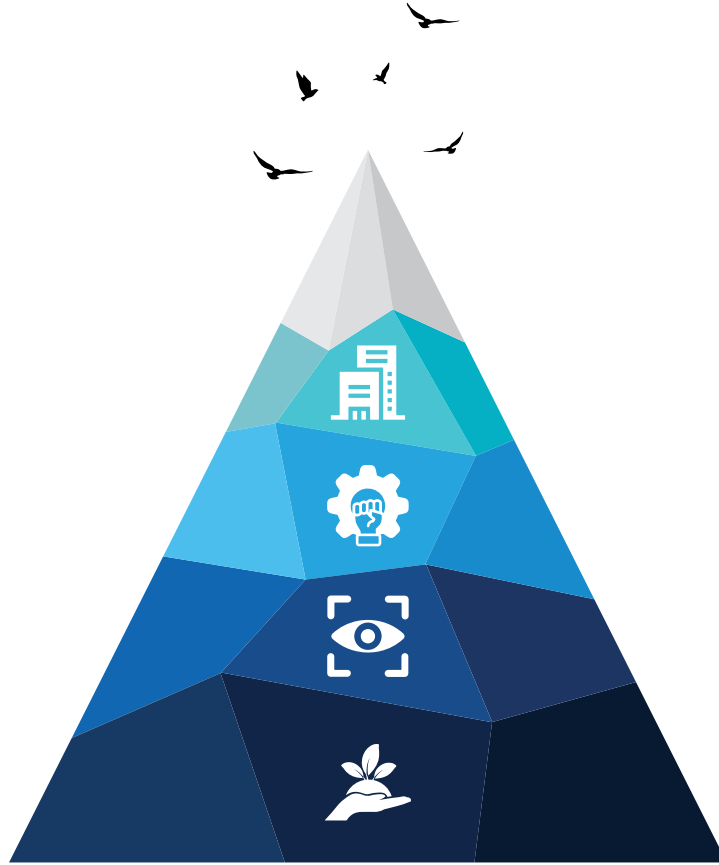




BUILT ON STRENGTH
FOCUSED ON GROWTH

ANNUAL REPORT 2024

RAK
CERAMICS



BUILT ON STRENGTH FOCUSED ON GROWTH

Leveraging its robust infrastructure, skilled workforce, and loyal customer base, RAK Ceramics (Bangladesh) Limited is focusing on sustainable practices, product innovation, and strengthening distribution network. Despite recent challenges, the company is confident in its ability to return better performance.



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WHO WE ARE

We have always prioritised building a foundation of strength while striving for continuous growth. Our deep commitment to quality, innovation and operational excellence has allowed us to establish ourselves as a leading ceramics manufacturer in Bangladesh. Strength is at the core of our business, reflected in our robust infrastructure, skilled workforce and steadfast dedication to customer satisfaction. Through maintaining a vibrant spirit of resilience and adaptability and by adopting best practices, we have fortified our market position and ensured resilience against industry challenges.

Welcome!

- Integrated Reporting Framework (<IR>)
- International Financial Reporting Standards (IFRS)
- The Companies Act, 1994
- Regulations of Bangladesh Securities and Exchange Commission (BSEC)
- Securities Exchange Ordinance, 1969
- Initiatives under the UN Sustainable Development Goals (SDGs) etc.





10.32
million sq m
ANNUAL TILES
CAPACITY



1.45
million pcs
ANNUAL
SANITARYWARE
CAPACITY



1791
TOTAL
WORKFORCE



166
ACTIVE
DEALERS

BUILT ON STRENGTH FOCUSED ON GROWTH

At RAK Ceramics (Bangladesh), we are the country's pioneering ceramics player with a history of competence and a heritage of craftsmanship.

Our company has been built on the foundation of strength – strength derived from decades of expertise, an unmatched understanding of the market and a commitment to quality and innovation. Despite facing unprecedented challenges in the financial year 2024, which resulted in a net loss, we remain steadfast in our resolve to leverage our core strengths to drive recovery and growth in the current year, focusing on regaining lost ground.

Our strength lies in our robust manufacturing infrastructure, deep-rooted ceramics capabilities, a loyal customer base and a reputation for delivering high-quality premium products that serve the evolving lifestyle requirements of our customers. Over the years, we have invested in state-of-the-art technology, a skilled workforce and sustainable practices, which have positioned us as a trusted brand in the industry. These fundamental strengths have not only helped us navigate difficult times but have also provided a solid platform to rebuild and grow.

Sustainability and innovation remain at the heart of our growth strategy. We are investing in sustainable production methods and developing tiles and sanitaryware products that combine aesthetics with enhanced functionality, thereby ensuring we stay ahead in a competitive market. We are also strengthening our distribution network and advancing customer engagement to win back sales and market share.

Looking ahead, our focus is firmly on growth. We are implementing strategic initiatives aimed at profit recovery, including cost optimisation, operational efficiency, production and inventory optimisation, product innovation and brand salience enhancement. By streamlining processes and reducing overheads, we aim to improve margins while maintaining the quality that our customers expect. We are also focusing on expanding our product portfolio, emphasising on eco-friendly, design-centric and technology-led products.

While the past year was challenging, it has also been a period of learning and resilience. Built on our enduring strengths and focused on a clear path to regain growth, we are confident in our ability to return to profitability and create long-term value for our stakeholders. Together, we will turn challenges into opportunities and write a new chapter of success.

SDG CONTRIBUTION

Through our activities and impacts we contribute to the UN Sustainable Development Goals (SDGs) that are important for the advancement and welfare of the planet and society.



ECONOMIC

Sustainable, innovative and growth-centric organisational development



ENVIRONMENTAL

Best practices in environmental and ecological management



SOCIAL

Positive and sustained community and social impacts



CORPORATE INFORMATION



Board of Directors

Chairperson
Abdallah Massaad

Managing Director
SAK Ekramuzzaman

Directors
Wassim Moukahhal
Pramod Kumar Chand

Independent Director
Mohd. Shafiul Azam

Chief Executive Officer
Sadhan Kumar Dey

Company Secretary
Muhammad Shahidul Islam FCS

General Manager- Finance & Accounts
Mohammad Samsul Arefin FCMA



Nomination and Remuneration Committee

Chairperson
Mohd. Shafiul Azam

Members
Wassim Moukahhal
Pramod Kumar Chand

Secretary
Muhammad Shahidul Islam FCS



Statutory Auditor

ACNABIN Chartered Accountants
(an independent member of BAKER TILLY INTERNATIONAL)
Firm's Enlistment Number: CAF-001-012
BDBL Bhaban, Level-13
12, Kazi Nazrul Islam Ave, Dhaka 1215



Principal Bankers

Standard Chartered Bank
Eastern Bank PLC
Commercial Bank of Ceylon PLC
Midland Bank PLC



Audit Committee

Chairperson
Mohd. Shafiul Azam

Members
Wassim Moukahhal
Pramod Kumar Chand

Secretary
Muhammad Shahidul Islam FCS

Head of Internal Audit and Compliance
Md Shariful Islam ACCA



Legal Advisor

Barrister Margub Kabir



Website

www.rakceramics.com/bangladesh



Registered Office

RAK Tower
(7th, 8th & 9th floor)
1/A Jasimuddin Avenue
Sector-3, Uttara Model
Town Dhaka-1230
Bangladesh.
Phone:
+88 (02) 58957393,
58952303
Fax: +88 (02) 58957096



Factory

Dhanua, Sreepur,
Gazipur, Bangladesh

ELEGANT SLAB

60cm x 120cm

UNMATCHED GRANDEUR

The perfect foundation for your dream place.



MODEL : ELEGANT SLAB 1235







RAK CERAMICS

REPORT FROM OUR CHAIRMAN



Abdallah Massaad
Chairman

OVER THE COURSE
OF A QUARTER
OF A CENTURY,
RAK CERAMICS
(BANGLADESH) HAS
TRANSFORMED
ITS VISION INTO A
STORY OF RESILIENCE
AND RESOLVE,
ESTABLISHING ITSELF
AS THE COUNTRY'S
PREMIER INTEGRATED
CERAMICS SOLUTIONS
PROVIDER.

Dear Esteemed Shareholders,

It is both an honor and a responsibility to address you as the Chairman of RAK Ceramics (Bangladesh) Ltd, one of the nation's leading ceramic tiles and sanitaryware products manufacturer.

As I reflect on the financial year 2024, I am reminded of the resilience, tenacity and determination that have defined our journey this past year. While the year in review presented extraordinary challenges, it also underscored our ability to adapt, innovate and remain steadfast in our commitment to excellence.

A Year of Challenges

The financial year 2024 was undoubtedly one of the most challenging periods in our company's 26-year history. A confluence of external and internal factors created a perfect storm that significantly impacted our operations and financial performance. The sharp depreciation of BDT against the US\$, coupled with global supply chain disruptions, placed immense pressure on our cost structure. Political instability that marked the beginning of the second-half of the year further exacerbated the situation, creating an environment of uncertainty that impacted our production and dented consumer confidence.

One of the most critical challenges we faced was the severe shortage of natural gas, a vital resource in our manufacturing process. This scarcity was so acute that it forced us to operate at only about half of our optimal production capacity throughout the year. Despite our best efforts to mitigate these issues, the cumulative impact of these adversities resulted in a financial loss for the year, a setback we deeply regret but are determined to overcome.

Built on Strong Fundamentals

While the financial results were disappointing, I am proud to say that our company's foundational strengths remained intact. Our commitment to quality, innovation, retail excellence and customer satisfaction has not wavered. Over the years, we have built robust infrastructure, a skilled workforce and a brand that is synonymous with trust, quality and reliability. These strengths have been our anchor during turbulent times and they will continue to guide us as we navigate the path to recovery and growth.

In the face of adversity, we took decisive steps to optimise our operations and minimise the impact of external challenges. We utilised the downtime by modernising some machinery to improve efficiency, replaced legacy equipment with imported machines, reduced dependency on manual processes, gave thrust to R&D efforts to enhance processes and reduce costs, and further sharpened capability-building of our workforce.

Furthermore, we were able to negotiate better prices with vendors and secure critical raw materials at more favorable terms through our centralised global procurement. These measures not only helped us control costs but also positioned us to capitalise on opportunities as they arose.

Focused on Sustainable Growth

Despite the challenges, we remained resolute on growth and innovation. Recognising the diverse needs of our customer base, we introduced a mix of mass-market and premium products in 2024. This strategic move allowed us to cater to a broader range of customer segments, from budget-conscious homeowners to luxury developers and high net-worth individuals. The positive response to these new product lines has been encouraging and reaffirms our belief in the potential of the Bangladeshi market. Notably, we launched new ceramic tile models, large format porcelain tiles, touchless sanitaryware products and a versatile 3-in-1 wash basin, among other products.

We also made significant strides in enhancing our supply chain resilience. By diversifying our supplier base and investing in technology-driven solutions, we were able to somewhat reduce lead times and improve inventory management. Electricity from our captive power plants was a huge support that helped us offset the gas challenges to some degree.

Sustainability and Social Responsibility

As a responsible corporate citizen, we remain committed to sustainability and social responsibility. In 2024, we continued to invest in eco-friendly production methods and energy-efficient technologies. In a major shift during the year, we also switched from plastics to eco-friendly materials, thus bringing our products at par with the rest of the market and yet ensuring improvement in aesthetics and brand image.

Our efforts to reduce carbon emissions and minimise waste have been recognised by industry peers and environmental organisations alike. We believe that sustainable practices are not just a moral imperative but also a business necessity in today's world. We have provided comprehensive reporting on our sustainability and ESG practices in this report, reflecting the seriousness we accord to sustainability and planet responsibility.

In addition to our environmental initiatives, we are committed on giving back to the communities we serve.

Through various corporate social responsibility and citizenship programs, we support education, healthcare and livelihood development initiatives. These efforts have not only made a positive impact on the lives of countless individuals but also strengthened our bond with the communities that have been integral to our success. This is the first time we have published a separate ESG report alongside the annual report.

Looking Ahead

As we look to the future, we are cautiously optimistic. While the challenges of 2024 were significant, they have also provided us with valuable lessons and insights. We have identified areas for improvement and are implementing measures to address them. Our focus for the coming year will be on winning back sales and achieving profit recovery.

A Message of Gratitude

I would like to take this opportunity to express my heartfelt thanks to our shareholders, customers and vendor-partners for their support during these challenging times. Your trust and confidence in our company have been a source of strength and inspiration. I would also like to commend the work of our employees and thank them for their dedication and resilience. Despite the difficulties, they remained committed to delivering quality products and services and for that I am grateful.

End Note

The financial year 2024 was a test of our resilience and yet it also reaffirmed our determination to succeed. Built on a foundation of strength and focused on a clear vision for growth, we are confident in our ability to overcome the challenges and achieve our goals. As we move forward, we remain committed to creating value for our stakeholders and contributing to the growth and development of Bangladesh's ceramics industry.

In closing, I thank you once again for your continued trust and support.

Abdallah Massaad
Chairman

CLASSIC SUPER
SERIES

CAMBRIDGE
POLYARABESQUE

ARTISTRI

Be Yourself

MODEL : CLASSIC SUPER - 21
SIZE : 60x60 CM
MIRROR POLISH | FLOOR TILES

Please scan for download
product catalogues

RAK CERAMICS

RAKCERAMICS.COM

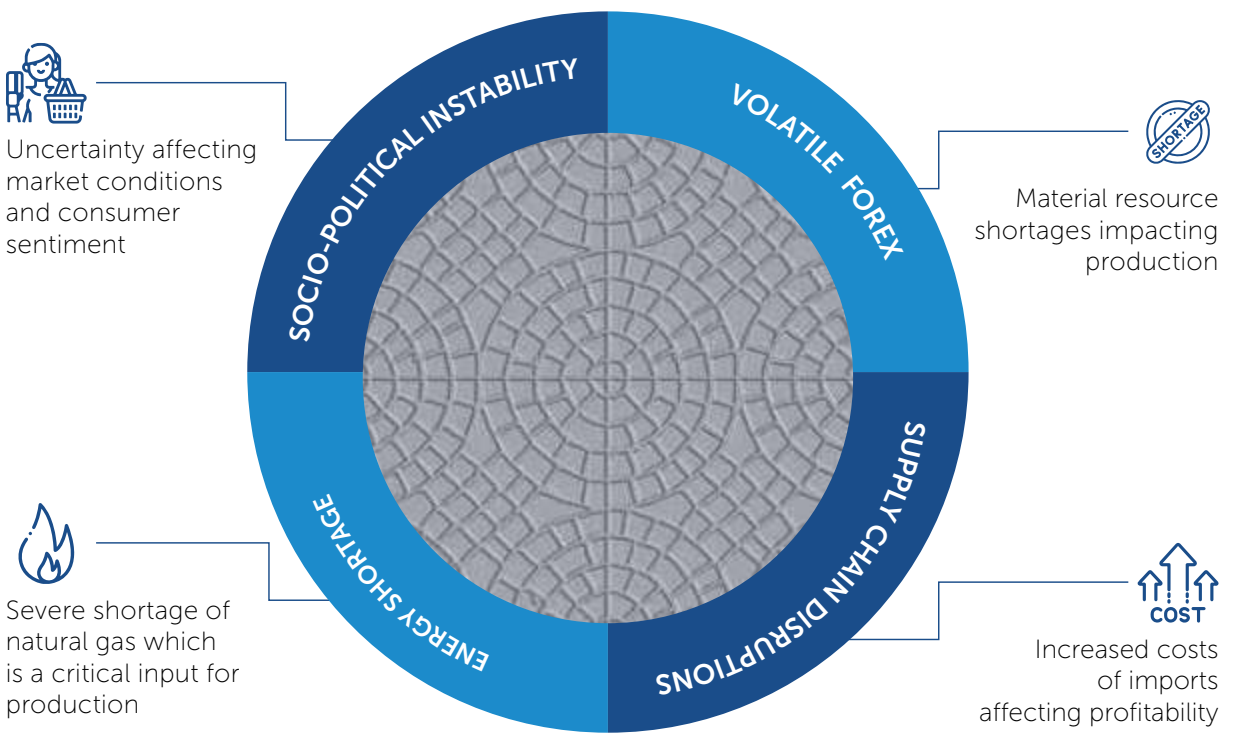
BUSINESS UPDATE

PIVOTING TRANSFORMATION, POSITIONING FOR SUSTAINABLE GROWTH

The financial year 2024 was undoubtedly one of the most challenging periods in our company's 26-year history. A confluence of external and internal factors created a perfect storm that significantly impacted our operations and financial performance. The sharp depreciation of BDT against the US\$, coupled with global supply chain disruptions, placed immense pressure on our cost structure. Civil unrest and political instability that marked the beginning of the second-half of the year further exacerbated the situation, creating an environment of uncertainty that impacted our production and dented consumer confidence.

One of the most critical challenges we faced was the severe shortage of natural gas, a vital resource in our manufacturing process. This scarcity was so acute that it forced us to operate at only about half of our optimal production capacity throughout the year. Despite our best efforts to mitigate these issues, the cumulative impact of these adversities resulted in a financial loss for the year, a setback we deeply regret but are determined to overcome.

FACTORS CONTRIBUTING TO A CHALLENGING 2024



Despite the adversity, the company focused on surviving the storm and build for the long-term horizon. With this organisational spirit, it undertook a number of proactive initiatives to protect against downside risks as well as undertake day-to-day actions to utilise opportunities in the most favourable way, including towards operational upgradation, sales growth, people training and cost alignment to the prevailing business realities.

A brief update on some of the major challenges of the company and countermeasures undertaken are given below:

	CHALLENGE Severe shortage of natural gas which is a critical input for production COUNTERMEASURE - Utilised electricity from our captive power plants, which helped offset energy challenges - Looked diversify alternative energy sources complying rules and regulations - Replaced low efficiency generator with high efficiency generator
	CHALLENGE Sluggish consumer sentiment COUNTERMEASURE - Introduced a mix of both mass-market or value-for-money products, and premium, innovative and design-centric range to ensure we cater to a more diverse and broad-based customer segment - Refrained from undertaking any price hike to ensure customer affordability and market stability - Focused on portfolio premiumisation to cater to upper-scale consumers who were less affected by inflation, etc. - Enhanced engagement with influencers, such as architects, interior designers, etc.
	CHALLENGE High cost of raw materials with uncertain supply COUNTERMEASURE - With almost 90% of our raw materials imported, we took advantage of central procurement process of our global group, which strengthened our overall procurement through pricing advantage while ensuring benchmarked quality - Focused on negotiating better terms with vendors for raw materials - Optimised inventory management through better planning and right-stocking that eased pressure on working capital and supported the inventory turnover cycle
	CHALLENGE Slow sales cycle COUNTERMEASURE - Focused on giving the customer sustainable and eco-friendly solutions, ensuring the integration of advanced technology in tiles production - With sanitaryware products, we focused on diversified features and design variety accompanied with advanced technologies - Strived to stimulate demand through media advertisements, customer campaigns, etc.

Through many strategic and proactive measures, the company was able to prevent deterioration of its financial profile. Key financials are given below (consolidated basis):

- Sales stood at BDT 6,669.51 million in 2024, as compared to BDT 7,819.32 million in 2023
- Cost of sales declined to BDT 5,519.29 million in 2024, as against BDT 5,867.01 million in 2023
- Gross profit registered a deceleration to BDT 1,150.23 million in 2024, from BDT 1,952.31 million in 2023, primarily attributed to lower sales growth
- Profit from operating activities slowed to BDT 227.31 million in 2024, from BDT 899.14 million in 2023
- Profit before tax recorded a positive figure of BDT 51.62 million in 2024, as compared to BDT 818.14 million in 2023
- The company faced a net loss of BDT 27.33 million in 2024, vs. net profit of BDT 618.39 million in 2023
- Earnings per share (EPS) registered a negative value of BDT 0.06 in 2024 as compared EPS to BDT 1.44 in 2023

DIGITAL TRANSFORMATION

OVERVIEW

In today’s rapidly evolving business environment, organizations are not merely adapting to digital transformation but are actively driving it. Navigating digital transformation is a crucial enterprise function that enhances organisational efficiency and enables long-term growth. Digital transformation truly creates an enterprise that is more efficient, adaptive, agile and responsive to change.

Digital transformation at RAK Ceramics (Bangladesh)

At RAK Ceramics (Bangladesh), we are embracing digital transformation by integrating digital technologies into our business operations, adopting them as part of our cohesive long-term strategy.

We are adopting a shift in business management through digital transformation that will augment our competitiveness by streamlining our operations,

redefining customer experiences, bolstering our business operations and ensuring data-driven insights for better decision-making. This will help unlock enterprise efficiency and enable long-term value creation. Our digital transformation roadmap is thus built on our commitment to a futuristic organisation rooted on a solid foundation.

Our digital transformation process was executed in three phases:



1
PROCESS DEVELOPMENT



SAP S/4HANA implementation

SAP S/4HANA (S/4HANA) is a leading enterprise management solution from SAP, integrating core processes and relevant data into a single system.

Aligned with our digital transformation strategy, we undertook S/4HANA implementation, focusing on leveraging the cutting-edge capabilities of the platform to advance our digital transformation agenda. The software helps streamline our end-to-end business processes, enables real-time data insights, automates key tasks and integrates with other digital technologies, ultimately driving operational efficiency, agility and customer-centric decision-making.

We harnessed the ‘SAP Activate’ methodology to guide the implementation process through various phases like Discover, Prepare, Explore, Realize, Deploy and Run while considering specific business needs and desired outcomes.

Some of the key considerations taken into account during the implementation are discussed below:

- Change Management: Developed a comprehensive change management strategy to address user adoption challenges and minimize disruption during the transition.

- Data Quality: Ensured data quality throughout the implementation to maintain reliability of insights generated from S/4HANA.
- Stakeholder Engagement: Involved key stakeholders from the organization to ensure their needs are sufficiently addressed and supported during the digital transformation journey.



RAK_ITS

This system is known as the Invoice Tracking System (ITS). When a vendor submits an invoice, they will receive an instant SMS and acknowledgment receipt at the reception. All process owners, from procurement to payment, will be able to track the status of the invoice and its physical location. The system helps monitor and track all supplier invoices, thus ensuring transparency.



Cloud Enterprise Performance Management (EPM)

We implemented Cloud EPM's Financial Consolidation and Close (FCCS) solution that helps with financial consolidation and reporting. The advanced software includes pre-built best practices, advanced consolidation and intelligent performance management. This helped us to model and plan better across our financial function, thus driving better decisions.

2

CUSTOMER-CENTRICITY



RAK_CARE+

This application streamlines the digital warranty process, offering customers a better confidence. It provides a warranty for the replacement of any manufacturing defects within the specified period, subject to the terms and conditions.



RAK_SCAN

This app allows customers to easily access detailed information about our tiles by simply scanning a QR code embossed on the displayed tiles through their smart phone. Information that could be accessed includes color options, size availability, technical specifications, application areas, ambiance visuals, stock availability and addresses of dealers or display centers.

3

EMPLOYEE ENGAGEMENT



RAK_WellCare: This online system keeps employees informed with SMS notifications about the status of their staff welfare support applications, provident fund loan status and end-of-service benefits. It is designed to provide transparency and real-time updates from application submission to payment.

GLIMPSES OF DIGITAL TRANSFORMATION



SAP S/4HANA



Scan



Care+



Hello CEO



Wellcare

UNDERSTANDING OUR BUSINESS

ABOUT RAK CERAMICS (BANGLADESH)



● **BUSINESS PROFILE**

In 1998, RAK Ceramics (Bangladesh) was domiciled as a UAE-Bangladesh joint venture company. Over a quarter of a century since inception, the company has grown with Bangladesh and is today a leading, premier, new-age luxury surfaces and bathroom solutions company. Over the years, the company has transformed into a multi-product multi-location entity, engaged in creating spaces that make a statement and the lifestyle preference of customers.



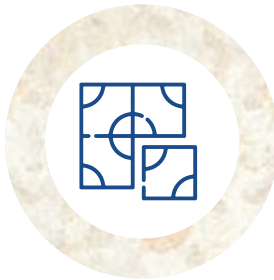
● **STRONG BRAND PRESENCE**

The company’s distinguished legacy, reliability and commitment to quality has earned it a strong reputation in the market. It takes pride in its large range of offerings, driven by innovation and customisation. The company also has a wide portfolio of digital tiles that enable it an edge in the market. Further, the product lineup is strategically designed to attract a broad customer base, delivering value across both the economy and premium portfolio through a relationship-based approach that fosters a positive brand perception and recall.



● **GLOBAL PARENTAGE**

RAK Ceramics (Bangladesh) is a large consumer-oriented company of Bangladesh and a subsidiary of UAE-based RAK Ceramics PJSC. The company holds the distinction of being Bangladesh’s largest stock market-listed ceramics’ entity with a deep heritage in ceramic and gres porcelain wall and floor tiles, bathroom sets and fittings and varied types of sanitaryware products. Through a global parentage, the company is exposed to the latest products, processes and best practices that lends it a distinctive edge in a competitive local market.



● **WIDE PRODUCT RANGE**

The company has an inspiring range of 3,000+ SKUs in tiles and 100+ SKUs in sanitaryware products. It constantly churns its portfolio to bring new and exciting products to the market, thus ensuring heightened customer relevance. Notably, the company’s product range is unmatched in the market.



● **STRONG GEOGRAPHICAL FOOTPRINT**

The company has established a strong foothold in the Bangladeshi market with a pervasive presence. The company serves demand through its 42 exclusive dealer network, out of which 5 comprise company-owned company-operated showrooms. With tile and sanitaryware purchases characteristically a tactile and touch-feel based activity, our outlets display a large product range under one roof that adds to the convenience of our customers.



● **CUTTING-EDGE MANUFACTURING**

The company has a significant industrial footprint through its factory establishment that is located in Gazipur, about 25-km from the capital city of Dhaka. It has an impressive annual installed capacity of 10.32 million sq m of tiles and 1.45 million pcs of sanitaryware. It deploys the latest SACMI technology that puts its production at par with global standards.



● **DECADES OF INVALUABLE EXPERIENCE**

With over 25 years of rich heritage in the ceramics industry, the company leverages the profound expertise and insight of its seasoned leaders. Further, the company’s global parentage and deep local industry knowledge has been instrumental in steering it towards success. Furthermore, a blend of extensive experience and fresh perspectives empowers the company to navigate and adapt to the ever-evolving market dynamics, which places it on a stronger growth pedestal.



● **EXPANDING HORIZONS, REDEFINING EXCELLENCE**

RAK Ceramics’ fundamental strength lies in its robust brand portfolio backed by a strong distribution network. The company’s unwavering focus on innovation, cutting-edge manufacturing technologies and skilled manpower enable an inherent strength that build resilience against adversity. The company invests in R&D on an ongoing basis, ensuring that it stays at the forefront of industry advancements and can offer products that suit design and price-point preferences of its diverse customer base.

OUR VALUE DELIVERY



As a forward-looking organisation, we believe it is imperative to shore up our operations by building resilience against adversities and embracing innovation and change to stay relevant. Thus, through our various proactive measures we can not only future-proof our operations but also position ourselves as pioneers in shaping the ceramics industry of Bangladesh.

