

RAK Ceramics (Bangladesh) Ltd.

Consolidated financial statements
as at and for the year ended 31 December 2024

Independent Auditor's Report
To the Shareholders of RAK Ceramics (Bangladesh) Ltd.
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of RAK Ceramics (Bangladesh) Ltd. ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year and include the most significant assessed risk of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the significant effect on the overall audit strategy, allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition	
Refer note no. 3.15 and 25 to the consolidated financial statements	
The Group earns revenue from contracts with customers for the sale of goods or services. Due to impact of gas crisis and unstable political conditions in the country, there is a substantial decline in the amount of revenue earned by the Group from ceramic products sale and power sale.	Our audit procedures for revenue recognition included the following: <ul style="list-style-type: none"> Understanding the key controls related to the contracts with customers, goods delivery and invoicing process, and sanctioning discount and commissions.

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>The management uses its judgment for assessing the appropriateness of revenue recognition, especially considering collectability of revenue from the customers stressed by the changing national circumstances.</p> <p>Revenue is measured at net of discounts, dealers' commissions, VAT and SD. The calculation of the discounts and commission is complex and requires judgment in some instances.</p>	<ul style="list-style-type: none"> • Review the collectability of the sales to customers. • Substantive procedures using sampling techniques to verify relevant supporting documents for the revenue recognized. • Recalculation of the discounts and commissions granted to customers and agreeing with the underlying contracts, policy documents and past trends which raise valid expectations among customers to be eligible for the discounts and commissions. • Cut off testing, which involves testing of the revenue recognized shortly before and after the cut off date, to determine whether the revenue is recognized in the correct period.
Credit risk and impairment on trade receivables	
Refer note no. 3.10, 3.14(ii), 10.1, 28.1 and 36.1 to the consolidated financial statements	
<p>The global and national volatile economic situation has positioned many business organizations under financial stress and as a result, the risks of being default in payment of debts by the stressed customers increases significantly.</p> <p>The significant amount of trade receivables of the Group is attributable to a single customer which is also a related party as disclosed in note 38 to the consolidated financial statements to the Group. A significant amount of judgment is to be applied to determine the risk of default by the customers over the expected life of trade receivables, which may have a material impact on trade receivables and as a result, there is risk of error in determining the allowance for impairment on trade receivables.</p>	<p>Our audit procedures included testing the Group's credit control procedures and a judgment on determining the provisions for expected credit losses. The audit procedures involved the following activities:</p> <ul style="list-style-type: none"> • testing, on a sample basis, receivable balances and comparing it with our results from external confirmations. • inspecting the arrangements, securities documents, credibility assessments and correspondences with parties concerned assessing the recoverability of long outstanding receivables. • reviewing the calculations of the allowance for impairment of trade receivables based on the judgments applied by the management.
Tax and regulatory matters	
Refer note no. 24 and 44 to the consolidated financial statements	
<p>The Group has several pending corporate tax assessments and legal proceedings with the government revenue authorities related to claims for tax, VAT and customs duty. The pending cases expose the Group to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may not be appropriate to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with</p>	<p>We obtained understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the legal provision and contingencies recognition process. To get more insights we performed the following procedures:</p> <ul style="list-style-type: none"> • enquired into those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. • We enquired about the Group's internal legal counsel for all significant litigation and regulatory

Key Audit Matters	How our audit addressed the Key Audit Matters
respect to the tax provisions and contingent liabilities.	<p>matters and studied internal notes and reports. We have also requested formal confirmations from the external counsel on these matters.</p> <ul style="list-style-type: none"> assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information. assessed the Group's provisions and contingent liabilities disclosure.

Other Matter

The financial statements of the Group were audited by A. Qasem &Co. Chartered Accountants for the year 2023. The auditor's report was unmodified, and the date of the auditor's report was 29 January 2024. The subsidiaries of the Group are RAK Power Pvt. Ltd. and RAK Securities & Services (Pvt.) Ltd. We are also the auditors of the subsidiaries.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, which we could not obtain prior to the date of this auditor's report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

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

Dhaka, Bangladesh

Date:

ACNABIN Chartered Accountants
Firm's Enlistment Number: CAF-001-012

Md. Rokonuzzaman FCA
Partner
Enrollment No.: 0739

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 31 December 2024

	Notes	2024 Taka	2023 Taka
Assets			
Property, plant and equipment	4	3,652,438,357	3,609,087,484
Investment property	5	502,568,410	502,790,328
Right-of-use assets	6	84,763,259	74,825,529
Intangible assets	7	9,908,534	4,118,952
Capital work-in-progress	8	270,280,122	355,450,242
Deferred tax asset	17	15,529,147	-
Total non-current assets		4,535,487,829	4,546,272,535
Inventories	9	3,433,881,493	3,579,272,722
Trade and other receivables	10	2,759,727,260	2,480,990,360
Advances, deposits and prepayments	11	327,282,842	425,976,410
Advance income tax	12	4,380,962,857	4,206,879,792
Cash and cash equivalents	13	424,164,546	841,999,337
Total current assets		11,326,018,998	11,535,118,621
Total assets		15,861,506,827	16,081,391,156
Equity			
Share capital	14	4,279,687,010	4,279,687,010
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,618,936,861	2,074,236,665
Equity attributable to equity holders of the company		7,372,271,850	7,827,571,654
Non-controlling interests		1,393	1,377
Total equity		7,372,273,243	7,827,573,031
Liabilities			
Borrowings	19	448,674,859	363,894,419
Deferred tax liability	17	-	49,340,687
Lease liability	20	56,419,623	45,664,970
Total non-current liabilities		505,094,482	458,900,076
Borrowings	19	1,077,462,673	733,617,407
Lease liability	20	15,400,824	12,209,734
Trade and other payables	21	1,732,957,184	1,975,356,944
Unclaimed dividend payable	22	8,076,342	8,122,499
Accrued expenses	23	331,183,843	356,420,817
Provision for income tax	24	4,819,058,236	4,709,190,648
Total current liabilities		7,984,139,102	7,794,918,049
Total liabilities		8,489,233,584	8,253,818,125
Total equity and liabilities		15,861,506,827	16,081,391,156

The accompanying notes are an integral part of these financial statements



Abdallah Massaad
Chairman



SAK Ekramuzzaman
Managing Director



Pramod Kumar Chand
Director



Mohammad Samsul Arefin
General Manager - Finance and Accounts



Muhammad Shahidul Islam FCS
Company Secretary

Dated:

As per our report of the same date

ACNABIN Chartered Accountants

Firm's Enlistment Number: CAF-001-012

Md. Rokonzaman FCA
Partner
Enrollment No. 0739

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Notes	2024 Taka	2023 Taka
Sales	25	6,669,514,820	7,819,322,342
Cost of sales	26	(5,519,288,589)	(5,867,007,657)
Gross profit/(loss)		1,150,226,231	1,952,314,685
Other income	27	120,858	-
Administrative expenses	28	(357,698,527)	(397,343,450)
Impairment loss on trade receivables	28.1	9,866,092	(16,954,303)
Marketing and selling expenses	29	(575,202,059)	(638,875,955)
		(922,913,636)	(1,053,173,708)
Profit/(loss) from operating activities		227,312,595	899,140,977
Finance income	30	13,661,631	30,904,720
Finance expenses	31	(187,446,441)	(71,214,646)
Net finance income		(173,784,810)	(40,309,926)
Profit/(loss) before contribution to workers' profit participation and welfare fund		53,527,785	858,831,051
Contribution to workers' profit participation and welfare fund	32	(1,910,053)	(40,690,956)
Profit/(loss) before income tax		51,617,732	818,140,095
Income tax expense			
Current tax	33	(143,818,653)	(258,470,104)
Deferred tax	17	64,869,834	58,718,016
		(78,948,819)	(199,752,088)
Profit/(loss) after tax for the year		(27,331,087)	618,388,007
Other comprehensive income		-	-
Total comprehensive income for the year		(27,331,087)	618,388,007
Profit/(loss) attributable to:			
Equity holders of the company		(27,331,103)	618,387,966
Non-controlling interests		16	41
Profit/(loss) after tax for the year		(27,331,087)	618,388,007
Basic earnings per share (Par value TK 10)	40	(0.06)	1.44

The accompanying notes are an integral part of these financial statements



Abdallah Massaad
Chairman



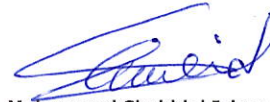
SAK Ekramuzzaman
Managing Director



Pramod Kumar Chand
Director



Mohammad Samsul Arefin
General Manager - Finance and Accounts



Muhammad Shahidul Islam FCS
Company Secretary

Dated:

As per our report of the same date

ACNABIN Chartered Accountants
Firm's Enlistment Number: CAF-001-012

Md. Rokonzaman FCA
Partner
Enrollment No. 0739



RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
For the year ended 31 December 2024

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
Balance as at 01 January 2023	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/(loss) for the year	-	-	618,387,966	618,387,966	41	618,388,007
Transactions with the shareholders: Cash dividend (2022)	-	-	(427,968,701)	(427,968,701)	-	(427,968,701)
Balance as at 31 December 2023	4,279,687,010	1,473,647,979	2,074,236,665	7,827,571,654	1,377	7,827,573,031
Balance as at 01 January 2024	4,279,687,010	1,473,647,979	2,074,236,665	7,827,571,654	1,377	7,827,573,031
Total comprehensive income for 2024 Profit/(loss) for the year	-	-	(27,331,103)	(27,331,103)	16	(27,331,087)
Transactions with the shareholders: Cash dividend (2023)	-	-	(427,968,701)	(427,968,701)	-	(427,968,701)
Balance as at 31 December 2024	4,279,687,010	1,473,647,979	1,618,936,861	7,372,271,850	1,393	7,372,273,243

