

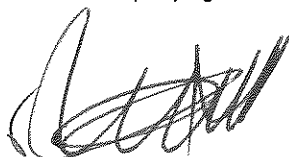
**RAK Ceramics (Bangladesh) Limited**

Consolidated financial statements  
as at and for the period ended 31 March 2023

**RAK Ceramics (Bangladesh) Ltd.**  
**Consolidated statement of financial position**  
**as at 31 March 2023**

	Notes	<b>31 Mar 2023</b> <b>Taka</b>	<b>31 Dec 2022</b> <b>Taka</b>
<b>Assets</b>			
Property, plant and equipment	4	3,253,923,636	3,263,124,297
Investment property	5	502,957,527	503,012,247
Right-of-use assets	6	51,546,728	25,127,649
Intangible assets	7	3,677,528	675,942
Capital work-in-progress	8	142,327,213	155,705,038
<b>Total non-current assets</b>		<b>3,954,432,632</b>	<b>3,947,645,173</b>
Inventories	9	3,300,777,664	3,404,569,828
Trade and other receivables	10	1,405,083,007	1,524,574,050
Advances, deposits and prepayments	11	328,546,585	299,208,628
Advance income tax	12	4,138,733,445	4,100,140,671
Cash and cash equivalents	13	1,846,590,630	1,275,774,291
<b>Total current assets</b>		<b>11,019,731,331</b>	<b>10,604,267,468</b>
<b>Total assets</b>		<b>14,974,163,963</b>	<b>14,551,912,641</b>
<b>Equity</b>			
Share capital	14	4,279,687,010	4,279,687,010
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,612,334,232	1,883,817,400
<b>Equity attributable to equity holders of the company</b>		<b>7,365,669,221</b>	<b>7,637,152,389</b>
<b>Non-controlling interests</b>		<b>1,344</b>	<b>1,336</b>
<b>Total equity</b>		<b>7,365,670,565</b>	<b>7,637,153,725</b>
<b>Liabilities</b>			
Deferred tax liability	17	104,301,190	108,058,703
Lease liability	20	22,204,714	13,155,601
<b>Total non-current liabilities</b>		<b>126,505,904</b>	<b>121,214,304</b>
Employees benefits payable	18	27,394,030	-
Borrowings	19	250,043,169	372,805,793
Lease liability	20	7,652,953	5,427,646
Trade and other payables	21	1,145,684,578	1,048,213,664
Unclaimed dividend payable	22	404,885,772	11,901,967
Accrued expenses	23	1,062,600,051	833,246,587
Provision for income tax	24	4,583,726,941	4,521,948,955
<b>Total current liabilities</b>		<b>7,481,987,494</b>	<b>6,793,544,612</b>
<b>Total liabilities</b>		<b>7,608,493,398</b>	<b>6,914,758,916</b>
<b>Total equity and liabilities</b>		<b>14,974,163,963</b>	<b>14,551,912,641</b>

The accompanying notes are an integral part of these financial statements



**Abdallah Massaad**  
Chairman



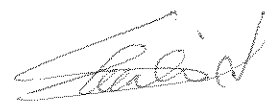
**SAK Ekramuzzaman**  
Managing Director



**Pramod Kumar Chand**  
Director



**Sadhan Kumar Dey**  
Chief Financial Officer



**Muhammad Shahidul Islam FCS**  
Company Secretary

Dated, 19 April 2023

**RAK Ceramics (Bangladesh) Ltd.**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the period ended 31 March 2023**

	Notes	<u>31 Mar 2023</u> Taka	<u>31 Mar 2022</u> Taka
Sales	25	2,009,353,954	2,006,537,896
Cost of sales	26	<u>(1,494,268,217)</u>	<u>(1,405,422,162)</u>
<b>Gross profit</b>		515,085,737	601,115,734
Other Income	27	487,994	100
Administrative expenses	28	(103,260,565)	(91,110,295)
Impairment loss on trade receivables	28.1	(31,442)	(2,763)
Marketing and selling expenses	29	<u>(186,603,777)</u>	<u>(159,774,340)</u>
		<u>(289,407,790)</u>	<u>(250,887,298)</u>
<b>Profit from operating activities</b>		225,677,947	350,228,436
Finance Income	30	11,478,412	15,876,319
Finance expenses	31	<u>(11,979,536)</u>	<u>(12,425,345)</u>
Net finance income		(501,124)	3,450,974
<b>Profit before contribution to worker's profit participation and welfare fund</b>		<u>225,176,823</u>	<u>353,679,410</u>
Contribution to workers' profit participation and welfare fund	32	(10,670,809)	(18,270,066)
<b>Profit before income tax</b>		214,506,014	335,409,344
<b>Income tax expense</b>			
Current tax	33	(61,777,986)	(99,894,864)
Deferred tax	17	3,757,513	7,602,002
		<u>(58,020,473)</u>	<u>(92,292,862)</u>
<b>Profit for the period</b>		<u>156,485,541</u>	<u>243,116,482</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<u>156,485,541</u>	<u>243,116,482</u>
<b>Profit attributable to:</b>			
Equity holders of the company		156,485,533	243,116,427
Non-controlling interests		8	55
<b>Profit after tax for the period</b>		<u>156,485,541</u>	<u>243,116,482</u>
<b>Basic earnings per share (Par value TK 10)</b>	39	<b>0.37</b>	<b>0.57</b>

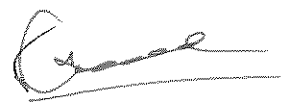
*The accompanying notes are an integral part of these financial statements*



**Abdallah Massaad**  
Chairman



**SAK Ekramuzzaman**  
Managing Director



**Pramod Kumar Chand**  
Director



**Sadhan Kumar Dey**  
Chief Financial Officer



**Muhammad Shahidul Islam FCS**  
Company Secretary

Dated, 19 April 2023

**RAK Ceramics (Bangladesh) Ltd.**  
**Consolidated statement of changes in equity**  
**For the period ended 31 March 2023**

Attributable to owners of the Company

	Share capital Taka (Note - 14)	Share Premium Taka (Note - 15)	Retained earnings Taka (Note - 16)	Total Taka	Non- controlling interests Taka	Total equity Taka
<b>Balance as at 01 January 2022</b>	4,279,687,010	1,473,647,979	1,747,192,779	7,500,527,768	1,418	7,500,529,186
Total comprehensive income for 2022 Profit for the period	-	-	243,116,427	243,116,427	55	243,116,482
Transactions with the shareholders: Cash dividend (2021)	-	-	(534,960,876)	(534,960,876)	(200)	(534,961,076)
<b>Balance as at 31 March 2022</b>	<b>4,279,687,010</b>	<b>1,473,647,979</b>	<b>1,455,348,330</b>	<b>7,208,683,319</b>	<b>1,273</b>	<b>7,208,684,592</b>
<b>Balance as at 01 January 2023</b>	4,279,687,010	1,473,647,979	1,883,817,400	7,637,152,389	1,336	7,637,153,725
Total comprehensive income for 2023 Profit for the period	-	-	156,485,533	156,485,533	8	156,485,541
Transactions with the shareholders: Cash dividend (2022)	-	-	(427,968,701)	(427,968,701)	-	(427,968,701)
<b>Balance as at 31 March 2023</b>	<b>4,279,687,010</b>	<b>1,473,647,979</b>	<b>1,612,334,232</b>	<b>7,365,669,221</b>	<b>1,344</b>	<b>7,365,670,565</b>