WORKING FOR TODAY BUILDING FOR TOMORROW

We are at the doorstep of such a transformative era, driven by innovation, sustainability and a relentless pursuit of excellence. As the country slowly settles to the new realities, we as a company are embracing the future, envisioning our growing market bearing with products that not only enhance the aesthetics and functionalities of spaces but also contribute to a greener and more sustainable future.

As we remain focused on delivering value to all stakeholders associated directly and indirectly with the company, we are redefining our commitment to advancements in ceramic technology, fostering an inclusive and dynamic workplace and setting new benchmarks in customer satisfaction. Our dedication to quality, innovation, sustainability and adaptability positions us as an industry leader, driving revenue growth and positive brand perception while enriching lives.

The company has taken a leap forward in its journey of progress and pioneering innovation in the ceramics industry, catering the needs and expectations of a cross-section of consumers. Our product portfolio that straddles from value-for-money to high-end premium products and that too across the widest size range showcases our commitment to pushing the boundaries of design and technology, offering unparalleled quality and an innate Bangladeshi and yet global appeal.

Today, our focus extends beyond just products to the very heart of our operations. We are building a culture that values continuous learning, embraces diversity and encourages creativity and craftsmanship. The company's team is its biggest asset and we are dedicated to providing an environment where every individual can thrive and contribute to our shared vision. This forms the basis for employee value creation and we are focused on doing everything possible to retain our teams and prevent attrition.

Going forward, we are steadfast on making a lasting impact through sustainable practices, innovative solutions and unparalleled quality. The company is embracing the future with confidence, courage, tenacity and a rededication to all-round excellence.



PREMIUMISATION

Serve the increasing demand for premium tiles and sanitaryware products that is being driven by rising preference for high-end designs, technological advancements like anti-bacterial properties, aesthetics and durability, especially in urban areas.



SHIFT TO VALUE

Simultaneously, a segment of the market, particularly in rural and price-sensitive areas, has shifted towards value-for-money products, triggered by economic uncertainties and inflationary pressures. We will also launch products in this segment of the market with a view to capture mass demand.



SUSTAINABILITY

We are committed to safe and eco-friendly products and practices. In this regard, we are looking towards sustainability-focused (LEED certified) products. Moreover, as an environment-friendly measure, we switched from plastics to eco-friendly materials thereby further advancing our environmental credentials.



R&D

Our dedicated and well-resourced R&D department advances our innovation engine, enabling us to bring new products to the market in addition to ensuring process value-addition. This way we are able to both launch new and desirable products for our customers and also achieve cost control.



MAINTAIN PRICE COMPETITIVENESS

Our strong brand reputation, product innovation and quality consistency has enabled us to command a price premium and we expect to sustain this, further unlocking the aspirational value of our products. We expect to maintain a 10-15% price premium in the tiles and sanitaryware segments over competitors. Further, this price lead has increased to some extent over the last year, especially for our premium and designer ranges due to strategic product launches, improved brand visibility and the introduction of QR code-based product information systems.



FACTORY MODERNISATION

We ensured some renovations in our factory through modernisation and refurbishment. We also imported some new machinery, replacing it with legacy machines, which gave a thrust to our efficiency and cost optimisation program.

StoneArt
Tiles Collection

STONE ART COLLECTION
Size : 30cm x 60cm
Model : AMBER STONE GREYM

Please scan for download
product catalogues

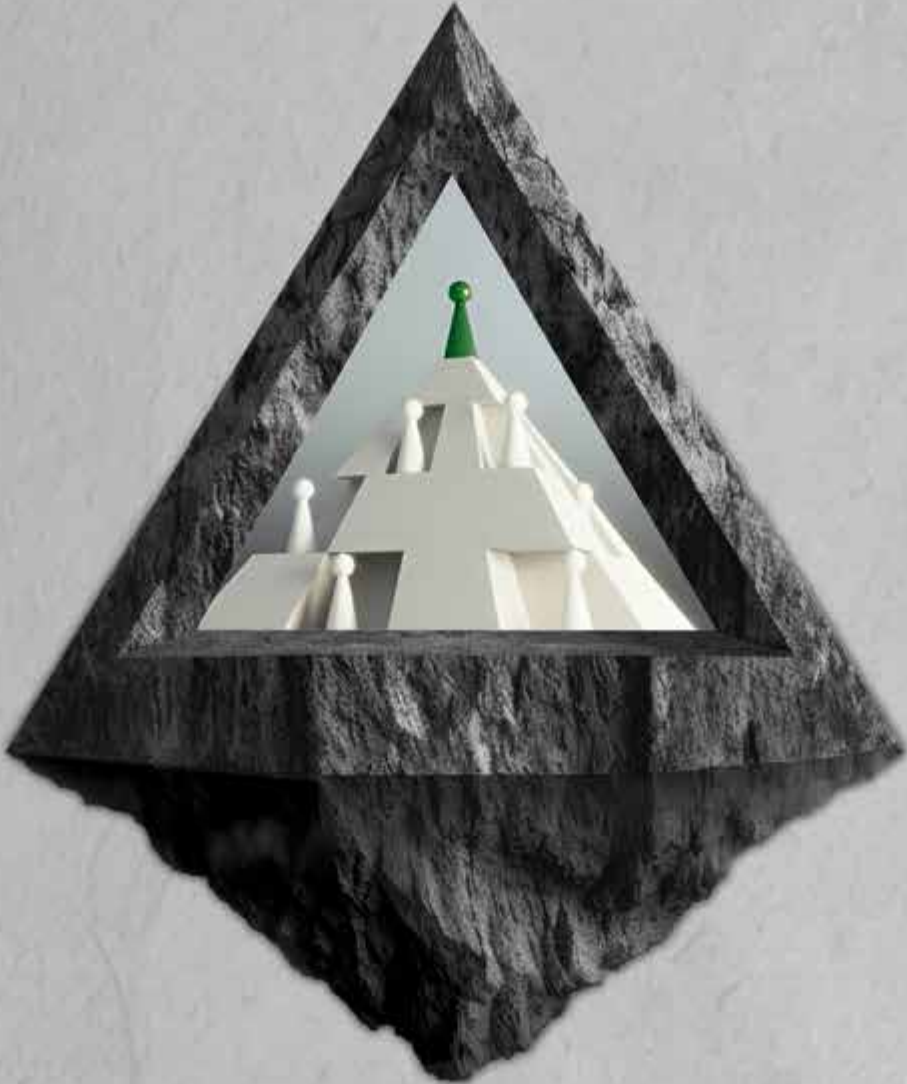


RAK CERAMICS

RAKCERAMICS.COM

Facebook, Twitter, YouTube, Instagram, LinkedIn icons





RAK LEADERSHIP

At RAK Ceramics, strong leadership and responsible decision-making have been key to our longstanding presence in the industry. Guided by a clear vision and deep industry expertise, we have navigated challenges with tenacity and agility. By fostering a culture of accountability and ethical business practices, we continue to be guided by meeting the expectations of our stakeholders. Further, our commitment to sustainability, innovation and operational excellence will strengthen our future growth prospects. With strength as our foundation and growth as our focus, we are dedicated to shaping the future of our industry while maintaining high standards of innovation and responsibility.

STATEMENT FROM THE MANAGING DIRECTOR



SAK Ekramuzzaman
Managing Director

WE RECOGNISE THAT
CHALLENGES CREATE
OPPORTUNITIES AND
HAVE USED THIS PERIOD
AS A CATALYST FOR
LONG-TERM GROWTH,
STRENGTHENING
OUR FOUNDATIONS,
IMPROVING EFFICIENCY
AND DRIVING
INNOVATION.

Dear Esteemed Shareholders,

I take pleasure to present my views through this annual report and thank you for being supportive of the company. We faced formidable headwinds during the year and yet demonstrated resilience and adaptability throughout the period, remaining intent on overcoming the challenges. We are in this journey together and will strive in the most effective way possible to reverse the net loss faced by the company in 2024.

The severe shortage of natural gas, a key input in ceramics manufacturing and gas price volatility combined put immense pressure on our production capacity and cost structure. In parallel, forex volatility impacted the cost of imported raw materials, logistics and other critical supplies. These challenges enforced production shutdowns, hampering our sales ability to service the customers. We thus remained constrained by supply and not demand, as demand was there for our products in the market. So the focus during this current year will be to win back the lost ground and recapture demand as best as possible.

We undertook a closer examination of our product portfolio to ensure better alignment with market demand. For example, we expanded our collection of large-format tiles, focusing on luxurious designs with natural stone and marble effects to cater to demand from high-end residential and commercial projects. We further launched several affordable, durable and trendy ceramic tiles in standard sizes to meet demand from the mid-income markets.

In sanitaryware (SW), we expanded the smart SW category with touchless RAK Sensation Water Closet comprising a sensor-based flushing system that highlighted hygiene and convenience. We also introduced the versatile Milano 3-in-1 wash basin comprising a single product that could be installed in multiple configurations, thus offering flexibility, functionality and modern design adaptability.

Bangladesh presents a unique growth opportunity sustained over the long horizon as within the construction materials industry, the ceramics industry remains at a pivotal moment. Housing remains a critical and underserved need in the country and home ownership and improvement in living conditions is a key agenda. In line with this, tiles consumption has been increasing over the past years, especially as all new housing construction and even mosques coming up in rural areas use tiles for construction and beautification. The market has experienced consistent annual growth in the 20-30% range over the recent years.

Moving forward, our company-wide initiatives continue to be rooted in product innovation, efficiency enhancement and portfolio expansion while we seek to ensure deeper and more meaningful engagement with our customers. We are a top-quality lifestyle brand and will be the beneficiary of real estate and disposable income growth in the country. We also see home and office renovation as a key driver of demand.

We have a dedicated R&D department that continuously works on new and innovative products in close conjunction with the global R&D team of our parent company. The global team of RAK Ceramics introduces new products regularly and we customise and adopt them as seem appropriate for the Bangladeshi market. This ensures newness and market vibrancy that is appreciated by our customers.

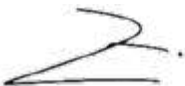
We have also upgraded our production facility by some renovations through modernisation. We also imported new machinery and replaced a few others. Our production efficiency increased due to this refurbishment program, followed by gradual cost optimisation. The operational updation was also in keeping with our sustainability and green mission. Such initiatives will ensure scalability and continued competitive edge in the industry.

As we look forward to 2025, we are determined to retake our operational balance and market position. We will continue to focus on unlocking growth and drive shareholder value. We are still one of the leading ceramic lifestyle solutions provider with the aim to generate sustainable growth and long-term value.

Concluding my statement, I express my sincere gratitude to our shareholders and investors for their constant support. I also thank the company's employees who have played a crucial role in navigating these challenging and uncertain times. I also extend my appreciation to our esteemed partners and vendors.

Finally, I would like to express my gratitude to all stakeholders for being a part of our journey.

Thank you.



SAK Ekramuzzaman
Managing Director



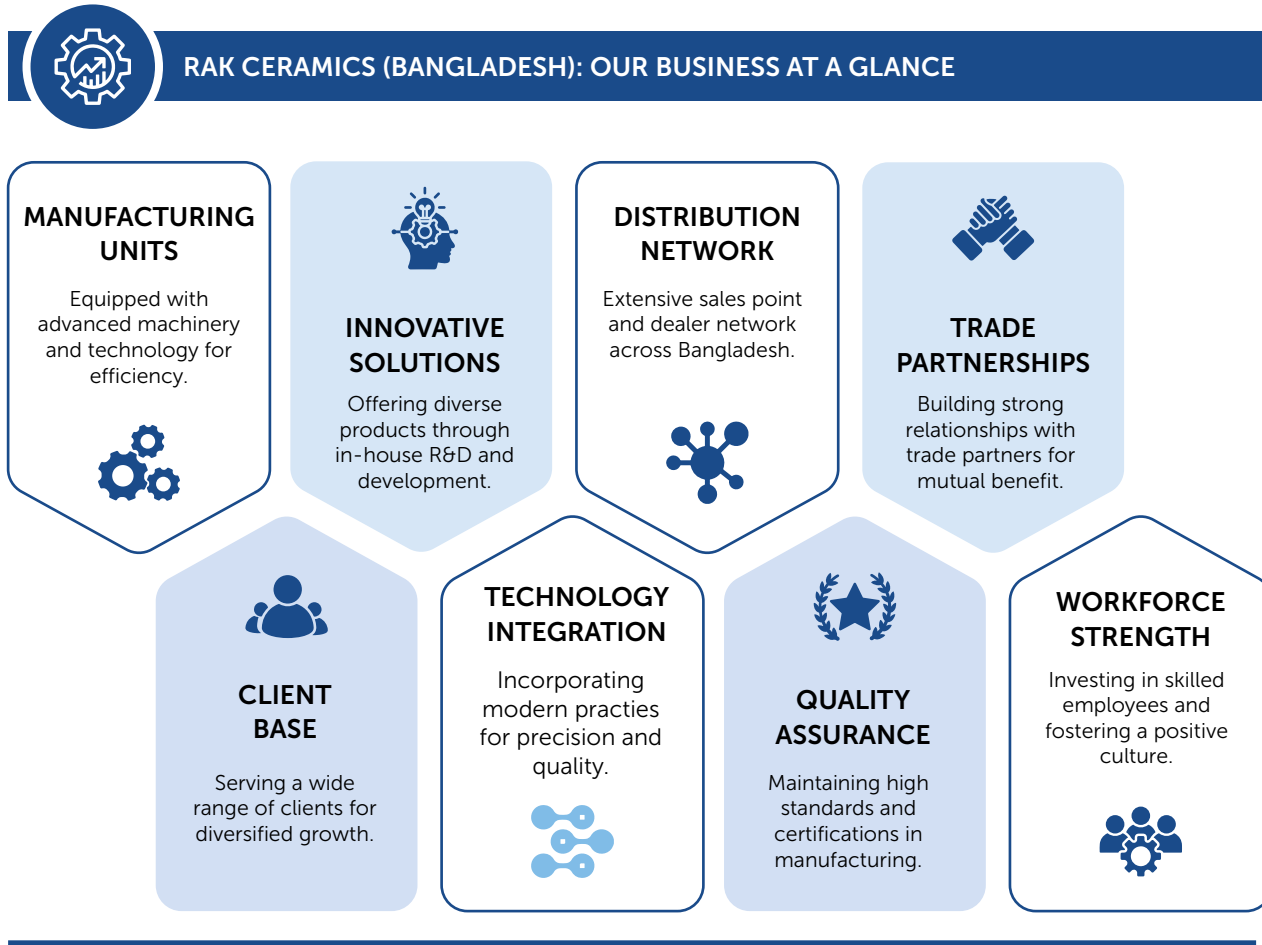
BUSINESS PROFILE

AT THE FOREFRONT OF BANGLADESH'S CERAMICS INDUSTRY

Incorporated in the year 1998, RAK Ceramics (Bangladesh) has emerged as Bangladesh's pioneering ceramics brand for interior surfaces and sanitaryware solutions. Our extensive presence backed by our dedication to retail and customer excellence reaffirms our dedication to understanding lifestyle and homebuilding trends and driving quality and innovation to meet the evolving customer preferences.

Underpinned by our global parentage and local expertise in ceramics and building materials, we manufacture and market a wide range of mid-market and premium tiles and sanitaryware products. Our focus rests on product quality, designs and appeal, functionality and durability. Through this, we remain focused on strengthening our position in the Bangladeshi ceramics industry, supported by consistently launching innovative and value-added offerings that provide a strong all-round surplus to our customers.

Our success over two-and-a-half decades is supported by robust manufacturing capabilities, a large and comprehensive product portfolio, an extensive distribution network covering most parts of the country, compelling brand engagement and service excellence. These institutional strengths enable us to foster deeper connections and relationships with both our customers and trade partners. Committed to excellence, we continue to set new standards in the industry and deliver continuous value to all our stakeholders.





WORLD-CLASS MANUFACTURING

- Manufacturing units equipped with advanced machinery, technology and testing equipment sourced from global and domestic players
- Multi-purpose facilities for manufacturing various product categories and sizes with customisation, thus negating substantial capital investments
- Strategic plant location that ensures convenient access to the Dhaka metropolitan market and other regions, thus enhancing operational efficiency

INNOVATIVE SOLUTIONS



- Extensive product portfolio catering to diverse customer needs across tastes, expectations and price points
- Exclusive in-house R&D facility with qualified professionals, driving continuous product development and process value addition



WIDESPREAD DISTRIBUTION NETWORK

- Over 20 sales touchpoints across Bangladesh
- Network includes 166+ dealers and sub-dealers
- 42 exclusive dealer stores and 5 company-owned display centers
- Focus on expanding dealer network to untapped regions for demand capture

STRONG MULTI-YEAR TRADE PARTNERSHIPS



- Strategic pricing and optimal terms for benefitting our trade partners and enabling them to effectively compete in the market
- Regular engagement with dealers to gather insights, address market needs, drive product development and create networking opportunities



DIVERSIFIED CLIENT BASE

- Broad clientele, including marquee real estate builders, institutions, architectural firms and retail customers
- This profile provides avenues for diversified sales growth

TECHNOLOGY INTEGRATION



- Adopting modern shop-floor practices such as digital color printing, circular recycling, etc.
- Precision manufacturing and high-quality product delivery across all batches
- Optimised manual involvement, reducing human errors and promoting precision and cost efficiency



QUALITY ASSURANCE

- Manufacturing units uphold high standards of quality and environmental responsibility, adhering to leading global best practices
- Dedicated QA & QC department ensures adherence to high standards at each stage of the manufacturing process

WORKFORCE STRENGTH



- Skilled employees guided by experienced senior leadership
- Emphasis on investing in human resources by enhancing employee capabilities
- Open and transparent organisational culture
- Focus on timely discharge of payroll obligations

OUR VISION AND MISSION



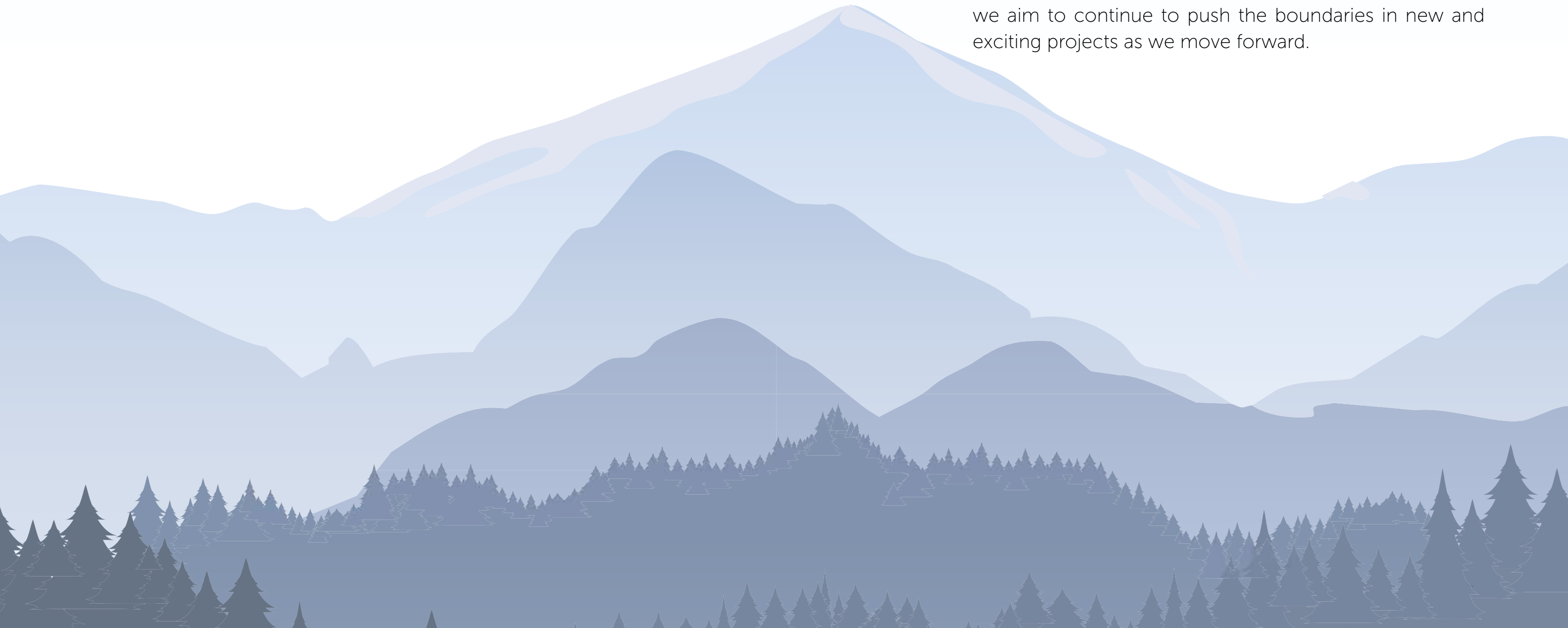
VISION

Our vision is to be the world's leading ceramics lifestyle solutions provider.



MISSION

Our mission is to foster an internal culture that remains committed to our vision of becoming the world's leading ceramics lifestyle solutions provider. We will accomplish this by utilising our rich experience, our wide product range, our innovative approach and our continuing emphasis to deliver quality. We will focus on building a world-class organisation. We have applied our expertise in some of the most iconic and innovative projects and we aim to continue to push the boundaries in new and exciting projects as we move forward.



OUR CORE VALUES AND CODE OF CONDUCT

The enduring prosperity of our company is undeniably tied to the prosperity of our clients and business partners, as well as our capacity to captivate them with the things they adore. Our primary focus is to provide our clients with top-notch home interior solutions, which encompass ceramic tiles and bathroom fittings such as sanitaryware that enhance their feelings of joy, satisfaction and delight.

The primary objective of the company's Board of Directors is to provide a leadership example by ensuring the utmost levels of corporate governance, while promoting ethical conduct and values in the execution of our long-term strategy and in the daily functioning of the organisation. For us, ethics transcends beyond a mere written declaration; it permeates our everyday existence.

The company's internal policies and practices, which have been effective since its establishment, are embraced and adopted in compliance with the regulations for listed companies in Bangladesh. The primary responsibility of our Board is to ensure the utmost standards of applicable governance, accountability and risk management.

In addition, we have extensively established a values-driven ethical framework across our organisation to ensure that our employees and colleagues continuously conduct themselves in a manner that upholds our high principles and aligns with our overarching operational and best practices philosophy, thereby making appropriate choices. The commitment to adherence is deeply ingrained in our company's culture and is safeguarded by both our fundamental principles and Code of Conduct.

RAK Ceramics (Bangladesh) is a conscientious corporation that has a well-defined and open policy framework for disclosing information, preventing corruption and combating bribery, as mandated by the applicable laws. These rules have aided the corporation in its efforts to establish trustworthy and mutually advantageous partnerships with its consumers, employees, shareholders, regulators and other stakeholders.

Our Code of Conduct and Ethics and Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our staunch commitment to ethical business practices. The Board is responsible and committed to perpetuating sound principles of governance and compliance fulfillment. It also accomplishes a crucial role in overseeing how the leadership and management team serve the short and long-term interests of shareholders and other stakeholders via a diligent supervisory approach that lays emphasis on ownership, accountability and responsibility.



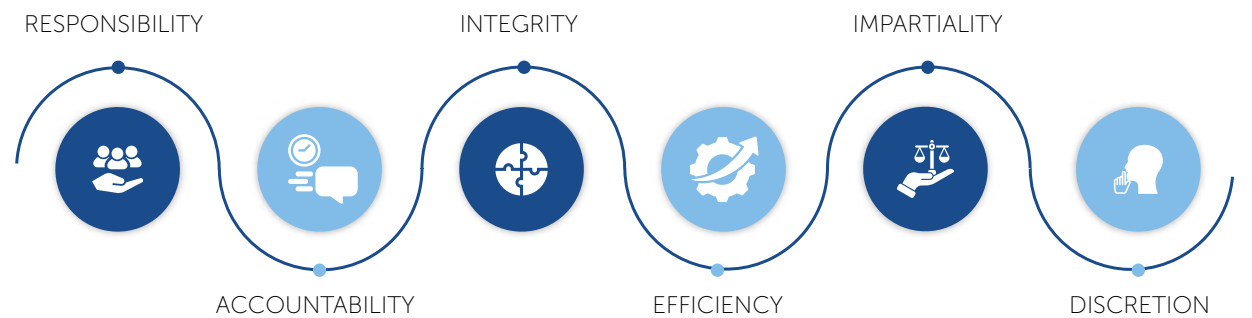
CUSTOMER RELATIONS

It is an established policy of the company to develop and nurture fair, sustainable and mutually-beneficial relationships with customers. Employees are expected to respect customers and their needs and contribute to satisfying these needs in an efficient and effective manner such that the interests of the company and its shareholders remain secured and uncompromised in any way.



GUIDING PRINCIPLES

Employees shall seek to use due care in the discharge of their duties, be loyal to the company and act in good faith and in a manner they believe to be in the best interests of the company. We also expect our employees to comply with all applicable laws, regulations, confidentiality agreements, obligations and corporate policies.



Compliance with statutory norms and regulations

Employees are expected to be aware of and conduct themselves in accordance with all the applicable laws, rules and regulations of the country, and make best efforts not to willingly breach any provision of such laws.

They shall ensure compliance with various legal/regulatory requirements, as applicable, in business conduct, and also endeavour to give due cognisance to relevant legal/regulatory requirements and norms before any directions are given or decisions taken. The Board and the senior management aim to elevate adherence to laws and regulations as an everyday practice commonly observed and held fast by all. As a company transparent in all its dealings, any transaction falling under the definition of related party transactions (RPTs), as per the provisions of the law and as detailed in the Related Party Transaction Policy of the company entered into by employees, is disclosed on a time-bound basis to the Board or any committee thereof.



Corporate commitment

Staff members on the rolls of the company are expected to be in the full-time employment of the company. This implies that employees on the rolls of the company cannot work for any other employer unless specifically permitted, directed or approved by the company. Employees will not take personal advantage of any business opportunity that they discover during the course of their employment unless the company expressly waives off its interest in pursuing such an opportunity.



Environmental governance and compliance

Employees are expected to be aware of the company's commitment to contribute to sustainable business development with respect to environmental issues and requirements, and its Environmental Policy statements issued from time-to-time. Employees are also expected to have knowledge of, monitor and adhere strictly to Bangladesh's applicable laws, rules, regulations and guidelines related to the environment that impact the company's operations and business, including adherence to environmental standards commended for industrial companies. This is essential to secure and preserve our license to operate.

DIRECTORS' PROFILE



ABDALLAH MASSAAD
Chairman

Mr. Abdallah Massaad is the Chairman of RAK Ceramics Bangladesh, Group CEO of RAK Ceramics PJSC and a member of the Board of Directors of several subsidiaries and other international organizations.

He is extremely knowledgeable in the fields of ceramics and industrial manufacturing and is instrumental in helping companies engage in the forward and backward integration of the ceramics supply chain. With over 26 years of experience from field sales, to sales management, to product marketing, Mr. Massaad has highly developed business leadership skills in national and international markets.

Mr. Abdallah Massaad's tenure with RAK Ceramics began in 2004, when he was invited as a Marketing Consultant to assist the CEO office, and upgrade the branding and positioning of the company in preparation for future sales and marketing challenges arising from ambitious expansion plans.