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
For the year ended 31 December 2024

	<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	6,390,683,459	6,862,699,786
Cash payments to suppliers and employees	(5,981,467,720)	(6,376,448,475)
Cash generated from operating activities	<u>409,215,739</u>	<u>486,251,311</u>
Interest received from bank deposits	6,448,879	11,541,793
Income tax paid (note - 12)	(208,034,130)	(177,967,531)
Net cash (used in)/from operating activities (note-43)	<u>207,630,488</u>	<u>319,825,573</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(459,942,252)	(1,006,672,731)
Sale of property, plant and equipment (note-5.3)	205,804	2,161,360
Interest received from FDR	7,307,213	19,569,172
Intangible assets	(13,959,436)	(8,795,037)
Net cash (used in)/from investing activities	<u>(466,388,671)</u>	<u>(993,737,236)</u>
Cash flows from financing activities		
Finance charges	(146,415,754)	(43,255,658)
Avail/(repayment) of term loan	185,068,925	375,129,637
Avail/(repayment) of short-term loan	243,556,780	349,576,397
Payment of lease liability	(13,427,149)	(9,565,498)
Dividend paid	(428,014,859)	(431,748,168)
Net cash (used in)/from financing activities	<u>(159,232,057)</u>	<u>240,136,709</u>
Effect of exchange rate changes in cash and cash equivalents	155,449	-
Net increase/(decrease) in cash and cash equivalents	<u>(417,834,791)</u>	<u>(433,774,954)</u>
Cash and cash equivalents as at 01 January	<u>841,999,337</u>	<u>1,275,774,291</u>
Cash and cash equivalents as at 31 December (Note 13)	<u>424,164,546</u>	<u>841,999,337</u>

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.

Notes to the consolidated financial statements as at and for the year ended 31 December 2024

1. Reporting entity

RAK Ceramics (Bangladesh) Ltd. (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 17 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), Jasimuddin 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) Ltd..

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

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) Ltd..

The Board of Directors of RAK Ceramics (Bangladesh) Ltd. in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Security & Services (Pvt.) Limited 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.) Limited subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Ltd. 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 2020.

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.....

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/asset
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 and is followed consistently.

2.6 Going concern

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

3 Significant accounting policies

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

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

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

b) Cash and cash equivalents

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

3.3 Financial liabilities

a) Trade & other payables

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

b) Borrowings

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

3.4 Share capital

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

3.5 Property, plant and equipment

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

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

3.5.1 Depreciation on property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis and charged 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	5-7
Office and accommodation building	5
Plant and machinery	10
Mobile plant	10-20
Electrical installation	10
Gas pipeline	10
Furniture, fixture and equipment	10-34
Office equipment	10-34
Communication equipment	10-34
Tools and appliances	10-34
Vehicles	10
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 is charged on the basis of straight line method. Depreciation continues to be charged on each item of investment property until written value of such fixed asset is reduced to Taka one. Depreciation on addition to fixed assets is charged when it is available for use and charging of depreciation on property, plant, equipment & investment property ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

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

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

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

3.7 Capital work-in-progress

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

3.8 Intangible assets

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

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

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

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

3.9 Inventories

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

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

3.10 Impairment

Non-derivative financial assets

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

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

3.11 Employee benefit schemes

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

Defined contribution plan (Provident fund)

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

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

Defined benefit plan (Gratuity)

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

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 2023".

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 IFRS S1 and S2 Sustainability & Climate related

Formulating a prospective plan that is rooted on sustainability and climate is a demanding, yet essential undertaking. Within this framework, our group's strategy delineates its intended market position and primary competitive advantages in terms of both product offering and resource utilization.

3.18 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.

3.19 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".

3.20 Taxation

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

Current tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2024.

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.

3.21 Earning per share

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

3.22 Determination and presentation of operating segment

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

3.23 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.

3.24 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.

3.25 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.

3.26 Comparatives and reclassification

Comparative information have been disclosed in respect of 2023 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

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

4 Property, plant and equipment

2024

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 2024	Addition during the year	Sale/disposal transfer during the year	Balance as at 31 Dec 2024	Rate (%)	Balance as at 01 Jan 2024	Charged during the year	Balance as at 31 Dec 2024
Land	1,245,765,336	3,656,000	-	1,249,421,336	5-7	-	-	1,249,421,336
Factory building	1,060,536,702	75,851,599	-	1,136,388,301	5	633,618,169	45,317,633	678,935,802
Office and accommodation building	547,535,896	50,951,271	-	598,487,167	5	262,408,606	30,893,373	293,301,979
Plant and machinery	6,128,916,486	396,057,759	-	6,524,974,245	10	4,632,014,362	375,295,723	5,007,310,979
Mobile plant	138,912,181	1,606,278	(1,838,841)	138,679,618	10-20	102,907,119	10,172,149	111,377,467
Electrical installation	242,630,147	200,000	-	242,830,147	10	228,029,443	6,284,657	234,314,100
Gas pipeline	81,794,702	4,260,301	-	86,055,003	10	72,192,068	4,060,249	76,252,317
Furniture and fixtures	49,888,956	2,478,914	(58,961)	52,298,909	10-34	37,566,353	5,176,728	42,675,216
Office equipment	61,436,306	4,984,683	(370,330)	66,050,659	10-34	48,444,736	8,590,649	56,888,764
Communication equipment	18,905,385	552,056	(40,313)	19,417,128	10-34	14,015,165	3,055,885	17,030,737
Tools and appliances	23,217,260	776,125	-	23,993,385	10-34	12,469,584	4,038,570	16,508,154
Vehicles	126,957,651	3,737,386	(586,600)	130,108,437	10	73,743,920	8,625,994	81,871,357
Fire fighting equipment	3,631,012	-	-	3,631,012	20	-	-	3,631,012
Total	9,730,128,020	545,112,372	(2,905,045)	10,272,335,347		6,121,040,537	501,511,610	6,619,896,990
								Net book value as at 31 Dec 2024
								1,249,421,336
								457,452,499
								305,185,188
								1,517,664,160
								27,302,151
								8,516,047
								9,802,686
								9,623,693
								9,361,895
								2,366,391
								7,485,231
								48,237,080
								3,652,438,357

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 year	Sale/disposal/transfer during the year	Balance as at 31 Dec 2023	Rate (%)	Balance as at 01 Jan 2023	Charged during the year	Balance as at 31 Dec 2023
Land*	1,033,267,017	212,498,319	-	1,245,765,336	5-7	-	-	1,245,765,336
Factory building	1,045,271,569	15,265,133	-	1,060,536,702	5	585,936,080	47,682,089	633,618,169
Office and accommodation building	542,813,594	4,722,302	-	547,535,896	5	232,821,264	29,587,342	262,408,606
Plant and machinery	5,993,330,750	518,712,169	(383,126,433)	6,128,916,486	10	4,681,012,855	331,287,695	4,632,014,362
Mobile plant	138,910,626	1,555	-	138,912,181	10-20	92,741,702	10,165,417	102,907,119
Electrical installation	242,630,147	-	-	242,630,147	10	221,688,993	6,340,450	228,029,443
Gas pipeline	80,514,054	1,280,648	-	81,794,702	10	68,113,907	4,078,161	72,192,068
Furniture and fixtures	48,152,729	1,788,199	(51,972)	49,888,956	10-34	32,512,734	5,105,584	37,566,353
Office equipment	63,708,794	7,048,437	(9,320,925)	61,436,306	10-34	46,763,976	8,133,485	48,444,736
Communication equipment	16,566,185	2,339,200	-	18,905,385	10-34	10,789,876	3,225,289	14,015,165
Tools and appliances	14,585,223	8,632,037	-	23,217,260	10-34	11,273,182	1,196,402	12,469,584
Vehicles	96,188,040	34,639,528	(3,869,917)	126,957,651	10	69,159,862	8,240,342	73,743,920
Fire fighting equipment	3,631,012	-	-	3,631,012	20	-	-	3,631,012
Total	9,319,569,740	806,927,527	(396,369,247)	9,730,128,020		6,056,445,443	455,042,256	6,121,040,537
								Net book value as at 31 Dec 2023
								1,245,765,336
								426,918,533
								285,127,290
								1,496,902,124
								36,005,062
								14,600,704
								9,602,634
								12,322,604
								12,991,570
								4,890,220
								10,747,676
								53,213,731
								3,609,087,484

*Addition of land includes BDT. 6,012,500 for the purchase of 0.35 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Ltd.] 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

2024

Particulars	COST			Rate	DEPRECIATION				Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Sale/Transfer during the year	Balance as at 31 Dec 2024	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024		
Land ¹	500,571,750	-	-	500,571,750	-	-	-	-	500,571,750
Office building ²	4,432,737	-	-	4,432,737	221,918	-	2,436,077	1,996,660	1,996,660
Total	505,004,487	-	-	505,004,487	221,918	-	2,436,077	2,436,077	502,568,410

2023

Particulars	COST			Rate	DEPRECIATION				Net book value as at 31 Dec 2023
	Balance as at 01 Jan 2023	Addition during the year	Sale/Transfer during the year	Balance as at 31 Dec 2023	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2023		
Land ¹	500,571,750	-	-	500,571,750	-	-	-	-	500,571,750
Office building ²	4,432,737	-	-	4,432,737	221,918	-	2,214,159	2,218,578	2,218,578
Total	505,004,487	-	-	505,004,487	221,918	-	2,214,159	2,214,159	502,790,328

1 The land 10 khata is situated besides the RAK Tower was acquired in 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 is stated at cost as per IAS 16 due to alternate reliable sources of measurement being unavailable.