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

**RAK Ceramics (Bangladesh) Ltd.**  
**Consolidated statement of cash flows**  
**For the period ended 31 March 2023**

	<u>31 Mar 2023</u> <u>Taka</u>	<u>31 Mar 2022</u> <u>Taka</u>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	2,130,683,434	1,939,625,188
Cash payments to suppliers and employees	(1,269,550,158)	(1,412,925,267)
<b>Cash generated from operating activities</b>	<u>861,133,276</u>	<u>526,699,921</u>
Interest received from bank deposits	1,698,776	1,468,220
Income tax paid (note - 12)	(38,592,774)	(54,845,784)
<b>Net cash (used in)/from operating activities (note-42)</b>	<u>824,239,278</u>	<u>473,322,357</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(89,695,972)	(39,633,808)
Sale of property, plant and equipment (note-5.3)	488,000	-
Interest received from FDR	7,941,200	13,378,098
Income from rental	-	(1,252,173)
Intangible assets	(3,454,625)	-
Dividend received	-	100
<b>Net cash (used in)/from investing activities</b>	<u>(84,721,396)</u>	<u>(27,507,783)</u>
<b>Cash flows from financing activities</b>		
Finance charges	(9,618,672)	(3,314,320)
Avail/(repayment) of short-term loan	(122,762,624)	(13,326,538)
Payment of lease liability	(2,614,401)	(1,518,731)
Dividend paid	(34,984,896)	(39,871,592)
Adjustment related with non-controlling interest	-	(200)
<b>Net cash (used in)/from financing activities</b>	<u>(169,980,593)</u>	<u>(58,031,380)</u>
Effect of exchange rate changes in cash and cash equivalents	1,279,050	207,939
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>570,816,339</u>	<u>387,991,133</u>
<b>Cash and cash equivalents as at 01 January</b>	<u>1,275,774,291</u>	<u>2,276,654,664</u>
<b>Cash and cash equivalents as at 31 March (Note 13)</b>	<u><b>1,846,590,630</b></u>	<u><b>2,664,645,797</b></u>

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

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

### **Notes to the consolidated financial statements as at and for the period ended 31 March 2023**

#### **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 totalling 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 19 April 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. These interim financial statements were prepared for a period from 1 January 2023 to 31 March 2023. The comparative figures cover the period from 1 January 2022 to 31 March 2022/31 Dec 2022 as applicable.

## **2.6 Going concern**

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

## **3 Significant accounting policies**

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

### **3.1 Basis of consolidation**

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

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

### **Subsidiaries**

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

### **Loss of control**

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



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

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

### **3.2 Financial assets**

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

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

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

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

### **3.3 Financial liabilities**

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

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

#### **b) Borrowings**

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

### 3.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Paid up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

### 3.5 Property, plant and equipment

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

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

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

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

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

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

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

### 3.6 Investment property

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

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

#### 3.6.1 Depreciation on investment property

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

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

Category of property, plant and equipment	Rate (%)
Building	5
Land is not depreciated as it deemed to have an infinite life.	

### 3.7 Capital work-in-progress

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

### 3.8 Intangible assets

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

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

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

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

### **3.9 Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Materials in transit are valued at cost.

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

### **3.10 Impairment**

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

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

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

The carrying amount of the non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amounts are estimated. For intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

### **Recognition of impairment**

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

### **Reversal of impairment**

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **3.11 Employee benefit schemes**

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

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

Defined contribution plan is a post employment benefit plan under which the Group provides benefits to one or more employees. The recognised Employees Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10 percent of their basic salary to the provident fund and the Group also makes equal contribution to the fund. These are administered by the Board of Trustees. The contributions are invested separately from the Group's assets.

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

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

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

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

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

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

## **3.13 Provisions**

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

### 3.14 IFRS 9 Financial Instruments

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

#### i. Classification – financial assets

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

#### ii. Impairment

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

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

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

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

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

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

#### iii. Hedging

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3.16 IFRS 16 Leases**

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

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

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

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

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

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

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

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

##### **Former operating leases**

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

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

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

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

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

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

##### **Former finance leases**

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

#### **Impact on Lessor Accounting**

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



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

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

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

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

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

### **3.18 Foreign currency**

Transactions in foreign currencies are translated to Taka at the foreign exchange rates prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Taka at the rates of exchange prevailing on that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per International Accounting Standard IAS-21 "The Effects of Changes in Foreign Exchange Rates".

### **3.19 Taxation**

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

#### **Current tax:**

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

#### **Deferred tax:**

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

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

### **3.20 Earning per share**

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

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

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

### **3.22 Contingencies**

#### **Contingent liability**

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

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

#### **Contingent asset**

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

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

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

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

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

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

### **3.25 Comparatives and reclassification**

Comparative information have been disclosed in respect of 2022 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, plant and equipment

31 Mar 2023

Particulars	C O S T				D E P R E C I A T I O N				Amount in Taka	
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal transfer during the period	Balance as at 31 Mar 2023	Rate (%)	Balance as at 01 Jan 2023	Charged during the period	Adjustment during the period	Balance as at 31 Mar 2023	Net book value as at 31 Mar 2023
	Land	1,033,267,017	-	-	1,033,267,017	5-20	-	-	-	-
Factory building	1,045,271,569	20,264	-	1,045,291,833	5	585,936,080	12,097,699	-	598,033,779	447,258,054
Office and accommodation building	542,813,594	-	-	542,813,594	5-10	232,821,264	7,271,813	-	240,093,077	302,720,516
Plant and machinery	5,993,330,750	69,346,720	-	6,062,677,470	10	4,681,012,855	79,137,957	-	4,760,150,812	1,302,526,658
Mobile plant	138,910,626	-	-	138,910,626	10	92,741,702	2,506,485	-	95,248,187	43,662,438
Electrical installation	242,630,147	-	-	242,630,147	10-20	221,688,993	1,586,381	-	223,275,375	19,354,772
Gas pipeline	80,514,054	-	-	80,514,054	10-20	68,113,907	1,000,643	-	69,114,551	11,399,504
Furniture and fixtures	48,152,729	-	(14,750)	48,137,979	10	32,512,734	1,239,625	(14,744)	33,737,615	14,400,365
Office equipment	63,708,794	3,073,022	(9,054,625)	57,727,191	10-20	46,763,976	1,933,260	(6,192,685)	42,504,550	15,222,641
Communication equipment	16,566,185	611,030	-	17,177,215	10-20	10,789,876	771,284	-	11,561,161	5,616,054
Tools and appliances	14,585,223	-	-	14,585,223	10-20	11,273,182	302,682	-	11,575,864	3,009,359
Vehicles	96,188,040	30,022,761	(1,322,511)	124,888,290	10-20	69,159,862	1,564,680	(1,322,511)	69,402,031	55,486,258
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
<b>Total</b>	<b>9,319,569,740</b>	<b>103,073,797</b>	<b>(10,391,886)</b>	<b>9,412,251,650</b>		<b>6,056,445,443</b>	<b>109,412,509</b>	<b>(7,529,940)</b>	<b>6,158,228,014</b>	<b>3,253,923,636</b>

31 Dec 2022

Particulars	C O S T				D E P R E C I A T I O N				Amount in Taka	
	Balance as at 01 Jan 2022	Addition during the 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	Net book value 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	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	4,038,162	-	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	5,776,308
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	27,028,179
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
<b>Total</b>	<b>8,422,251,927</b>	<b>907,905,372</b>	<b>(10,587,559)</b>	<b>9,319,569,740</b>		<b>5,622,357,978</b>	<b>442,304,739</b>	<b>(8,217,274)</b>	<b>6,056,445,443</b>	<b>3,263,124,297</b>

\*Addition of land includes BDT. 677,182,210 for the purchase of 33.05 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekremuzzaman [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.

## 5 Investment Property

31 Mar 2023

Particulars	COST			Rate	DEPRECIATION			Net book value as at 31 Mar 2023
	Balance as at 01 Jan 2023	Addition during the period	Sale/Transfer during the period		Balance as at 31 Mar 2023	Charged during the period	Adjustment during the period	
Land <sup>1</sup>	500,571,750	-	-	-	-	-	-	500,571,750
Office building <sup>2</sup>	4,432,737	-	-	5%	4,432,737	54,720	-	2,385,777
<b>Total</b>	<b>505,004,487</b>	<b>-</b>	<b>-</b>		<b>505,004,487</b>	<b>54,720</b>	<b>-</b>	<b>502,957,527</b>

31 Dec 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 <sup>1</sup>	500,571,750	-	-	-	-	-	-	500,571,750
Office building <sup>2</sup>	4,432,737	-	-	5%	4,432,737	221,918	-	2,440,497
<b>Total</b>	<b>505,004,487</b>	<b>-</b>	<b>-</b>		<b>505,004,487</b>	<b>221,918</b>	<b>-</b>	<b>503,012,247</b>