Mr. Massaad formally joined RAK Ceramics in 2006 as Deputy CEO, responsible for operations management, strategy development, implementation and RAK Ceramics' global interests. He supported the Chairman and CEO with strategic planning and expansion initiatives enabling the company to reach the milestone of 1 billion square meters of global sales since it began. He was also responsible for implementing corporate governance regulations and overseeing the strategic refocusing of the business portfolio. Mr. Massaad has led RAK Ceramics PJSC as Group Chief Executive Officer since June 2012.

Most recently, Mr. Massaad has coveted the prestigious 2023 CEO Today Middle East Leadership Award as well

as recognized for the 2023 Stevie Gold Honorary Award for Excellence and Good Reputation presented by the Ras Al Khaimah Chamber of Commerce and the world-renowned premier business award giving body, The Middle East & North Africa Stevie® Awards.

An award-winning CEO, in 2015, Mr. Massaad won an International Business Stevie® Award for 'Executive of the Year (Manufacturing)'. The efforts of Mr. Massaad as a visionary CEO were also further recognized when he was awarded 'Industry CEO of the Year' at the CEO Middle East Annual Awards 2015 and in 2016 Mr. Massaad was shortlisted as a Top 100 CEO as part of Mediaquest's Top CEO Awards in the GCC. In 2017, Mr. Massaad was shortlisted as one of the Top 100 Smartest People in the United Arab Emirates by Arabian Business, and he was also honored as one of the top 100 Most Sustainable CEOs by the World Sustainability Congress. In 2018, Mr. Massaad was awarded the most 'Visionary CEO in Manufacturing Leadership' by Frost & Sullivan, 'GameChanging CEO' by Finance Monthly, 'Outstanding CEO' at the Global Business Excellence Awards, 'Executive of the Year' at the BIG Awards for Business and the '2018 CEO of the Year' by CEO Monthly Magazine.

Prior to joining RAK Ceramics, Mr. Massaad was General Manager of International Ceramics Company SARL in Lebanon from 1997 to 2004.

Mr. Massaad holds postgraduate qualifications in Management 'DEA in Business Administration' (1998) and an undergraduate degree 'Maitrise in Business Administration – Marketing' from USEK (Université SaintEsprit de Kaslik), Lebanon. He is fluent in Arabic, French and English.



SAK EKRAMUZZAMAN
Managing Director

Mr. SAK Ekramuzzaman is one of the major local equity investors in RAK Ceramics (Bangladesh) Limited. Besides managing diversified business interests of the RAK Group, he is also involved in a number of other business interests in Bangladesh. Mr. Ekramuzzaman is also the member of the Board of RAK Power Pvt. Ltd. and RAK Security and Services (Pvt.) Ltd., subsidiaries of RAK Ceramics (Bangladesh) Limited.

Mr. Ekramuzzaman has been conferred as "CIP Industry 2017" by the Government of Bangladesh in recognition of his outstanding contribution to the industrial development of Bangladesh.



PRAMOD KUMAR CHAND
Director

Mr. Pramod Kumar Chand is the Group Chief Financial Officer of RAK Ceramics PJSC, Director of RAK Ceramics (Bangladesh) Limited and RAK Power Pvt. Ltd. and Managing Director of RAK Security and Services (Pvt.) Ltd., which are subsidiaries of this Company. He is also a member of the Audit Committee and the Nomination and Remuneration Committee of RAK Ceramics (Bangladesh) Limited.

Mr. Pramod has a wide experience in dealing with corporate finance matters including treasury, working capital financing, project finance, venture capital, debt & equity capital market instruments, fund raising processes and general management.

Mr. Pramod's professional credentials span over 3 decades of post qualification experience with blue chip employers including Birla Corporation Ltd., and OCL India Ltd. in India, and RAK Investment Authority in UAE. Mr. Pramod is a Member of the Institute of Chartered Accountants of India (ICAI) and has been a rank holder and winner of A F Ferguson award.



WASSIM MOUKAHHAL
Director

Mr. Wassim Moukahhal is a Director of RAK Ceramics (Bangladesh) Limited and RAK Security and Services (Pvt.) Ltd., which is a subsidiary of this Company. He is also a member of the Audit Committee and the Nomination and Remuneration Committee of RAK Ceramics (Bangladesh) Limited. He also serves as a Member of the Board of Directors and the Executive Committee for RAK Ceramics PJSC and as a Member of the Board of Directors of RAK Porcelain and RAK Ceramics India.

Mr. Moukahhal has more than 20 years of experience in private equity investments in the Middle East and Asia. He is the Head of Alternative Investments of Artal Capital, a leading asset manager based in Riyadh, Saudi Arabia. He was previously a Managing Director of Samena Capital Investments Limited in Dubai and prior to Samena Capital he worked at EFG-Hermes in Dubai where he was a Vice President in the Private Equity and Infrastructure investments team. Prior to EFG, he worked in the Private Equity Group for The National Investor (TNI) in the UAE.

Mr. Moukahhal served on multiple Boards of Directors of various portfolio companies across several industries such as building materials, technology, and consumer sectors. Mr. Moukahhal holds an MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics & Finance from McGill University.



MOHD. SHAFIUL AZAM
Independent Director

Mr. Mohd. Shafiul Azam is the Independent Director of the Company and also the Independent Director of subsidiary companies of RAK Ceramics (Bangladesh) Limited. He is the Chairman of the Audit Committee and Nomination and Remuneration Committee (NRC) of RAK Ceramics (Bangladesh) Limited.

Mr. Azam, completed his L.L.B (Hon's) and L.L.M from the University of Dhaka. He also has completed different in-service training in Judicial Administration Training Center. He is retired from his services as a Senior District & Sessions Judge. He has over 30 years of professional experience in the legal field as a judge and 07 years as a lawyer. He is a career judge and has vast experiences on Civil and Criminal and Company Disputes on Bangladesh perspective.

RAK-BATU

A new washbasin collection




- Designed to evoke, natural & tropical ambiance of Balinese homes
- Artistic glaze infused with mica particles from the Muscovite mineral
- Minimalist aesthetic inspired by contemporary design
- Available in round, oval, and rectangular shapes
- Two distinct finishes: Mica Light and Mica Dark
- Creates a warm and inviting atmosphere in your bathroom
- Reminiscent of a breathtaking exotic destination



[RAKCERAMICS.COM](https://www.rakceramics.com)

Please scan for download product catalogues



RAK

CERAMICS

MANAGEMENT TEAM



SAK EKRAMUZZAMAN
Managing Director

Mr. SAK Ekramuzzaman is one of the major local equity investors in RAK Ceramics (Bangladesh) Limited. Besides managing diversified business interests of the RAK Group, he is also involved in a number of other business interests in Bangladesh. Mr. Ekramuzzaman is also the member of the Board of RAK Power Pvt. Ltd. and RAK Security and Services (Pvt.) Ltd., subsidiaries of RAK Ceramics (Bangladesh) Limited.

Mr. Ekramuzzaman has been conferred as "CIP Industry 2017" by the Government of Bangladesh in recognition of his outstanding contribution to the industrial development of Bangladesh.



MOHAMMAD SAMSUL AREFIN
General Manager – Finance & Accounts

Mr. Mohammad Samsul Arefin is a qualified Cost and Management Accountant and fellow member of the Institute of Cost and Management Accountants of Bangladesh (ICMA) having Master's degree in Accounting from National University. He is also a Chartered Global Management Accountant (CGMA) qualified from CIMA, UK.

Mr. Arefin has more than 20 years of professional experience with renowned multinational companies namely Expolanka (Bangladesh) Limited, Novartis (Bangladesh) Limited and BASF (Bangladesh) Limited in the field of Financial Reporting and Accounting, Business Planning & Analysis, Supply Chain Management, Internal Audit & Compliance etc. He also successfully worked in several international projects undertaken by his previous organization. Mr. Arefin has been working in rak ceramics (bangladesh) limited since may 2018.

SADHAN KUMAR DEY
Chief Executive Officer

Mr. Sadhan Kumar Dey is the Chief Executive Officer of RAK Ceramics (Bangladesh) Limited, where he oversees the company's operations, including all subsidiaries. He has been with RAK Ceramics since 2019 and brings over 27 years of experience in the manufacturing sector, specifically serving manufacturing of construction companies.

Before joining RAK Ceramics, Mr. Dey served as the director of finance and commercial in a USA-based multinational specializing in construction segment, where he led finance, strategy, and commercial operations across the GCC, Africa, and India from his base in the Dubai, UAE. Mr. Dey is a qualified finance and management professional from the Chartered Institute of Management Accountants (ICMA-UK) and Chartered Global Management Accountant (AICPA-USA). He holds a Master of Commerce (M.Com) and Master of Business Administration (MBA). He is also an alumnus of Harvard Business School and Indian Institute of Management (IIM), Calcutta. Additionally, Mr. Dey has completed various advanced courses in strategy, leadership, data analytics, design thinking, and digital marketing from prestigious institutions such as Columbia Business School, IIM, HBS, etc.



MD. MAHBUBUL HAQUE
General Manager-Supply Chain Management

Mr. Mahbubul Haque is the General Manager – Supply Chain Management of RAK Ceramics (Bangladesh) Limited. He joined at the Company in June 01, 2021. He oversees the all foreign and local procurement including services, both inbound and out bound logistics, CAPEX, Savings initiative and different SOPs. He completed his graduation in Mechanical Engineering from Bangladesh University of Engineering and Technology (BUET). He is also certified Supply Chain Manager from ISCEA (International Supply Chain Education Alliance, USA).

Prior to Joining in this Company, Mahbubul Haque was Deputy-General Manager at LafargeHolcim Bangladesh. He is having more than 20 years' experience in supply chain management in different multinational and renowned local companies. He has participated in different training session both home and abroad on leadership, Managerial skill, Integration to purchasing function, Negotiation skill from different institute like IIM India, Lafarge University at Paris, Scotwork UK.



MUHAMMAD SHAHIDUL ISLAM
Company Secretary

Mr. Muhammad Shahidul Islam is the Company Secretary of RAK Ceramics (Bangladesh) Limited since 2010. He joined the Company in 2009 as Assistant Company Secretary and was designated prior to assuming the current position. Before joining the Company, Mr. Shahidul was Assistant Vice President at Fareast Islami Life Insurance Company Limited, responsible for Compliances, Legal Issues, Share and Capital Market Operations of the Company. His professional career spans over 20 years in Company Secretariat, Corporate Affairs, Compliances, Initial Public Offering (IPO), Legal, Capital Market Operations and Internal Audit covering Manufacturing and Insurance sectors. His prior post qualification employers include Fareast Islami Life Insurance Company Limited and Progressive Life Insurance Company Limited.

Mr. Shahidul is a Commerce graduate. He is a qualified Chartered Secretary and a Fellow Member of the Institute of Chartered Secretaries of Bangladesh (ICSB). He has participated many professional training courses namely Corporate Affairs Management, Merger and Acquisition, Compliance in Corporate Governance etc.

GLOBAL MANUFACTURING HEADS



Dr. Basavaraj S Patil
Chief Technical Officer (Tiles)– RAK Ceramics PJSC

Basavaraj Patil is the Chief Technical Officer for the Tiles Division for RAK Ceramics. He has more than 26 years of experience in the operations of Tiles production and projects. Prior to joining RAK Ceramics Dr. Patil held roles at Bell Ceramics and Kajaria Ceramics. Dr. Patil holds an Engineering Degree in Ceramics & Cement Technology from PDA College of Engineering and an MBA degree from Bolton University, UAE.

David Willaim Kelly
Chief Technical Officer (SWD) – RAK Ceramics PJSC

David Willaim Kelly is the Chief Technical Officer for the Sanitaryware division for RAK Ceramics. David is a seasoned professional with over 32 years of experience in the Sanitary ware, Ceramics and flooring industry. His professional journey includes notable contributions to organizations such as Kohler, Guocera, Sanitec, Flowcrete, and WWRD. Prior to joining RAK Ceramics, he held the role of Director with Kohler. David holds a Master's in Business Administration from Edinburgh Business school and holds a Bachelor of Technology in Ceramic Sciences and Engineering.



FUNCTIONAL HEADS



Ranga Nageswara Rao
General Manager- Tiles



Adireddy Pasunoori
Deputy General Manager- SWD



Md. Hasan Tareq
Assistant General Manager- Sales & Marketing



Surajit Barua
Assistant General Manager- HR & Admin



Md. Shahinur Alam Shahin
Senior Manager- IT



Md. Shariful Islam
Head of Internal Audit and Compliance

VIBRANT TEAM



Mir Sifuzzaman
AGM, Finance & Accounts
(Treasury & Financial Reporting)

Md. Hasan Tareq
AGM, Sales & Marketing

Abu Shahid
AGM, Finance & Accounts
(Receivable)

Md. Mahbubul Haque
GM, Supply Chain Management

Sadhan Kumar Dey
Chief Executive Officer

SAK Ekramuzzaman
Managing Director

Muhammad Shahidul Islam
Company Secretary

Mohammad Samsul Arefin
GM, Finance & Accounts

S.M. Arafatur Rahman
DGM, Sales & Marketing (Brand)

Mohammed Shamsuddin
AGM, Finance & Accounts
(Taxation)

Surajit Barua
AGM, HR & Admin

Md. Shariful Islam
Head of Internal Audit
and Compliance

OUR INVESTMENT THESIS

RAK CERAMICS

RAK Ceramics (Bangladesh) will be a turnaround case as the company focuses on getting back to profitability. The company is a running establishment that has carved a name in the ceramics sector of Bangladesh, being in operation for the past 26 years with a continuous profit track record (except in 2024).

The management is committed to exploring durable solutions to the current challenges that will create a platform for revenue and profit recovery. While the company faced a sales degrowth of about 14.70 percent in 2024 to BDT 1149.81 million and yet remained in the positive zone at both the gross profit (BDT 1150.23 million) and pre-tax profit levels (BDT 51.62 million), it slipped to a net loss of BDT 27.33 million, which is relatively marginal as compared to the net profit of BDT 618.39 million registered in the year 2023.

Thus, concerted all-round efforts will enable the company to get back on track, bolstering its investment case.

Specifically, the management is taking action on the following fronts:

- Diversifying procurement of LNG from the current sole government supplier
- Enhancing procurement from captive power plants to offset energy challenges to some degree
- Negotiating better credit terms with banking partners
- Discussing better terms with other raw material suppliers, with almost 90 percent of raw materials (by value) being imported
- Enhancing human resource productivity with the emphasis on doing more with less
- Engaging in new product launches, especially in the premium variety that have a positive bearing on gross margin
- Augmenting operational efficiency, optimising variable costs and engaging in material recovery and reuse
- Undertaking selective price hike if possible
- Right-sizing inventory through more strategic planning, thus freeing up working capital.

With our resolve to recover and reinforce our financial profile, the long-term prospects of our industry appear bright that will support our endeavours in business turnaround.

Key industry-specific opportunities include:

- Growth in residential real estate, spurred by the significant housing shortage in the market
- Demand for home and office renovation
- Government thrust on foreign investment to create operational establishments
- Recovery in the RMG sector due to the China+1 diversification strategy of most global textile brands and procurers
- Recovery in remittances, especially with currency devaluation that will drive consumption demand
- Construction of new mosques and renovation of existing ones, especially in rural areas

AWARDS AND ACCOLADES 2024

RAK Ceramics (Bangladesh) has consistently delivered outstanding products to the market, in addition to engaging in responsible governance, reporting and organisational stewardship. This feat has been recognised by leading organisations through bestowal of awards and certifications, underscoring our commitment to all-round excellence.



SILVER AWARD
11th ICSB National Award 2023” for Corporate Governance Excellence



SILVER AWARD
ICMAB Best Corporate Award 2023” for Corporate Governance Excellence

DEALERS ENGAGEMENT PROGRAMS 2024



RAK FLAGSHIP SHOWROOM



RAK Flagship Showroom-Uttara



RAK Flagship Showroom-Hatirpool



RAK Flagship Showroom-Mymensingh

EMPLOYEES ENGAGEMENT PROGRAMS 2024



26 Founding Anniversary



Sales Conference



Cyber Security Awareness



RAK Family Day



Iftar Mahfil



Time Management and Team Work



Microsoft Power BI training



Spring Fest



International Women's Day



Pohela Falgun Celebration



Essential Skills & workplace training

RAK SIGNATURE BRANDS

At RAK Ceramics (Bangladesh), we have been able to create strong brand trust with our customers, thanks to our wide range of iconic tiles brands in our portfolio that suit every taste, budget and requirement. Unquestionably, our brands enable us to secure our positioning as the largest tiles company of Bangladesh.

IMPERIAL
SILK

TERRAZZO
SERIES
FULL BODY VITRIFIED TILES

APOLLO
SERIES

ELEGANT
SLAB

PREMIJA
SERIES

SUGER
SERIES

WOOD ART
COLLECTION

ROCKER
SERIES

Single Piece
WC

Wall Hung
WC

OUR PATH-BREAKING SANITARY WARE MODELS



RAK-Cloud Freestanding
Wash Basin Black



RAK-Cloud WC WH Black



RAK-Cloud Counter Top
Wash Basin Black



RAK-Sensation Freestanding
Wash Basin



RAK-Sensation WC BTW



RAK Sensation WC WH

OUR ICONIC TILES MODELS

GEO



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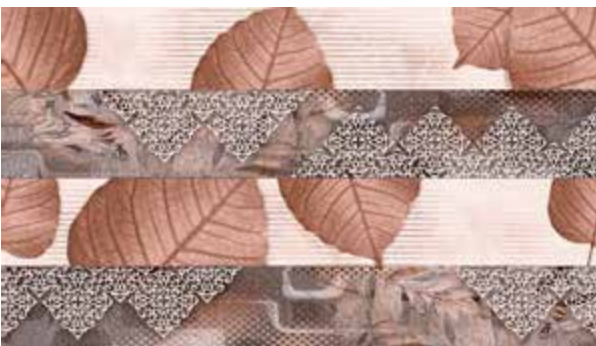


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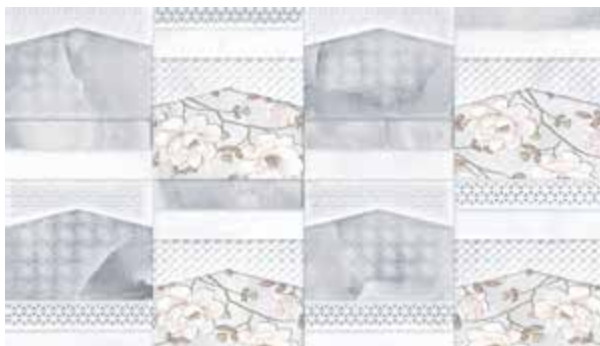


7GP-412

VIVID



9102 HL



9104 FHL

PAVEMENT



7GP PVG GY



7GP PVR LBE



7GP PVG DBR



7GP PVS LBE

OUR ICONIC TILES MODELS

ELEGANT SLAB



ELEGANT SLAB-1229



ELEGANT SLAB-1232



ELEGANT SLAB-1235



ELEGANT SLAB-1240

APOLLO



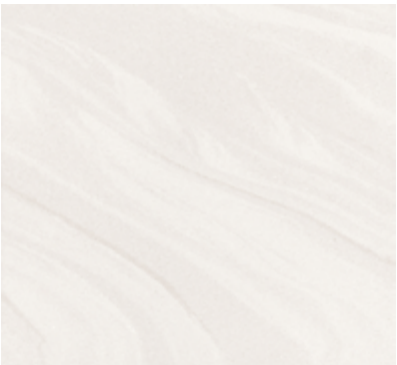
APOLLO-01



APOLLO-15



APOLLO-18



APOLLO-11



APOLLO-16



APOLLO-20

IMAGINE YOUR SPACE

Imagine a space where your inspiration can run free. A world that tells your own story, every single day.

At RAK Ceramics we help create the perfect living space, for you and your loved ones.

Imagine your space.

RAK
CERAMICS
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OUR ESG TENETS AND PRINCIPLES

At RAK Ceramics, our Environmental, Social and Governance (ESG) principles are integral pillars of our growth strategy. We are committed to sustainable manufacturing, reducing our carbon footprint and optimising resource efficiency. Our social responsibility initiatives prioritise employee well-being, community engagement and inclusion & diversity. Strong governance ensures transparency, ethical business practices and stakeholder trust. Aligning our ESG commitments to our core strengths, we are driving responsible growth while creating a positive impact. As we move forward, we remain dedicated to sustainability, innovation and long-term value creation, reinforcing our position as a responsible industry pioneer.

OUR FOUNDATION FOR THE FUTURE

At RAK Ceramics (Bangladesh), our deep roots in being one of Bangladesh’s prestigious and longstanding industrial establishments enables us to contribute to Environmental, Social and Governance (ESG) tenets that stem from our organisation’s strong foundation as pioneer and innovator in our industry. As we navigate the challenging and complex macroeconomic environment, we are convinced that our strong ESG principles will enable us to remain on the path of sustainable value creation as we meet the expectations of all our stakeholders.



PRIORITISING ENVIRONMENTAL STEWARDSHIP

Environmental sustainability remains a top priority in the products we provide to our customers and in our own operations. We equip our customers with innovative solutions they come to expect of us, such as sustainability-centred (or LEED-certified) products that promise advanced features such as anti-bacterial properties, efficient use of water, etc. This not only fits into the broader expectations of a smart and sustainable home, but also suit modern lifestyle standards. By continuing to invest in research and development on ESG-oriented solutions, we are introducing cutting-edge offerings across both our tiles and sanitaryware range, thus making effective contributions to environmental sustainability.

Simultaneously, we are working diligently to ensure we operate more sustainably and achieve a lower industrial footprint in our operations and facilities. Given our global parentage and exposure, we are well aware that sustainability starts with us and we are dedicated to a better planet for all.



PROMISING AN INCLUSIVE SOCIAL FRAMEWORK

Our leadership in ESG is only possible because of our team of skilled employees who remain dedicated to the principles of sustainability in their everyday work and operations. They are instrumental in enabling us to identify and plug gaps that are crucial measures in the overall sustainability of our operations.

The company’s HR team plays a guiding role in implementing ESG goals and objectives, such as reducing environmental impacts and supporting community programs. Though Bangladesh is still in its early stage where ESG is concerned, yet we are a forward-facing organisation where our employees increasingly demonstrate a commitment to social responsibility, making sustainability a deep-seated part of our culture.

As part of the social aspects of our ESG principles, we remain committed to talent development and succession planning to grow the next-generation for our company and beyond. Our calibre of leadership and innovation requires diverse perspectives, and inclusion and diversity is essential to our success. We thus look to make steady progress in representation, retention and recognition to continue forging new paths in this foundational principle.

We leverage our resources and expertise to positively impact the communities where we work and live. Our corporate social responsibility (CSR) pillars focus on education, health, sustainability and empowering our employees to make an impact through meaningful initiatives that leave a lasting and durable impact.



GOVERNANCE: A BETTER FUTURE FOR BUSINESS

RAK Ceramics (Bangladesh) is committed to doing business the right way, guided by our Code of Conduct and the founding principles on which the company was established 25 years ago.

Integrity and ethics are the cornerstone of how we operate our company. We have high standards and we are proud of our people who uphold them in every decision, every day. Our governance standards are stewarded by our Board of Directors who are the guardians of stakeholder trust and these beliefs are percolated right down through various tiers of the organisation under the supervision of the leadership and management team. We are thus able to ensure an overall culture of compliance that respects the laws of the land and has a proactive stance on regulatory observance.

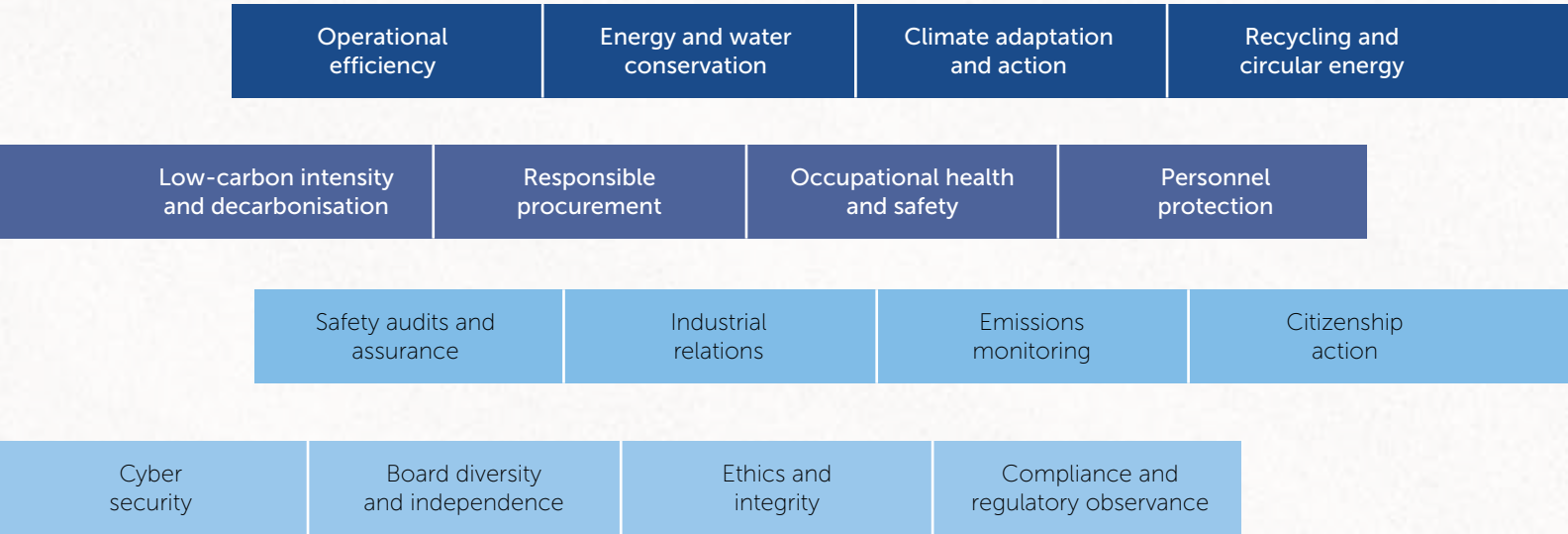
Come what may, we will never lower our high standards on integrity and ethics. Our senior leadership team works in tandem with our Board, thus enabling our company to maintain responsible reporting and operating practices.

As we navigate the dynamic landscape of challenges, we remain committed to building on our foundations in ESG, which will emerge as a springboard for future growth and value creation.



ESG Report
This is the first time we have published the separate ESG report. Please refer at back cover page.

OUR ESG PILLARS



SOCIAL CITIZENSHIP AT RAK CERAMICS (BANGLADESH)

At RAK Ceramics (Bangladesh), we are committed to utilise our products and expertise to build a strong and sustainable society and we achieve this by focusing on initiatives that provide uplift to underprivileged communities through stakeholders management.

We are dedicated to the cause of serving the fundamental requirements of communities, supporting key causes such as health and wellbeing, learning and development. We also contribute to the broader requirements of society, such as employment and livelihood generation, while also enhancing the economic development potential of the communities and catchments where we operate.

Our social citizenship activities are interwoven with our emphasis on strengthening the grassroots of society. In this context, we take measures to ensure that we create a balance between the pursuit of our financial objectives together with meeting the fundamental needs of society.

We are fully committed to mitigate the social impact of the environmental burden by proactively addressing the reduction of greenhouse gases generated in the manufacturing process and also by providing products that contribute to water conservation. We are proud of our sustainability credentials and community track record which are also acknowledged by our customers and other stakeholders.