	<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
5.1 Depreciation		
Property, plant and equipment (Note 4)	501,511,610	455,042,256
Investment Property (Note 5)	221,918	221,918
	501,733,528	455,264,174
5.2 Allocation of Depreciation		
Cost of sales (Note 26)	456,634,291	411,677,872
Administrative expenses (Note 5.2.1)	36,064,895	35,116,982
Marketing & selling expenses (Note 29)	9,034,342	8,469,320
	501,733,528	455,264,174
5.2.1 Administrative Depreciation		
Depreciation on property, plant & equipment (Note 28)	35,842,977	34,895,064
Depreciation on investment property (Note 28)	221,918	221,918
	36,064,895	35,116,982

5.3 Disposal of property, plant and equipment

2024

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Mobile plant	1,838,841	1,701,801	137,040	-	(137,040)
Office equipment	370,330	346,621	23,709	-	(23,709)
Furniture & fixture	68,961	67,865	1,096	47,583	46,487
Communication equipment	40,313	40,313	-	-	-
Vehicles	586,600	498,557	88,043	158,221	70,178
Total	2,905,045	2,655,157	249,888	205,804	(44,084)

2023

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	6,316,300	6,310,040	6,260	16,260	10,000
Furniture & fixture	51,972	51,965	7	14,000	13,993
Plant and machinery	383,126,433	380,286,188	2,840,246	-	(2,840,246)
Vehicles	3,869,917	3,656,284	213,633	2,131,100	1,917,467
Total	393,364,622	390,304,477	3,060,146	2,161,360	(898,786)

6 Right-of-use assets

2024

Particulars	COST			DEPRECIATION				Amount in Taka
	Balance as at 01 Jan 2024	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2024	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024	
Display center	65,545,374	31,159,038	(6,935,706)	89,768,706	13,235,604	(6,935,706)	31,968,420	57,800,286
Accommodation building	1,564,105	1,592,894	(805,053)	2,351,946	879,456	(805,053)	836,328	1,515,618
Warehouse	30,567,554	-	(1,880,142)	28,687,412	5,737,482	(221,961)	8,128,100	20,559,312
Office Building	6,517,391	-	-	6,517,391	1,303,478	-	1,629,348	4,888,043
Total	104,194,424	32,751,932	(9,620,901)	127,325,455	21,156,020	(7,962,720)	42,562,196	84,763,259

2023

Particulars	COST			DEPRECIATION				Amount in Taka
	Balance as at 01 Jan 2023	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2023	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2023	
Display center	48,278,231	29,737,142	(12,469,999)	65,545,374	12,368,026	(12,469,999)	25,668,522	39,876,852
Accommodation building	1,471,380	759,050	(666,325)	1,564,105	761,925	(666,326)	761,925	802,180
Warehouse	1,880,142	28,687,412	-	30,567,554	2,547,296	-	2,612,579	27,954,976
Office Building	-	6,517,391	-	6,517,391	325,870	-	325,870	6,191,521
Total	51,629,753	65,700,995	(13,136,324)	104,194,424	16,003,117	(13,136,325)	29,368,896	74,825,529

6.1 Allocation of depreciation

	2024	2023
Administrative expenses (Note 28)	2,182,934	1,087,795
Marketing & Selling expenses (Note 29)	18,973,086	14,915,322
Total	21,156,020	16,003,117

6.2 Gain/(loss) on retirement of right-of-use assets

2024

Particulars	Lease liability	ght-of-use assets	Gain/(loss)
Warehouse	1,779,039	1,658,181	120,858
Total	1,779,039	1,658,181	120,858

2023

Particulars	Lease liability	ght-of-use assets	Gain/(loss)
Warehouse	-	-	-
Total	-	-	-

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. Warehouse was rented to store finished goods.

7 Intangible assets

2024

Particulars	COST			AMORTIZATION				Net book value as at 31 Dec 2024	Amount in Taka
	Balance as at 01 Jan 2024	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2024	Balance as at 01 Jan 2024	Amortized during the year	Adjustment during the year		
License	31,037,913	13,112,136	-	44,150,049	27,602,739	7,805,747	-	35,408,486	8,741,563
Computer Software	12,514,380	847,300	-	13,361,680	11,830,602	364,107	-	12,194,709	1,166,971
Total	43,552,293	13,959,436	-	57,511,729	39,433,341	8,169,854	-	47,603,195	9,908,534

2023

2023

Particulars	COST			AMORTIZATION				Net book value as at 31 Dec 2023	Amount in Taka
	Balance as at 01 Jan 2023	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2023	Balance as at 01 Jan 2023	Amortized during the year	Adjustment during the year		
License	22,692,876	8,345,037	-	31,037,913	22,587,507	4,872,547	142,685	27,602,739	3,435,174
Computer Software	12,064,380	450,000	-	12,514,380	11,493,807	336,795	-	11,830,602	683,778
Total	34,757,256	8,795,037	-	43,552,293	34,081,314	5,209,342	142,685	39,433,341	4,118,952

	<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
8 Capital Work-in-Progress		
Balance as at 1 January	355,450,242	155,705,038
Add: Addition during the year (note 8.1)	407,114,026	733,182,938
	<u>762,564,267</u>	<u>888,887,976</u>
Less: Transfer to property, plant & equipment during the year (note 8.2)	492,284,146	533,437,734
Balance as at 31 December	<u>270,280,122</u>	<u>355,450,242</u>
8.1 Addition during the year		
Building	57,436,303	56,305,519
Plant & machinery	330,502,547	657,479,014
Others	19,175,176	19,398,405
	<u>407,114,026</u>	<u>733,182,938</u>
8.2 Items transferred from capital work in progress to property, plant & equipment		
Office building	47,574,413	-
Factory Building	73,368,203	14,549,044
Plant & machinery	371,169,587	509,927,776
Tools and appliances	140,274	-
Others	31,670	8,960,914
	<u>492,284,146</u>	<u>533,437,734</u>
9 Inventories		
Raw materials	1,048,787,830	1,142,336,604
Less : Provision for slow moving & obsolete inventories	41,734,296	36,222,885
	<u>1,007,053,534</u>	<u>1,106,113,719</u>
Stores and consumables spares and packing	1,060,409,506	1,066,145,738
Less: Write off for stores and spares	10,715,325	4,043,075
Less: Provision for slow moving & obsolete inventories (Packing)	625,854	-
	<u>1,049,068,327</u>	<u>1,062,102,663</u>
Finished goods (net of net realizable value adjustment) *	1,024,820,406	1,169,745,855
Less : Provision for slow moving & obsolete inventories	26,671,277	13,967,249
	<u>998,149,129</u>	<u>1,155,778,606</u>
Work-in-process	182,145,428	80,280,061
Goods-in-transit	197,465,075	174,997,673
	<u>3,433,881,493</u>	<u>3,579,272,722</u>

*Finished goods exclude provision of net realizable value BDT. 40,934,258.

	<u>2024</u>	<u>2023</u>
	<u>Taka</u>	<u>Taka</u>
10 Trade and other receivables		
Trade receivables (Note 10.1)	2,758,904,924	2,480,102,230
	<u>2,758,904,924</u>	<u>2,480,102,230</u>
Accrued interest (Note 10.2)	793,669	888,130
Other receivable	28,667	-
	<u>2,759,727,260</u>	<u>2,480,990,360</u>
10.1 Trade receivables		
Receivables from local sales	2,746,646,498	2,497,973,879
Receivables from export sales	31,430,475	11,166,492
	<u>2,778,076,973</u>	<u>2,509,140,371</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	10,928,124	10,345,283
Related parties	8,243,925	18,692,858
	<u>2,758,904,924</u>	<u>2,480,102,230</u>
10.2 Accrued interest		
Interest accrued on Fixed Deposit Receipt	793,669	888,130
	<u>793,669</u>	<u>888,130</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	305,500	299,500
Purchase of land and others	4,134,422	920,757
Suppliers against materials and services	106,121,769	240,619,264
	<u>110,561,691</u>	<u>241,839,521</u>
Security and other deposits:		
Titas gas	100,041,650	71,833,050
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	2,147,385	2,030,039
Deposited with income tax authority	89,783,545	88,962,899
Deposited with VAT authority	10,280,108	6,726,946
Display center and others	2,826,000	1,312,000
Other deposits	1,494,626	1,494,626
	<u>208,528,314</u>	<u>174,314,560</u>
Prepayments:		
Showroom, warehouse and office rent	58,600	58,600
Insurance and others	8,134,237	9,763,730
	<u>8,192,837</u>	<u>9,822,330</u>
	<u>327,282,842</u>	<u>425,976,410</u>