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

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

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

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

	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
	<u>Taka</u>	<u>Taka</u>
<b>5.1 Depreciation</b>		
Property, plant and equipment (Note 4)	109,435,010	108,291,908
Investment Property (Note 5)	54,720	54,720
	<b><u>109,489,730</u></b>	<b><u>108,346,628</u></b>
<b>5.2 Allocation of Depreciation</b>		
Cost of sales (Note 26)	99,314,512	99,293,346
Administrative expenses (Note 5.2.1)	8,182,577	7,495,529
Marketing & selling expenses (Note 29)	1,992,641	1,557,753
	<b><u>109,489,730</u></b>	<b><u>108,346,629</u></b>
<b>5.2.1 Allocation of Administrative Depreciation</b>		
Depreciation on property, plant & equipment (Note 28)	8,127,857	7,440,809
Depreciation on investment property (Note 28)	54,720	54,720
	<b><u>8,182,577</u></b>	<b><u>7,495,529</u></b>

### 5.3 Disposal of property, plant and equipment

#### 31 Mar 2023

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	6,050,000	6,050,000	-	-	-
Furniture & fixture	14,750	14,744	6	6,000	5,994
Vehicles	1,322,511	1,322,511	-	482,000	482,000
<b>Total</b>	<b>7,387,261</b>	<b>7,387,255</b>	<b>6</b>	<b>488,000</b>	<b>487,994</b>

#### 31 Mar 2022

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Tools and appliances	5,246,399	4,972,142	274,257	-	(274,257)
<b>Total</b>	<b>5,246,399</b>	<b>4,972,142</b>	<b>274,257</b>	<b>-</b>	<b>(274,257)</b>

6 Right-of-use assets

31 Mar 2023

Particulars	COST			DEPRECIATION				Net book value as at 31 Mar 2023
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal during the period	Balance as at 31 Mar 2023	Balance as at 01 Jan 2023	Charged during the period	Adjustment during the period	
Display center	48,278,231	29,737,142	(12,469,999)	65,545,373	25,770,495	3,092,007	(12,469,999)	16,392,503
Accommodation building	1,471,380	-	-	1,471,380	666,326	186,887	-	853,212
Warehouse	1,880,142	-	-	1,880,142	65,283	39,170	-	104,452
<b>Total</b>	<b>51,629,753</b>	<b>29,737,142</b>	<b>(12,469,999)</b>	<b>68,896,895</b>	<b>26,502,104</b>	<b>3,318,064</b>	<b>(12,469,999)</b>	<b>17,350,167</b>

31 Dec 2022

Particulars	COST			DEPRECIATION				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	
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
Accommodation building	1,393,850	805,053	(727,523)	1,471,380	663,327	730,522	(727,523)	666,326
Warehouse	-	1,880,142	-	1,880,142	-	65,283	-	65,283
<b>Total</b>	<b>45,984,319</b>	<b>20,286,325</b>	<b>(14,640,891)</b>	<b>51,629,753</b>	<b>32,131,773</b>	<b>9,011,222</b>	<b>(14,640,891)</b>	<b>26,502,104</b>

6.1 Allocation of depreciation

	31 Mar 2023	31 Mar 2022
Administrative expenses (Note 28)	186,887	178,374
Marketing & Selling expenses (Note 29)	3,131,177	1,864,713
	<u>3,318,064</u>	<u>2,043,087</u>

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

31 Mar 2023

Particulars	COST			AMORTIZATION				Amount in Taka	
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal during the period	Balance as at 31 Mar 2023	Balance as at 01 Jan 2023	Amortized during the period	Adjustment during the period	Balance as at 31 Mar 2023	Net book value as at 31 Mar 2023
License	22,692,876	3,004,625	-	25,697,501	22,587,507	203,829	142,685	22,934,021	2,763,480
Computer Software	12,064,380	450,000	-	12,514,380	11,493,807	106,524	-	11,600,331	914,049
<b>Total</b>	<b>34,757,256</b>	<b>3,454,625</b>	<b>-</b>	<b>38,211,881</b>	<b>34,081,314</b>	<b>310,353</b>	<b>142,685</b>	<b>34,534,352</b>	<b>3,677,528</b>

31 Dec 2022

Particulars	COST			AMORTIZATION				Amount in Taka	
	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	Net book value as at 31 Dec 2022
License	22,692,876	-	-	22,692,876	22,381,800	205,707	-	22,587,507	105,369
Computer Software	12,064,380	-	-	12,064,380	10,349,701	1,144,106	-	11,493,807	570,573
<b>Total</b>	<b>34,757,256</b>	<b>-</b>	<b>-</b>	<b>34,757,256</b>	<b>32,731,501</b>	<b>1,349,813</b>	<b>-</b>	<b>34,081,314</b>	<b>675,942</b>

	<u>31 Mar 2023</u>	<u>31 Dec 2022</u>
	<u>Taka</u>	<u>Taka</u>
<b>8 Capital Work-in-Progress</b>		
Balance as at 1 January	155,705,038	17,713,837
Add: Addition during the period (note 8.1)	55,989,159	306,335,970
	<u>211,694,197</u>	<u>324,049,807</u>
Less: Transfer to property, plant & equipment during the period (note 8.2)	69,366,984	168,344,769
Balance as at 31 March	<u><b>142,327,213</b></u>	<u><b>155,705,038</b></u>
<b>8.1 Addition during the period</b>		
Building	1,884,464	15,264,180
Plant & machinery	54,051,069	273,363,820
Others	53,626	17,707,970
	<u><b>55,989,159</b></u>	<u><b>306,335,970</b></u>
<b>8.2 Items transferred from capital work in progress to property, plant &amp; equipment</b>		
Building	20,264	14,944,895
Plant & machinery	67,680,346	138,247,010
Others	1,666,375	15,152,864
	<u><b>69,366,984</b></u>	<u><b>168,344,769</b></u>
<b>9 Inventories</b>		
Raw materials	1,263,903,873	1,616,409,488
Less : Provision for slow moving & obsolete inventories	27,792,121	27,390,319
	<u>1,236,111,752</u>	<u>1,589,019,169</u>
Stores and consumables spares and packing	1,085,251,191	1,099,615,246
Less: Write off for stores and spares	12,585,590	45,658,898
	<u>1,072,665,601</u>	<u>1,053,956,348</u>
Finished goods (net of net realizable value adjustment) *	780,893,606	587,936,012
Less : Provision for slow moving & obsolete inventories	10,382,049	10,193,909
	<u>770,511,557</u>	<u>577,742,103</u>
Work-in-process	72,795,250	72,294,867
Goods-in-transit	148,693,504	111,557,341
	<u><b>3,300,777,664</b></u>	<u><b>3,404,569,828</b></u>

\*Finished goods exclude provision of net realizable value BDT. 23,684,114.



	<b>31 Mar 2023</b>	<b>31 Dec 2022</b>
	<b>Taka</b>	<b>Taka</b>
<b>10 Trade and other receivables</b>		
Trade receivables (Note 10.1)	1,402,150,195	1,523,479,675
	<u>1,402,150,195</u>	<u>1,523,479,675</u>
Accrued interest (Note 10.2)	2,932,812	1,094,375
	<u><b>1,405,083,007</b></u>	<u><b>1,524,574,050</b></u>
<b>10.1 Trade receivables</b>		
Receivables from local sales	1,414,265,475	1,535,563,513
	<u>1,414,265,475</u>	<u>1,535,563,513</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	6,039,333	6,039,333
Related parties	6,075,947	6,044,505
	<u><b>1,402,150,195</b></u>	<u><b>1,523,479,675</b></u>
<b>10.2 Accrued interest</b>		
Interest accrued on Fixed Deposit Receipt	1,283,123	1,094,375
Interest accrued on Special Notice Deposit	1,649,689	-
	<u><b>2,932,812</b></u>	<u><b>1,094,375</b></u>
<b>11 Advance, deposit and prepayments</b>		
Advances:		
Employees	308,500	354,500
Purchase of land and others	41,046,311	18,037,873
Suppliers against materials and services	102,042,366	60,283,423
	<u>143,397,177</u>	<u>78,675,796</u>
Security and other deposits:		
Titas gas	71,833,050	71,833,050
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	9,796,669	2,123,789
Deposited with income tax authority	83,962,899	79,320,962
Deposited with VAT authority	6,726,946	34,345,289
Display center and others	1,312,000	1,312,000
Other deposits	1,494,626	1,494,626
	<u>177,081,190</u>	<u>192,384,716</u>
Prepayments:		
Showroom, warehouse and office rent	-	15,774,000
Insurance and others	8,068,218	12,374,116
	<u>8,068,218</u>	<u>28,148,116</u>
	<u><b>328,546,585</b></u>	<u><b>299,208,628</b></u>