During the year 2024, we had many successes in terms of citizenship and sustainability, including improved efficiency and optimisation of emissions across our operations.



ESG Report

This is the first time we have published the separate ESG report. Please refer at back cover page.

We are committed to enhancing the overall organisational efficiency while lowering our environmental impact and protecting the health and wellbeing of our employees and those in the vicinity of our plants.

Our sustainability and community welfare targets are set in light of the long-term strategic priorities of the business. We will continue to work in harmony with our local communities and challenge ourselves to improve energy efficiency and resource management while keeping our promise to the communities we serve.

RAK Ceramics (Bangladesh) is thus committed to supporting the local community around its manufacturing operations as well as the wider community of Bangladesh through financial and material measures. Giving back to the community is important to our employees and we encourage volunteering and participation in community development initiatives.

Going forward, we will remain committed to understanding the needs, expectations and aspirations of our community in more detail to ensure our initiatives are in alignment with their requirements. We are also committed to sustainable investment into the local community and will continue with our focus on serving their needs in the best possible way.



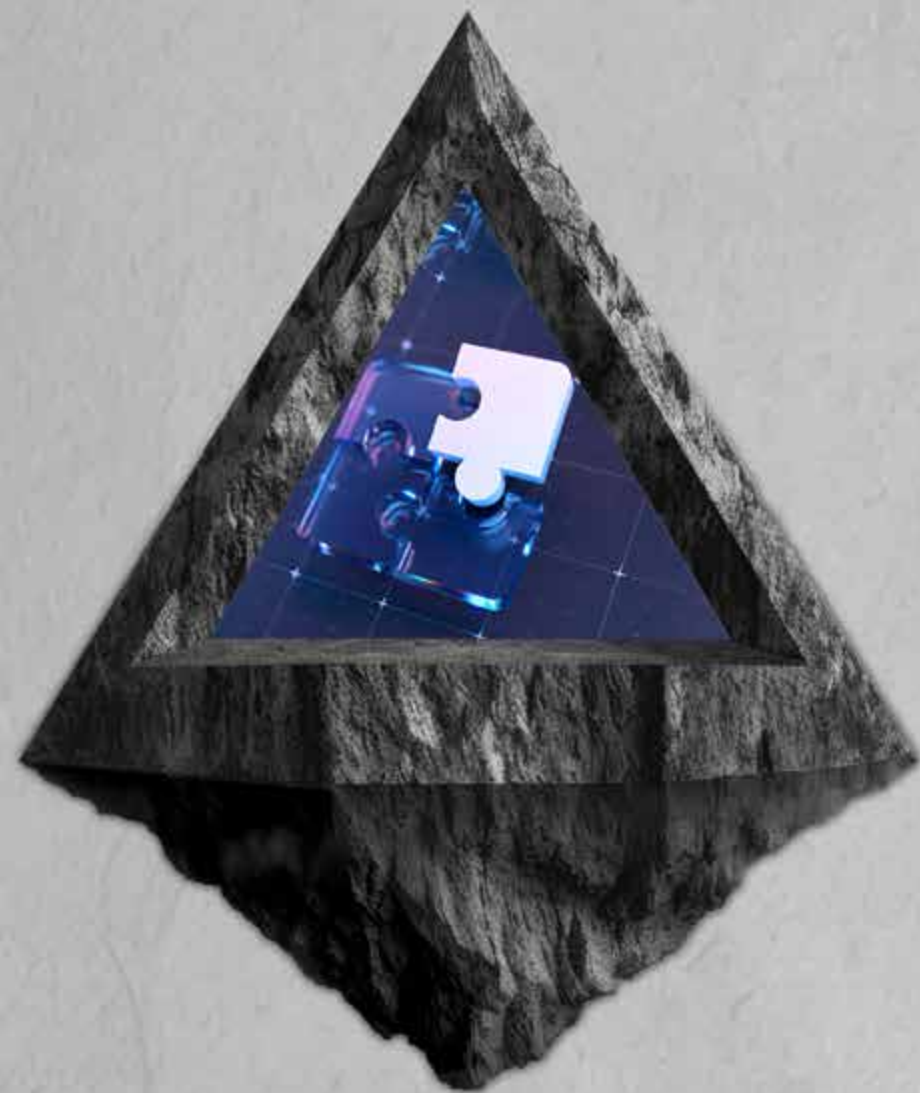
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SIZE : 60x60 CM
MIRROR POLISH | FLOOR TILES



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CERAMICS



OUR INTEGRATED REPORT AND DISCLOSURES

RAK Ceramics' Integrated Report for the financial year 2024 is a comprehensive reflection of our commitment to transparency, sustainability and strategic growth. The report details our financial performance, responsible operations and innovative initiatives that propel the execution of our strategy. Emphasising ESG principles, governance and social responsibility, we highlight how our strong foundation has enabled sustained growth and stakeholder trust. Our Integrated Report also demonstrates how operational excellence and forward-looking strategies have empowered us to navigate challenges and seize opportunities. With clear insights and detailed outcomes, our report reaffirms our dedication to responsible innovation in an evolving landscape, fuelling our future success.

OUR INTEGRATED VALUE CHAIN

BUILDING AN ECOSYSTEM SUCCESS STORY

RAK Ceramics is Bangladesh's prominent floor and wall solutions company through its expansive range of tiles and sanitaryware products.

The company is one of the most widely recognised brands in the country with a comprehensive product range in each category. The prime mission of the company is to offer cutting-edge designs and products that are the choice of discerning consumers and the trade, including architects, interior designers, etc.

The company differentiates itself by being a creative surface partner to its clients and by suggesting the most appropriate functional designs and product solutions that match specific applications. The company also prides itself as the provider of the best quality tiles in the industry with unique capabilities for processing raw material resource blends to optimise form factor and costs.

RAK's pan-Bangladesh presence is facilitated through display centres, franchise showrooms and retail network spread strategically to capture demand from all regions of the nation. The company has a sizeable client base comprising both retail and institutional customers.



Focused on building a seamless supply chain

Production restoration is an aspect of focus for us that will help re-energise our operational model. Towards this extent, we will work more closely with our ecosystem and supply chain partners, becoming more collaborative for further integration that will help extract value and optimise costs.

We are committed to bolster our value chain for ensuring more efficient coordination of various process stages, from raw material sourcing to production, distribution and customer service. This holistic approach will facilitate efficiency, quality and sustainability, while also addressing the unique gaps faced by the industry, including resource shortages. Closer collaboration among our stakeholders will be critical to overcoming these challenges and maximising the value the company brings to each stakeholder.



INTEGRATED VALUE CHAIN COMPONENTS

Raw material sourcing

The ceramics industry relies on clay, feldspar and silica as well as imported materials like glazes and pigments.

While we are focusing on reinforcing our supply chain through exploring alternative sourcing, we are also engaging in deepened collaboration with suppliers that will ensure consistent quality, reliable supply and cost-effectiveness.

There were two initiatives of the year that will accentuate our way forward; one, we will focus on greater energy security through signing contracts with local LPG players and two, we have switched to the use of Indian Ball Clay, replacing Malaysian Ball Clay with high moisture content. These initiatives reflect our agility in resource management and will contribute to bolstering our resource mobilisation focus.

Further, we are also focusing on localisation to the extent possible, reflected in the fact that we effectively switched from imported source to local source for potash feldspar that is an essential raw material.

Production and manufacturing

We are focused on re-establishing our operational and production momentum and the management emphasis for the current year will be in this direction. We are also exploring the implementation of new-age practices such as Maintenance as a Service (M-a-a-S) comprising predictive maintenance based on prescriptive and proactive addressal of maintenance by relying on technology. We are also committed to continuous training and upskilling initiatives to deploy skilled labour that is essential for producing high-quality ceramics.

Innovation and R&D

We have a dedicated and fully-resourced R&D establishment that furthers our commitment to research-led capability building for the organisation. Our robust R&D setup also enables us to remain exposed to global developments and best practices that align to the evolving industry standards. Our R&D also closely collaborates with the global R&D team of our parent company that ensures sharing of best practices while providing us direct exposure to global trends in designs and innovation.

Distribution and logistics

An efficient logistics network is crucial for timely delivery. While our local supply chain was impacted due to below-par factory production, we are committed to further build and reinforce the quality of this value chain that is critical in last-mile delivery of our products. We have maintained relationships with our multimodal logistics partners that ensure both incoming raw material security and delivery of finished goods to our showrooms and dealership.

Sales and marketing

Customer engagement is a key aspect of our business as it helps drive sales acceleration while also ensuring personal publicity that is effective for both brand- and trust-building. As part of our trade and market strategy, we will focus on regaining lost market share, earning back customer trust. We will also seek to diversify our sales channel and an encouraging trend here was our ability to successfully initiate direct sales to customers or D2C that zoomed from nil to almost 11 percent of our overall sales. Customer broadening will also be a focus area and we will seek to drive diversification of our customer base from urban to a mix of both rural and urban customers, especially with the anticipated uptick in the rural market.

RAK: FOSTERING STAKEHOLDER VALUE



GOVERNMENT

Increased sales and regulatory compliance strengthening the economy



COMMUNITY

Sustainable practices and job creation benefiting local catchments



INVESTORS

Efficient operations and expansion restoring the financials



SUPPLIERS

Long-term partnerships ensuring stable demand and fair pricing



EMPLOYEES

Skill development and fair wages enhancing satisfaction and retention



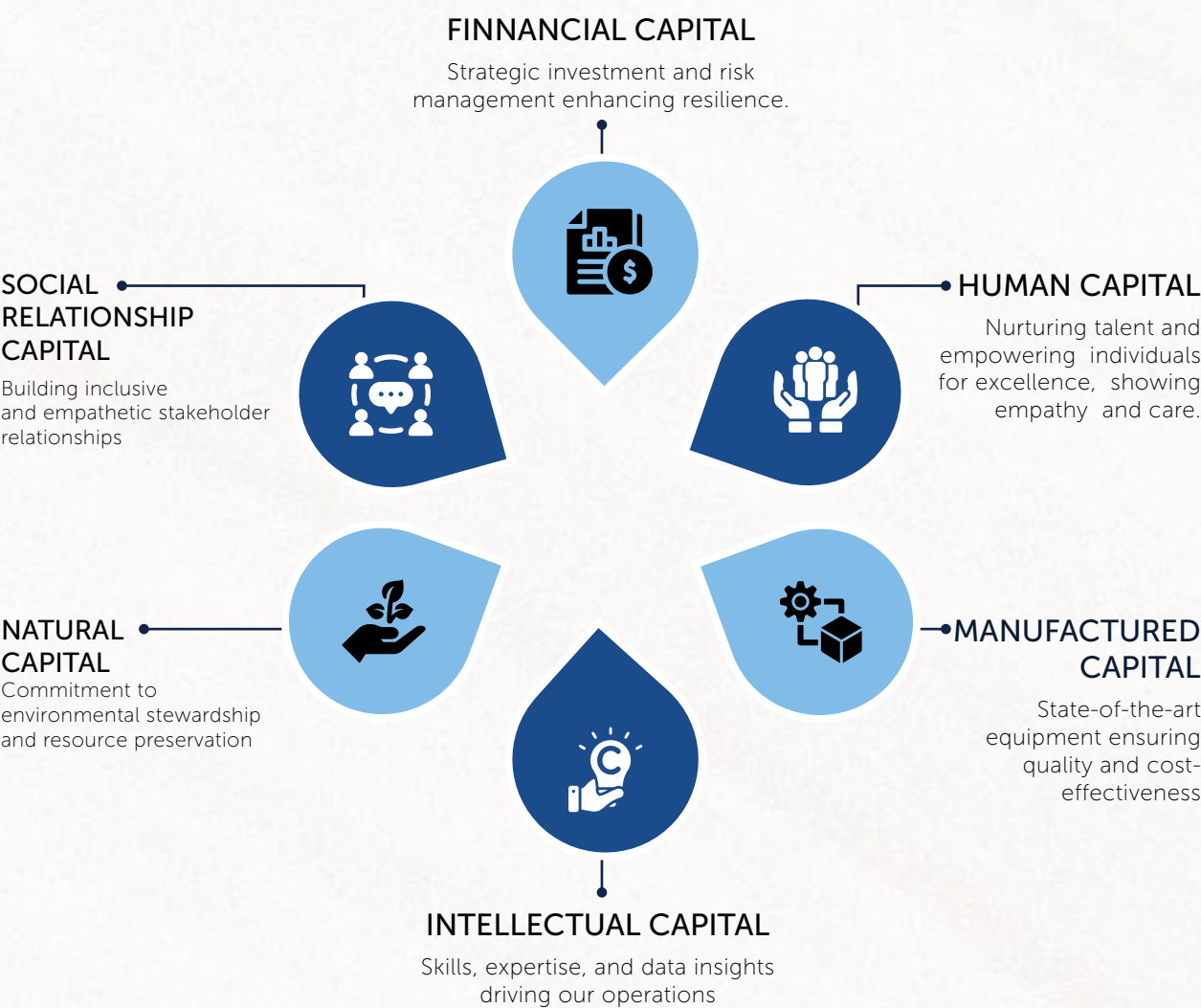
CUSTOMERS

High-quility products and service boosting loyalty

SPOTLIGHT ON OUR SIX CAPITALS

We are committed to restoring growth and believe that our focus on the six essential capitals – financial, human, manufacturing, intellectual, social relationship and natural are integral to our operations and turnaround. By aligning our strategies with these capitals, we not only ensure own sustainable growth but also contribute positively to the broader ecosystem within which we operate.

BUILDING RESILIENCE AND AGILITY THROUGH OUR SIX CAPITAL PILLARS



FINANCIAL CAPITAL

Our stable financial profile is evidence of our resilience and bolsters our ability to recover from a setback. It forms the cornerstone of our operations, encompassing strategic investment, capital allocation, risk management and financial performance.

Key indicator: Sales of BDT 6669.51 million, 2024

HUMAN CAPITAL

With a shared vision and determined approach, our human capital focuses on driving excellence in all endeavours. The company believes in nurturing talent and empowering individuals to reach their full potential. We are dedicated to enhancing the capability of our human capital.

Key indicator: Total 1791 employees



MANUFACTURED CAPITAL

Our manufactured capital is reflected in our commitment to excellence across our operations. From state-of-the-art equipment to the use of modern technology, each product of ours is crafted to precision and benchmarked quality while ensuring cost effectiveness.

Key indicator: Tiles production of 7.34 million sq m; Sanitaryware production of 0.92 million pcs

INTELLECTUAL CAPITAL

We draw strength from our intellectual capital, which encompasses the skills and expertise of our workforce, the insights derived from our data resources and the technological infrastructure supporting our operations.

Key indicator: Total training of 15,664 man hours



SOCIAL RELATIONSHIP CAPITAL

Our relationships extend beyond just transactions, embodying inclusivity, empathy and integrity. We are committed to the best long-term interests of all our stakeholders, including customers, business partners, regulators, investors and the broader society. Safety is a paramount concern in all our interactions, ensuring the well-being of everyone involved. Our stakeholders enable us to identify key material matters that are instrumental in delivering growth.

NATURAL CAPITAL

We are committed to environmental stewardship that is rooted in our ethos, motivating the company to preserve natural resources. The company adopts green practices to reduce its carbon footprint and supports material circularity, energy conservation, less-paper operations, etc.

Key indicator: Energy savings (KWH) of 11.35% in past 2-year period



FINANCIAL CAPITAL



We cautiously manage our financial resources to ensure business stability and for tiding over the tough times. Through prudent financial practices, we are committed to securing our financial future, working towards a better tomorrow.

KEY STATS			
1,150.23 Gross profit margin (BDT million)	11.18% EBIDTA margin	0.21 Debt-equity ratio	424.16 Cash and liquid balances (BDT million)

OVERVIEW

We are committed to implementing sound financial strategies to maximise investor value. Central to our financial framework is our commitment to generate sustainable cash flows and deleverage our balance sheet to ensure we regain our growth momentum. We are also focused on building sufficient financial resources to implement our strategic future initiatives.

COST MANAGEMENT

Cost management is a high priority and we work on every opportunity to optimise operational costs. During the year 2024, we reduced most of our line costs due to effective cost optimisation initiatives that especially enabled the variable expense structure to fairly align to the prevailing business situation. While cost management was a focus, we ensured we meet our regular obligations on a timely basis.

CASH MANAGEMENT

We maintain strict discipline in our cash management practices. This culture is evidenced in our relatively stable net operating capital cycle, ranging between 134-192 days in the past five years. Streamlined working capital management has helped us control our debt profile.

MANUFACTURING CAPITAL



Our focus on innovation through our robust production processes and infrastructure goes above and beyond our products to symbolise a key feature of our manufacturing prowess that enables us to create a distinguished product touch.

KEY STATS 2024	
Tiles plant capacity (million sq. m)	Sanitaryware production capacity mn (pcs)
10.32	1.45

OVERVIEW

Our advanced manufacturing establishment represents our focus on operational excellence, where technology, expertise and sustainable practices combine to transform clay into stylish décor products that enhance the aesthetic appeal of the surface on which they are applied. Our focus on product quality and customer assurance is sacrosanct as we focus on manufacturing benchmarked products across a massive variety of designs, shapes and sizes.

The RAK brand is our pride. The brand stands for the impeccable product quality, which has been built by the patient perseverance of our team to perfect our operating processes through world-class craftsmanship. To sustain our brand ethos, we relentlessly focus on pushing the boundaries of efficient manufacturing.

This commitment is driven by our philosophy to optimise capacity utilisation, ensuring exceptional product quality and low cost of production, while minimising our environmental footprint. We leverage cutting-edge technologies and automation while prioritising sustainable practices. Furthermore, we are committed to waste recovery and re-utilisation while also exploring opportunities to replace non-biodegradable materials with decomposable resources.

Our strategic manufacturing location in Gazipur not only enables us to efficiently serve the Dhaka market but also dispatch products to other parts of the country in a cost-effective way. We manufacture customised products with a shorter lead-time to reach them to the market in a way that enables us to occupy shelf and mind space faster.

Inventory right-sizing is an important activity of our manufacturing focus and we strive to align production with market demand. Although the challenges of the year 2024 enforced a production cutback that curtailed our ability to cater to market demand, we are taking all steps necessary to augment production and build back our market share.

TILE MANUFACTURING

We have progressively transformed tile manufacturing from a mundane production line output into an exercise in material sciences with the fine art of craftsmanship. Owing to our captivating products, our tiles have always remained the preferred choice of our target customers, pushing us to utilise capacity efficiently. While overall tiles market growth in Bangladesh has generally remained ahead of our production capacity growth, we have strived to engage in debottlenecking and other inorganic capacity enhancement activities to give a boost to our output.

In the current year, we will focus on recovering capacity utilisation, and all our operational efforts will be targetted in this direction. Further, we are gearing up our production to a larger share of value-added tiles that will enable us to capture demand in the upper-scale segment of the market. This strategy fits with our luxury brand appeal and is timely as the market exhibits premiumization trends.

With a cumulative 10.32 million sq. m installed tile manufacturing capacity, the company enjoys the position of amongst Bangladesh’s largest tiles manufacturer.

SANITARYWARE MANUFACTURING

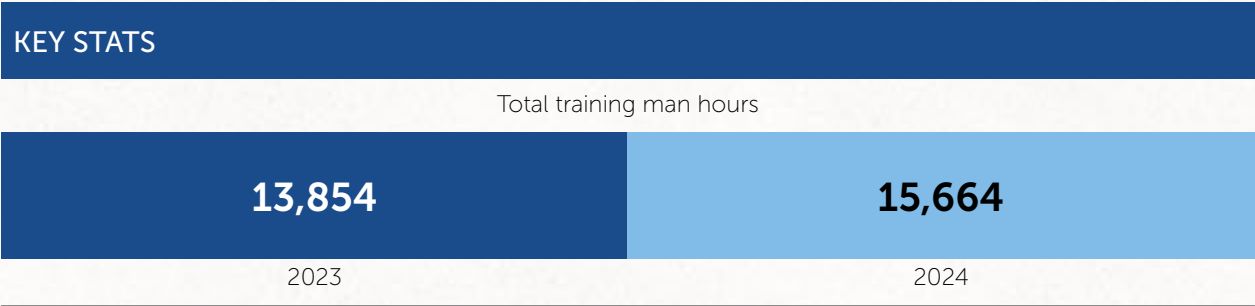
Having mastered tile manufacturing, we delved into synergic products that promised to increase our wallet share with our customers – sanitaryware solutions.

We thus developed a manufacturing facility for sanitaryware with an annual capacity that is among the largest in the industry, similar to our tiles capacity. We also utilise our production infrastructure to manufacture premium ceramic products such as washbasins, kitchen sinks, etc.

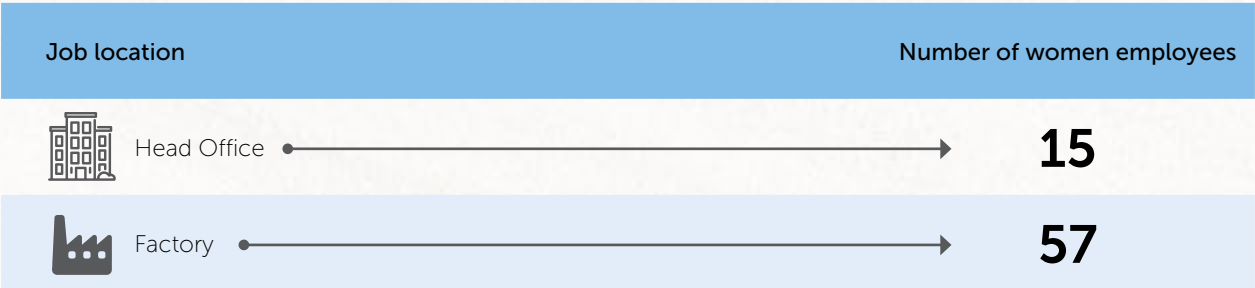
In line with our commitment to serving the market with topnotch products, we have taken proactive steps to diversify our product portfolio, introducing new variants tailored to meet the needs of a broader and more upmarket customer segment.

HUMAN
CAPITAL

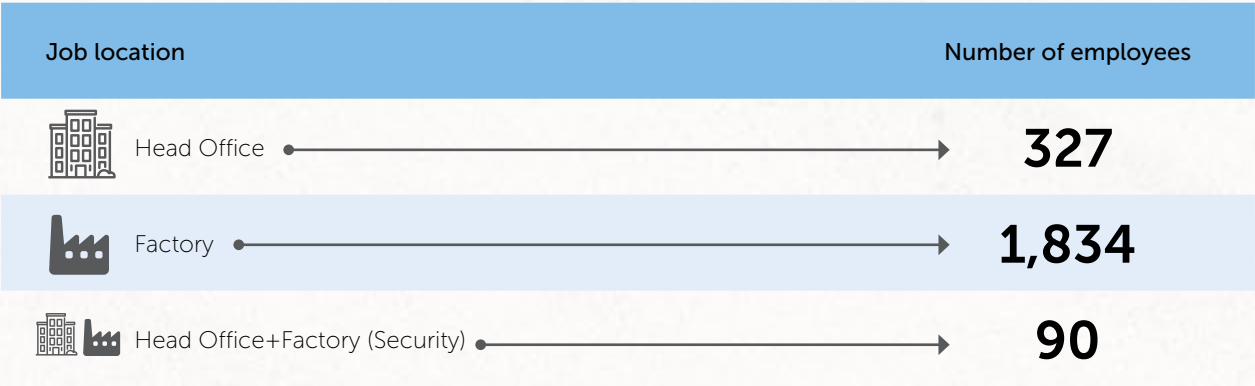
Our people are central to the company’s success and achievements. We ensure the professional growth and wellbeing of our workforce through our policies and practices. We strive to create an organisation of consequence where everyone is valued and their voices heard.



Women employee



Total workforce



Initiatives targeted towards all-round employee excellence



MOTIVATION

Recognition programs

Established rewards and recognition systems for outstanding performance, such as "Employee of the Month" and "Safety Star Awards". We celebrate achievements in quality, safety and team collaboration during town hall meetings and annual gatherings.

Open communication channels

We encourage employee feedback through surveys, suggestion boxes and Focus Group Discussions (FGD). We also conduct regular one-to-one meetings to understand employee concerns and aspirations.

Purpose-driven work: We link daily tasks to broader organisational goals, especially in areas like environmental sustainability and safety. We also highlight the tangible impact of employees' contributions to company success.



SAFETY

Behavior-Based Safety (BBS)

We implemented BBS programs to empower our employees to identify and mitigate unsafe behaviors. We also rewarded proactive safety practices and hazard reporting.

Proactive risk management

We conducted routine safety audits and hazard assessments to preempt risks. We also involved employees in risk identification and mitigation planning.

Emergency preparedness

We conducted quarterly drills (fire, medical, chemical, etc.) tailored to site-specific hazards. We further equipped employees with comprehensive emergency response training, including first-aid and evacuation procedures.

Modern tools and equipment

We invest in high-quality PPE and state-of-the-art safety equipment. We also regularly update safety protocols, machine safeguards and Lockout/Tagout (LOTO) systems.



GROWTH

Personalized development plans

We created career growth pathways aligned to individual strengths, goals and organisational needs. We also offered certifications in areas like ISO auditing, NEBOSH, Six Sigma and leadership development.

Skill development programs

We organised in-house workshops on technical skills, safety protocols and leadership-building capabilities. We also provided cross-functional training to prepare employees for diverse roles.

Mentorship programs

We paired junior employees with experienced mentors to facilitate knowledge sharing and skill development. We also encouraged reverse mentoring to explain new perspectives and approaches.

Learning opportunities

We budget for external training, industry conferences and webinars. We also partnered with local institutions for specialised skill-building initiatives.



RETENTION

Competitive compensation and benefits

We regularly benchmark salaries and offer comprehensive benefits packages, including health insurance, retirement plans and wellness programs.

Work-life balance initiatives

We are focused on introducing flexible work schedules, remote work options (as feasible) and comprehensive leave policies (maternity, paternity and mental health). We have also implemented wellness programs like stress management workshops, ergonomic assessments and mental health counseling.

Employee engagement

We conducted stay interviews to understand key motivators and addressed concerns before they become reasons for attrition. We also organised team-building events, celebrations and recreational activities to foster team spirit and camaraderie.

Exit interviews

We utilised data from exit interviews to identify trends in dissatisfaction and make continuous improvements. We also addressed recurring issues related to workload, management practices and career stagnation.

