents			1,270,834,191	2,274,048,561

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 31 December 2022.

Financial assets	Note	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9	Impairment loss (Refer note 10.1)
Trade receivable-unrelated	10.1	Loan & receivable	Amortized cost	641,704,385	635,665,052	6,039,333
Trade receivable-related	10.1	Loan & receivable	Amortized cost	893,859,127	887,814,622	6,044,505
Cash & cash equivalent	13	Loan & receivable	Amortized cost	1,270,834,191	1,270,834,191	-

ⁱ The above table provides information ECLs till date. Impairment provision till Dec 2021 was Tk. 9,155,186 and provision made during the year is Tk. 2,928,652.

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 year 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.

^{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 31 December was:

	Amounts in Taka	
	As at 31 Dec 2022	As at 31 Dec 2021
Not past due	1,328,198,931	1,149,687,410
0-90 days past due	119,056,142	34,881,457
91-180 days past due	43,494,110	27,869,771
181-365 days past due	29,094,918	5,342,346
over 365 days past due	3,635,574	2,621,245
	1,523,479,675	1,220,402,229

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 31 Dec 2022			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	1,048,213,664	1,048,213,664	1,048,213,664	-
Short term borrowing	372,805,793	372,805,793	372,805,793	-
	1,421,019,457	1,421,019,457	1,421,019,457	-
	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	-
	1,315,492,931	1,315,492,931	1,315,492,931	-



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 optimizing 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.

Exposure to currency risk

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

	As at 31 Dec 2022				As at 31 Dec 2021			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets								
Cash at bank	-	-	24,486	-	-	-	105,562	-
	-	-	24,486	-	-	-	105,562	-
Foreign currency denominated liabilities								
Trade payables	4,442	238,847	1,124,326	699,445	60,550	249,274	2,840,637	322,266
Short term borrowings	-	-	3,463,724	158,080	-	-	5,013,490	-
Royalty & Technical Fees	-	-	4,659,391	-	-	-	4,752,178	-
	4,442	238,847	9,247,441	857,525	60,550	249,274	12,606,305	322,266
Net exposure	(4,442)	(238,847)	(9,222,955)	(857,525)	(60,550)	(249,274)	(12,500,743)	(322,266)

The Company has foreign exchange loss of To 79,489,878 during the year ended 31 Dec 2022 (31 Dec 2021: Exchange gain To 2,578,334).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Dec 2022	31 Dec 2021
	Taka	Taka
AED	27.7608	23.2942
GBP	123.8037	115.4990
USD	101.8017	85.3500
EURO	108.6137	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 31 Dec would have increased/(decreased) profit or loss by the amounts shown below.

	As at 31 Dec 2022		As at 31 Dec 2021	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 31 Dec				
AED (3 percent movement)	(137)	129	(1,873)	1,764
GBP (3 percent movement)	(7,387)	6,957	(7,710)	7,260
USD (3 percent movement)	(285,246)	268,630	(386,621)	364,099
EURO (3 percent movement)	(26,521)	24,976	(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	As at
	31 Dec 2022	31 Dec 2021
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	617,139,105	1,561,507,395
Cash at banks	653,695,085	712,541,165
Financial liabilities		
Short term borrowing	372,805,793	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 31 Dec 2022		As at 31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	617,139,105	617,139,105	1,561,507,395	1,561,507,395
Loans and receivables				
Trade receivables	1,523,479,675	1,523,479,675	1,220,402,229	1,220,402,229
Other receivables	1,094,375	1,094,375	6,603,820	6,603,820
Cash equivalents	1,270,834,191	1,270,834,191	2,274,048,561	2,274,048,561
Financial liabilities				
Liabilities carried at amortised costs				
Trade and other payables	1,048,213,664	1,048,213,664	885,084,814	885,084,814
Short term borrowing	372,805,793	372,805,793	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:

	31 Dec 2022	31 Dec 2021
Investment in FDR (local currency/BDT)	1.50%-6.75%	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)	SOFR+2.00%-3.50%	LIBOR+2.00%-3.50%



37 Related party disclosures under IAS-24

List of related parties with whom transactions have been taken place and their relationship as identified and certified by management:

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	Dividend income
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current year Previous year	366,394,504 374,006,296	5,008,696 10,956,522	-	66,037,289 75,592,623	-	40,999,800 20,499,900
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current year Previous year	44,189,683 36,349,893	-	-	9,009,969 5,897,332	-	4,950,000 1,980,000
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	Current year Previous year	4,313,568 9,026,026	-	-	24,198,217 18,643,948	-	-
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current year Previous year	659,475,040 785,892,515	-	-	65,809,391	-	-
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	Current year Previous year	706,935 48,362	-	-	-	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current year Previous year	14,250 423,872	-	-	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current year Previous year	106,789,265 59,455,970	-	-	14,733,285 13,393,261	-	-
Pallli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current year Previous year	13,087,923 11,461,923	-	-	944,528 391,680	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current year Previous year	1,581,556 1,724,911	-	-	-	-	-
Masram Agro Ltd.(*)	Other related party	Unsecured	Nil	Current year Previous year	209,743,750	-	-	209,743,750	-	-
Speedway International Pvt. Ltd	Other related party	Unsecured	Nil	Current year Previous year	29,621,260 6,553,328	-	-	9,278,768 5,787,631	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current year Previous year	-	-	-	6,414 6,414	-	-
Peilkan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	Nil	Current year Previous year	7,843,174 58,450,995	-	-	-	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current year Previous year	-	2,842,370,536 2,409,828,278	893,742,803 673,567,276	-	-	-
S.A.K. Ekramuzzaman (**)	Key Management Personnel	Unsecured	Nil	Current year Previous year	406,035,342 2,891,980	-	-	109,693,757 26,422,103	28,399,776 35,229,470	-
Sadhan Kumar Dey	Key Management Personnel	Unsecured	Nil	Current year Previous year	-	-	-	-	9,690,207 9,023,824	-

* Transaction represents purchase of 11.32 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 209,743,750 excluding registration and other expenses from Masram Agro Ltd. as approved by the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. The land registered in the name of the Company dated August 14, 2022 but no payment has been made until 31 December 2022. Therefore, said amount is showing as payable against purchase of land (Note-21).

** Purchase includes 21.73 acres of land at Bhutulia, 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 as approved by the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. Out of total payable BDT. 402,090,100 an amount of BDT. 313,696,175 has been paid to Mr. S.A.K. Ekramuzzaman and balance BDT. 88,393,925 is showing as payable against purchase of land (Note -21).

37.1 The Group has decided to purchase of 33.91 acres of land at Bhutulia, 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. Out of total 33.91 acres of land 33.05 acres has been registered in the name of the Company and balance 0.86 acres of land is under process of registration. The land was 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 was estimated BDT. 9,025 Million.

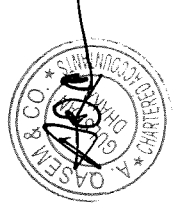
The Group has also decided to establish a new faucets plant with production capacity of 1,500 pcs per day on the above land in the Board of Directors meeting held on July 20, 2022. The total cost of the project estimated BDT. 950 Million.

To comply the BSEC notification no. BSEC/CMRRCD/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) equivalent to 10% (Ten percent) or above of the revenue for the immediate financial year.

37.2 Paid to Directors

During the year, provision was made as MD's remuneration for Taka. 28,399,776.

During the year, Board meeting fees of Taka 750,000 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: To 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.

2022

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	7,411,921,531	-	41,543,963	-	7,453,465,494
Revenue - inter segment	-	368,394,504	46,185,148	(414,579,652)	-
Total segment revenue	7,411,921,531	368,394,504	87,729,111	(414,579,652)	7,453,465,494
Cost of sales- external customer	(5,097,718,230)	(321,097,366)	(64,728,873)	-	(5,483,544,470)
Cost of sales- inter segment	(368,394,504)	(7,004,161)	-	375,398,665	-
Total segment cost of sales	(5,466,112,734)	(328,101,527)	(64,728,873)	375,398,665	(5,483,544,470)
Gross profit	1,945,808,797	40,292,977	23,000,238	-	1,969,921,024
Dividend income	45,949,800	50,000	100	(45,999,800)	100
Rental income	5,008,696	-	-	(5,008,696)	-
Financial income	47,920,629	957,025	34,561	-	48,912,215
Financial expenses	(108,789,150)	(458,736)	(26,618)	-	(109,274,503)
Depreciation	(413,916,131)	(28,416,724)	(193,802)	-	(442,526,657)
Other operating expenses	(620,402,456)	18,415,896	(19,586,435)	44,189,683	(577,383,312)
Segment profit before tax	901,580,185	30,840,438	3,228,044	-	889,648,867
Income tax expense	(236,522,849)	(12,325,560)	(985,390)	-	(249,833,799)
Deferred tax	26,283,573	5,564,115	(77,142)	-	31,770,546
Profit for the year					671,585,615