	<u>31 Mar 2023</u>	<u>31 Dec 2022</u>
	<u>Taka</u>	<u>Taka</u>
<b>11.1 Supplementary duty &amp; VAT</b>		
Balance as at 1 January	2,123,789	2,191,784
Add: Treasury deposit for SD & VAT purpose	32,957,882	9,170,717
	<u>35,081,671</u>	<u>11,362,501</u>
	35,081,671	11,362,501
Less: SD & VAT on sales	25,285,002	9,238,712
Balance as at 31 March	<u><u>9,796,669</u></u>	<u><u>2,123,789</u></u>

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

## 12 Advance Income Tax

Balance as at 1 January	4,100,140,671	3,865,788,064
Add: Paid during the period	38,592,774	234,352,607
Balance as at 31 March (Note - 12.1)	<u><u>4,138,733,445</u></u>	<u><u>4,100,140,671</u></u>

### 12.1 Payment for the year

<u>Income year</u>		
Current period	28,592,774	-
Year 2022	225,539,721	215,539,721
Year 2021	273,987,480	273,987,480
Year 2020	130,950,084	130,950,084
Year 2019	280,949,748	280,949,748
Year 2018	314,338,282	314,338,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	291,694,002	291,694,002
Year 2013	389,651,054	389,651,054
Year 2012	334,263,453	334,263,453
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u><u>4,138,733,445</u></u>	<u><u>4,100,140,671</u></u>

	<u>31 Mar 2023</u>	<u>31 Dec 2022</u>
	Taka	Taka
<b>13 Cash and cash equivalents</b>		
Cash in hand	5,562,139	4,940,100
Cash at banks		
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	14,670,823	48,008,704
BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	9,484,828	7,029,098
Citibank N.A. (current account - G0100001200262018 - BDT)	137,194	143,529
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	3,005,310	2,224,092
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	1,073,680	1,305,563
Standard Chartered Bank (Margin money account)	2,786,754	11,369,665
United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	7,377,790	19,582,657
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	128,131	376,147
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	101,485,191	64,575,111
Prime Bank Ltd. (SND - 2125316004690 - BDT)	3,530,000	5,163,335
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	1,712,081	1,187,158
Dhaka Bank Ltd (SND - 102.150.274- BDT))	9,019,986	12,724,019
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	22,622	-
Dhaka Bank Ltd (CD - 204100000019318- BDT))	337,491	337,606
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	17,898,659	36,099,416
Commercial Bank of Ceylon (ERQ-1806012366 - USD.)	1,438,743	1,167,570
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	7,008,148	18,037,173
Midland Bank Ltd. (SND 0006-10700000015, 0006-10600000043 - BDT)	848,372,172	323,664,743
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	30,287,086	76,971,089
Eastern Bank Ltd. (Margin Money account)	13,188,050	685,732
Commercial Bank of Ceylon (Margin Money account)	331,882	331,882
	<u>1,073,296,621</u>	<u>630,984,289</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,686,673	1,686,673
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>5,886,379</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,829,321	2,832,666
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	1,093,231	1,096,576
SCB (SND - 02-6162940-02- BDT) - 2012	175,428	176,153
SCB (SND - 02-6162940-03- BDT) - 2013	320,640	321,365
SCB (SND - 02-6162940-05- BDT) - 2015	39,874	40,449
SCB (SND - 02-6162940-06- BDT) - 2016	6,595	7,170
SCB (SND - 02-6162940-07- BDT) - 2017	558	1,133
SCB (SND - 02-6162940-09- BDT) - 2019	6,092,747	6,099,271
SCB (SND - 02-6162940-10- BDT) - 2020	3,173,631	3,179,172
SCB (SND - 02-6162940-11- BDT) - 2021	3,005,660	3,070,463
MDB (SND - 0006-1090000460 - BDT) - 2022	427,968,701	
	<u>444,706,386</u>	<u>16,824,418</u>
Investment in Fixed Deposit Receipt (FDR)		
Eastern Bank Ltd.	112,139,105	262,139,105
Dhaka Bank Ltd.	200,000,000	300,000,000
Commercial bank of Ceylon	5,000,000	55,000,000
	<u>317,139,105</u>	<u>617,139,105</u>
	<u><b>1,846,590,630</b></u>	<u><b>1,275,774,291</b></u>

	<b>31 Mar 2023</b>		<b>31 Dec 2022</b>	
	<b>Taka</b>		<b>Taka</b>	
<b>14 Share Capital</b>				
<b>Authorised :</b>				
600,000,000 ordinary shares of Taka 10/- each		<b>6,000,000,000</b>		<b>6,000,000,000</b>
<b>Issued, subscribed, called and paid up :</b>				
427,968,701 ordinary shares of Taka 10/- each		<b>4,279,687,010</b>		<b>4,279,687,010</b>
<b>Percentage of shareholdings :</b>				
	<b>31 Mar 2023</b>		<b>31 Dec 2022</b>	
	<b>%</b>	<b>Taka</b>	<b>%</b>	<b>Taka</b>
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
	<b>100.00</b>	<b>4,279,687,010</b>	<b>100.00</b>	<b>4,279,687,010</b>

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

Mr. SAK Ekramuzzaman pledged 16,870,215 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	
	<b>31 Mar 2023</b>	<b>31 Dec 2022</b>	<b>31 Mar 2023</b>	<b>31 Dec 2022</b>
01-499 shares	17,299	17,249	4,048,873	4,042,747
500 to 5,000 shares	8,220	8,179	13,212,587	13,158,647
5001 to 10,000 shares	926	926	6,974,199	7,005,165
10,001 to 20,000 shares	486	486	7,086,546	7,117,059
20,001 to 30,000 shares	155	154	3,922,188	3,901,900
30,001 to 40,000 shares	78	76	2,786,723	2,717,389
40,001 to 50,000 shares	64	65	3,010,504	3,061,080
50,001 to 100,000 shares	98	98	6,982,480	6,955,385
100,001 to 1,000,000 shares	80	81	24,417,070	24,464,289
1,000,001 to 1,000,000,000 Shares	14	15	355,527,531	355,545,040
	<b>27,420</b>	<b>27,329</b>	<b>427,968,701</b>	<b>427,968,701</b>

**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)	<b>31 Mar 2023</b>	<b>31 Dec 2022</b>
		<b>Taka</b>	<b>Taka</b>
10,000,000	30	300,000,000	300,000,000
34,510,000	38	1,311,380,000	1,311,380,000
		<b>1,611,380,000</b>	<b>1,611,380,000</b>
Less : Share Issue expenses		137,732,021	137,732,021
		<b>1,473,647,979</b>	<b>1,473,647,979</b>

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

Balance as on 1 January	1,883,817,400	1,747,192,779
Add : Profit during the period	156,485,533	671,585,497
	<b>2,040,302,933</b>	<b>2,418,778,276</b>
Less: Dividend declared during the period	(427,968,701)	(534,960,876)
Balance as on 31 March	<b>1,612,334,232</b>	<b>1,883,817,400</b>

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

	31 Mar 2023 Taka	31 Dec 2022 Taka
<b>17 Deferred tax liabilities</b>		
Balance as at 1 January	108,058,703	139,829,250
Less : Deferred tax (income)/expenses	(3,757,513)	(31,770,547)
Balance as at 31 March	<u>104,301,190</u>	<u>108,058,703</u>

	Carrying amount on the date of statement of financial position  Taka	Tax base  Taka	Taxable/ (deductible) temporary difference  Taka
As at 31 March 2023			
Property, plant and equipment (Excluding land and others)	2,172,695,380	1,668,332,654	504,362,726
Trade receivable	1,411,501,185	1,423,616,465	(12,115,280)
Inventories	3,195,687,722	3,258,546,005	(61,858,283)
Right of use assets	51,546,728	-	51,546,728
Lease liability	(29,857,669)	-	(29,857,669)
Net taxable temporary difference			<u>452,078,222</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>104,301,190</u>

	Carrying amount on the date of statement of financial position  Taka	Tax base  Taka	Taxable/ (deductible) temporary difference  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	(63,561,749)
Right of use assets	25,127,649	-	25,127,649
Lease liability	(18,583,247)	-	(18,583,247)
Net taxable temporary difference			<u>468,313,633</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>108,058,703</u>

#### 18 Employees benefits payable

Provident fund	19,646,577	-
Gratuity fund	7,747,453	-
	<u>27,394,030</u>	<u>-</u>

	31 Mar 2023		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	20,032,335	8,207,093	28,239,428
	20,032,335	8,207,093	28,239,428
Less: Payments made to fund during the period	385,758	459,640	845,398
Balance as at 31 March	<u>19,646,577</u>	<u>7,747,453</u>	<u>27,394,030</u>

Employee contribution BDT. 604,410 has not been considered since this is provisional figure against annual increment.