Learning and development (L&D) and training activities

A multifaceted approach was undertaken towards L&D and skilling activities, combining skills gap analysis, technology-enabled personalised learning, crucial soft and hard skills training and a focus on employee well-being to boost productivity and efficiency. These focused on the following key areas:

- Addressed skills gaps and promoted upskilling/reskilling
- Focused training programs on productivity and efficiency enhancement, especially in a challenging industry environment
- Recognized the importance of employee well-being and incorporated mental health training and work-life balance integration initiatives
- Organised cross-training initiatives to broaden employee skillsets, allowing for greater flexibility and coverage of absences
- Addressed employee burnout through stress management and work-life balance initiatives, as also to contribute to overall productivity

Diversity and inclusion

We focus on creating an environment where all our employees feel welcome, respected, valued and have equal opportunities, regardless of their background. Key areas of inclusion focus on:

- Equal pay and meritocratic leadership opportunities
- Women empowerment and no discrimination
- Cultural inclusion and employee engagement programs for team cohesion
- Inclusive policies and benefits, such as healthcare coverage, welfare fund and Provident Fund
- Reskilling and lifelong learning
- Safety and inclusive leadership
- Employee engagement and retention improved in us fostering an inclusive environment

Strategic roadmap for HR initiatives

In 2025, the Human Resources Department (HRD) is focusing on several key initiatives to adapt to evolving workplace dynamics and enhance organisational effectiveness:

Automation integration

We are exploring HR automation to utilise software to automate manual HR tasks. This will help streamline work flows and thus enhance productivity and efficiency. Scope of automation will include:

- Payroll processing
- Benefits administration
- Performance management
- Compliance monitoring
- Onboarding

Emphasis on employee well-being and comprehensive benefits

We are focusing on expanding employee benefit offerings to support their diverse needs, including mental health support, elder/senior care, etc. Such initiatives will aim to foster a supportive workplace culture, enhancing employee loyalty, retention and productivity.

Skills-based hiring

We will place greater emphasis on skills-based hiring, prioritising candidates' skills and capabilities over educational background. This approach will widen the talent pool and improve retention.

Upskilling and reskilling initiatives

With rapid technological advancements and changing market demands, we will continue to invest in upskilling and reskilling programs to prepare employees for the future. This includes personalized learning paths and blended learning approaches.

Data-driven decision making

We will leverage data analytics that is becoming crucial

in HR for informed decision-making. By analysing workforce data, we aim to gain insights into employee engagement, performance trends and turnover rates, enabling proactive strategies to thus enhance business effectiveness.

Focus on sustainability and ESG initiatives

We will play a pivotal role in implementing ESG goals, such as providing employee training in reducing environmental impacts and supporting community programs.

Becoming a more compassionate and empathetic organisation

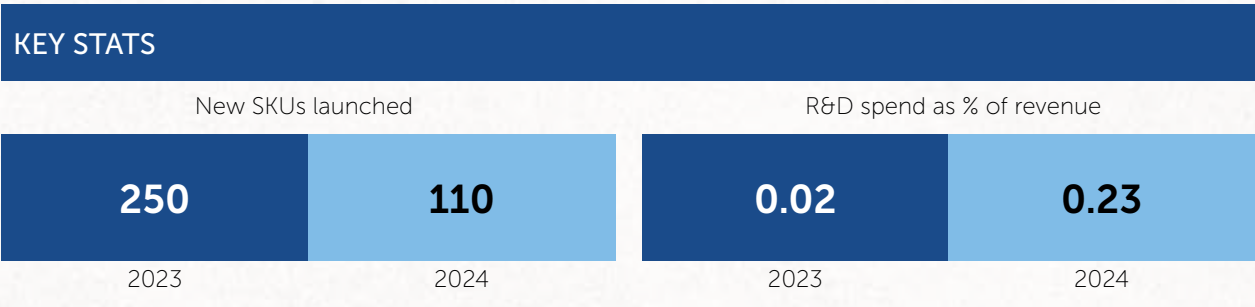
We believe in prevention over cure and thus have a proactive stance to caring for our employees. We ensure not festering any grievances by not implementing force but understanding their demands and motives. We will thus focus on being more compassionate, thus ensuring amicable industrial relations.

By embracing these initiatives, we at the HR department aim to create a more adaptive, inclusive and forward-thinking workplace in 2025 and beyond.



INTELLECTUAL
CAPITAL

The company stands at the vanguard of ceramics evolution, harnessing its intellectual capital to pioneer smart solutions for a brighter future. The company’s pursuit of excellence and forward-thinking approach, blending cutting-edge technology with creative design helps shape the future of the industry. The company also cultivates critical thinking skills that enables thoughtful decisions that are the foundation of our growth.



OVERVIEW

The company’s strong emphasis on research and development (R&D) has been crucial in integrating innovation into our product portfolio, thus effectively meeting customers’ evolving needs. This unwavering dedication has established the company as amongst the leader in the industry and supports the ongoing development of sustainable practices and products, consolidating its pioneering market position.

With our years of experience of being in business, we adopt lean manufacturing initiatives to reduce waste and improve operational efficiency. This also entails continuous process evaluation and adjustments to maximise output from the available input.

Our product development lifecycle is driven by a deep-seated commitment to meet and exceed customer expectations and needs. This emboldens us to continuously raise our standards of innovation, ensuring that we deliver exceptional solutions that drive retail sales and foster relationships.

As part of our focus on governance, we remain committed to adopting high standards of corporate governance. We focus on strengthened compliance with regulations, ensuring we operate within a robust legal framework.

TECHNOLOGY DEPLOYMENT

Driven by our commitment to continuous improvement, we embrace cutting-edge technology that enhances our operational capabilities. Advanced technology facilitates the ease of manufacturing a diverse range of tiles across different configurations. Additionally, swift changeover times (between sizes) has helped enhance line productivity.

PRODUCT INNOVATION

Using our advanced technology and process engineering capabilities, we develop solutions that represent a product-market fit. We continuously look to expand our product offerings with new products tailored to emerging trends and high-demand categories.

Our tile division has focused on enriching the collection of large-format and design-oriented tiles known for their exceptional aesthetic appeal, enabling us to serve the top-of-the-pyramid demand and that too for a diverse application range. We also expanded our fast-moving product range by introducing new designs and sizes. In the sanitaryware segment, we enhanced our product line with variations with new functionalities and style types, thus enhancing our overall offering.

As part of our innovation cycle, we launched a mix of mass-market and premium products in 2024 to cater to diverse customer segments. The strategy involved addressing the growing demand for value-for-money options while strengthening our foothold in the premium segment through innovative and design-led launches. Some of our new offerings comprised:

Large-format porcelain tiles, for example 120 x 60 cm tiles, focusing on luxurious designs with natural stone and marble effects. These products helped us cater to high-end residential and commercial projects

Affordable, durable and trendy ceramic tiles were launched in standard sizes; for instance 30 x 60 cm, 60 x 60 cm and 80 x 80 cm to meet the demands of the mid-market and rural customers

Touchless sanitaryware that enabled us to expand the smart sanitaryware category with touchless RAK Sensation Water Closet comprising a sensor-based flushing systems, emphasising hygiene and convenience

Wash basin comprising a versatile Milano 3-in-1 wash basin, a single product that could be installed in three configurations: cabinet, full pedestal and half pedestal, thus offering flexibility, functionality and modern design adaptability

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SALES ENABLEMENT

Sales facilitation is a key part of our retail excellence focus. We constantly support our dealership by providing them with trade insights and other sales enablement tools. While we understand our retail sales did not live up to full potential in the year under review due to erratic production and supplies, we are focused on correcting this situation, ensuring products in showrooms that will help boost confidence of the trade. We are also committed to support our dealers in managing their cash flow more effectively.

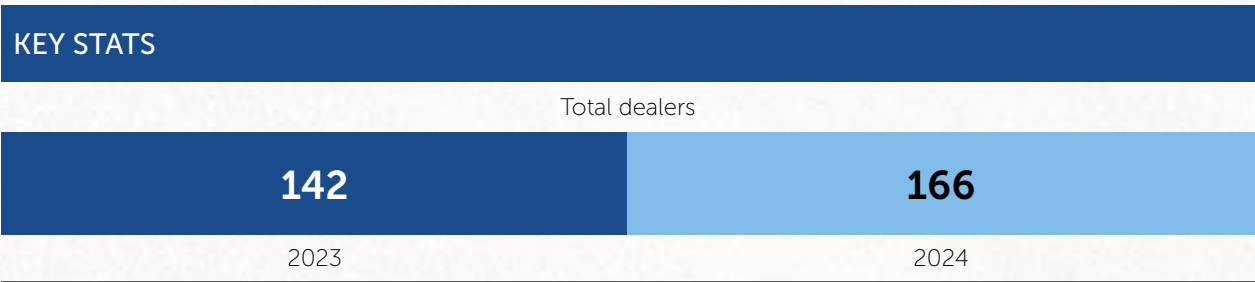
INFORMATION TECHNOLOGY

We continued to take strides in bolstering our IT infrastructure, networks and applications on an ongoing basis to enhance operational efficiency and empower data-driven decision-making. Streamlining operational processes provides a scalable foundation for future growth.

SOCIAL AND RELATIONSHIP CAPITAL



As part of our focus on strengthening our relationships and societal standing, we adopt a multi-stakeholder approach to create value for all stakeholders over the long-term horizon.



FORGING STRONG RELATIONSHIPS

We are dedicated to nurturing lasting and meaningful relationships with all stakeholders. The company’s operations promote societal welfare and we contribute to both direct and indirect jobs creation. We also place utmost importance on customer satisfaction and take steps to ensure that our customers are satisfied with our products and services. This way we are able to build a strong personal recall of the RAK brand.

Through close collaboration with our vendor-partners, we strive to cultivate a mutually beneficial environment as we look to discharging our obligations on time and seek to especially engage with small local businesses, thereby injecting value in the communities around our operations.

CUSTOMER RELATIONS

We recognise that our customers are integral to our brand’s success. We are committed to nurturing strong customer relationships to ensure a lasting impression. We prioritise maintaining top-of-mind recall. We also launch compelling campaigns leveraging digital and physical platforms to stimulate customer interest. Our strategy includes campaigns that ensure widespread visibility and engagement.

DEALERSHIP VIBRANCY

We maintain a strong connection with our dealers through meets, product launches, rewards and recognition programs and other engagements. We track dealer suggestions on regional preferences and customer requirements. Our field teams ensure proper showroom display of our tiles and sanitaryware, which helps increase footfalls and conversion rates for our dealers. We also inform dealers on various aspects of products, its technical features and USPs, etc., that enables sales traction.

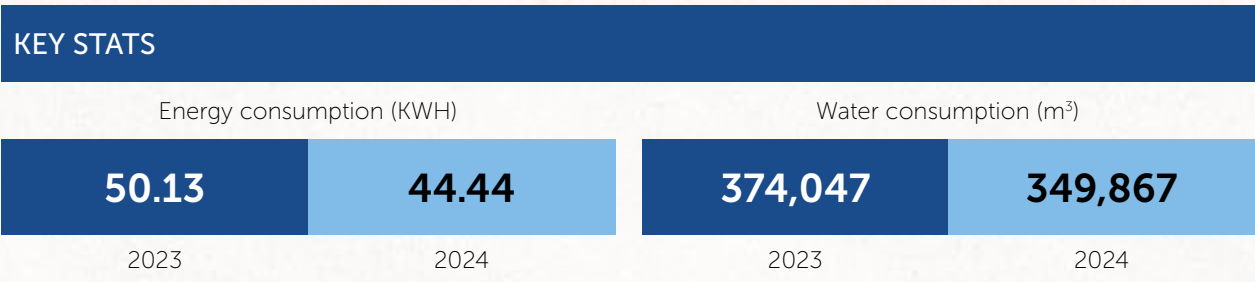
COMMUNITY ENGAGEMENT

We prioritise giving back to the community that supports our business, ensuring sustainability and growth. In the year 2024, our total CSR (Corporate Social Responsibility) and Donation expenditure amounted to BDT 2.33 million, reflecting our commitment to community welfare. We focus on identifying gaps vital for improving the quality of life. Through our programs, we strive to address these gaps, thus ensuring a positive all-round impact.

NATURAL CAPITAL



Though we have a low carbon footprint, we are still conscious of our environmental impact and are committed to responsible stewardship for sustainable business growth.



IMPORTANCE ON SUSTAINABILITY

Sustainability is at the core of our operations and energy management is an important area of focus for us. A key foundation of our commitment is using natural gas as the primary fuel source, which is relatively cheaper and a greener fuel choice. Natural gas is an important input for our operations and we strive to utilise this energy source in the best possible way. Further, we continuously strive to optimise energy use across our manufacturing footprint through mindful initiatives and process improvements. We invest in contemporary energy-efficient equipment to sustain our energy-saving commitment.

EMISSION MANAGEMENT

We maintain stringent control over emissions from our kilns, dryers, etc. This is made possible by installing modern equipment such as scrubbers, filters and others, enabling us to effectively capturing emissions and ensuring a clean and safe environment within our surroundings. We also monitor air emissions to ensure compliance with regulatory standards and to prevent any adverse impact on the atmosphere.

WASTE MANAGEMENT

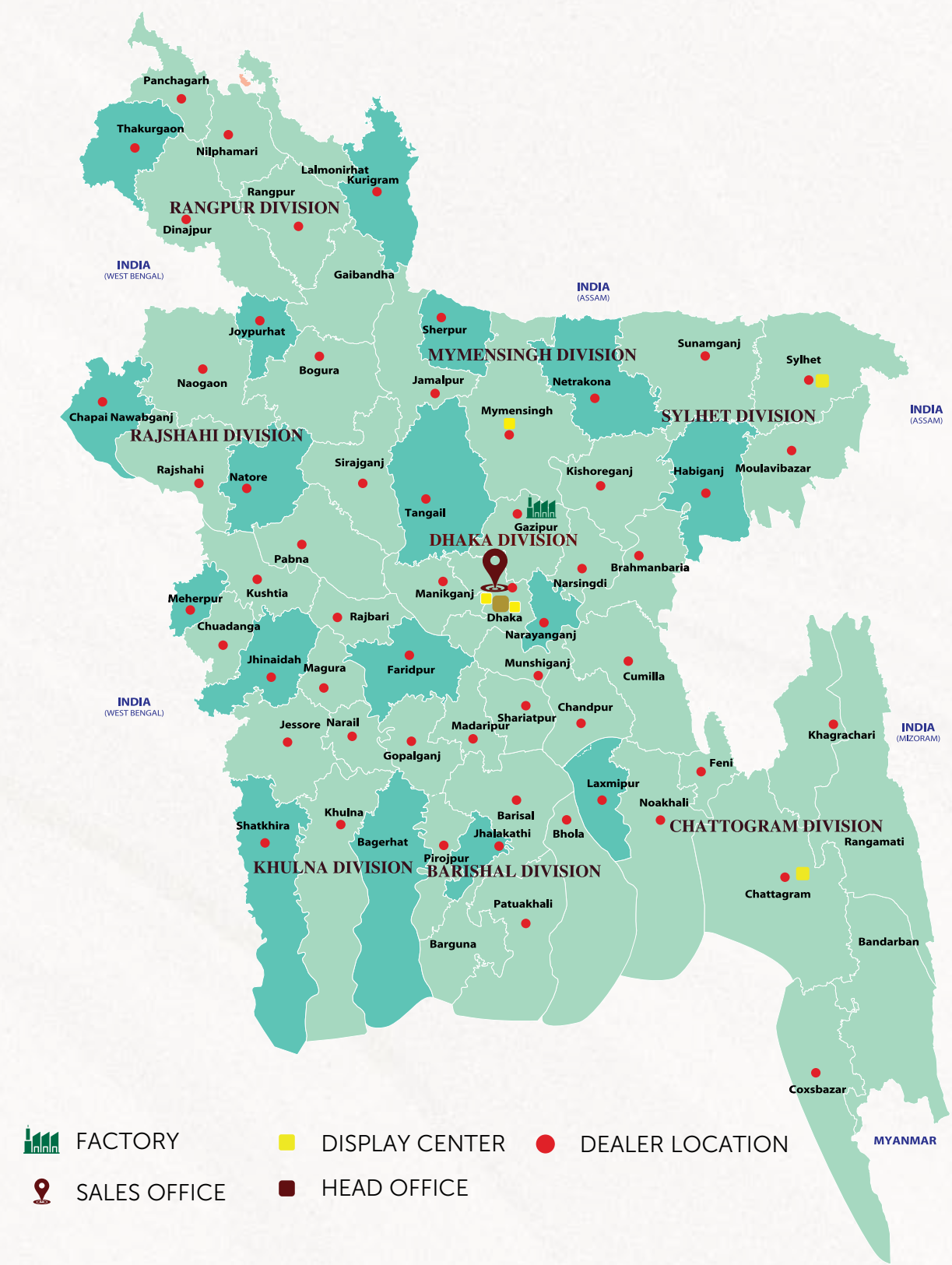
We uphold our commitment to waste management. Embracing the principles of reduce, reuse and recycle, we minimise waste generation at source through more stringent process supervision. Our commitment to environmental stewardship is evident through robust machinery maintenance, which effectively reduces untoward incidents. We employ sustainable waste management practices to safeguard the environment.

Sustainability is at the core of our operations. We primarily rely on natural resources – clay, water and energy to deliver high-quality surface décor solutions and thus remain committed to environmental management and reducing our carbon footprint. We further seek ways to improve resource efficiency in manufacturing processes.

WATER MANAGEMENT

We prioritise water consumption efficiency. We recognise the significant water consumption inherent in our operations, utilising solutions and initiatives towards water recycling and reuse, especially for downstream purposes.

OUR PAN-BANGLADESH PRESENCE



TRAINING AND AWARENESS PROGRAMS 2024



Awareness on Fire Safety in Head office



Microsoft Power BI training



Heat stroke awareness



Machine Operation Safety



Psychological Resilience at workplace

PRODUCTION FACILITIES



RAK
CERAMICS

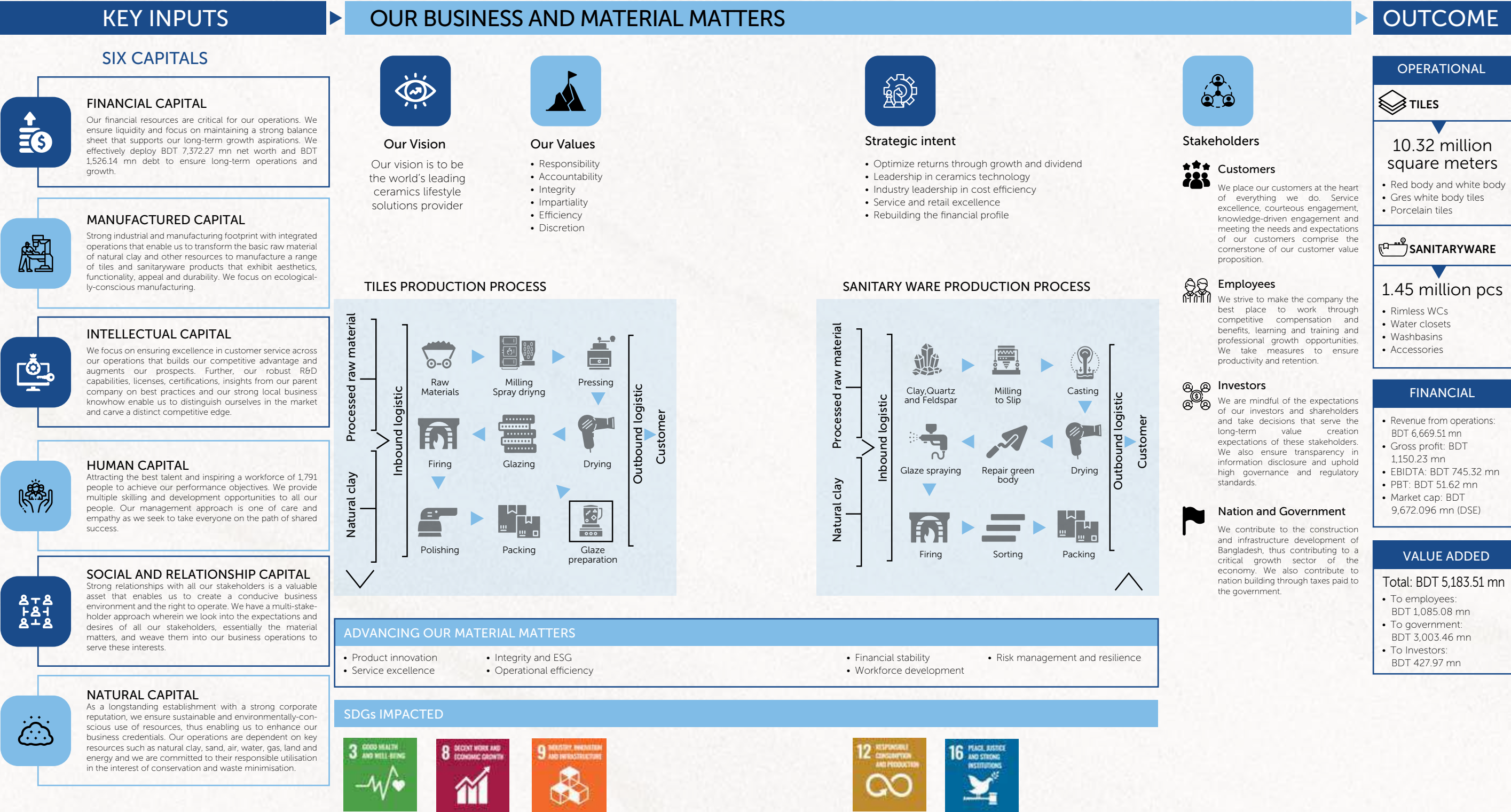
Introducing
RAK VARIANT WASH BASIN

SLIM EDGE | BASIN WITH TAP HOLE

DESIGNED BY
DANIEL DEBIASI & FEDERICO SANDRI

OUR VALUE-GENERATIVE BUSINESS MODEL

Harnessing our six capitals, we reinforce our enterprise strengths and create sustainable long-term value for our stakeholders.



PERFORMANCE SCORECARD

In relation to the six capitals

Inputs – Capitals



FINANCIAL CAPITAL

Our strong capital base is supported by long-term investors enabling us to advance our ambition to accelerate growth and enhance returns as we scale our existing products across our sales and distribution footprint. Our investment decisions accelerate our strategy by providing the financial resources needed to pursue our strategic objectives.

Outcomes

Metric	2024	2023
Earnings before interest and tax (BDT mn)	51.62	818.14
Operating cash flow (BDT mn)	207.63	319.83
Earnings per share (BDT)	(0.06)	1.44
Dividend paid (BDT mn)	427.97	427.97
Net debt to EBIDTA (BDT mn)	742.12	1,342.47



MANUFACTURED CAPITAL

Our manufactured capital comprises our industrial establishment in Gazipur where we manufacture a wide variety of tiles and sanitaryware products. Our intent is to enhance efficiency, lower wastages and increase operational oversight to control costs and extract best-in-class output. Enhancing operational scale with high standards of efficiency is important for us to improve coverage of fixed costs.

Outcomes

Metric	2024	2023
Capex (BDT mn)	545.11	806.93
Depreciation and amortization (BDT mn)	531.06	476.48
Disposal of property, plant and equipment (BDT mn)	12.53	406.50
Tiles produced (mn sqm)	7.34	9.52
Sanitaryware produced (mn pcs)	0.92	1.21



INTELLECTUAL CAPITAL

Our intellectual capital is our brand and reputation, which is built on our ability to transform our customers’ experience through diverse product offerings, high quality services and personalisation. Our intellectual capital also encompasses our investment in the latest digital transformation technologies and skills to deliver business performance through improved access to digital tools. Moreover, our exclusive R&D setup also furthers our focus on new product development and process improvement.

Outcomes

Metric	2024	2023
No. of patents held with BSTI	53	53
Investment in R&D (BDT mn)	15.01	1.43
No. of new designs produced – Tiles	110	250
No. of new designs produced – Sanitaryware	10	12



HUMAN CAPITAL

Our employees represent our biggest asset. We are committed to our people and teams and focus on this endeavour through our HR policies and practices. These also lay attention on training and learning that is a key pillar of enterprise transformation and enables us to build a future-ready workforce. We are caring and empathetic and contribute to their welfare and wellbeing.

Outcomes

Metric	2024	2023
Recordable case rate (%)	8.33	13.33
No. of fatalities	00	00
Salaries and benefits (BDT mn)	1,085.08	1,141.75
Training hours	15,664	13,854
No. of participants in training	30,901	13,300



NATURAL CAPITAL

We are committed to preserving natural capital as part of our focus on protecting the planet. Our focus is on mitigating the effects of climate change and enabling decarbonisation. We remain true to preservation through improved energy management, efficient use of natural resources and proper resource recycling and reuse/disposal.

Outcomes

Metric	2024	2023
Effluent treatment plant	02	02
Use of natural gas (MMBTU)	1.02	0.83
Captive energy produced (kWh)	44.44	50.13
Natural clay used (Tonne)	62,869.60	84,286.76



SOCIAL AND RELATIONSHIP CAPITAL

Through our relationships with our stakeholders and our purpose-led approach, we aim to foster socioeconomic progress and inclusive growth across our operations. We act responsibly and transparently, building trust based on our foundation of integrity and accountability. Our stakeholders include communities, governments and regulators, customers, employees, investors, suppliers and business partners.

Outcomes

Metric	2024	2023
Paid to govt. exchequer (BDT mn)	3,003.46	3,293.64
Spending on social causes – Donations (BDT mn)	2.33	4.79
Spending on staff welfare – Childbirth (BDT mn)	0.54	1.72
Spending on staff welfare – Medical (BDT mn)	2.54	3.01
Spending on staff welfare – Education (BDT mn)	0.27	1.13

WAY FORWARD

The ceramics industry in Bangladesh faces multiple challenges, including elevated raw material costs, energy shortages, high competition and import dependency. However, we expect to unlock several strategic initiatives to navigate these difficulties and sustain growth.

Our focus on local sourcing and backward integration will reduce import dependency, while also enabling us to save costs. We are also further harnessing the global procurement network of our parent company that will enable us to draw better procurement terms. We are also focusing on diversifying our energy suppliers that will release concentration risks while also ensuring higher supply security, which is crucial for operational sustainability. Our emphasis on adopting lean manufacturing will help augment productivity and lead to better cost control. Strengthening brand and customer trust is a key imperative for us even as we are implementing stringent quality control measures to maintain product quality standards. We are also increasingly looking to diversify our sales channels and are exploring new concepts, such as D2C or direct to consumers in a bid to diversify our revenue streams. Adopting these key strategies, we are confident of tiding over the challenges that we believe are transitory in nature. Further, focusing on our strategic objectives will help strengthen the organisation, helping build resilience and adaptability, while also enabling us to develop a culture that thrives on challenges.





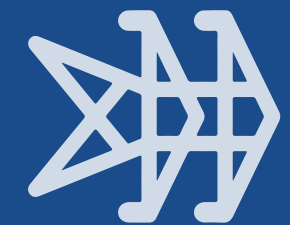
A NEW ERA IN HYGIENE

TOUCHLESS FLUSHING

- SUPER HYGIENIC 
- RIMLESS TECHNOLOGY 
- EASY TO CLEAN 
- WATER SAVING 
- COMFORTABLE HEIGHT 



RAK CERAMICS LAUNCHES BANGLADESH'S FIRST SENSATION WATER CLOSET



4.3 MW
generator for energy supply

BUILDING MOMENTUM

On solid fundamentals

RAK Ceramics (Bangladesh) faced material financial challenges in the year 2024, reporting a net loss primarily due to supply chain disruptions, increased energy costs, persistent natural gas crisis, high competitive intensity and a sluggish customer environment. Challenges were accentuated by lack of innovation due to non-availability of facility support that did not fully meet customer and trade expectations.

Given that ceramic production is dependent on uninterrupted energy supply, particularly natural gas, addressing this challenge is crucial for the company to restore its production capacity, optimise fixed costs through operational ramp-up and regain profitability.