	<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	2,030,039	2,123,789
Add: Treasury deposit for SD & VAT purpose	16,002,773	10,505,061
	18,032,813	12,628,850
Less: SD & VAT on sales	15,885,428	10,598,811
Balance as at 31 December	<u>2,147,385</u>	<u>2,030,039</u>

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

12 Advance Income Tax		
Balance as at 1 January	4,206,879,792	4,100,140,671
Add: Paid during the year	208,034,130	177,967,531
Less: Adjustment during the year	(33,951,065)	(71,228,410)
Balance as at 31 December (Note - 12.1)	<u>4,380,962,857</u>	<u>4,206,879,792</u>

12.1 Payment for the year

<u>Income year</u>		
Year 2024	139,455,566	-
Year 2023	216,980,571	150,060,095
Year 2022	243,147,159	243,147,159
Year 2021	255,101,581	273,680,694
Year 2020	117,036,220	130,750,084
Year 2019	280,875,748	280,875,748
Year 2018	314,638,282	314,638,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,848,070	187,848,070
Year 2014	253,701,667	253,701,667
Year 2013	389,651,054	389,651,054
Year 2012	301,027,378	301,027,378
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u>4,380,962,857</u>	<u>4,206,879,792</u>

13 Cash and cash equivalents

	<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
Cash in hand	4,277,517	5,648,949
Cash at banks		
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	61,398	65,194
BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	80,189,680	3,569,213
Citibank N.A. (current account - G0100001200262018 - BDT)	130,592	137,044
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	3,275,522	18,621,322
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	2,593,768	1,236,309
Standard Chartered Bank (Margin money account)	1,968,575	165,969,352
Midland Bank Ltd. (Margin money account)	4,776,108	76,430,054
United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	8,772,253	10,761,772
Al Arafa Islami Bank Ltd. (SND account - 0171220002646 - BDT)	752,779	10,595,938
South East Bank Ltd. (Current account - 11100008546 - BDT)	2,770,037	18,080
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	126,403	127,553
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-311,117-120.2550 - BDT)	8,155,175	19,369,373
Pubali Bank Ltd. (CD account 4709901003543, 4709901003539 - BDT)	108,846	147,981
Prime Bank Ltd. (SND - 2125316004690 - BDT)	1,667,155	2,588,318
Janata Bank Ltd. (SND 0100258556318 - BDT)	100,484	-
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	17,711,823	946,583
Dhaka Bank Ltd (SND - 102.150.274- BDT))	119,023,981	10,024,467
Pubali Bank Ltd. (SND account 47091012000483 - BDT)	48,858	49,358
Dhaka Bank Ltd (CD - 204100000019318- BDT))	180,226	181,181
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	6,258,295	16,368
Commercial Bank of Ceylon (ERQ-1806012366 - USD.)	927,803	207,926
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	239,226	1,983,179
Midland Bank Ltd. (SND 0006-10700000015, 0006-10600000043 - BDT)	35,740,330	187,725,847
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	98,105	16,761,953
Eastern Bank Ltd. (Margin Money account)	6,278,069	7,006,001
Commercial Bank of Ceylon (Margin Money account)	7,762,026	163,002,596
South East Bank Ltd. (Margin Money account)	793,040	-
	310,510,557	697,542,962
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,688,046	1,687,358
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
	5,887,752	5,887,064
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,825,286	2,828,976
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	1,089,196	1,092,886
SCB (SND - 02-6162940-02- BDT) - 2012	173,686	174,920
SCB (SND - 02-6162940-03- BDT) - 2013	319,009	320,187
SCB (SND - 02-6162940-05- BDT) - 2015	38,178	39,314
SCB (SND - 02-6162940-06- BDT) - 2016	4,874	6,022
SCB (SND - 02-6162940-09- BDT) - 2019	57	4,207
SCB (SND - 02-6162940-10- BDT) - 2020	349,895	3,161,688
SCB (SND - 02-6162940-11- BDT) - 2021	2,963,017	2,974,975
MDB (SND - 0006-10900000460 - BDT) - 2022	5,261,003	5,178,082
MDB (SND - 0006-10900000504 - BDT) - 2023	3,326,714	-
	16,350,915	15,781,257
Investment in Fixed Deposit Receipt (FDR)		
Midland Bank Ltd.	60,000,000	50,000,000
Eastern Bank Ltd.	22,137,805	62,139,105
Commercial bank of Ceylon	5,000,000	5,000,000
	87,137,805	117,139,105
	424,164,546	841,999,337

14 Share Capital

Authorised :

600,000,000 ordinary shares of Taka 10/- each

2024
Taka
6,000,000,000
2023
Taka
6,000,000,000

Issued, subscribed, called and paid up :

427,968,701 ordinary shares of Taka 10/- each

4,279,687,010
4,279,687,010

Percentage of shareholdings :

	2024		2023	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,915,864,310	68.13	2,915,864,310
S.A.K. Ekramuzzaman	3.95	168,958,240	3.95	168,958,240
Other Sponsors	0.00	1,660	0.00	1,660
General Public	27.92	1,194,862,800	27.92	1,194,862,800
	100.00	4,279,687,010	100.00	4,279,687,010

The company was incorporated on 26th of November 1998 with paid up capital of BDT 1,000 and subsequently 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 15,232,353 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	
	2024	2023	2024	2023
01-499 shares	15,534	17,330	3,617,179	4,044,428
500 to 5,000 shares	7,528	8,240	12,435,234	13,216,736
5001 to 10,000 shares	899	930	6,743,697	6,992,412
10,001 to 20,000 shares	455	483	6,499,873	7,020,409
20,001 to 30,000 shares	150	150	3,776,294	3,803,492
30,001 to 40,000 shares	77	77	2,760,938	2,755,017
40,001 to 50,000 shares	56	64	2,607,371	2,996,435
50,001 to 100,000 shares	93	97	6,836,451	6,872,942
100,001 to 1,000,000 shares	90	81	27,164,133	24,739,299
1,000,001 to 1,000,000,000 Shares	14	14	355,527,531	355,527,531
	24,896	27,466	427,968,701	427,968,701

15 Share premium

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

No. of shares	Share premium (per share)	2024 Taka	2023 Taka
10,000,000	30	300,000,000	300,000,000
34,510,000	38	1,311,380,000	1,311,380,000
		1,611,380,000	1,611,380,000
Less : Share issue expenses		137,732,021	137,732,021
		1,473,647,979	1,473,647,979

16 Retained earnings (Reserve and surplus)

Balance as on 1 January	2,074,236,665	1,883,817,400
Add : Profit during the year	(27,331,103)	618,387,966
	2,046,905,562	2,502,205,366
Less: Dividend declared during the year	(427,968,701)	(427,968,701)
Balance as on 31 December	1,618,936,861	2,074,236,665

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

	2024 Taka	2023 Taka
17 Deferred tax liabilities/(Assets)		
Balance as at 1 January	49,340,687	108,058,703
Less : Deferred tax (Income)/expenses	(64,869,834)	(58,718,016)
Balance as at 31 December	<u>(15,529,147)</u>	<u>49,340,687</u>

	Carrying amount on the date of statement of financial position Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
As at 31 December 2024			
Property, plant and equipment (Excluding land and others)	2,379,206,716	2,334,508,148	44,698,568
Trade receivable	2,769,320,292	2,788,492,341	(19,172,049)
Inventories	3,358,776,852	3,468,742,536	(109,965,685)
Right of use assets	84,763,261	-	84,763,261
Lease liability	(71,820,447)	-	(71,820,447)
Net taxable temporary difference			<u>(71,496,351)</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>(15,529,147)</u>
As at 31 December 2023			
Property, plant and equipment (Excluding land and others)	2,327,768,691	2,025,432,404	302,336,287
Trade receivable	2,486,712,628	2,515,750,769	(29,038,141)
Inventories	3,509,130,676	3,589,245,821	(80,115,145)
Right of use assets	74,825,529	-	74,825,529
Lease liability	(57,874,703)	-	(57,874,703)
Net taxable temporary difference			<u>210,133,827</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>49,340,687</u>

18 Employees benefits payable

	2024		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	85,045,933	32,220,897	117,266,830
	85,045,933	32,220,897	117,266,830
Less: Payments made to fund during the year	85,045,933	32,220,897	117,266,830
Balance as at 31 December	-	-	-

Forfeited amount of provident fund amounting to BDT. 1,189,885 for the year 2024 has been adjusted with provision and payment.

	2023		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	83,732,330	31,616,855	115,349,184
	83,732,330	31,616,855	115,349,184
Less: Payments made to fund during the year	83,732,330	31,616,855	115,349,184
Balance as at 31 December	-	-	-

Forfeited amount of provident fund amounting to BDT. 1,512,952 for the year 2023 has been adjusted with provision and payment.