	31 Dec 2022		
	Provident fund Taka	Gratuity fund Taka	Total 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.

#### 19 Borrowings

Short-term borrowings	250,043,169	372,805,793
Balance as at 31 March	<u>250,043,169</u>	<u>372,805,793</u>

##### 19.1 Borrowings by maturity

At 31 March 2023	< 1 year	1-2 years	2-5 years	Total
Short-term borrowings	250,043,169	-	-	250,043,169
	<u>250,043,169</u>	<u>-</u>	<u>-</u>	<u>250,043,169</u>
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>

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 pari-passu basis with other lenders. 3) Demand promissory note.	1) Specific charge over plant, machinery and equipment of BMRE projects.
	Short term loan	500,000,000	172,607,313	180/360 days from B/L date			
Eastem 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	12,313,872	180/360 days from B/L date			
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	90,000,000	-	180/360 days from B/L date			
Commercial Bank of Ceylon	Overdraft	35,000,000	-	Revolving	From company's own source		
	Short term loan	550,000,000	65,121,984	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

31 Mar 2023  
Taka

31 Dec 2022  
Taka

20 Lease liability

Non-current:

Lease liability	29,857,667	18,583,247
Less : Current portion of lease liability	7,652,953	5,427,646
	22,204,714	13,155,601

Current:

Current portion of lease liability	7,652,953	5,427,646
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31 March 2023

Lease liability schedule

Particulars	Balance as on 01 January 2023	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 March 2023
Display center	15,897,164	13,133,102	2,345,979	692,504	1,653,475	27,376,792
Accommodation Building	834,211	-	205,263	17,589	187,674	646,537
Warehouse	1,851,871	-	63,159	45,625	17,534	1,834,338
	18,583,247	13,133,102	2,614,401	755,718	1,858,683	29,857,667

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	-	1,080,142	105,265	76,995	28,270	1,851,871
	9,714,554	14,656,326	7,110,461	1,322,828	5,787,633	18,583,247

21 Trade and other payables

Trade payables

Payable to local suppliers	138,546,840	144,065,549
Payable to foreign suppliers	264,052,022	222,739,944
Payable to service provider	54,599,144	71,856,030
Payable to C & F agent	32,267,722	62,174,471
	489,465,728	500,835,994

Other payables

Tax deducted at source	60,554,907	18,039,481
Tax deducted at source on remuneration (Note-23.1)	1,680,652	7,099,944
Tax deducted at source on incentive and bonus (Note-23)	-	7,263,075
VAT deducted at source	8,630,399	8,445,799
VAT and Supplementary duty payable (Note-21.1)	167,399,218	115,766,477
Unclaimed share application	20,061,956	20,061,956
Advance from customer against sales	14,317,769	7,663,680
Security deposit payable	2,067,519	2,075,814
Payable to employees	3,942,860	1,534,726
Payable to customer against claim	17,055,020	16,656,209
Provisional liabilities - material & services	62,370,876	44,632,834
Payable against purchase of land (Note - 37)	298,137,675	298,137,675
	656,218,851	547,377,670
	1,145,684,578	1,048,213,664

21.1 VAT and Supplementary duty (SD) payable

Opening Balance	115,766,477	117,438,944
Add: VAT and Supplementary duty on sales	651,378,091	2,512,675,861
Other payable	299,250	211,101
	767,443,818	2,630,325,905
Less: Treasury deposit for SD & VAT purpose	408,103,537	1,631,832,497
Rebate of Input VAT	191,941,063	880,726,931
	600,044,600	2,514,559,428
Balance as at 31 March	167,399,218	115,766,477

22 Unclaimed Dividend Payable

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Mar 2023	Fund Transferred to CMSF	Undistributed fund (EDT) as on 31 Mar 2023
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	586,817,429	-	6,105,999
2020	427,968,701	32,747,652	395,221,049	392,400,845	-	2,820,205
2021	534,960,876	39,123,334	495,837,543	492,880,922	-	2,956,620
2022	427,968,701	34,965,753	393,002,948	-	-	393,002,948
	6,735,217,875	567,709,557	6,167,508,318	6,721,540,001	41,081,745	404,885,772

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2022	Fund Transferred to CHSF	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
	<b>6,307,249,174</b>	<b>532,743,804</b>	<b>5,774,505,371</b>	<b>5,721,521,689</b>	<b>41,081,745</b>	<b>11,901,967</b>

23 Accrued expenses	31 Mar 2023	31 Dec 2022
	Taka	Taka
Power and gas	143,794,708	45,724,712
Staff cost	154,330,761	116,913,361
Dealer's Incentive and bonus	95,630,745	65,367,671
Audit fees	540,000	1,840,000
Professional charges	1,095,497	460,497
Interest on loans	3,790,628	7,598,905
Telephone	296,900	236,848
Freight bill	20,816,924	1,750,586
Business promotion and advertisement	37,685,936	32,591,430
Hiring heavy equipment	2,282,296	1,660,994
Managing Director's remuneration (Note 23.1)	26,341,790	21,299,832
Worker's profit participation and welfare fund (Note 23.2)	55,749,818	45,079,009
Royalty and technical know-how fees (Note 23.3)	495,364,397	478,068,907
Others	24,079,651	14,653,834
	<b>1,062,600,051</b>	<b>833,246,587</b>

23.1 Managing Director's remuneration		
Balance as at 1 January	21,299,832	26,422,103
Add: Payable to Managing Director for the period	6,722,610	28,399,776
	28,022,442	54,821,879
Less: Tax deducted at source during the period (Note 21)	1,680,652	7,099,944
Less: Paid to Managing Director during the period	-	26,422,103
Balance as at 31 March	<b>26,341,790</b>	<b>21,299,832</b>

23.2 Worker's profit participation and welfare fund		
Balance as at 1 January	45,079,009	55,919,793
Add: Contribution made to the fund during the period	10,670,809	45,079,009
	55,749,818	100,998,802
Less: Payment made from the fund during the period	-	55,919,793
Balance as at 31 March	<b>55,749,818</b>	<b>45,079,009</b>

23.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	478,068,907	407,974,519
Add: Provision made during the period	17,295,490	70,094,388
Balance as at 31 March	<b>495,364,397</b>	<b>478,068,907</b>

24 Provision for income Tax		
Balance as at 1 January	4,521,948,955	4,272,115,156
Add: Provision made during the period	61,777,986	249,833,799
Balance as at 31 March (Note 24.1)	<b>4,583,726,941</b>	<b>4,521,948,955</b>

24.1 Provision for income Tax		
Income year		
Current period	61,777,986	-
Year 2022	249,833,799	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
	<b>4,583,726,941</b>	<b>4,521,948,955</b>