The company's forward strategy is anchored on building momentum to secure its position in the industry and serve the market through continuous supply of high-quality, design-centric and cost-competitive products that have remained its hallmark.

Solving natural gas availability challenges: Frequent disruptions in gas supply have led to compressed production volumes, under-utilised capacity and increased operational costs. Further, while alternative energy sources are more expensive and hence primarily unviable, government policy on gas distribution and pricing are still evolving, creating unpredictability in long-term planning. Reduced production has weakened RAK Ceramics' ability to meet market demand, leading to lost sales and a competitive disadvantage.



The company has initiated several steps to solve this challenge:



Commissioned a 4.3 MW generator for energy supply in the shortest lead time



Closed negotiation for a pre-owned and yet unused 4.3 MW generator at a highly competitive cost that will add to our energy diversification drive



Affiliate with local LNG operators to diversify and boost energy supply



Diversify natural gas procurement through opening discussions with gas operators in the non-government space (after taking regulatory approvals)



Develop a dedicated gas supply line for ensuring uninterrupted long-term gas supply



Engage in government liaison for priority gas supply to the ceramics sector that could have a positive economic impact, including reduced import dependence, enhanced reliance on domestic sector for an important building material, employment security and sustained exchequer contribution



Enhancing operational efficiency is a further aspect of building back momentum in the business. This represents a major management focus and will be achieved through initiatives such as energy optimisation in manufacturing through process refinements, upgrading equipment and machinery as part of maintenance activity, further adopting lean manufacturing techniques, etc. As we re-establish operational thrust, the focus will be on both volumes and variety for enhancing our capability to serve all segments of the market.

Strengthening financial resilience is a key part of our focus and the efforts will be towards financial transformation to

get the business back to profitability. Cost management and pricing optimisation will be important parts of our strategy that will centre around efficiency initiatives to drive down costs and also ensure re-capturing pricing power that will support margin expansion.

Deepening customer engagement will also be an area of significance and as we re-stock showroom shelves with our large product variety we are confident of trade sales coming back on track. The focus will be on diversifying our customer base to cater to all market segments, including urban and rural customers.

MANAGEMENT FRAMEWORK ANALYSIS OF RAK CERAMICS (BANGLADESH)

PESTEL ANALYSIS

For RAK Ceramics (Bangladesh), lowering costs and reverting back to production ramp-up are key courses of action for the company to return back to the profitability track. The company’s PESTEL framework highlights the importance of solving natural gas and other raw material challenges as a key measure to unblock production constraints and drive financial recovery.

P

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POLITICAL

- Navigating business in a shifting political landscape
- Following fair trade practices in all dealings, ensuring regulatory compliance
- Ensuring payroll and other statutory compliances



ECONOMIC

- Take countermeasures against rising labor and operational costs due to inflation
- Stimulate market growth through more effective marketing and deeper customer engagement



SOCIAL

- Perceptible shift to premium products
- Evolving customer preferences and demand for greater choice
- Customers becoming more demanding due to knowledge on styles, designs and varieties
- Key focus on premiumisation to capture demand
- Simultaneously, also focus on the mid-market customer segment that represents a very sizeable part of the overall addressable market

T

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TECHNOLOGICAL

- Enabling digital payments which increases the potential customer base
- Improving production technology for better finishes, etc.
- Strengthen IT systems to protect data and foil cyberthreats



ENVIRONMENTAL

- Environmental laws and regulations related to operations and waste management
- Stricter compliance norms
- Ensure adherence to all environmental standards through a proactive approach



LEGAL

- Exposure to any regulatory or other arbitrations
- Legal risks through customer service deficiency
- The company does not face any major legal issues pending against it

MANAGEMENT FRAMEWORK ANALYSIS

SWOT ANALYSIS

RAK Ceramics is a well-known tiles and sanitaryware brand of Bangladesh with strong brand recognition and trust. The company's designs are influenced by the country's growing desire for style and aesthetics and its ability to adapt to changing customer and market demands, which has established it as a brand synonymous with quality, service and innovation. The company's international parentage also adds to this appeal.

The company has a presence in most parts of Bangladesh thanks to its strong manufacturing and logistical footprint. Notably, despite several competitors in the market, the company has been able to maintain a stronghold in the market for the last 25 years because of its high-quality products, brand saliency and corporate recognition. With increasing competition in the domestic ceramics industry, the company has strived to hold its market share with continuous marketing and sales-building efforts that has enabled it to stay competitive and relevant.



STRENGTHS

Quality-centricity

RAK is synonymous with quality, creativity, range and innovation. The company has been in the market since 1998 and has grown to its potential due to its superior quality and a vast range of design-centric ceramics and vitrified tiles options. Product range is a key element of winning in the market and the company has a broad suite that caters to the choice of customers in terms of appeal and price-points. In fact, the company has built a market for premium, upmarket tiles in Bangladesh. Similarly, it has a large range of sanitaryware products that are anchored on innovation, functionality and durability. This product proposition has resonated with the market, driving recall and offtake.

Operational scale

RAK Ceramics is among the largest producer of ceramic tiles and sanitaryware in Bangladesh. This scale enables it to cater to broad-based market demand while also ensuring cost-effective production. Book value of the company's assets stands at roughly BDT 3,652.44 million, attesting to its significant scale and industrial footprint.

Product variation

The company's tiles are available in a variety of colours, styles and patterns to match various spaces, including living rooms, bedrooms, bathrooms, kitchens, corridors, study rooms, etc. This adds to customers' purchase convenience by broadening their visualisation and imagination ability, which is a natural outcome of their affinity for our products.

Experienced workforce

The company's employees are its strength. It has an experienced workforce who are specialists in their domains. The company looks into the welfare of its people and creates an environment of respectable livelihood. Society recognises the company's employment generation, especially the local population living around its manufacturing premises.

Distribution and reach

The company has a sizeable retail footprint through its showrooms and outlets that are spread across the country. The company is thus able to capture demand more comprehensively, diversify location-based concentration risk and create a more widespread brand recall.



WEAKNESSES

Tough competition

Over the years, Bangladesh's ceramics industry has grown in competitive intensity. The company was one of the initial players in the business but now has to contend with a large number of players producing a similar line of products. The company has however

been able to effectively contend with competition through product quality, design variety and customer affordability.

Energy shortages

With the industry mostly reliant on natural gas, the shortage of this fuel has exerted major operational

disruption on ceramics players in the country. RAK Ceramics also faced this acute challenge that led to production curtailment. The company is however trying to diversify the supplier base and also ensure higher availability of power from its captive power plants as a secondary source of fuel.

Macroeconomic challenges

Bangladesh's economy has slowed over the past year due to the major political upheaval that caused business disruption. Together with high inflation, it dampened consumer sentiment, especially in the discretionary and high-value categories. Though the

near-term is challenging, long-term opportunities exist with the country-specific fundamentals in place, including large and young population, per capita income growth, housing shortage, etc.

Pricing power challenges

Fierce competition has made it more

difficult for players to retain their pricing power. While this is a general industry weakness, RAK Ceramics has been able to in fact sustain its pricing power, commanding about 10-15 percent premium than the industry. The company's continued focus on quality and service will enable sustenance of pricing power.



OPPORTUNITIES

Consumption potential

Despite the industry growing in double-digits, Bangladesh's per capita tiles consumption is miniscule compared to other parts of the world. Economic growth, urbanisation and expansion of income/disposable income are factors that will likely correct this under-consumption, thus opening up new growth potential.

Replacement demand

Home and office refurbishment is a major driver of tiles and sanitaryware demand and this will add to consumption over the mid to long horizons. Further, construction of mosques, especially in rural vicinities, will also aid demand. Tiles are considered to be the most suitable décor and surface application products and this well-established fact will continue to bode well for the long-term prospects of the industry.

Market consolidation

Market consolidation represents a positive views, as more organised industry is more sustainable over the long run with better control over cost and quality. This is important from a cash flow perspective for future investments too. With tiles and sanitaryware being a key part of the building materials industry, its stability is important for continuously serving the market. Besides, domestic manufacturing helps offset imports, thereby ensuring internal reliance for a critical product.



THREATS

Competition

Growing competitive intensity is a threat, especially unanticipated and untenable competitor action. Regulatory evasion is also a threat as it distorts the market equilibrium and creates an unlevel playing field. In this context, we consider our business goodwill to be our prime asset and foster a compliance-first culture that has also helped build customer and trade trust in our business.

Adverse regulation

Any adverse regulation or compliance may pose a threat. However so far, regulations have been supportive and pro-business. This neutralises the regulatory threat.

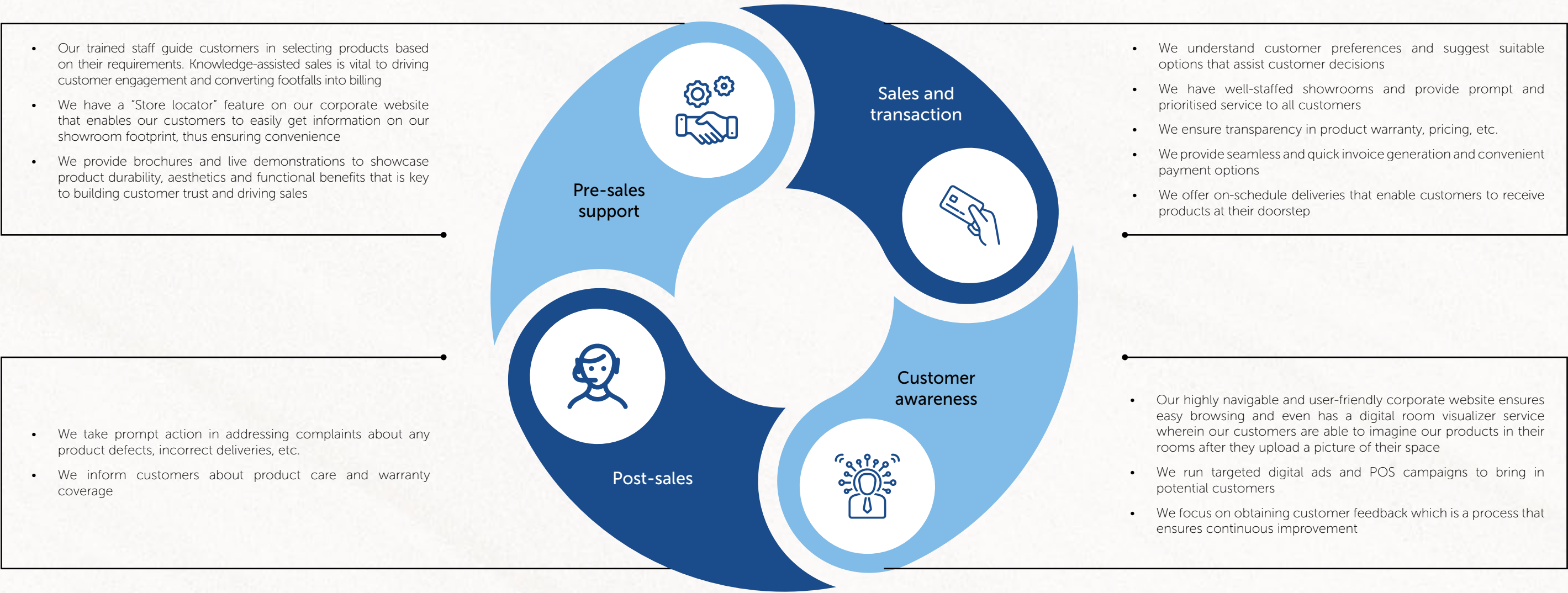
Threat of substitutes

The threat of substitutes is low as tiles as a surface solution is a well-established one and is among the preferred choice of consumers considering its ease of application, relatively lower cost and durability.

OUR CUSTOMER SERVICE PROCESS

REDEFINING CUSTOMER EXPERIENCE

A strong customer service process is crucial for RAK Ceramics to maintain customer satisfaction, handle queries efficiently and drive sales. The company continues to adopt a structured and seamless approach to ensure smooth customer interactions and sustained brand loyalty.



OUR OPPORTUNITY LANDSCAPE

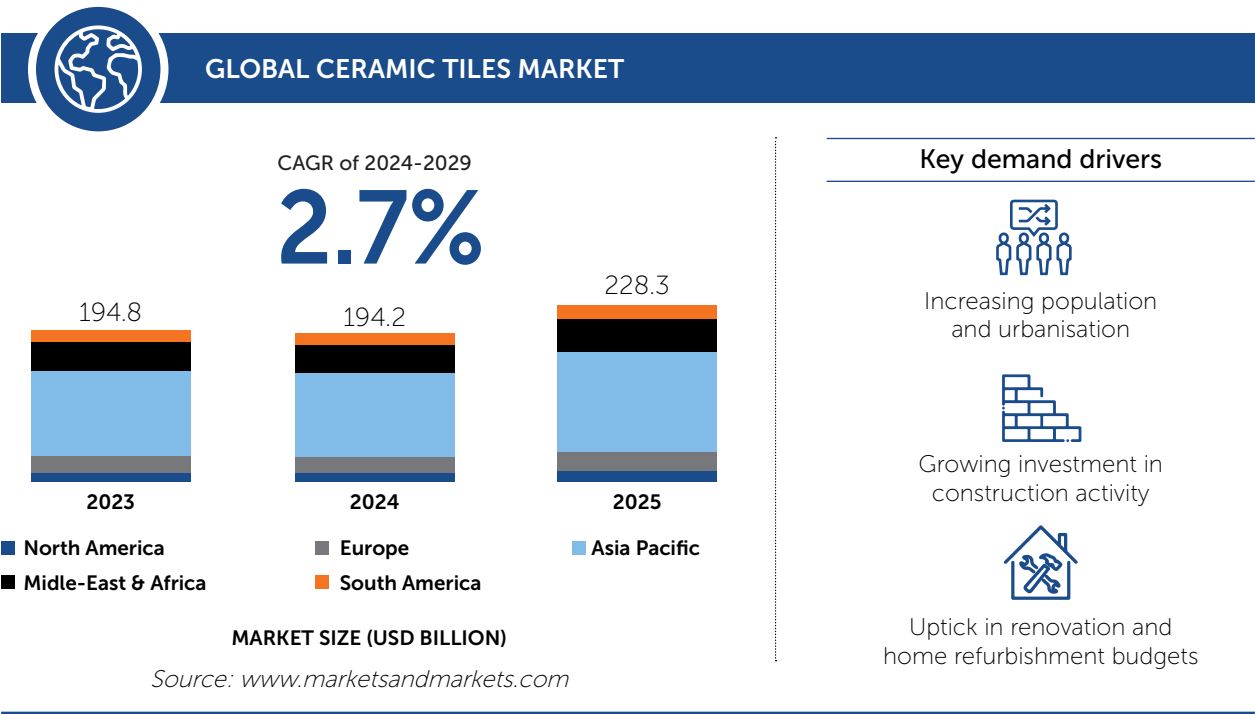
GLOBAL CERAMICS MARKET

The global ceramic tiles market was valued at US\$ 194.2 billion in 2024 and is anticipated to reach a size of US\$ 228.3 billion by 2030, growing at a CAGR of 2.7 percent over the period (2024-2030).

The market growth will be primarily fuelled by the increasing demand for aesthetically pleasing, durable and high-quality wall and floor covering solutions, driven by evolving consumer preferences in design. Additionally, the expansion of offices and workspaces, improvement in consumer lifestyles and rapid urbanisation have further bolstered market growth.

The Asia Pacific region has traditionally held the largest market share, accounting for over 54 percent share and is expected to maintain its dominance throughout the forecast period.

The ceramic tiles market is experiencing sustained expansion, driven by several factors. Changing consumer preferences, coupled with a growing demand for a variety of designs, sizes and styles, as well as an increase in home renovation and refurbishment budgets, have contributed to this growth. Moreover, rising utilisation of ceramic tiles in public construction projects, including airports, stations, schools and mosques, alongside their popularity in residential and commercial settings has further propelled market growth.



BANGLADESH CERAMIC TILES MARKET

OVERVIEW

Bangladesh's ceramic tiles market has been experiencing growth over the past few years, driven by increasing construction activities and rising demand for aesthetically pleasing and durable building materials.

As of 2024, the market was valued at around US\$ 1 billion and is projected to expand at a compound annual growth rate (CAGR) of 13.41 percent over the till 2030, by which it is projected to reach a size of US\$ 2.7 billion (as per Credence Research).

This growth is reflective of the real estate sector of Bangladesh, which is fuelling demand for high-quality ceramic tiles and sanitaryware in both residential and commercial construction projects. Several other key factors are driving the market's expansion too. The surge in urbanisation and infrastructural development, coupled with the growing preference for modern and stylish interiors, is also contributing to the increased use of ceramic tiles.

Additionally, advancements in manufacturing and availability of a wide range of designs and finishes are enhancing the appeal of tiles among consumers, thus establishing their choice as a preferred surface application material. Further, the integration of innovative production techniques and eco-friendly materials are also playing a role in supporting the market. Demand is predominantly driven by urban centres in Bangladesh with more pervasive construction and renovation activities. Increasing initiatives to boost infrastructure and housing projects are further propelling market growth.

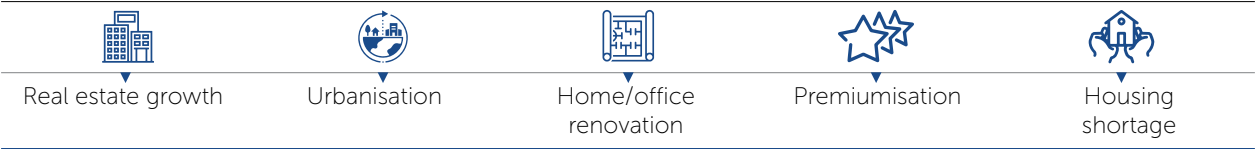
In the last decade, Bangladesh's ceramic tiles industry has garnered recognition due its robust homogenous

product quality and accessibility in all corners of the country. Ceramic and vitrified tiles are the preferred and go-to surface application material due to their established facets of quality, cost-effectiveness and versatility. The country's ceramic tiles market mirrors broad economic trends, which is most evident in the premiumisation opportunity as customers prefer products with superior designs, textures and finishes. Growing per capita and disposable income are further fuelling the premiumisation trend.

The urban population in Bangladesh has increased considerably over the years, reaching about 69.4 million people and constituting roughly 39 percent of the total population. In 2011, the urban population was just 28 percent of the total population. Further, the country's rapidly growing urban population is expected to double in size by 2035.

This urbanisation trend, driven by migration, necessitates city-side expansion. The authorities are involved in this endeavour, focusing on improving road networks, urban transport, water supply, housing, power infrastructure and urban management. These developments will significantly impact the residential and commercial construction markets, consequently driving growth in the ceramic tiles market in the future.

The tiles market in Bangladesh is also likely to be on a steady rise driven by the resurgence of the construction sector, especially with the re/building activity taking place in the new political environment. The construction industry plays a pivotal role in driving the expansion of the ceramic tiles market.



Key sectoral shifts that will further shape Bangladesh’s ceramic tiles future

LARGE FORMAT TILES

Large-format tiles are gaining popularity in interior design due to their striking visual impact. By minimising tile joints, particularly with light colours, they create a sense of scale, opulence and expansiveness, imparting a sleek and sophisticated look and ambience to the space. Furthermore, these tiles offer wide versatility in styles and finishes, ranging from natural stone aesthetics to vibrant colours and geometric patterns, enabling bold and captivating design statements across various spaces, while also fuelling customer imagination.

RETAIL TRANSFORMATION

The digital revolution is reshaping the ceramic tiles shopping experience for consumers, especially with Bangladesh being on the digital superhighway. Virtual displays, augmented reality and online platforms are providing customers with tools to visualise how various tiles will appear in their homes. This transformation is not only improving the overall shopping process but also empowering consumers to make more educated and informed decisions.

HYGIENIC AND GERM-FREE TILES

Consumers’ focus on health and hygiene has surged, especially in the post-Covid era, significantly influencing their choices and preferences. In response to this heightened awareness, germ-resistant and hygiene-centric tiles have witnessed considerable offtake in the recent past. These tiles are treated with an antimicrobial solution, thus inhibiting the growth of bacteria, fungi and other microorganisms.

A NEW INNOVATION CYCLE

The ceramic tiles market is undergoing a wave of innovation, marked by the launch of advanced technologies and creative designs by manufacturers. In particular, striking digital printing methods are transforming the appearance of tiles, enabling intricate patterns, lifelike textures and vivid colors that were previously not possible. This shift is redefining how customers use and recognise the value of ceramic tiles in their spaces.

ECO-FRIENDLY CONSTRUCTION

With the rise of environmental awareness, especially with the effects of climate change becoming more visible, the ceramic tiles market is undergoing an evolution towards sustainable products and practices. Such products with back-stories are also amplifying the green credentials of manufacturers. Further, players are also embracing eco-friendly production methods, recycling materials, lowering rejection rates and exploring energy-efficient technologies. This focus on sustainability not only supports environmental objectives but also resonates with consumers who value environmentally-conscious options in their home and office decor.

GLOBAL SANITARYWARE MARKET

The global sanitaryware market is estimated to be valued at US\$ 53.59 billion in 2024, with projections indicating growth to US\$ 74.80 billion by 2029, reflecting a CAGR of 5.89% during the period. The Asia-Pacific region is expected to witness the fastest growth during the 2024-2029 period.

The global sanitaryware market is experiencing consequential growth, driven by several factors. These include increasing infrastructure development, rising popularity of functional and convenience-driven homes and evolving trends in residential interior design. The market is also expected to expand with the introduction of smart fittings offering unique features like water flow control, adjustable seating, etc.

Growth will be further fuelled by related sectors such as hospitality, where infrastructure development is boosting demand for bathroom fittings. Additionally, the use of innovative materials in sanitaryware production is also contributing to market expansion. There is a growing awareness around the importance of personal hygiene for maintaining good health, driving demand for modern bathroom accessories.

Considering its developing profile, the Asia-Pacific region is poised for substantial expansion. This growth will be driven by urbanisation, changing demographics and increased investment by millennials in home improvement products and modern interior designs. The region’s strong economic growth, along with initiatives and advancements in manufacturing, is expected to further drive market expansion.

BANGLADESH’S SANITARYWARE INDUSTRY

After registering sound growth trends over the past few years, Bangladesh sanitaryware industry faced a soft demand environment in 2024, marked by subdued market activity and cautious consumer spending. This was similar to the ceramic tiles industry that also witnessed demand contraction during the year.

Several factors contributed to this scenario, including economic uncertainty and inflationary pressures enforcing spending re-prioritisation. While the long-term growth prospects remain positive due to urbanisation and rising living standards, the immediate market dynamics are challenging. Companies within the sector are focusing on strategic initiatives such as cost optimisation, innovation in product design and expanding distribution network to navigate the tepid demand landscape.

Despite the short-term hurdles, the industry continues to focus on sustainable practices and advanced technology incorporation, anticipating resurgence in demand as economic conditions stabilise and consumer confidence returns. Thus, as Bangladesh continues to develop its economic profile, the demand for high-quality and diverse tiles and sanitaryware options are expected to rise, presenting substantial long-term opportunity for growth.

STRATEGY AND RESOURCE ALLOCATION



We are continuing to strengthen our core strategy by focusing on the three main pillars of diversification, differentiation and collaboration whilst seeking innovation as a stimulant to usher a new era for the business and our stakeholders.

The strategic ambitions pertaining to each strategic pillar are the long-term objectives of the organisation. In pursuit of our strategic ambitions, we have determined key priorities for each pillar. As a company, our primary focus is on managing our business efficiently, meeting economic challenges, prioritising ESG and delivering against stakeholder expectations.

Pillar	Intent	Key measures
 Diversification	Resilient production and product portfolio to combat economic pressures and to seize market opportunities	- Reduce dependence on key suppliers, primarily for energy feedstock - Diversify energy feedstock - Enhance product portfolio, especially imported tiles - Augment procurement localisation for better control on quality and availability - Accelerate drive towards sustainable products and practices
 Differentiation	Continuous organic growth across our product portfolio	- Enhance brand equity based on product quality, designs and functionality - Refine customer service as a key differentiation - Ensure product availability across a larger regional footprint
 Collaboration	To become the brand partner of choice to gain back sales momentum and deepen customer trust	- Foster a conducive work environment for employees - Deepen engagement and collaboration with customers for better alignment with market trends and realities



MILANO

New Arrival

MODEL : RAK MILANO WASH BASIN

VERSATILE USES

HALF PEDESTAL | FULL PEDESTAL | CABINET

f

t

YouTube

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in

RAKCERAMICS.COM

RAK

CERAMICS



RISK MANAGEMENT & ENVIRONMENTAL CONTROL

At RAK Ceramics, effective risk management and environmental control are essential for our strength and long-term growth. By identifying potential issues, such as material sourcing challenges, operational emissions and occupational safety we have evolved proactive strategies to mitigate risks while ensuring performance sustenance. Further, investing in sustainable practices, such as energy-efficient kilns and waste reduction initiatives, we are not only able to minimise environmental impacts but also enhance product credentials and brand reputation. Strong regulatory compliance and continuous innovation create resilience, enabling us to turn challenges into opportunities. With a disciplined approach to risk and environmental responsibility, we have built a foundation of strength, ensuring sustainable expansion and industry stewardship.

RISKS, OPPORTUNITIES AND INTERNAL CONTROL

At RAK Ceramics, identifying risks, leveraging opportunities and implementing robust internal controls are critical for achieving profitability growth.

 Key risks	 Mitigation	 Safeguarding operational continuity
 Feedstock and raw material supply	- Focus on dedicated gas line for uninterrupted supply - Commissioning of 4.3 MW generator - Commissioning of additional 4.3 MW generator (preowned) - Procurement localisation of potash feldspar - Switched to Indian Ball Clay, replacing Malaysian Ball Clay	- Diversifying procurement - Effective reduction of raw material costs while maintaining quality
 Production and operations	- Implementing Maintenance-as-a-Service, representing a breakthrough in asset maintenance - Achieved 100% recycling of water	- Modern industry practices - Recycling and circular economy
 Sales and marketing	- Regaining lost market share, as reflected in the last two months of 2024 - Successfully initiated a new D2C sales channels - Diversify customer base from urban to rural and urban customers	- Trade credibility - New-age sales channels - Customer engagement

RISK MANAGEMENT FRAMEWORK

We apply a standardised process, as determined in our enterprise risk framework, in identifying, understanding and responding to material risks.



Promoting a strong risk culture

We promote a culture wherein risk management is embedded into how we manage the business and into decision-making. Our Board and management demonstrate a commitment to risk management, setting the tone from the top.