2021

Business Segments

	<u>Ceramic & sanitary ware</u>		<u>Power</u>		<u>Security and services</u>		<u>Inter segment</u>		<u>Entity total</u>	
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Revenue - external customers	6,815,398,857	-	-	35,737,828	-	-	-	-	6,851,136,685	-
Revenue - inter segment	-	374,006,296	374,006,296	38,127,356	(412,133,652)	(412,133,652)	-	-	-	-
Total segment revenue	6,815,398,857	374,006,296	374,006,296	73,865,184	(412,133,652)	(412,133,652)	-	-	6,851,136,685	-
Cost of sales- external customer	(4,469,707,467)	(294,096,154)	(294,096,154)	(54,474,061)	-	-	-	-	(4,818,277,683)	-
Cost of sales- inter segment	(374,006,296)	(12,733,985)	(12,733,985)	-	386,740,281	386,740,281	-	-	-	-
Total segment cost of sales	(4,843,713,763)	(306,830,139)	(306,830,139)	(54,474,061)	386,740,281	386,740,281	-	-	(4,818,277,683)	-
Gross profit	1,971,685,094	67,176,157	67,176,157	19,391,123	-	-	-	-	2,032,859,002	-
Dividend income	22,479,900	20,000	20,000	50	(22,499,900)	(22,499,900)	-	-	50	50
Rental income	10,956,522	-	-	-	(10,956,522)	(10,956,522)	-	-	-	-
Financial income	44,346,321	433,270	433,270	37,618	-	-	-	-	44,817,209	44,817,209
Financial expenses	(10,043,466)	(321,120)	(321,120)	(25,737)	-	-	-	-	(10,390,323)	(10,390,323)
Depreciation	(423,400,707)	(28,421,541)	(28,421,541)	(206,348)	-	-	-	-	(452,028,596)	(452,028,596)
Other operating expenses	(497,627,800)	17,967,067	17,967,067	(17,844,021)	36,349,893	36,349,893	-	-	(461,154,860)	(461,154,860)
Segment profit before tax	1,118,395,864	56,853,833	56,853,833	1,352,685	-	-	-	-	1,154,102,481	1,154,102,481
Income tax expense	(280,200,490)	(20,204,964)	(20,204,964)	(443,191)	-	-	-	-	(300,848,645)	(300,848,645)
Deferred tax	46,912,243	5,129,307	5,129,307	(109,499)	-	-	-	-	51,932,051	51,932,051
Profit for the year									905,185,887	905,185,887



	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
39 Calculation of Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
(a) Profit attributable to equity holders of the Company	671,585,497	905,185,683
(b) No. of ordinary equity shares	427,968,701	427,968,701
(c) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Earnings per share (EPS) for the year (a÷c)	1.57	2.12
Diluted earnings per share for the year (a÷c)	1.57	2.12

39.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. 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 year presented as the comparative figures.

	<u>2022</u>	<u>2021</u>
Outstanding shares	427,968,701	427,968,701
	<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 8.79% from BDT. 6,851.14 MN to BDT. 7,453.47 MN, even though earning per share is decreased from BDT. 2.12 to 1.57 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 year. Therefore, gross profit margin has been reduced from 29.67% to 26.43% and sales volume is not achieved as expected in the year 2022 due to the shortage of production.

40 Calculation of Net assets value per share

(a) Net assets value (Note 14, 15 & 16)	7,637,152,389	7,500,527,768
(b) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Net assets value per share (a÷b)	17.85	17.53

41 Calculation of Net operating cash flow per share

(a) Net Cash flows from operating activities (Note 42)	619,417,650	582,857,689
(b) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Net operating cash flow per share (a÷b)	1.45	1.36

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 8.79% from BDT. 6,851.14 MN to BDT. 7,453.47 MN and registered improvement in cash flows from customers as well as income tax payment has been reduced due to the reduction of profit before tax in the current year as compared to last year which caused an increase in net operating cash flow per share from BDT 1.36 to BDT. 1.45.



42 Reconciliation of operating cash flow:	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
Cash flows from operating activities		
Profit before taxation	889,648,867	1,154,102,481
Adjustment for:		
Depreciation	451,537,879	460,201,666
Amortization	1,349,813	1,556,602
Advance rent adjustment	(5,630,000)	-
Loss on assets retirement	1,872,725	3,382,984
Foreign exchange loss	79,489,878	2,578,334
Finance expenses	29,784,625	7,811,989
Finance income	(48,912,214)	(44,817,209)
Other income	(100)	(50)
	<u>1,399,141,474</u>	<u>1,584,816,796</u>
Increase/decrease in trade and other receivables	(303,028,603)	(223,161,925)
Increase/decrease in inventories	(414,773,888)	(962,805,560)
Increase/decrease in trade and other payables	164,788,577	452,583,378
Cash generated from operating activities	<u>846,127,561</u>	<u>851,432,689</u>
Interest received from bank deposit	7,642,696	8,553,389
Income tax paid	(234,352,607)	(277,128,389)
Net cash (used in)/from operating activities	<u><u>619,417,650</u></u>	<u><u>582,857,689</u></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 545,206,680 (31 Dec 2021: Tk 1,130,710,423). 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 330,070,678 (31 Dec 2021: Tk 424,808,058) and letter of guarantee of Tk 145,690,514 (31 Dec 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 31 December 2022. Therefore no credit loss allowances is expected.

44 Events after the reporting period

44.1 Declaration of dividend and date of Annual General Meeting (AGM)

The Board of Directors of RAK Ceramics (Bangladesh) Ltd, in its meeting held on 25 January 2023, has unanimously recommended cash dividend @ 10% of the paid capital of the company for the year ended 31 December 2022 equivalent to BDT 427,968,701 to be distributed as cash dividend among shareholders, which is more than 30% of the current year profit. The dividend is subject to final approval by the shareholders at the forthcoming 24th Annual General Meeting (AGM) of the company which will be held on 30 March 2023.