	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
	<u>Taka</u>	<u>Taka</u>
<b>25 Sales</b>		
Gross sales from Ceramics product	2,814,873,697	2,868,145,824
Gross sales from Power generation	175,071,675	112,106,315
Gross sales from Security service	25,656,194	21,982,833
	<u>3,015,601,566</u>	<u>3,002,234,972</u>
Less: Elimination	164,709,360	107,735,167
Supplementary Duty	283,256,969	288,228,575
VAT	393,705,374	390,998,564
Discount	298,879	3,180,300
Commission, incentive and bonus	164,277,030	205,554,470
<b>Net sales</b>	<u><b>2,009,353,954</b></u>	<u><b>2,006,537,896</b></u>
<b>26 Cost of sales</b>		
Materials consumed:		
Opening inventory as at 1 January	1,589,019,169	1,312,339,347
Add: Purchase during the period	588,700,745	638,859,518
	<u>2,177,719,914</u>	<u>1,951,198,865</u>
Less: Closing inventory as at 31 March	1,236,111,752	1,096,113,680
	<u>941,608,162</u>	<u>855,085,185</u>
Manufacturing overhead:		
Direct labour (note 26.1)	186,150,080	180,415,003
Direct expenses:		
Power and gas	203,254,893	91,934,898
Repairs and indirect materials (note 26.2)	223,694,852	241,338,793
Depreciation on property, plant & equipment (note 5.2)	99,314,512	99,293,346
Royalty and technical know-how/assistance fees *	17,295,490	26,570,166
Other production overhead (note 26.3)	21,925,621	19,610,407
Provision for slow moving & obsolete inventories (note 9)	589,941	(610,391)
Movement in stock	(199,565,334)	(108,215,245)
	<u><b>1,494,268,217</b></u>	<u><b>1,405,422,162</b></u>
<b>26.1 Direct labour</b>		
Salary & wages	129,858,668	118,653,194
Overtime	7,468,153	11,361,446
Bonus	19,163,394	18,467,712
Incentive	-	32,499
Temporary labour wages	14,672,381	14,314,461
Staff uniform, safety and welfare expenses	264,027	347,676
Gratuity	5,683,162	7,632,107
Employer's contribution to provident fund	7,066,751	6,622,723
Leave encashment	1,004,044	2,173,532
Group life insurance	969,500	809,653
	<u><b>186,150,080</b></u>	<u><b>180,415,003</b></u>
<b>26.2 Repairs and indirect materials</b>		
Stores, spares, repair & maintenance	108,846,148	131,864,730
Packing expenses	114,848,704	109,474,063
	<u><b>223,694,852</b></u>	<u><b>241,338,793</b></u>
<b>26.3 Other production overhead</b>		
Tour and travel expenses	1,116,871	272,310
Demurrage	358,977	709,746
Insurance	6,220,777	6,787,750
Hiring charges and transportation	807,501	2,334,219
Write off for stores and spares	12,585,590	8,147,476
Other expenses	835,905	1,358,906
	<u><b>21,925,621</b></u>	<u><b>19,610,407</b></u>
*Royalty has been calculated 8% on business profit as per Finance Act 2020.		
<b>27 Other income</b>		
Dividend income	-	100
Profit on sale of fixed assets (note 5.3)	487,994	-
	<u><b>487,994</b></u>	<u><b>100</b></u>



	<b>31 Mar 2023</b>	<b>31 Mar 2022</b>
	<b>Taka</b>	<b>Taka</b>
<b>28 Administrative expenses</b>		
Staff cost (note 28.2)	57,837,590	50,165,436
Annual General Meeting expenses	1,107,850	761,500
Telephone and postage	3,298,491	2,279,313
Office repair and maintenance (note 28.3)	2,058,146	2,370,890
Registration and renewal	327,078	221,886
Security and guard expenses	46,866	42,606
Electricity, gas and water	1,181,257	1,564,302
Depreciation on property, plant & equipment (note 5.2.1)	8,127,857	7,440,809
Depreciation on investment property (note 5.2.1)	54,720	54,720
Depreciation on right of use assets (note 6.1)	186,887	178,374
Amortization (note 7)	310,353	381,848
Legal and professional fees	3,924,017	2,822,559
Vehicle repair and maintenance	4,370,521	3,051,308
Rent, rate and tax	2,495,143	1,992,243
Loss on retirement of assets (note 5.3)	-	274,257
IT expenses	458,531	555,529
General Service	1,592,858	1,258,193
Donation	2,647,330	665,256
Managing Director's remuneration (note 28.4)	6,722,610	11,510,142
Others	6,512,460	3,519,124
	<b>103,260,565</b>	<b>91,110,295</b>
<b>28.1 Impairment loss on trade receivables</b>		
Related parties	31,442	2,763
	<b>31,442</b>	<b>2,763</b>
New classification of financial assets shown in note 36.1(b) as per IFRS 9.		
<b>28.2 Staff cost</b>		
Salary & wages	37,455,079	35,470,242
Bonus	5,545,356	5,395,783
Incentive	217,580	184,892
Gratuity	1,606,794	2,136,535
Employer's contribution to provident fund	2,086,445	1,944,855
Leave encashment	313,736	621,909
Group life insurance	249,507	218,157
Canteen and conveyance expenses	3,870,732	2,844,018
Staff uniform, safety and welfare expenses	3,591,200	813,043
Travelling expenses	2,148,398	101,320
Compensation	80,028	-
Medical expenses	113,044	239,464
Accommodation expenses	559,691	136,301
Other employee benefit	-	58,917
	<b>57,837,590</b>	<b>50,165,436</b>
Accommodation expenses includes rent expenses for short term lease for BDT. 39,000 and related government levies wherever applicable. Details of the short term lease is shown in note 35. No low value item exists at the reporting period.		
<b>28.3 Office repair &amp; maintenance</b>		
Repairs office equipment	23,330	1,144,454
Office maintenance	2,034,816	1,226,436
	<b>2,058,146</b>	<b>2,370,890</b>
<b>28.4 Managing Director's remuneration</b>		
Provision made during the period	6,722,610	11,510,142
	<b>6,722,610</b>	<b>11,510,142</b>
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.		
<b>29 Marketing &amp; selling expenses</b>		
Staff cost (note 29.1)	34,672,141	25,828,602
Advertisement	17,216,123	1,840,633
Freight and transportation	91,011,359	84,428,800
Compensation to customers	1,935,925	3,154,555
Business promotion	20,810,101	33,412,188
Depreciation on property, plant & equipment (note 5.2)	1,992,641	1,557,753
Depreciation on right of use assets (note 6.1)	3,131,177	1,864,713
Showroom, office & house rent	1,149,320	351,886
Sample expenses	9,478,208	5,011,284
Tour, travel and others	5,206,782	2,323,926
	<b>186,603,777</b>	<b>159,774,340</b>
<b>29.1 Staff cost</b>		
Salary & wages	20,202,958	15,625,756
Bonus	2,694,548	2,306,974
Incentive	3,563,025	2,858,341
Gratuity	917,138	1,009,907
Employer's contribution to provident fund	1,165,177	893,063
Leave Encashment	173,040	301,127
Group life insurance	182,545	101,276
Conveyance & food expenses	5,773,710	2,732,158
	<b>34,672,141</b>	<b>25,828,602</b>

	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
	<u>Taka</u>	<u>Taka</u>
<b>29.2</b> Salary & wages under staff cost (note no. 26.1, 28.2 & 29.1) includes employee contribution to provident fund for BDT. 7,066,751 BDT. 2,086,445 & BDT. 1,165,177.		
<b>30 Finance income</b>		
Interest on bank account (SND)	1,698,776	1,468,220
Interest on fixed deposits	9,779,636	14,408,099
	<u>11,478,412</u>	<u>15,876,319</u>
<b>31 Finance expenses</b>		
Interest expenses against loan	5,207,587	2,629,449
Interest expenses against lease liability	755,718	219,440
Foreign exchange loss	5,413,424	9,103,654
Bank charges	602,807	472,802
	<u>11,979,536</u>	<u>12,425,345</u>
<b>32 Contribution to worker's profit participation and welfare fund</b>		
Provision made during the period	10,670,809	18,270,066
	<u>10,670,809</u>	<u>18,270,066</u>
<b>33 Income tax expenses</b>		
Accounting profit (PBT as per individual company)	216,506,013	381,409,145
Add: Inadmissible depreciation allowance for separate consideration: Accounting Depreciation of Fixed Assets	109,467,230	108,346,628
	325,973,243	489,755,773
Add: Inadmissible expenses / allowances as per ITO, 1984:		
Business promotion expenses	6,334,508	18,818,638
Royalty expenses	7,834	256,803
Sample expenses	6,560,459	1,868,138
Amortization expenses	265,661	359,656
Depreciation on Right of Use Assets (ROUA)	3,318,064	2,043,086
Interest on lease liability	755,718	219,440
Provision for slow moving Inventories	589,941	-
	17,832,186	23,565,762
	343,805,429	513,321,535
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984):	(66,207,411)	(67,853,269)
Admissible expenses as per ITO,1984:		
Rent expenses	(4,017,090)	(2,836,505)
Deduct: Dividend income	(1,980,000)	(45,949,800)
<b>Taxable profit</b>	<b>271,600,928</b>	<b>396,681,961</b>
Applicable tax rate for individual company		
On Business Income	As per applicable tax rate for individual company	As per applicable tax rate for individual company
On Dividend income	20%	20%
Tax expenses as per applicable tax rate for individual company :		
Business income	61,377,986	90,694,884
Dividend income	400,000	9,199,980
<b>Current Tax Liability</b>	<u>61,777,986</u>	<u>99,894,864</u>