19 Borrowings

Non-current:		
Term loan	560,198,562	375,129,637
Current portion of term loan	(111,523,703)	(11,235,218)
	<u>448,674,859</u>	<u>363,894,419</u>
Current:		
Bank overdrafts	131,348,131	70,521,272
Short-term borrowings	834,590,839	651,860,917
Current portion of term loan	111,523,703	11,235,218
	<u>1,077,462,673</u>	<u>733,617,407</u>
Balance as at 31 December	<u>1,526,137,532</u>	<u>1,097,511,826</u>

19.1 Borrowings by maturity

At 31 December 2024	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	131,348,131	-	-	-	131,348,131
Short-term borrowings	834,590,839	-	-	-	834,590,839
Term loan	111,523,703	124,803,433	297,143,116	26,728,311	560,198,562
	1,077,462,674	124,803,433	297,143,116	26,728,311	1,526,137,532
At 31 December 2023	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	70,521,272	-	-	-	70,521,272
Short-term borrowings	651,860,917	-	-	-	651,860,917
Term loan	11,235,218	93,782,409	270,112,010	-	375,129,637
	733,617,407	93,782,409	270,112,010	-	1,097,511,826

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	30,788,071	Revolving	From company's own source	1) Corporate guarantee, 2) Hypothecation over stock & book debts on a parri-passu basis with other lenders. 3) Demand promissory note.	1) Specific charge over plant, machinery and equipment of BMRE projects of RAK Ceramics (BD) Ltd. Following are relating to RAK Power Pvt. Ltd. 1. Mortgage of 5 bigha land. 2. Lien of Term Deposit of 100 MN 3. Charge over fixed & floating assets, 4. Corporate guarantee from RAK Ceramics BD Ltd. 5. A signed cheque covering total facility
	Short term loan	500,000,000	216,953,381	180/360 days from B/L date			
Midland Bank PLC	Overdraft	50,000,000	46,000,000	Revolving	From company's own source		
	Short term loan	500,000,000	471,741,927	180/360 days from B/L date			
Eastern Bank PLC	Long term loan*	419,200,000	419,198,562	5 years with 1 year moratorium year	From company's own source		
	Overdraft	30,000,000	25,000,000	Revolving			
	Short term loan	450,000,000	108,993,635	180/360 days from B/L date			
Dutch Bangla Bank PLC.	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	29,560,060	Revolving	From company's own source		
	Short term loan	550,000,000	36,901,896	180/360 days from B/L date			
Al Arafah Islami Bank PLC	Overdraft	-	-	Revolving	From company's own source		
	Short term loan	565,000,000	-	180/360 days from B/L date			
	Long term loan*	362,900,000	141,000,000	6 years with 1 year moratorium year			

* The long term loan facility limit was approved in Board of Directors meetings dated July 20, 2022 to be utilized for the BMRE project of tiles plant in relating to RAK Ceramics (BD) Ltd as well as long term facility of RAK Power Pvt. Ltd. was approved in Board of Directors meetings, dated October 26, 2023 to be utilized in new generator import and installation for power supply to RAK Ceramics (BD) Ltd.

20 Lease liability
Non-current:
Lease liability

Less : Current portion of lease liability

Current:

Current portion of lease liability

31 December 2024

Lease liability schedule

Particulars	Balance as on 01 January 2024	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2024
Display center	22,162,043	27,559,038	9,814,809	2,399,974	7,414,835	42,306,245
Accommodation Building	829,670	1,592,894	953,684	117,420	836,264	1,586,300
Warehouse	28,832,651	(1,779,039)	6,669,474	2,460,331	4,209,143	22,844,469
Office Building	6,050,340	-	1,515,789	548,882	966,907	5,083,433
	57,874,704	27,372,893	18,953,756	5,526,607	13,427,149	71,820,447

31 December 2023

Lease liability schedule

Particulars	Balance as on 01 January 2023	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2023
Display center	15,897,164	13,133,102	9,383,916	2,515,693	6,868,223	22,162,043
Accommodation Building	834,211	759,050	836,842	73,251	763,591	829,670
Warehouse	1,851,871	28,687,412	3,031,583	1,324,951	1,706,633	28,832,651
Office Building	-	6,277,392	378,947	151,895	227,052	6,050,340
	18,583,247	48,856,956	13,631,288	4,065,790	9,565,499	57,874,704

2024
Taka

2023
Taka

21 Trade and other payables
Trade payables

Payable to local suppliers
Payable to foreign suppliers
Payable to service provider
Payable to C & F agent

2024
2023
Taka
Taka

238,995,760	170,770,142
354,162,578	538,720,832
182,795,291	144,496,116
70,814,393	60,093,953
846,769,022	914,081,043

Other payables

Tax deducted at source
Tax deducted at source on remuneration (Note-23.1)
VAT deducted at source
VAT and Supplementary duty payable (Note-21.1)
Royalty and technical know-how fee
Unclaimed share application
Advance from customer against sales
Security deposit payable
Payable to employees
Payable to customer against claim
Provisional liabilities - material & services
Payable against purchase of land

32,885,995	8,801,870
288,076	6,312,349
8,857,687	9,363,850
211,175,615	122,145,071
519,138,764	517,802,531
20,061,956	20,061,956
36,861,648	11,153,898
2,083,332	2,112,195
2,361,234	2,642,646
-	17,856,960
52,473,855	38,872,400
-	304,150,175
886,188,162	1,061,275,901
1,732,957,184	1,975,356,944

21.1 VAT and Supplementary duty (SD) payable

Opening Balance
Add: VAT and Supplementary duty on sales
Other payable

122,145,071	115,766,477
2,258,606,703	2,592,516,070
625,533	1,365,249
2,381,377,307	2,709,647,796

Less: Treasury deposit for SD & VAT purpose
Rebate of Input VAT

1,360,363,432	1,640,355,684
809,838,260	947,147,041
2,170,201,691	2,587,502,725

Balance as at 30 September

211,175,615 **122,145,071**
22 Unclaimed Dividend Payable
8,076,342
8,122,499

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2024	Fund Transferred to CMSF	Undistributed fund (BDT) as on 31 Dec 2024
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	588,305,450	4,617,978	-
2020	427,968,701	32,747,652	395,221,049	392,713,129	2,507,921	-
2021	534,960,876	39,123,334	495,837,543	492,919,890	-	2,917,653
2022	427,968,701	34,965,753	393,002,948	390,629,758	-	2,373,190
2023	427,968,701	31,206,814	396,761,887	393,976,388	-	2,785,499
	7,163,186,578	598,916,371	6,564,270,206	6,507,986,220	48,207,644	8,076,342

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2023	Fund Transferred to CMSF	Undistributed fund (BDT) as on 31 Dec 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	588,305,450	4,617,978	-
2020	427,968,701	32,747,652	395,221,049	392,412,812	-	2,808,238
2021	534,960,876	39,123,334	495,837,543	492,911,315	-	2,926,228
2022	427,968,701	34,965,753	393,002,948	390,614,915	-	2,388,033
	6,735,217,875	567,709,557	6,167,508,318	6,113,686,096	45,699,723	8,122,499

	<u>2024</u>	<u>2023</u>
	<u>Taka</u>	<u>Taka</u>
23 Accrued expenses		
Power and gas	124,792,677	115,459,103
Staff cost	109,451,121	118,888,635
Dealer's incentive and bonus	175,323	7,491,671
Audit fees	1,855,000	2,040,000
Professional charges	825,000	3,935,745
Interest on loans	33,206,126	8,179,830
Telephone	622,957	440,566
Freight bill	6,812,186	7,310,331
Business promotion and advertisement	4,000,000	3,327,046
Hiring heavy equipment	-	4,139,696
Managing Director's remuneration (Note 23.1)	864,228	18,937,048
Worker's profit participation and welfare fund (Note 23.2)	1,910,053	40,690,956
Others	46,669,172	25,580,190
	331,183,843	356,420,817
23.1 Managing Director's remuneration		
Balance as at 1 January	18,937,048	21,299,832
Add: Payable to Managing Director for the year (Note 28)	1,152,304	25,249,397
	20,089,352	46,549,229
Less: Tax deducted at source during the year (Note 21)	288,076	6,312,349
Less: Paid to Managing Director during the year	18,937,048	21,299,832
Balance as at 31 December	864,228	18,937,048
23.2 Worker's profit participation and welfare fund		
Balance as at 1 January	40,690,956	45,079,009
Add: Contribution made to the fund during the year	1,910,053	40,690,956
	42,601,009	85,769,965
Less: Payment made from the fund during the year	40,690,956	45,079,009
Balance as at 31 December	1,910,053	40,690,956
24 Provision for income Tax		
Balance as at 1 January	4,709,190,648	4,521,948,955
Add: Provision made during the year	144,770,598	258,470,104
	4,853,961,246	4,780,419,059
Less: Adjustment for completed assessment	(34,903,010)	(71,228,411)
Balance as at 31 December (Note 24.1)	4,819,058,236	4,709,190,648
24.1 Provision for income Tax		
<u>Income year</u>		
Year 2024	144,770,598	-
Year 2023	258,470,104	258,470,104
Year 2022	249,833,799	249,833,799
Year 2021	280,643,681	300,848,645
Year 2020	122,316,309	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	339,893,487	339,893,487
Year 2013	362,336,361	362,336,361
Year 2012	305,056,869	305,056,869
Year 2011	326,685,215	326,685,215
Year 2010	349,879,113	349,879,113
Year 2009	266,828,984	266,828,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	4,819,058,236	4,709,190,648