Our risk approach is given below:

- Regular risk reporting through our governance structures that align with our strategic objectives
- Foster an environment of training and awareness on risk
- Establish clear accountability and ownership
- Ensure risk assessments and management of key responses into our business processes
- Utilise tools to integrate risk management activities into daily operations
- Conduct regular reviews and update strategy to reflect the prevalent operating environment

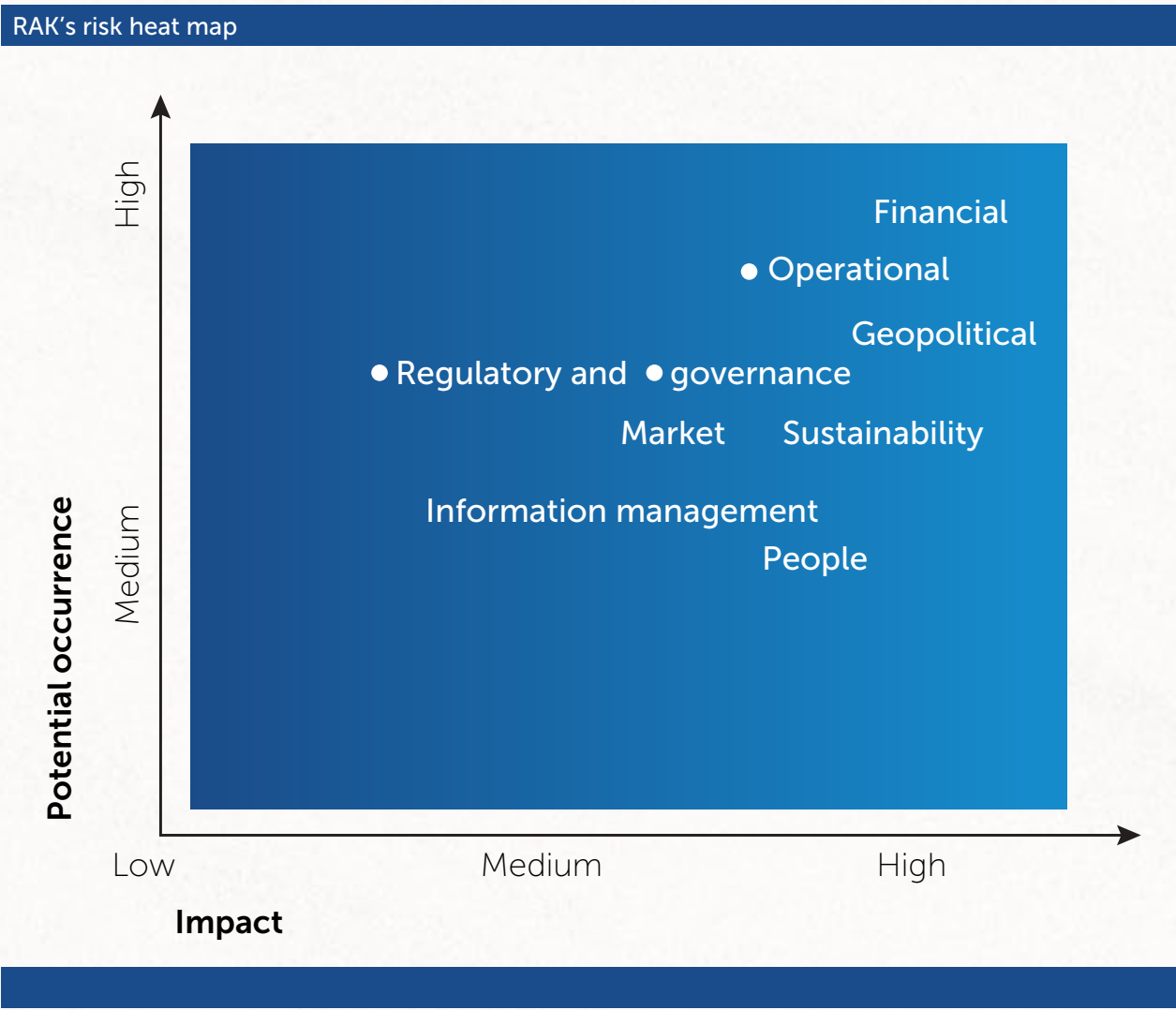


DISCLOSURE OF RISK REPORTING

RAK Ceramics’ enterprise risk management framework ensures best practices in the governance of risk. The company’s risk heatmap sets out the principal threats identified through the enterprise management process.

KEY RISKS FACED DURING THE YEAR

- Gas crisis triggering production decline
- High production cycle time
- Shortfall in sales target
- Loss of institutional market share
- Product quality concerns
- High inventory and working capital cycle
- Inability to pass incremental cost to customers



Our key risks, impact and mitigation measures are given below

Risk description	Potential impact	Response
FINANCIAL RISKS		
• Volatile commodity prices and exchange rates • Short-term cost increases • Liquidity and gearing • Debt obligations	Adverse effect on cash flow, profitability, cost of capital and debt reduction.	• Strong budgeting and scenario analysis • Creating financial headroom by optimising cash flow • Prudent balance sheet management
OPERATIONAL RISKS		
• Security, availability and quality of feedstock • Failure of critical assets • Extreme weather events • Supply chain disruptions	Production interruptions with an impact on the value chain, production and profitability.	• Robust integrated planning and optimisation processes • Operational improvement programs • Asset integrity and maintenance • Crisis management and preparedness • Personnel training and competency building
REGULATORY AND GOVERNANCE RISKS		
• Compliance with laws and regulations • Adherence to corporate governance requirements • Delivering on basic environmental standards	• Fines or penalties • Potential legal action • Negative reputational impact • Increased compliance costs	• Strong compliance program • Monitoring policy and regulatory developments • Review and benchmarking of governance processes • Environmental action through carbon footprint management
IT RISKS		
• Information and cybersecurity threats •	• Loss of critical IT infrastructure impacting business operations • Loss of sensitive data through cybersecurity events • Negative financial and reputational impact	• Information security management process • Effective operational capabilities for critical systems and infrastructure • Regular training and targeted initiatives
GEOPOLITICAL RISKS		
• Unfavourable macroeconomic environment impacting employment • Sporadic cases of civil unrest	• Safety and security of our people • Supply chain interruptions • Failure to meet product quality parameters, etc.	• Strong occupational health standards • Preserve employment, focusing on localisation • Bolstering the supply chain through best practices

Risk description	Potential impact	Response
MARKET RISKS		
• Ability to remain competitive • Changing marketplace dynamics impacting product demand • Tariffs that may increase import costs	• Cash flow and margin pressure • Loss of market or sales contract of a key product	• Minimising supply chain interruption impacts through diversification and resilience-building measures • Maintaining optimal inventory • Thrust on new product development • Singular focus on customer experience • Development of alternative marketing channels such as D2C • Exploring display of imported tiles to add to product variety and customer choice
SUSTAINABILITY RISKS		
• Our ability to implement an appropriate climate change mitigation response • Increasing civil society pressures • Our ability to meet new and future regulatory requirements	• Increased climate change pressures on corporates in Bangladesh • Meeting ESG aspirations • Negative financial impact	• Optimising our carbon footprint and achieving sustainable production • Looking towards developing climate adaptation strategy • Understanding different feedstock options regarding costs, quality, regulatory requirements and volume of supply
PEOPLE RISKS		
• Inadequate access to required skills • Inability to attract and retain critical skills • Employee dissatisfaction	• Pressure to deliver on employee value proposition • Significant staff cost impacting efficiency • Safety incidents	• Integrated talent management, including learning and development • Competitive remuneration • Inclusion and empathy focus • Occupational health and wellbeing
RISK WATCHLIST		
Geopolitical risks	Escalating global socio-economic pressures and inflationary impacts due to global geopolitical tensions with potential of escalation.	
New technology development	Gen-AI has increased the risk of cyberattacks by making information for simulation attacks more accessible.	
Supply chain interruptions	Global supply chain interruptions increasing feedstock and other costs	
Business disruption	Potential business disruptions due to escalation of political risks amidst the continuing uncertainty.	

RISK MANAGEMENT METHODOLOGY

MANAGING OUR RISK GOVERNANCE AND TOLERANCE METHODOLOGY

We aim to understand the material risks to our organisation and take proactive and effective measures to manage them in line with our risk governance and tolerance methodology as we focus on optimising returns and delivering value to our stakeholders.

As part of our procedure towards identifying and controlling risk, we adopt the three lines of defence model that ensures comprehensive risk coverage throughout the organisation and maintains accountability with responsibility. Adopting the model as a risk management framework and methodology has helped us to ensure effective governance, risk management and compliance, while strengthening our foundations to ensure durable growth.



MATERIAL MATTERS

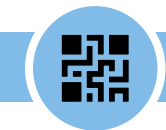


Material issues represent significant concerns for both the company and our stakeholders, outlining the factors poised to impact the long-term growth and sustainability of our business. Our approach to reporting our material issues is systematic and thorough, considering stakeholder expectations and concerns and risks and opportunities, while aligning with our business strategies. Our material matters outline factors that are important for organisational reset and long-term success.



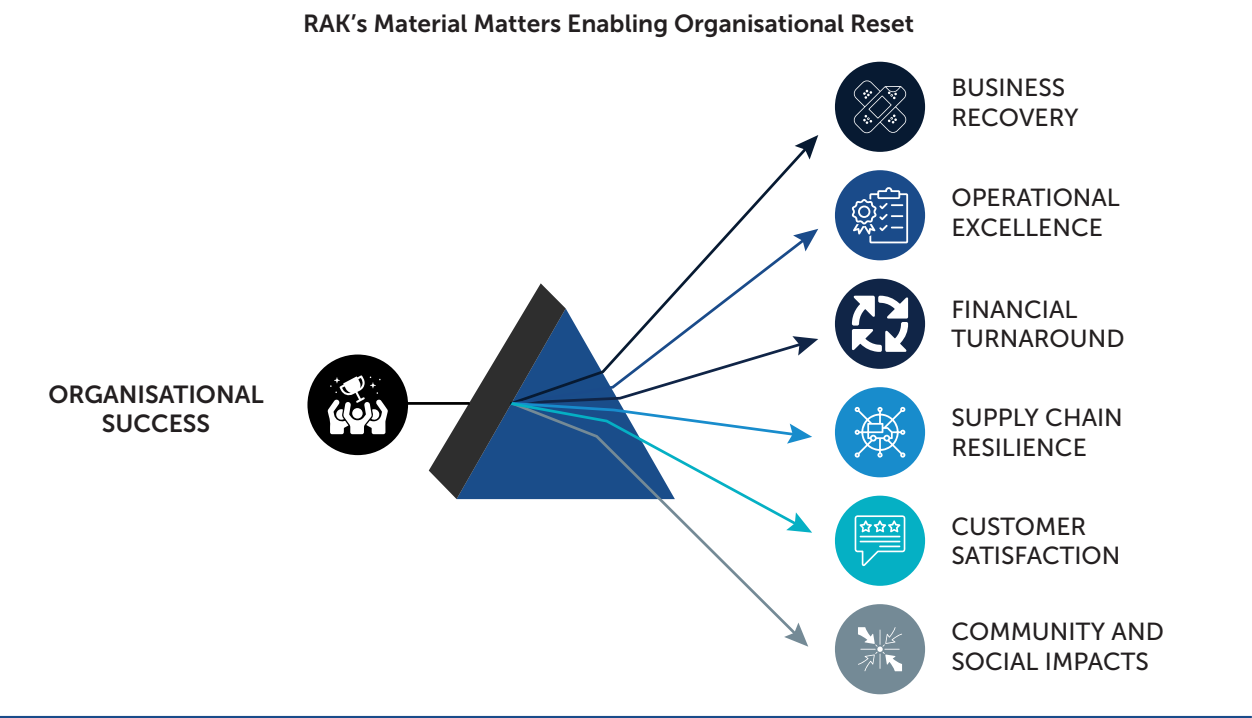
MATERIALITY PROCESS

Our materiality process is anchored by a conversation-led materiality assessment that enables us to identify key material matters. This ensures we stay aligned with our operations, stakeholder views and market changes. To identify our material matters, we focus on factors most relevant to our business, prioritising them through stakeholder engagement. This approach supports our understanding of the interdependencies that exist among key environmental, social and economic factors and enables integrated thinking and decision-making.



MATERIALITY MATRIX

Our materiality matrix maps out our key material matters that have guided our direction and will continue to be our guide for the years ahead. They are categorised according to our key sustainability themes. Our entire focus is on rebuilding our capacity to win back growth with reinforced market trust.



STAKEHOLDER ENGAGEMENT



Our stakeholders

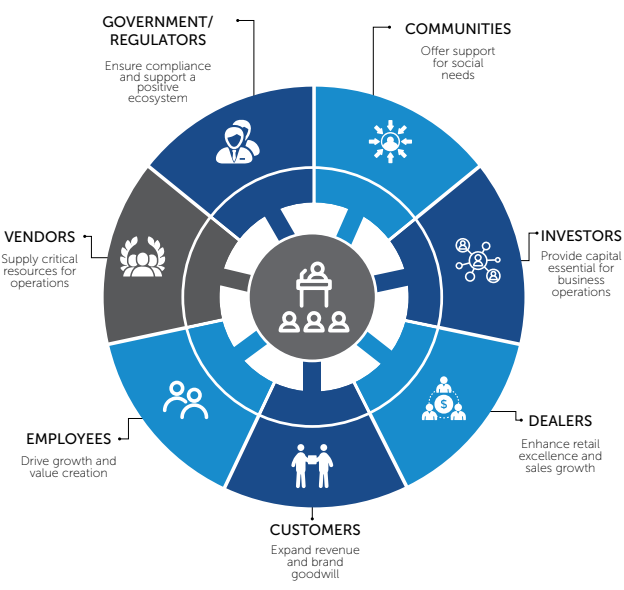
Managing stakeholder expectations is crucial for value creation, especially in a dynamic business environment. We have always believed that engaging with stakeholders to gather feedback and insights through various communication channels is essential for strategic planning and improvement.





INTEGRATING STAKEHOLDER EXPECTATIONS WITH OUR BUSINESS

Our success hinges on proactive stakeholder engagement. The support and motivation of our stakeholders over the years have propelled us to growth and value creation. We seek to incorporate their long-term expectations for major business decision as far as possible through our process of stakeholder assessment via ongoing engagement. This enables us to understand their concerns and address any gap areas. Such an integrated and inclusive process prioritises our focus on execution against stakeholder material matters, influencing our response. We thus ensure that our strategies are informed and effective by gathering actionable insights from our stakeholders.



STAKEHOLDER GROUP	VALUE PROPOSITION	HOW WE ENGAGE	EMPHASIS AREA
 INVESTORS Source of capital	- Value creation through dividends (return on investment) - Strong execution track record - Focus on strengthening balance sheet - Commitment to transparent financial and non-financial disclosures	- Communication through Annual Report and quarterly updates - Annual General Meeting (AGM) - Dedicated investor desk for queries/ grievance addressal	- Focus on financial performance recovery - Meeting ESG commitments and disclosure
 DEALERS Drive retail and customer excellence, building sales and offtake	- Growth opportunities - Trade and business support and facilitation - Sharing customer and sales insights - Recognition and rewards for target achievement	- Regular interaction with the dealership - Sharing of insights	- Supply chain resilience through product restocking - Periodically upgrading showrooms and shelf space - Increasing range of SKUs to provide greater choice to customers
 CUSTOMERS Provide us an opportunity to expand our revenue and help spread brand goodwill	- Top-quality products that meet customer expectations on all fronts - Wide product range enabling choice and convenience - Value-driven solutions for institutional buyers such as real estate developers	- Showrooms and outlets - POS branding - Media advertisements - Product sampling - Onsite meetings	- Reinforce portfolio to improve choice for our target customers - Ensure high-quality service and customer experience

STAKEHOLDER GROUP	VALUE PROPOSITION	HOW WE ENGAGE	EMPHASIS AREA
 EMPLOYEES Drive business growth and value creation	- Fair wages and compensation - Reward and recognition schemes - Learning and development opportunities - Occupational health and safety	- Townhalls - Need-based meetings with senior leadership - Induction programs	- Retaining talent through proactive initiatives - Health, safety and wellbeing - Localised hiring - Welfare practices - Equal opportunities for career development
 VENDORS Provide resources critical for business operations	- Timely discharge of obligations - Growth and capability-building opportunities	- Meetings outlining growth plans and targets - Vendor inspection visits	- Improve business terms - Focus on cost optimisation - Maintain product/ service quality
 GOVERNMENT/REGULATORS Ensuring compliance and business continuity in line with changing policies and partnering with government agencies to create a positive business ecosystem	- Create value through tax contribution - Ensure business stability, thus providing products essential for the real estate industry	- Interaction with government bodies to engage on industry views on policies, regulations, etc. - Advance ease of doing business	- Partner in economic growth for nation rebuilding - Ensuring regulatory compliance
 COMMUNITIES Opportunities for sustenance and support towards fundamental societal requirements	Enable betterment and wellbeing of communities and the broader society	Interactions through charitable and other events	Ensure community outreach to continuously drive a positive impact

GRIEVANCE REDRESS FOR STAKEHOLDERS

At RAK Ceramics, we have always held the view that proper and sufficient grievance redressal mechanism is crucial for us, especially in line with our mission to serve our stakeholders in the best possible way and thus sustain our reputation as Bangladesh’s most respected ceramics tiles company.

Proper and sufficient stakeholder grievance redress is crucial for us for several reasons:

As a listed entity, we are subject to regulatory requirements, including the provision of effective grievance redressal mechanisms, as mandated by securities regulators and stock exchanges.

Addressing grievances promptly and fairly helps maintain the company’s reputation and goodwill among stakeholders, including investors, customers, employees and regulatory authorities.

An efficient grievance redressal mechanism enhances investor confidence by demonstrating our company’s commitment to transparency, accountability and stakeholder reparation.

As part of our shareholder services, we are focused on upholding shareholder interests. We have always believed that upholding their interests and rights is crucial for our image as a publicly-listed company.

Throughout the year 2024, we engaged in shareholder communication, resolving any complaints on shares, non-receipt of annual report and/or dividend. We remained vigilant to ensure satisfactory shareholder fulfillment.

As a key investor service, we attach a proxy form alongside our annual report to enable our shareholders to nominate a proxy who can come and vote on their behalf at the Annual General Meeting (AGM), if they aren’t able to attend it in person.

We remain steadfast in maintaining regular communication with our shareholders by transmitting periodic updates on the company’s quarterly and annual performance and also on other material developments at the company, as and when they occur.

Redress mechanism

We remain vigilant on the swift redress of any investor complaint. We have a responsive system in place to ensure all complaints are heard and resolved as swiftly as possible. Shareholders can lodge their complaints through the following channels:

Stakeholder redress channels

	Email address:	Sharedepartment.bgd@rakceramics.com/ shahidul.islam@rakceramics.com
	Dedicated helpline:	16630
	Online portal of stock exchanges:	https://www.rakceramics.com/bangladesh/en-bd/
	Fax:	+88 (02) 58957096
	Courier address:	RAK Tower (7th, 8th & 9th floor) 1/A Jasimuddin Avenue, Sector-3, Uttara Model Town Dhaka-1230, Bangladesh.

Process for investors to ensure complaints redress

Lodging a complaint

A complaint can be lodged by the investor through the channels described above or via the designated email: shahidul.islam@rakceramics.com

Acknowledgement

The complaint is forwarded to the complaint officer/necessary department to resolve the said complaint in a time-bound and satisfactory manner.

Investigation

A thorough investigation process is launched based on impartiality and fairness regarding the specific details of the complaint. This process usually involves contacting the concerned parties, examining relevant documents, and conducting other necessary assessments.

Communication

A communication channel is maintained to keep investors informed of the progress of their complaint, through which we demonstrate our seriousness in addressing the complaint.

Resolution

The company takes all appropriate steps to resolve the complaint based on the findings of the investigation.

Closure

The complaint is considered closed when a satisfactory resolution is arrived at and acceptable to the concerned investor.

Feedback

We ensure to obtain stakeholder feedback after case closure on our grievance address process with the view to make continuous improvements in our journey towards ensuring full stakeholder satisfaction and fulfillment.

The annual report of the company is published on the corporate website <https://www.rakceramics.com/bangladesh/en-bd/> as soon as it is prepared, together with the quarterly and annual financial statements and other material information.

Shareholder communication – Ensuring continual engagement with our shareholders

We maintain a transparent communication link with our shareholders throughout the year. We ensure this in the following ways:

- | | | |
|--|--|--|
| <ul style="list-style-type: none">• Publishing price sensitive information (PSI) in national newspapers and in online news portals• Publishing on our own website• Dispatching it to the stock exchanges for publishing on their website | <ul style="list-style-type: none">• Releasing press statements on the significant events• Sending notices of AGMs and EGMs, as necessary• Annual report of the company dispatched to shareholders every year | <ul style="list-style-type: none">• Publishing quarterly and financial statements in the newspaper• Organizing general meetings of shareholders• Utilizing electronic and other communication modes to reach out to shareholders |
|--|--|--|

Shareholder complaints/queries can be sent to the following addresses:

Registered Office:	1st Contact Point (Compliance Officer)	Escalation Point (Company Secretary)
RAK Tower (7th, 8th & 9th floor) 1/A Jasimuddin Avenue, Sector-3, Uttara Model Town Dhaka-1230.	Share Department	Muhammad Shahidul Islam FCS

RAK PERFORMANCE UPDATE

In 2024, RAK Ceramics navigated a challenging business environment marked by global and domestic economic pressures and market uncertainties. Despite these headwinds, our strong foundations enabled resilience and stability. While performance remained subdued during the year, we remained committed to operational excellence, cost optimisation and other strategic initiatives to drive future growth. Our emphasis on the levers of innovation, sustainability and customer-centric solutions position us to weather challenges and strengthen our future capabilities. As we look ahead, we will continue to leverage our core strengths to capitalise on opportunities, ensuring sustainable growth and long-term value creation for our stakeholders.



UPDATE ON OUR PERFORMANCE



Navigating muted demand in an uncertain macroeconomic environment

RAK Ceramics (Bangladesh) reported a tepid performance during the year 2024, weighed in by many significant challenges that came in its way during the year. These primarily comprised factors that were outside the control of the company, such as high imported raw material costs driven by unfavourable exchange rates (BDT/US\$), natural gas crisis that plagued much of the industry, major mass protests that led the political shift of power which triggered business disruptions, and an overall weak consumption environment due to high inflation and interest rates in the economy.

Since tiles and sanitaryware products generally come in the discretionary spend category, the overall soft economic environment enforced a decline in the industry that also impacted the company's performance in 2024.

The company's sales trend registered a decline of 14.70 percent to BDT 6,669.51 million in 2024, while gross profit and operating profit, despite decline in income and heightened sales cost pressure, remained in the positive territory during the year at BDT 1,150.23 million (2023: BDT 1,952.31 million) and BDT 227.31 million (2023: BDT 899.14 million in 2023), respectively.

Even at the pre-tax level, the company registered a positive figure of BDT 51.62 million in 2024, (2023: BDT 818.14 million). However at the post-tax level, the company slipped into a net loss of BDT 27.33 million in 2024, (2023: a net profit of BDT 618.39 million) after tax obligation of BDT 78.95 million.

Key financial metrics at a glance

Metric	2024	2023
ROA (%)	(0.17)	4.04
ROE (%)	(0.36)	8.00
Current ratio (x)	1.42	1.48
Quick ratio (x)	1.00	1.02
Sales outstanding (days)	144	93
Inventory outstanding (days)	237	222

RAK Ceramics has put in place a clear strategic plan towards financial performance revival, anchored on building resilience, agility and adaptability to transform the challenges into value drivers. It thus expects to get back into the profitability zone during the current year (2025).

FINANCIAL PERFORMANCE 2024

Particulars	Year -2024	Year -2023	Change %
Sales	6,669.51	7,819.32	(14.70)

Sales decreased by 14.70 % to BDT 6,669.51 in 2024 from 7,819.32mn in 2023.

Particulars	Year-2024	Year -2023	Change %
Gross Profit	1,150.23	1,952.31	(41.08)

Gross profit decreased by (41.08) % to BDT 1,150.23 mn in 2024 from BDT 1,952.31 mn in 2023.

Particulars	Year-2024	Year -2023	Change %
PAT	(27.33)	618.39	(104.42)

Profit after tax decreased by 104.42% to BDT (27.33) mn in 2024 from BDT 618.39 mn in 2023.

Particulars	Year-2024	Year -2023	Change %
EBTDA	742.12	1,342.47	(44.71)

EBITDA decreased by 44.71.% to BDT 742.12 mn in 2024 from BDT 1,342.47 mn in 2023.

Particulars	Year-2024	Year -2023	Change %
EPS (Absolute BDT)	(0.06)	1.44	(104.17)

EPS decreased by 104.17% to BDT (0.06) in 2024 from BDT 1.44 per share in 2023.

Comparative analysis of financial performance and financial position as well as cash flows:

Income statement analysis:

The Company’s strong performance is mirrored in the Profit or Loss and other comprehensive income.

Revenue:

The topline was decreased by 14.70% compared to previous year.

Revenue mix:

The ceramics business accounted for a significant share of the Company’s revenues; other businesses (power and security) made contributions to the consolidated topline.

Ceramics:

Particulars	Year-2024	Year -2023	Change %
Revenue	6,599.39	7,768.94	(15.05)

Revenues decreased by 15.05% to BDT 6,599.39 mn in 2024 from BDT 7,768.94 mn in 2023.

Particulars	Year-2024	Year -2023	Change %
PAT	(39.66)	608.24	(106.52)

Profit after tax decrease by 106.52 % to BDT (39.66) mn in 2024 from BDT 608.24 mn in 2023.

Power:

Particulars	Year-2024	Year -2023	Change %
Revenue	458.85	634.60	(27.69)

Particulars	Year-2024	Year -2023	Change %
PAT	3.19	8.45	(62.25)

Profit after tax decrease by 62.25% to BDT 3.19 mn in 2024 from BDT 8.45 mn in 2023, with decrease in sales to the extent of 27.69% to BDT 458.85 mn in 2024 from BDT 634.60 mn in 2023.

Security:

Particulars	Year-2024	Year -2023	Change %
Revenue	124.14	101.29	22.56

Particulars	Year-2024	Year -2023	Change %
PAT	11.14	3.70	201.08

Profit after tax increased by 201.08% to BDT 11.14 mn in 2024 from BDT 3.70 mn in 2023 with increase in sales to BDT 124.14 mn in 2024 from BDT 101.29 mn in 2023.

Operating profit:

Particulars	Year-2024	Year -2023	Change %
Operating Profit	227.31	899.14	(74.72)

Net operating profit decreased by 74.72 % to BDT 227.31 mn in 2024 from BDT 899.14 mn in 2023.

Operating expenses:

Particulars	Year-2024	Year -2023	Change %
Operating expenses	6,452.19	6,920.18	(6.76)

The Company’s operating expenses (operating, marketing and administrative) decreased by 6.76% to BDT 6,452.19 mn in 2024 from BDT 6,920.18 mn in 2023.

Operating cost matrix:

Amount in BDT mn

Particulars	2024		2023		Increase/ (Decrease) (%)
	Amount (BDT mn)	Proportion of sales (%)	Amount (BDT mn)	Proportion of sales (%)	
Administrative Expenses	357.70	5.36	397.34	5.08	(9.98)
Cost of Goods Sold	5,519.29	82.75	5,867.01	75.03	(5.93)
Marketing Expenses	575.20	8.62	638.88	8.17	(9.97)

Administrative expenses:

Particulars	Year-2024	Year -2023	Change %
Administrative expenses	357.70	397.34	(9.98)

Administrative expenses decreased by 9.98% to BDT 357.70 mn in 2024 from BDT 397.34 mn was in 2023.

Marketing expenses:

Particulars	Year-2024	Year -2023	Change %
Marketing expenses	575.20	638.88	(9.97)

Marketing expenses decreased by 9.97% to BDT 575.20 mn in 2024 from BDT 638.88 mn was in 2023.