#### 34 Reconciliation of effective tax rate

	<u>31 Mar 2023</u>		<u>31 Mar 2022</u>	
	<u>Taka</u>		<u>Taka</u>	
Profit before tax	%	214,506,014	%	335,409,344
Current tax expenses	28.80%	61,777,986	29.78%	99,894,864
Deferred tax expenses	-1.75%	(3,757,513)	-2.27%	(7,602,002)
Total tax expenses	<u>27.05%</u>	<u>58,020,473</u>	<u>27.52%</u>	<u>92,292,862</u>
Expected income tax using applicable tax rate for individual company	22.79%	48,885,862	25.94%	87,017,644
Tax on non-deductible expenses	6.0%	12,892,124	3.8%	12,877,220
Effective current tax	28.80%	61,777,986	29.78%	99,894,864
Effective deferred tax	-1.75%	(3,757,513)	-2.27%	(7,602,002)
	<u>27.05%</u>	<u>58,020,473</u>	<u>27.52%</u>	<u>92,292,862</u>

#### 35 Short term lease expenses

	<u>31 Mar 2023</u>		<u>31 Mar 2022</u>	
	<u>Taka</u>		<u>Taka</u>	
<b>Nature of the lease</b>	<b>Lease term</b>	<b>Allocation</b>	<b>Rent Payment</b>	<b>Rent Payment</b>
Rented accommodation	<1 year	Admin	39,000	39,000
			<u>39,000</u>	<u>39,000</u>

### 36 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 36.1 Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition etc. Trade & other 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 Mar 2023	As at 31 Dec 2022	As at 31 Mar 2023	As at 31 Dec 2022
Trade receivables				
Customer-Local	-	-	1,402,150,195	1,523,479,675
	-	-	<u>1,402,150,195</u>	<u>1,523,479,675</u>
Other receivables				
Accrued Interest			2,932,812	1,094,375
			<u>2,932,812</u>	<u>1,094,375</u>
Cash equivalents			<u>1,841,028,492</u>	<u>1,270,834,191</u>

##### b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 31 March 2023.

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	733,191,271	727,151,938	6,039,333
Trade receivable-related	10.1	Loan & receivable	Amortized cost	681,074,204	674,998,257	6,075,947
Cash & cash equivalent	13	Loan & receivable	Amortized cost	1,841,028,491	1,841,028,491	-

<sup>i</sup> The above table provides information ECLs till date. Impairment provision till Dec 2022 was Tk. 12,093,838 and provision made during the period is Tk. 31,442.

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

<sup>iii</sup> Cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

<sup>iv</sup> 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 March was:

	Amounts in Taka	
	As at 31 Mar 2023	As at 31 Dec 2022
Not past due	1,179,376,025	1,328,198,931
0-90 days past due	157,393,364	119,056,142
91-180 days past due	16,946,551	43,494,110
181-365 days past due	32,227,355	29,094,918
over 365 days past due	16,206,900	3,635,574
	<u>1,402,150,195</u>	<u>1,523,479,675</u>

### 36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

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

	As at 31 Mar 2023			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	1,145,684,578	1,145,684,578	1,145,684,578	-
Short term borrowing	250,043,169	250,043,169	250,043,169	-
	<b>1,395,727,747</b>	<b>1,395,727,747</b>	<b>1,395,727,747</b>	-

	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	-
	<b>1,421,019,457</b>	<b>1,421,019,457</b>	<b>1,421,019,457</b>	-

### 36.3 Market risk

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

#### a) Currency risk

The Company is exposed to currency risk on certain revenues and purchase of raw material, spare parts, accessories and capital item. Majority of the company's foreign currency purchase are denominated in USD and EURO. All the export proceeds are receipt in USD, 15% of export proceeds are crediting to export retention quota account and rest of the 85% are converted to Taka and crediting to company's current account.

##### i Exposure to currency risk

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

	As at 31 Mar 2023				As at 31 Dec 2022			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets	-	-	24,158	-	-	-	24,486	-
Cash at bank	-	-	24,158	-	-	-	24,486	-

	As at 31 Mar 2023				As at 31 Dec 2022			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
<b>Foreign currency denominated liabilities</b>								
Trade payables	31,492	104,895	1,854,989	479,278	4,442	238,847	1,124,326	699,445
Short term borrowings	27,050	-	2,342,035	28,250	-	-	3,463,724	158,080
Royalty & Technical Fees	-	-	4,715,062	-	-	-	4,659,391	-
	58,542	104,895	6,912,086	507,528	4,442	238,847	9,247,441	857,525
Net exposure	<b>(58,542)</b>	<b>(104,895)</b>	<b>(8,887,928)</b>	<b>(507,528)</b>	<b>(4,442)</b>	<b>(238,847)</b>	<b>(9,222,955)</b>	<b>(857,525)</b>

The Company has foreign exchange loss of Tk 5,413,424 during the period ended 31 Mar 2023 (31 Mar 2022: Exchange gain Tk 9,103,654).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Mar 2023	31 Dec 2022
	Taka	Taka
AED	28.4621	27.7608
GBP	128.7085	123.8037
USD	104.5300	101.8017
EURO	113.2374	108.6137

#### i 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 Mar would have increased/(decreased) profit or loss by the amounts shown below.

	As at 31 Mar 2023		As at 31 Dec 2022	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
<b>At 31 Mar</b>				
AED (3 percent movement)	(1,811)	1,705	(137)	129
GBP (3 percent movement)	(3,244)	3,055	(7,387)	6,957
USD (3 percent movement)	(274,884)	258,872	(285,246)	268,630
EURO (3 percent movement)	(15,697)	14,782	(26,521)	24,976

#### 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 Mar 2023	31 Dec 2022
	Taka	Taka
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investment in FDR	317,139,105	617,139,105
Cash at banks	1,523,889,386	653,695,085
<b>Financial liabilities</b>		
Short term borrowing	250,043,169	372,805,793

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 Mar 2023		As at 31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
<b>Financial assets</b>				
<b>Held to maturity assets</b>				
Investment in FDR	317,139,105	317,139,105	617,139,105	617,139,105
<b>Loans and receivables</b>				
Trade receivables	1,402,150,195	1,402,150,195	1,523,479,675	1,523,479,675
Other receivables	2,932,812	2,932,812	1,094,375	1,094,375
Cash equivalents	1,841,028,492	1,841,028,492	1,270,834,191	1,270,834,191
<b>Financial liabilities</b>				
<b>Liabilities carried at amortised costs</b>				
Trade and other payables	1,145,684,578	1,145,684,578	1,048,213,664	1,048,213,664
Short term borrowing	250,043,169	250,043,169	372,805,793	372,805,793