	<u>2024</u> Taka	<u>2023</u> Taka
25 Sales		
Gross sales from Ceramics product	9,467,789,776	10,745,814,019
Gross sales from Power generation	527,677,768	729,785,389
Gross sales from Security service	140,024,220	111,891,962
	<u>10,135,491,764</u>	<u>11,587,491,370</u>
Less: Elimination	512,861,784	685,502,543
Supplementary Duty	958,474,666	1,094,378,921
VAT	1,316,642,997	1,510,101,209
Discount	7,370,921	1,379,708
Commission, incentive and bonus	670,626,576	476,806,648
Net sales	<u>6,669,514,820</u>	<u>7,819,322,342</u>
26 Cost of sales		
Materials consumed:		
Opening inventory as at 1 January	1,106,113,719	1,589,019,169
Add: Purchase during the year	2,641,369,980	3,003,169,059
	<u>3,747,483,699</u>	<u>4,592,188,228</u>
Less: Closing inventory as at 31 December	1,007,053,534	1,106,113,719
	<u>2,740,430,165</u>	<u>3,486,074,509</u>
Manufacturing overhead:		
Direct labour (note 26.1)	728,487,984	717,982,335
Direct expenses:		
Power and gas	732,180,672	790,522,381
Repairs and indirect materials (note 26.2)	705,893,947	862,727,711
Depreciation on property, plant & equipment (note 5.2)	456,634,291	411,677,872
Royalty and technical know-how/assistance fees *	1,781,645	66,578,040
Other production overhead (note 26.3)	40,775,364	49,999,674
Provision for slow moving & obsolete inventories (note 9)	18,841,292	12,605,906
Movement in stock	94,263,229	(531,160,771)
	<u>5,519,288,589</u>	<u>5,867,007,657</u>
26.1 Direct labour		
Salary & wages	536,805,282	521,372,413
Overtime	25,377,586	29,948,539
Bonus	54,840,324	42,844,973
Incentive	589,234	558,737
Temporary labour wages	48,119,196	59,976,400
Staff uniform, safety and welfare expenses	5,204,700	6,003,027
Gratuity	21,824,816	21,788,569
Employer's contribution to provident fund	27,910,137	27,891,400
Leave encashment	3,635,565	3,589,323
Group life insurance	2,706,048	3,617,946
Compensation	1,475,096	391,008
	<u>728,487,984</u>	<u>717,982,335</u>
26.2 Repairs and indirect materials		
Stores, spares, repair & maintenance	376,939,849	443,415,697
Packing expenses	328,954,098	419,312,014
	<u>705,893,947</u>	<u>862,727,711</u>
26.3 Other production overhead		
Tour and travel expenses	2,257,757	2,951,603
Demurrage and penalty	2,841,576	10,258,401
Insurance	22,140,825	24,597,990
Hiring charges and transportation	2,147,348	4,356,520
Write off for stores and spares	10,715,325	4,043,075
Other expenses	672,533	3,792,085
	<u>40,775,364</u>	<u>49,999,674</u>

*Royalty has been calculated 8% on business profit.

	<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
27 Other income		
Gain on retirement of right of use assets (note 6.2)	120,858	-
	<u>120,858</u>	<u>-</u>
28 Administrative expenses		
Staff cost (note 28.2)	214,757,091	221,476,711
Annual General Meeting expenses	5,748,516	1,926,312
Telephone and postage	9,480,393	13,230,704
Office repair and maintenance (note 28.3)	8,187,458	12,513,842
Registration and renewal	1,720,251	2,721,962
Security and guard expenses	333,830	556,963
Electricity, gas and water	8,958,368	6,428,386
Depreciation on property, plant & equipment (note 5.2.1)	35,842,977	34,895,064
Depreciation on investment property (note 5.2.1)	221,918	221,918
Depreciation on right of use assets (note 6.1)	2,182,934	1,087,795
Amortization (note 7)	8,169,854	5,209,342
Legal and professional fees	16,235,481	13,179,566
Vehicle repair and maintenance	18,410,344	17,586,352
Rent, rate and tax	5,295,797	6,520,247
Loss on retirement of assets (note 5.3)	44,084	898,786
IT expenses	4,176,891	10,679,150
General Service	7,325,335	6,450,916
Donation	2,331,969	4,790,084
Managing Director's remuneration (note 28.4)	1,152,304	25,249,397
Others	7,122,732	11,719,954
	<u>357,698,527</u>	<u>397,343,450</u>
28.1 Impairment loss on trade receivables		
Unrelated parties	643,302	4,305,950
Related parties	(10,509,394)	12,648,353
	<u>(9,866,092)</u>	<u>16,954,303</u>
New classification of financial assets shown in note 36.1(b) as per IFRS 9.		
28.2 Staff cost		
Salary & wages	154,956,205	150,442,775
Bonus	16,415,172	19,927,404
Incentive	278,123	1,808,564
Gratuity	6,424,072	6,208,832
Employer's contribution to provident fund	8,656,500	8,349,001
Leave encashment	1,178,246	1,133,479
Group life insurance	850,325	985,106
Canteen and conveyance expenses	19,745,436	21,005,096
Staff uniform, safety and welfare expenses	2,732,995	5,123,649
Travelling expenses	1,115,102	3,915,481
Compensation	901,650	80,028
Medical expenses	806,821	879,739
Accommodation expenses	696,444	1,617,557
	<u>214,757,091</u>	<u>221,476,711</u>
Accommodation expenses and Rent, rates and taxes include rent expenses for short term lease for BDT. 1,913,320 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 year.		
28.3 Office repair & maintenance		
Repairs office equipment	203,377	520,607
Office maintenance	7,984,081	11,993,235
	<u>8,187,458</u>	<u>12,513,842</u>
28.4 Managing Director's remuneration		
Provision made during the year	1,152,304	25,249,397
	<u>1,152,304</u>	<u>25,249,397</u>
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.		
29 Marketing & selling expenses		
Staff cost (note 29.1)	138,771,025	136,350,463
Advertisement	26,025,135	29,879,886
Freight and transportation	265,570,623	327,679,484
Compensation to customers	2,902,242	8,539,336
Business promotion	57,470,706	64,076,766
Depreciation on property, plant & equipment (note 5.2)	9,034,342	8,469,320
Depreciation on right of use assets (note 6.1)	18,973,086	14,915,322
Showroom, office & house rent	6,661,165	64,756
Sample expenses	26,136,486	28,302,666
Tour, travel and others	23,657,249	20,597,956
	<u>575,202,059</u>	<u>638,875,955</u>

	<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
29.1 Staff cost		
Salary & wages	91,007,893	84,128,009
Bonus	8,747,069	5,752,235
Incentive	797,000	13,362,569
Gratuity	3,972,009	3,619,454
Employer's contribution to provident fund	5,361,387	4,869,288
Leave Encashment	703,591	638,019
Group life Insurance	508,977	632,448
Conveyance & food expenses	21,723,493	21,515,109
Staff uniform, safety and welfare expenses	5,949,606	1,833,332
	138,771,025	136,350,463
29.2 Salary & wages under staff cost (note no. 26.1, 28.2 & 29.1) includes employee contribution to provident fund for BDT.27,910,137, BDT. 8,656,500 & BDT. 5,361,387.		
30 Finance income		
Interest on bank account (SND)	6,448,879	11,541,793
Interest on fixed deposits	7,212,752	19,362,927
	13,661,631	30,904,720
31 Finance expenses		
Interest expenses against loan	157,117,210	37,211,616
Interest expenses against lease liability	5,526,607	4,065,790
Foreign exchange loss	16,004,392	27,378,063
Bank charges	8,798,232	2,559,176
	187,446,441	71,214,646
32 Contribution to worker's profit participation and welfare fund		
Provision made during the year	1,910,053	40,690,956
	1,910,053	40,690,956
33 Income tax expenses		
Accounting profit (PBT as per individual company)	51,997,772	820,140,096
Add: Inadmissible depreciation allowance for separate consideration: Accounting Depreciation of Fixed Assets	481,724,395	455,264,172
	533,722,166	1,275,404,268
Add: Inadmissible expenses / allowances as per ITO, 1984/ITA, 2023:		
Business promotion expenses	8,403,883	8,980,563
Sample expenses	17,162,066	18,093,554
Amortization expenses	8,059,856	5,209,342
Depreciation on Right of Use Assets (ROUA)	20,770,697	16,003,115
Interest on lease liability	5,813,354	4,065,790
Provision for slow moving inventories	18,841,292	12,605,906
NRV Provision on inventories	11,009,248	3,947,488
Impairment loss on trade receivable	-	16,849,229
	90,060,396	85,754,987
	623,782,562	1,361,159,255
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984/ITA, 2023):	(228,099,658)	(205,381,336)
Admissible expenses as per ITO,1984/ITA, 2023:		
Rent expenses	(29,707,252)	(17,849,315)
Deduct: Dividend income	(2,556,000)	(2,000,000)
Taxable profit	363,419,652	1,135,928,604
Applicable tax rate for individual company		
On Business income	As per applicable tax rate for individual company	20%
On Dividend income	20%	20%
Tax expenses as per applicable tax rate for individual company :		
Business income	87,273,987	257,386,964
Dividend income	400,000	400,000
Payments /(adjusted) for prior years	(951,945)	-
Current Tax Liability based on taxable profit	86,722,042	257,786,964
Current Tax Liability considering minimum tax liability	143,818,653	258,470,104
	143,818,653	258,470,104

34 Reconciliation of effective tax rate

		<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
		<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
Profit before tax	%	51,617,732	818,140,095
Current tax expenses	278.62%	143,818,653	258,470,104
Deferred tax expenses	-125.67%	(64,869,834)	(58,718,016)
Total tax expenses	152.95%	78,948,819	199,752,088
Expected income tax using applicable tax rate for individual company	24.94%	12,875,321	185,618,143
Tax on non-deductible expenses	253.7%	130,943,332	72,851,961
Effective current tax	278.62%	143,818,653	258,470,104
Effective deferred tax	-125.67%	(64,869,834)	(58,718,016)
	152.95%	78,948,819	199,752,088

35 Short term lease expenses

		<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
Nature of the lease	Lease term	Rent Payment	Rent Payment
Rented accommodation	<1 year	Admin	
		1,913,320	1,815,701
		1,913,320	1,815,701



36 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

36.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD		- USD		Amounts in Taka	
	As at 31 Dec 2024	As at 31 Dec 2023	As at 31 Dec 2024	As at 31 Dec 2023	As at 31 Dec 2024	As at 31 Dec 2023
Trade receivables	-	-	-	-	2,727,474,449	2,468,935,738
Customer-Local	263,017	97,120	97,120	31,430,475	11,166,492	11,166,492
Customer-Export	<u>263,017</u>	<u>97,120</u>	<u>97,120</u>	<u>2,758,904,924</u>	<u>2,480,102,230</u>	<u>2,480,102,230</u>
Other receivables					793,669	888,130
Accrued Interest					28,667	-
Others					<u>822,336</u>	<u>888,130</u>
Cash equivalents					<u>419,887,029</u>	<u>836,350,388</u>

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IFRS 9 for each class of the financial assets as at 31 December 2024.

Financial assets	Note	Classification under IFRS 9	Carrying amount	Carrying amount under IFRS 9	Impairment loss (Refer note 10.1)
Trade receivable-unrelated	10.1	Amortized cost	1,542,501,655	1,531,573,531	10,928,124
Trade receivable-related	10.1	Amortized cost	1,235,575,320	1,227,331,395	8,243,925
Cash at banks	13	Amortized cost	332,749,224	332,749,224	-

i The above table provides information ECLs till date. Impairment provision till Dec 2023 was Tk. 29,038,141 and gain made during the year is Tk. 9,866,092.

ii Trade receivables that were classified at amortised cost.

iii Cash at banks that were classified at amortised cost.

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

c) Ageing of receivables

The ageing of trade receivables was:

	Amounts in Taka	
	As at 31 Dec 2024	As at 31 Dec 2023
Not past due	2,061,942,470	1,477,530,122
0-90 days past due	647,849,919	249,252,327
91-180 days past due	32,640,753	382,742,486
181-365 days past due	7,940,106	331,849,670
over 365 days past due	8,531,676	38,727,624
	2,758,904,924	2,480,102,230

36.2 Liquidity risk

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

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

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

As at 31 Dec 2024					
Carrying amount	Contractual cash flows	Within 12 months or less		More than 12 months	
Taka	Taka	Taka	Taka	Taka	Taka
Bank overdraft	131,348,131	131,348,131	131,348,131	-	-
Trade and other payables	1,732,957,184	1,732,957,184	1,732,957,184	-	-
Short term borrowing	834,590,839	834,590,839	834,590,839	-	-
Term loan	560,198,562	560,198,562	111,523,703	448,674,860	-
3,259,094,716	3,259,094,716	2,810,419,858	448,674,860		

As at 31 Dec 2023					
Carrying amount	Contractual cash flows	Within 12 months or less		More than 12 months	
Taka	Taka	Taka	Taka	Taka	Taka
Bank overdraft	70,521,272	70,521,272	70,521,272	-	-
Trade and other payables	1,975,356,944	1,975,356,944	1,975,356,944	-	-
Short term borrowing	651,860,917	651,860,917	651,860,917	-	-
Term loan	375,129,637	375,129,637	11,235,218	363,894,419	-
3,072,868,770	3,072,868,770	2,708,974,351	363,894,419		

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 Dec 2024		
	GBP	USD	EURO
Foreign currency denominated assets			
Receivable from customers-Export	-	263,017	-
Cash at bank	-	29,593	-
	-	292,610	-

	As at 31 Dec 2023		
	GBP	USD	EURO
	-	-	97,120
	-	13,189	-
	-	110,309	-

	GBP	USD	EURO
	477,466	1,251,964	2,625,224
	-	1,610,350	1,052,918
	-	4,707,296	-
	477,466	7,569,610	3,678,141
	(477,466)	(7,459,300)	(3,678,141)

The following significant exchange rates have been applied:

Exchange rate as at (Average)	
31 Dec 2024	31 Dec 2023
Iaka	Iaka
150.6845	140.6124
119.5000	109.7500
124.8915	122.0317

A strengthening or weakening of the Taka, as indicated below, against the GBP, USD, EURO at 31 Dec would have increased/(decreased) profit or loss by the amounts shown below.

	As at 31 Dec 2024		As at 31 Dec 2023	
	Profit or (loss)		Profit or (loss)	
	Strengthening Taka	Weakening Taka	Strengthening Taka	Weakening Taka
	(2,560)	2,505	(14,767)	13,907
	(255,220)	240,353	(230,700)	217,261
	(13,214)	12,444	(113,757)	107,130

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company is not significantly exposed to fluctuation in interest rates as company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.



Profile

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

	Carrying amount			
	As at		As at	
	31 Dec 2024	Taka	31 Dec 2023	Taka
Fixed rate instruments				
Financial assets				
Investment in FDR	87,137,805		117,139,105	
Cash at banks	332,749,224		719,211,283	
Financial liabilities				
Term loan	560,198,562		375,129,637	
Bank overdraft	131,348,131		70,521,272	
Short term borrowing	834,590,839		651,860,917	
Fair value of financial assets and liabilities of the Company together with carrying amount shown in the statement of financial position are as follows:				
	As at 31 Dec 2024		As at 31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	87,137,805	87,137,805	117,139,105	117,139,105
Loans and receivables				
Trade receivables	2,758,904,924	2,758,904,924	2,480,102,230	2,480,102,230
Other receivables	822,336	822,336	888,130	888,130
Cash equivalents	419,887,029	419,887,029	836,350,388	836,350,388
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	560,198,562	560,198,562	375,129,637	375,129,637
Bank overdraft	131,348,131	131,348,131	70,521,272	70,521,272
Trade and other payables	1,732,957,184	1,732,957,184	1,975,356,944	1,975,356,944
Short term borrowing	834,590,839	834,590,839	651,860,917	651,860,917

Interest rates used for determining amortised cost

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

	31 Dec 2024	31 Dec 2023
Investment in FDR (local currency/BDT)	2.50%-10.50%	1.50%-8.25%
Term loan	12.50%	9.93%-13.30%
Bank overdraft (local currency/BDT)	12.00%-14.50%	8.75%-10.14%
Short term bank loan (local currency/BDT)	12.50%-14.50%	SMART+3.50%
Short term bank loan (foreign currency/USD)	SOFR+3.50-4.00%	SOFR+3.50%

37 Sustainability and climate related risks and opportunities

The Management has overall responsibility for the establishment and oversee the sustainability and climate related risks and opportunities. Sustainability and climate related policies, procedure and systems are reviewed regularly to reflect changes of the environment.

a) Sustainability-related disclosure

1. Governance:

The Board of Directors oversees sustainability-related risks and opportunities. The management of the company discuss the sustainability-related risks and opportunities and review its progress and report to the board.

2. Strategy:

Our strategy includes reducing carbon emissions. We are investing in renewable energy such as ETP and heat recovery system and improving energy efficiency across our operations.

3. Risk Management:

We conduct annual risk assessments to identify and prioritize sustainability risks. This includes evaluating the impact of climate change on our supply chain and operations.

4. Metrics and Targets:

In 2024, we proactively reduced our carbon emissions by energy efficiency, recycling resources, enhancing plantation and reducing plant's waste. We also aim to enhance these initiatives by more than 20% in next 5 years.

5. Opportunities:

We believe integrating sustainability into strategic planning can enhance our overall business resilience enhancing reputation and demonstrating commitment to sustainability.

b) Climate-related disclosure

1. Governance:

The board of directors also oversee the climate-related risks putting them into the priority list for ensuring safe running of business for the longer term.

2. Roadmap:

The Company creates plan to collect relevant data over the period for analyzing and formulating relevant strategy.

3. Data Collection:

The Company gathers data from different sources that are trustworthy and carries reliability.

4. Risk Management:

The Company analyze the risks from extreme weather events, regulatory risks from climate-related policies, and transition risks related to changes in market dynamics

5. Opportunities:

Investing in clean energy, energy efficiency, and sustainable practices can mitigate climate-related risks and open new markets.