**Interest rates used for determining amortised cost**

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

	31 Mar 2023	31 Dec 2022
Investment in FDR (local currency/BDT)	1.50%-6.75%	1.50%-6.75%
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%	SOFR+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**	Dividend payable**	Royalty payable**
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period	152,236,239	782,610	782,610	117,965,063	-	40,999,800	-	-
				Previous period	97,483,752	1,252,173	1,252,173	112,106,315	-	1,980,000	-	-
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period	12,146,133	-	-	9,260,609	-	4,950,000	-	-
				Previous period	9,785,032	-	-	3,751,219	-	-	-	-
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	Current period	-	-	-	24,778,408	-	-	231,586,431	485,364,397
				Previous period	-	-	-	18,643,948	-	-	364,483,039	434,544,665
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current period	176,250,086	-	-	34,459,680	-	-	-	-
				Previous period	235,210,931	-	-	73,665,694	-	-	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	-	-	-	-	-	-	-	-
				Previous period	423,872	-	-	-	-	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current period	43,331,345	-	-	19,420,700	-	-	-	-
				Previous period	15,830,258	-	-	3,020,771	-	-	-	-
Pelli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current period	3,613,315	-	-	-	-	-	-	-
				Previous period	2,646,812	-	-	391,660	-	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	2,288,965	-	-	508,240	-	-	-	-
				Previous period	48,582	-	-	-	-	-	-	-
Masram Agro Ltd.(**)	Other related party	Unsecured	Nil	Current period	-	-	-	209,743,750	-	-	-	-
				Previous period	-	-	-	-	-	-	-	-
Speedway International Pvt. Ltd	Other related party	Unsecured	Nil	Current period	5,913,519	-	-	4,416,719	-	-	-	-
				Previous period	6,047,100	-	-	3,297,044	-	-	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current period	738,100	-	-	744,514	-	-	-	-
				Previous period	-	-	-	6,414	-	-	-	-
Pelikan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	-	-	-	-	-	-	-	-
				Previous period	7,843,174	-	-	2,078,063	-	-	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current period	-	736,875,262	680,926,438	-	-	-	-	-
				Previous period	-	755,910,568	654,697,925	-	-	-	-	-
S.A.K. Ekramuzzaman (**)	Key Management Personnel	Unsecured	Nil	Current period	1,409,556	-	-	114,735,715	6,722,610	-	-	-
				Previous period	690,555	-	-	35,054,709	11,510,142	-	-	-
Saidhan Kumar Dey	Key Management Personnel	Unsecured	Nil	Current period	-	-	-	-	2,394,696	-	-	-
				Previous period	-	-	-	-	2,217,311	-	-	-

\* 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. March 2023. 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).

\*\*\* The figures are included tax and VAT.

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 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/Admir/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 period, provision was made as MD's remuneration for Taka. 6,722,610.

37.3 During the period, no Board meeting fees 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.

### 31 Mar 2023

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	
	Iaka	Iaka	Iaka	Iaka	Iaka
Revenue - external customers	1,998,620,447	-	10,733,507	-	2,009,353,954
Revenue - inter segment	-	152,236,239	12,473,121	(164,709,360)	-
Total segment revenue	1,998,620,447	152,236,239	23,206,628	(164,709,360)	2,009,353,954
Cost of sales- external customer	(1,330,568,741)	(146,483,035)	(17,216,441)	-	(1,494,268,217)
Cost of sales- inter segment	(152,236,239)	(1,109,598)	-	153,345,837	-
Total segment cost of sales	(1,482,804,980)	(147,592,633)	(17,216,441)	153,345,837	(1,494,268,217)
Gross profit	515,815,467	4,643,606	5,990,187	-	515,085,737
Dividend income	1,980,000	20,000	-	(2,000,000)	-
Rental income	782,610	-	-	(782,610)	-
Financial income	11,371,375	98,449	8,588	-	11,478,412
Financial expenses	(11,970,876)	(7,170)	(1,490)	-	(11,979,536)
Depreciation	(104,566,331)	(4,879,186)	(44,212)	-	(109,489,730)
Other operating expenses	(200,478,057)	2,513,384	(5,258,325)	12,146,133	(191,076,865)
Segment profit before tax	213,416,189	2,389,083	700,742	-	214,506,014
Income tax expense	(60,357,017)	(1,206,149)	(214,820)	-	(61,777,986)
Deferred tax	3,189,155	550,652	17,707	-	3,757,513
Profit for the period					<b>156,485,541</b>



**31 Mar 2022**

**Business Segments**

	Ceramic & sanitary ware		Power		Security and services		Inter segment		Entity total	
	Taka		Taka		Taka		Taka		Taka	
Revenue - external customers	1,996,779,812		-		9,758,085		-		2,006,537,896	
Revenue - inter segment	-		97,483,752		10,251,415		(107,735,167)		-	
Total segment revenue	1,996,779,812		97,483,752		20,009,500		(107,735,167)		2,006,537,896	
Cost of sales- external customer	(1,313,221,235)		(76,999,987)		(15,200,939)		-		(1,405,422,162)	
Cost of sales- inter segment	(97,483,752)		(1,718,556)		-		99,202,308		-	
Total segment cost of sales	(1,410,704,987)		(78,718,543)		(15,200,939)		99,202,308		(1,405,422,162)	
Gross profit	586,074,825		18,765,209		4,808,561		-		601,115,734	
Dividend income	45,949,800		50,000		100		(45,999,800)		100	
Rental income	1,252,173		-		-		(1,252,173)		-	
Financial income	15,852,479		2,572		21,268		-		15,876,319	
Financial expenses	(12,422,757)		(1,178)		(1,410)		-		(12,425,345)	
Depreciation	(101,300,677)		(6,996,084)		(49,867)		-		(108,346,628)	
Other operating expenses	(170,004,522)		4,162,678		(4,754,024)		9,785,032		(160,810,836)	
Segment profit before tax	365,401,320		15,983,197		24,628		-		335,409,344	
Income tax expense	(94,073,981)		(5,810,976)		(9,907)		-		(99,894,864)	
Deferred tax	6,577,627		1,021,017		3,359		-		7,602,002	
Profit for the period									<b>243,116,482</b>	

	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
	<u>Taka</u>	<u>Taka</u>
<b>39 Calculation of Earnings per share (EPS)</b>		
Calculation of earnings per share (EPS) is as under:		
(a) Profit attributable to equity holders of the Company	<u>156,485,533</u>	<u>243,116,427</u>
(b) No. of ordinary equity shares	<u>427,968,701</u>	<u>427,968,701</u>
(c) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Earnings per share (EPS) for the period (a÷c)	<u>0.37</u>	<u>0.57</u>
Diluted earnings per share for the period (a÷c)	<u>0.37</u>	<u>0.57</u>

**39.1 Weighted average number of ordinary shares**

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

	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
Outstanding shares	<u>427,968,701</u>	<u>427,968,701</u>
	<u>427,968,701</u>	<u>427,968,701</u>

**39.2 Diluted earning per share**

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

**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 0.14% from BDT. 2,006.54 MN to BDT. 2,009.35 MN but gross profit margin has been reduced from 29.96% to 25.63% due to non availability of adequate gas, increase in gas price, electricity price, significant volatile of foreign currency market, disruption of global supply chain caused increase of all input raw material price and shipping freight. Therefore, earning per share is also decreased from BDT. 0.57 to 0.37.

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

(a) Net assets value (Note 14, 15 & 16)	<u>7,365,669,221</u>	<u>7,208,683,319</u>
(b) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Net assets value per share (a÷b)	<u>17.21</u>	<u>16.84</u>

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

(a) Net Cash flows from operating activities (Note 42)	<u>824,239,278</u>	<u>473,322,357</u>
(b) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Net operating cash flow per share (a÷b)	<u>1.93</u>	<u>1.11</u>

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

Due to the revised and responsive business strategy taken by the management, sales are increased by 0.14% from BDT. 2,006.54 MN to BDT. 2,009.35 MN and registered improvement in cash flows from customers which caused an increase in net operating cash flow per share from BDT 1.11 to BDT. 1.93.

42 Reconciliation of operating cash flow:	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
<b>Cash flows from operating activities</b>		
Profit before taxation	214,506,014	335,409,344
Adjustment for:		
Depreciation	112,807,794	110,389,716
Amortization	310,353	381,848
Adjustment relating to assets	3,004,624	-
Advance rent adjustment	(16,604,040)	-
Loss on assets retirement	-	274,257
Foreign exchange loss	5,413,424	9,103,654
Finance expenses	6,566,112	3,321,691
Finance income	(11,478,412)	(15,876,319)
Other income	(487,994)	(100)
	<u>314,037,875</u>	<u>443,004,092</u>
Increase/decrease in trade and other receivables	121,329,481	(66,912,710)
Increase/decrease in inventories	103,792,164	70,147,928
Increase/decrease in trade and other payables	<u>321,973,758</u>	<u>80,460,611</u>
<b>Cash generated from operating activities</b>	<u>861,133,276</u>	<u>526,699,921</u>
Interest received from bank deposit	1,698,776	1,468,220
Income tax paid	(38,592,774)	(54,845,784)
<b>Net cash (used in)/from operating activities</b>	<u><b>824,239,278</b></u>	<u><b>473,322,357</b></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 533,679,598 (31 Mar 2022: 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 690,506,324 (31 Mar 2022: Tk 899,462,587) and letter of guarantee of Tk 145,690,514 (31 Mar 2022: Tk 139,177,233).

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 March 2023. Therefore no credit loss allowances is expected.