38 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	Year	Purchase of goods/services	Sale of goods/services	Outstanding receivables/advance	Outstanding payable	Remuneration	Dividend Income*	Dividend payable*	Amounts in Taka	
												Royalty payable*	
RAK Power Pvt. Ltd.	Subsidiary	Unsecured	Nil	Current year Previous year	458,850,233 634,595,990	3,130,434 3,130,434	-	106,963,214 143,360,952	-	-	-	-	-
RAK Security & Services Pvt. Ltd.	Subsidiary	Unsecured	Nil	Current year Previous year	52,643,878 49,689,349	-	-	10,306,699 6,538,753	-	1,980,000 1,980,000	-	-	-
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	Current year Previous year	12,503,050 35,103,940	-	-	28,530,865 26,153,293	-	-	-	519,138,764 517,802,531	-
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current year Previous year	493,357,453 731,490,860	-	-	75,600,000	-	-	-	-	-
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	Current year Previous year	19,836,319 1,176,631	-	-	-	-	-	-	-	-
Kludi RAK LLC	Fellow subsidiary	Secured	Nil	Current year Previous year	16,429,073	-	-	253,800 310,933	-	-	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current year Previous year	86,067,586 151,020,362	-	-	526,612 18,955,813	-	-	-	-	-
Pall Properties Pte. Ltd.	Other related party	Unsecured	Nil	Current year Previous year	19,723,473 17,311,973	-	-	827,616 6,012,500	-	-	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current year Previous year	576,155 3,313,624	-	-	87,576 164,780	-	-	-	-	-
Masram Agro Ltd.	Other related party	Unsecured	Nil	Current year Previous year	-	-	-	209,743,750	-	-	-	-	-
Speedway International Pvt. Ltd.	Other related party	Unsecured	Nil	Current year Previous year	3,987,537 41,187,010	-	-	55,811 3,937,685	-	-	-	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current year Previous year	738,100	-	-	-	-	-	-	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current year Previous year	-	1,840,748,468 2,704,294,712	1,234,936,670 1,268,687,036	-	-	-	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Unsecured	Nil	Current year Previous year	5,638,224 5,638,224	-	-	864,228 107,330,974	1,152,304 25,249,397	-	-	-	-
Sadhan Kumar Dey**	Key Management Personnel	Unsecured	Nil	Current year Previous year	-	-	-	-	12,876,507 11,200,174	-	-	-	-

*The figures are included tax and VAT.

**Amount represents Short term benefits BDT. 11,848,764 and Post employment benefits BDT. 1,027,745.

To comply the BSEC notification no. BSEC/CMRCD/2009-193/10/Admin/118 dated March 22, 2021 shareholders of the company in its 24th Annual General Meeting dated March 19, 2024 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) Ltd.) equivalent to 10% (Ten percent) or above of the revenue for the immediate financial year.

38.1 Paid to Directors

During the year, provision was made as MD's remuneration for Taka. 1,152,304.

38.2 During the year, Board meeting fees of Taka 850,000 was paid to the board members for attending the Board meetings.

39 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.

2024

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and services	Inter segment	
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	6,599,387,578	-	70,127,241	-	6,669,514,820
Revenue - inter segment	-	458,850,233	54,011,551	(512,861,784)	-
Total segment revenue	6,599,387,578	458,850,233	124,138,792	(512,861,784)	6,669,514,820
Cost of sales- external customer	(4,996,033,054)	(441,744,592)	(81,510,943)	-	(5,519,288,589)
Cost of sales- inter segment	(458,850,233)	(4,498,107)	-	463,348,340	-
Total segment cost of sales	(5,454,883,287)	(446,242,699)	(81,510,943)	463,348,340	(5,519,288,589)
Gross profit	1,144,504,291	12,607,534	42,627,849	-	1,150,226,231
Other income	120,858	-	-	-	120,858
Dividend income	1,980,000	20,000	-	(2,000,000)	-
Rental income	3,130,434	-	-	(3,130,434)	-
Financial income	12,060,601	1,527,190	73,839	-	13,661,630
Financial expenses	(185,337,736)	(1,755,768)	(352,937)	-	(187,446,442)
Depreciation	(481,506,675)	(20,009,133)	(217,721)	-	(501,733,529)
Other operating expenses	(458,370,681)	9,230,137	(26,714,354)	52,643,878	(423,211,020)
Segment profit before tax	36,581,095	1,619,959	15,416,677	-	51,617,732
Income tax expense	(135,705,420)	(3,506,030)	(4,607,203)	-	(143,818,653)
Deferred tax	59,462,425	5,080,077	327,332	-	64,869,834
Profit/(loss) for the year					(27,331,087)

2023

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and services	Inter segment	
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	7,768,935,743	-	50,386,598	-	7,819,322,342
Revenue - inter segment	-	634,595,990	50,906,553	(685,502,543)	-
Total segment revenue	7,768,935,743	634,595,990	101,293,151	(685,502,543)	7,819,322,342
Cost of sales- external customer	(5,185,657,619)	(608,730,166)	(72,619,871)	-	(5,867,007,657)
Cost of sales- inter segment	(634,595,990)	(4,347,638)	-	638,943,628	-
Total segment cost of sales	(5,820,253,609)	(613,077,804)	(72,619,871)	638,943,628	(5,867,007,657)
Gross profit	1,948,682,134	21,518,186	28,673,280	-	1,952,314,685
Dividend income	1,980,000	20,000	-	(2,000,000)	-
Rental income	3,130,434	-	-	(3,130,434)	-
Financial income	29,560,029	1,297,056	47,635	-	30,904,720
Financial expenses	(70,837,468)	(271,041)	(106,135)	-	(71,214,645)
Depreciation	(435,383,439)	(19,700,423)	(180,312)	-	(455,264,174)
Other operating expenses	(675,563,529)	9,387,174	(22,113,482)	49,689,349	(638,600,490)
Segment profit before tax	801,568,160	12,250,952	6,320,986	-	818,140,095
Income tax expense	(248,597,967)	(7,237,916)	(2,634,220)	-	(258,470,104)
Deferred tax	55,270,280	3,437,492	10,244	-	58,718,016
Profit/(loss) for the year					618,388,007

40 Calculation of Earnings per share (EPS)

Calculation of earnings per share (EPS) is as under:

- (a) Profit/(loss) attributable to equity holders of the Company
(b) No. of ordinary equity shares
(c) Weighted average no. of equity shares outstanding (Note 40.1)
Earnings per share (EPS) for the year (a÷c)
Diluted earnings per share for the year (a÷c)

<u>2024</u> <u>Taka</u>	<u>2023</u> <u>Taka</u>
(27,331,103)	618,387,966
427,968,701	427,968,701
427,968,701	427,968,701
(0.06)	1.44
(0.06)	1.44

40.1 Weighted average number of ordinary shares

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

	<u>2024</u>	<u>2023</u>
Outstanding shares	427,968,701	427,968,701
	<u>427,968,701</u>	<u>427,968,701</u>

40.2 Diluted earning per share

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

40.3 Reason of deviation of earnings per share:

The sales were decreased by 14.70% from BDT 7,819.32 MN to BDT 6,669.51 MN because of demand-supply gap in the market on the ground of underutilization of plant's capacity caused by interrupted gas supply from national grid. The fixed costs had to be paid off for full capacity regardless of its utilization. Moreover, the production as well as sales were significantly impacted due to unprecedented political disruption. Due to low production and sales gross profit margin dropped to 17.25% from 24.97%. Finance expenses were also increased due to liquidity crisis caused by the above mentioned adversity that was managed by bank financing. All those impacting in earning per share which has been decreased from BDT. +1.44 to -0.06.

41 Calculation of Net assets value per share

- (a) Net assets value (Note 14, 15 & 16)
(b) Weighted average no. of equity shares outstanding (Note 40.1)
Net assets value per share (a÷b)

7,372,271,850	7,827,571,654
427,968,701	427,968,701
17.23	18.29

42 Calculation of Net operating cash flow per share

- (a) Net Cash flows from operating activities (Note 42)
(b) Weighted average no. of equity shares outstanding (Note 40.1)
Net operating cash flow per share (a÷b)

207,630,488	319,825,573
427,968,701	427,968,701
0.49	0.75

42.1 Reason of deviation of net operating cash flow per share:

Sales were decreased by 14.70% from BDT 7,819.32 MN to BDT 6,669.51 MN due to all those reason mentioned in the above point 40.3. However, company settled all vendor liabilities mostly on time even sales and corresponding collection was poor. Altogether impacting net operating cash flow eventually impacting net operating cash flow per share decreased from BDT 0.75 to BDT. 0.49.



43 Reconciliation of operating cash flow:

	2024	2023
Cash flows from operating activities		
Profit before taxation	51,617,732	818,140,095
Adjustment for:		
Depreciation	522,889,548	471,267,291
Amortization	8,169,854	5,209,342
Adjustment relating to assets	-	3,004,624
Advance rent adjustment	(3,600,000)	(16,752,840)
Loss on assets retirement	44,084	898,786
Foreign exchange loss	16,004,392	27,378,063
Finance expenses	171,442,050	43,836,582
Finance income	(13,661,631)	(30,904,720)
Other income	(120,858)	-
	<u>752,785,171</u>	<u>1,322,077,223</u>
Increase/decrease in trade and other receivables	(278,831,361)	(956,622,554)
Increase/decrease in inventories	145,391,228	(174,702,894)
Increase/decrease in trade and other payables	(210,129,303)	295,499,536
Cash generated from operating activities	<u>409,215,739</u>	<u>486,251,311</u>
Interest received from bank deposit	6,448,879	11,541,793
Income tax paid	(208,034,130)	(177,967,531)
Net cash (used in)/from operating activities	<u><u>207,630,488</u></u>	<u><u>319,825,573</u></u>

44 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 427,523,629 (31 Dec 2023: Tk 482,993,132). 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 545,695,312 (31 Dec 2023: Tk 480,919,493) and letter of guarantee of Tk 344,483,833 (31 Dec 2023: Tk 144,009,928).