Financial expenses:

Particulars	Year-2024	Year -2023	Change %
Financial expenses	187.45	71.21	163.24

Financial expenses increased by 163.24% to BDT 187.45 mn in 2024 from BDT 71.21 mn was in 2023.

ANALYSIS OF THE BALANCE SHEET

Shareholders’ fund:

Particulars	Year-2024	Year -2023	Change %
Share capital	4,279.69	4,279.69	0.00
Share premium	1,473.65	1,473.65	0.00
Retained earnings	1,618.94	2,074.24	(21.95)
Shareholders’ fund	7,372.28	7,827.58	(5.82)

Shareholders’ fund decreased by 5.82 % to BDT 7,372.28 mn in 2024, from BDT 7,827.58 mn in 2023.

Non-current assets:

Fixed assets additions:

During the year 2024, the total additions to the fixed assets, including subsidiary companies, was BDT 545.11 mn. The major additions to the fixed assets were Plant & machinery and building and office equipment etc.

Intangible assets:

Expenditures to acquire designs, developments, brand, trademarks and various licenses for manufacturing of ceramic tiles and sanitary ware treated as revenue expenditure in 2024.

Capital work-in-progress:

The Company invested BDT 270.28 mn in heavy equipment mainly in its Power plant, which is expected to be commissioned in the coming year.

Current assets:

Inventory:

Particulars	Year-2024	Year -2023	Change %
Finished goods	998.15	1,155.78	(13.64)
Raw materials	1,007.05	1,106.11	(8.96)
Stores and consumables spares	1,049.07	1,062.10	(1.23)
Work-in-process	182.15	80.28	126.89
Goods-in-transit	197.47	175.00	12.84
Total Inventory	3,433.89	3,579.27	(4.06)

Inventory comprises finished goods of BDT 998.15 mn, raw materials of BDT 1,007.05 mn, stores and consumables spares of BDT 1,049.07 mn, work-in-process of BDT 182.15 mn and goods- in- transit of BDT 197.47 mn. The Company has a policy of maintaining adequate inventory of key inputs to ensure uninterrupted operations.

Trade and other receivables:

Particulars	Year-2024	Year-2023	Change %
Trade receivable	2,758.90	2,480.10	11.24
Other receivables	0.82	0.89	(7.87)
Trade and other receivables	2,759.72	2,480.99	11.23

These largely comprise of trade receivables where in average receivables cycle is maintain as per company’s credit policy.

Asset composition:

Particulars	Year-2024		Year -2023		Increase/ (Decrease) (%)
	Amount (BDT mn)	Proportion of assets (%)	Amount (BDT mn)	Proportion of assets (%)	
Non-Current assets	4,535.49	28.59	4,546.27	28.27	(0.24)
Current assets	11,326.02	71.41	11,535.12	71.73	(1.81)
Total	15,861.51	100	16,081.39	100.00	(1.37)

Cash and bank balance:

Particulars	Year-2024	Year -2023	Change %
Cash in hand	4.28	5.65	(24.25)
Cash at bank	419.89	836.35	(49.79)
Total	424.17	842.00	(49.62)

Cash and bank balances include cash in hand of BDT 4.28 mn, balances in bank accounts of BDT 419.89 mn and fixed deposits of BDT 87.14 mn. Liquid balances of cash and bank are necessary for the smooth functioning of the business.

Equity and liabilities:

Capital and reserves:

The equity capital comprised 427,968,701 equity shares of BDT 10 each. The market value of the share was BDT 22.60 (as on 31 December 2024, DSE) resulting in a market capitalization of BDT 9,672 mn.

Non-current borrowings:

Non-current borrowings in this year for BMRE project 448.67 mn of RAK Power plant and RAK Ceramics.

Current borrowings:

Offshore financing and current portion of term loan is factor of current borrowings BDT 1,077.46 mn.

Current Liabilities:

Particulars	Year-2024	Year -2023	Change %
Current Liabilities	7,984.14	7,794.92	2.43

Current liabilities increased by 2.43% to BDT 7,984.14 mn in 2024 from BDT 7,794.92 mn in 2023.

Analysis of Cash Flows:

Cash flow from operating activities:

Operating cash flow decreased by 35.08% to BDT 207.63 mn in 2024 from BDT 319.83 mn in 2023 mainly due to decrease in cash receipt from customer. Resulted net operating cash flow per share decreased to BDT 0.49 in 2024 from BDT 0.75 in 2023.

Cash flow from investing activities:

Net cash used in investing activities decreased by 53.07% to BDT 466.39 mn in 2024 from BDT 993.76 mn in 2023 due to less used in acquisition of Property, Plant and equipment and less cash generated from interest income.

Cash flow from financing activities:

Net cash used in financing activities increased by 166.31% to BDT 159.23 mn in 2024 from cash generated BDT 240.14 mn in 2023 due to increase of term loan and short term loan.

HORIZONTAL & VERTICAL ANALYSIS

HORIZONTAL	2024	2023	2022	2021	2020
Statement of profit or loss and other comprehensive income					
Net revenue from contracts with customers	-15%	5%	9%	30%	-18%
Gross profit	-41%	-1%	-3%	74%	-38%
Operating profit	-75%	-10%	-15%	168%	-60%
Profit before tax	-94%	-8%	-23%	158%	-57%
Profit after tax	-104%	-8%	-26%	191%	-59%
Earning per share	-104%	-8%	-26%	190%	-59%
Statement of financial position					
Total non-current asset	0%	15%	18%	-9%	-6%
Total current asset	-2%	9%	-1%	21%	0%
Total asset	-1%	11%	4%	12%	-2%
Share capital	0%	0%	0%	0%	0%
Retained earning	-22%	10%	8%	38%	-21%
Total equity attributable to owner of the company	-6%	2%	2%	7%	-5%
Total non-current liability	10%	279%	-16%	-28%	-5%
Total current liability	2%	15%	7%	20%	2%
Total liability	3%	19%	6%	18%	2%
Total equity and liability	-1%	11%	4%	12%	-2%

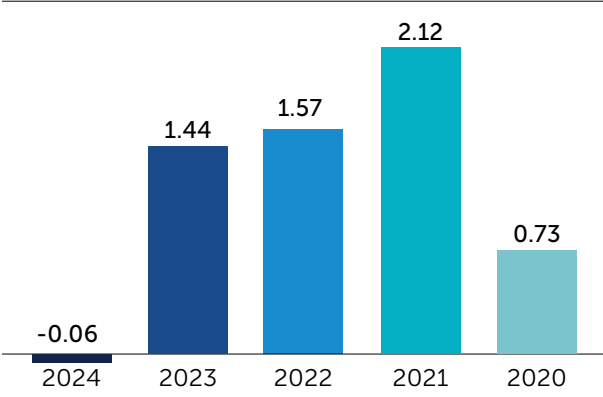
VERTICAL	2024	2023	2022	2021	2020
Statement of profit or loss and other comprehensive income					
Net revenue from contracts with customers	100%	100%	100%	100%	100%
Gross profit	17%	25%	26%	30%	22%
Operating profit	3%	11%	13%	17%	8%
Profit before tax	1%	10%	12%	17%	8%
Profit after tax	0%	8%	9%	13%	6%
Statement of financial position					
Total non-current asset	29%	28%	27%	24%	29%
Total current asset	71%	72%	73%	76%	71%
Total asset	100%	100%	100%	100%	100%
Share capital	36%	36%	40%	41%	46%
Retained earning	10%	13%	13%	12%	10%
Total equity attributable to owner of the company	46%	49%	52%	54%	56%
Total non-current liability	3%	3%	1%	1%	2%
Total current liability	50%	48%	47%	45%	42%
Total liability	54%	51%	48%	46%	44%
Total equity and liability	100%	100%	100%	100%	100%

CORPORATE PERFORMANCE 2024

Definition: Earnings per share (EPS) is calculated as the Company’s profit divided by the outstanding number of ordinary shares. This is the primary determinant of valuing our share price.

Performance

EPS:

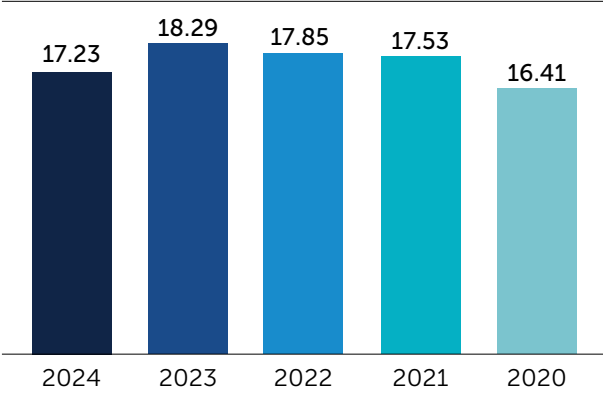


Observation: EPS is negative in current year mainly due to inadequate gas pressure hampered production as well as sales.

Definition: Net asset value (NAV) per share represents the net value of an entity per share and is calculated as the total equity less non-controlling interest divided by the number of total outstanding shares.

Performance

NAV Per Share

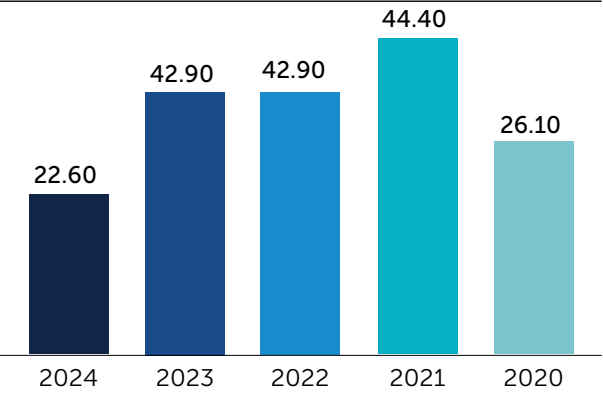


Observation: Equity has negative impact due to decrease in retained earnings.

Definition: Market price of stock over the period. Market price of stock multiplied by outstanding number of ordinary shares determine the market capitalisation or the intrinsic value of the Company.

Performance

Stock Performance

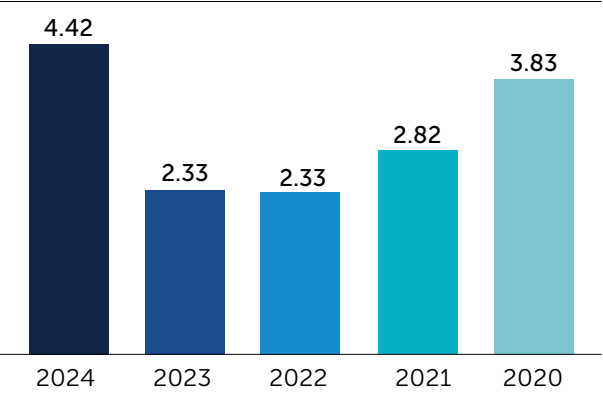


Observation: The stock performance has been changed due to various macroeconomic factors and company performance.

Definition: Dividend yield represents a financial ratio that measures the quantum of cash dividends paid out to shareholders relative to market value per share.

Performance

Dividend Yield (%)

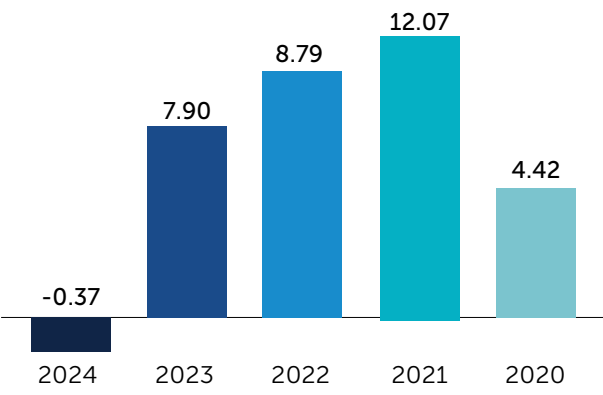


Observation: Market value per share declined from 42.90 to 22.60 that increased the dividend yield.

Definition: Return on shareholders' fund shows how much money is returned to the owners (shareholders) as a percentage of the money they have invested or retained in the company.

Performance

Return on Shareholders' Funds (%)

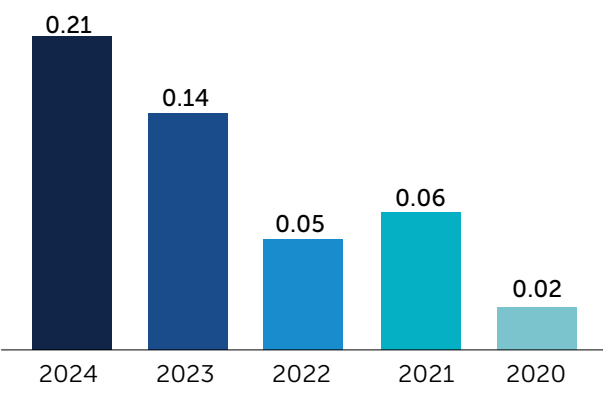


Observation: The return of shareholders' fund decreased because of negative PAT in current year.

Definition: Debt equity (D/E) is calculated by dividing the company's total debt by shareholders' equity. It is measure of the extent of the company financing its operations through debt verses equity.

Performance

Debt Equity Ratio

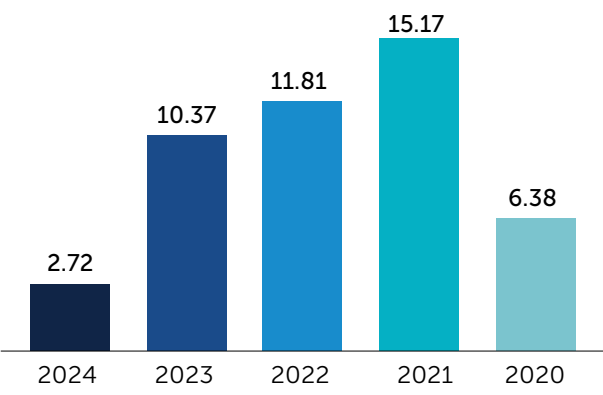


Observation: Debt Equity Ratio is increased due to increase of borrowings.

Definition: Return on capital employed (ROCE) measures how efficiently a Company can generate profits from its capital employed by comparing net operating profit against capital employed.

Performance

ROCE (%)

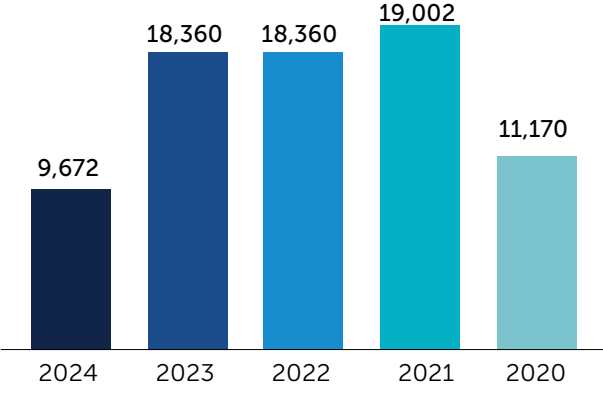


Observation: A lower gross profit margin has impacted all other margin parameter including return on capital employed.

Definition: Market capitalisation is the aggregate market value of a Company. It is computed based on the current market price (CMP) of its shares and the total number of outstanding shares.

Performance

Market Capitalization

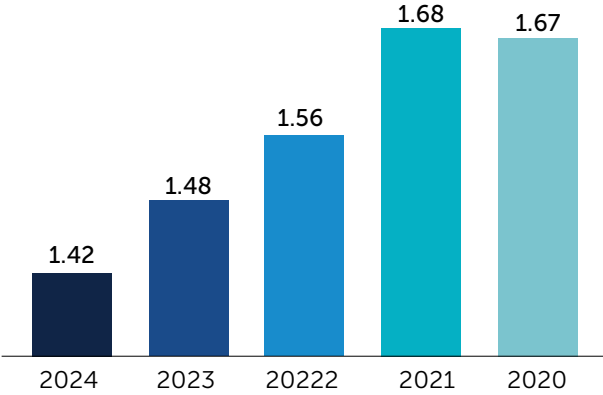


Observation: Market price of shares has influence the market capitalization adversely.

Definition: Current ratio measures the Company's ability to honour short-term obligations like debt payable or those due within one year. This is computed as current asset over current liability.

Performance

Current Ratio

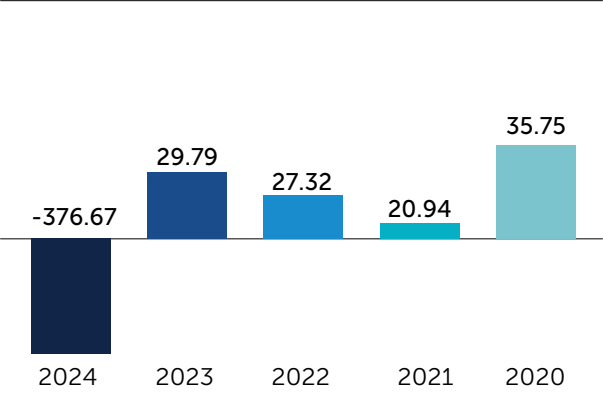


Observation: Current Ratio decreased due to increase in borrowing as and decrease in cash and cash equivalents.

Definition: The price earnings ratio (P/E ratio) is the ratio for valuing a Company by measuring its current share price relative to its earnings per share.

Performance

P/E Ratio

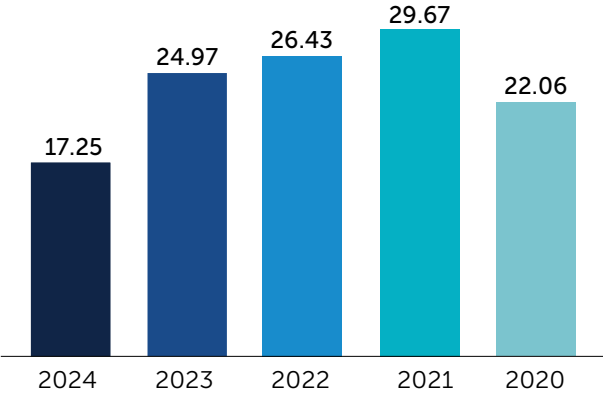


Observation: Due to negative EPS, PE ratio has impacted in proportion.

Definition: The gross profit margin is calculated by taking revenue minus the COGS and dividing the difference by revenue. The gross margin result is typically multiplied by 100 to show the figure as a percentage.

Performance

Gross Profit Margin (%)

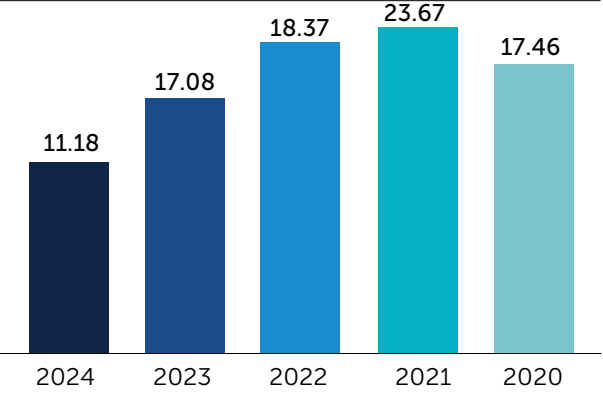


Observation: Gross profit margin is decreased due to inadequate gas pressure, reduced the production as well as sales, significant volatility of foreign currency market, disruption of global supply-chain etc.

Definition: Earnings before depreciation, interest, tax and amortisation is a measure of the Company's overall financial performance. EBITDA margins provide investors a snapshot of short-term operational efficiency.

Performance

EBIDTA (%)



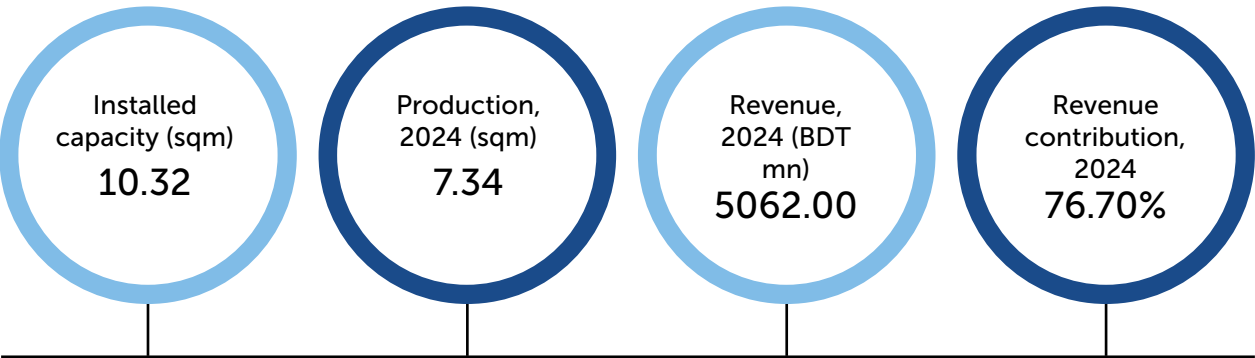
Observation: A lower gross margin caused a decrease in all other margin parameters.

REFLECTING ON THE MAJOR BUSINESS SEGMENTS

A. RAK Ceramics (Bangladesh) Ltd.

Division-1

CERAMIC AND GRES PORCELAIN (VITRIFIED) TILES



KEY SEGMENT STRENGTHS

- Strong manufacturing expertise
- Modern technology
- Skilled workforce
- Synergistic R&D set-up
- Well-recognised brands
- Product aesthetics and functionality
- Quality compliance
- Customer sales experience



OVERVIEW

Marketed under the RAK brand, the sanitaryware division has covered significant ground over the years in elevating its position to one of the leading brands in this business. While the flagship product comprises water closets, the division is also distinguished for offering a wide range of other complementary products, including wash basins, kitchen sinks, bathroom accessories, etc.

With the core being ceramics, the synergistic diversification has positioned the division as a convenient one-stop shop for all sanitaryware needs, offering a holistic customer experience and increasing wallet share. A wide product range also enables the company to supply to leading institutional customers, including premier real estate development companies of the country.

The year 2024 was a period of consolidation, driven by niche product launches that helped sustain sales traction.

Touchless sanitaryware: The company expanded the smart sanitaryware category with touchless RAK Sensation Water Closet comprising a sensor-based flushing system, emphasising hygiene and convenience.

3-in-1 wash basin: The company launched a versatile Milano 3-in-1 wash basin comprising a single product with the flexibility of being installed in three different configurations: cabinet, full pedestal and half pedestal, hence offering flexibility, functionality and modern design adaptability.

MAJOR SERIES

Imperial Silk, Terrazzo, Apollo, Elegant Slab, Premija, Suger, Wood Art, and Rocker.



KEY HIGHLIGHTS OF THE YEAR 2024

- Switched from imported to local supplier for potash feldspar
- Engaged in process re-engineering to switch to the alternative use of Indian Ball Clay, replacing Malaysian Ball Clay with high moisture content
- Quality touched the level of 93.28%
- Achieved reduction in fired rejection to 1.48% with 100% recycling of fired rejection



Outlook, 2025

The division hopes to regain operational control and the focus will be on enhancing production. For this, market and trade development activities have commenced, anchored on gaining back customer trust. Further, the division also hopes to recover lost sales from institutional business that is typically volume-driven and bulk-based. The division also expects to reinforce its launch pipeline, introducing both premium and mass-market products to capture demand in both urban and rural areas.

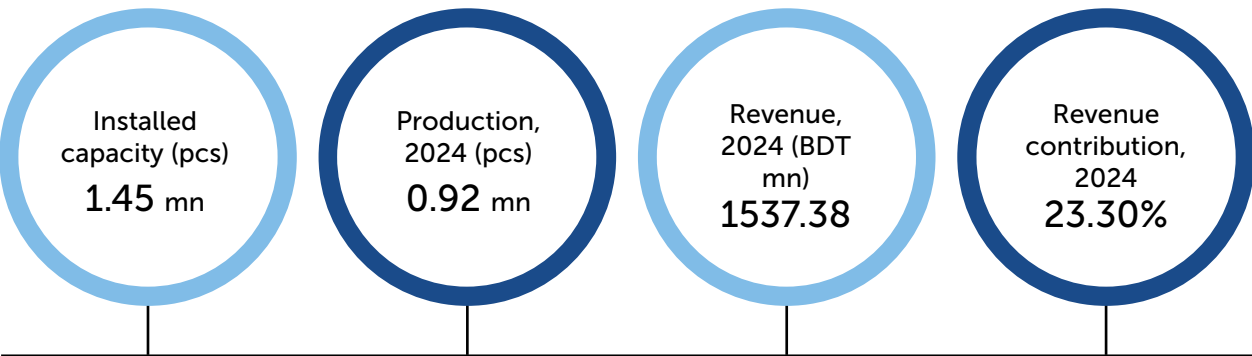
SANITARYWARE

A. RAK Ceramics (Bangladesh) Ltd.

Division-2

KEY SEGMENT STRENGTHS

- Strong operational standards
- Modern machinery
- Skilled workforce
- Exclusive R&D set-up
- Well-recognised brands
- Product range and variety
- Quality certifications
- Focus on customer experience



OVERVIEW

Ceramic and gres porcelain (vitrified) tiles comprise the platform on which RAK Ceramics has built its brand position, image and market reputation. The company is among the largest players in the ceramic tiles industry in Bangladesh, distinguished for its quality, finish, variety and service excellence. This has enabled it to command a price premium of about 10-15 percent over the general industry prices, a testimony of its brand salience and affinity.

The company manufactures ceramic tiles at its facility in Gazipur (near Dhaka), enabling it to meet market demand while ensuring exceptional quality. The division's unwavering passion for aesthetics gained the spotlight with the launch of new design varieties and sizes during the year 2024. These included the following:

Large-format porcelain tiles: The company expanded its collection of large-format tiles (e.g. 120 x 60 cm), focusing on luxurious designs with natural stone and marble effects. These tiles cater to high-end residential and commercial projects and were launched to meet the demand for premium upmarket tiles.

New ceramic tile models: The company also launched affordable, durable and trendy ceramic tiles in standard sizes (e.g. 30 x 60 cm, 60 x 60 cm, 80 x 80 cm) to meet the demands of the mid-income and rural market.

These product launches was in line with the company's strategy of focusing on introducing a mix of mass-market and premium products to cater to diverse customer segments, thus effectively derisking against segment concentration and also shielding against any slowdown risks.

The strategy thus addressed the growing demand for value-for-money options while strengthening the company's foothold in the premium segment through innovative and design-driven launches.

As on date, the division had 42 exclusive channel partner showrooms and 05 company-owned and operated showrooms displaying its vast variety of floor and wall tiles.

To counter the challenges of a sluggish market environment, the division focused on deepened sales and marketing activities to strengthen the RAK brand recall.



RAK - Harmony Rectangular Mica IV



RAK- Astro Table Top



RAK - Harmony Oval Mica IV



RAK Cloud Table Top Basin



RAK Cloud Back to Wall



RAK Cloud Wall Hang Basin

MAJOR SERIES

Wall hang series, Single piece, Counter basins, Combi series, and Rimless flush.



KEY HIGHLIGHTS OF THE YEAR 2024

- The focus of the year continued to remain on optimising production and solving quality issues. In this regard, the company took a major step forward by getting a grip on a sanitaryware cooling crack issue, thus ensuring product quality and integrity.



Outlook, 2025

Operational excellence and production ramp-up will be the key focus areas of the current year. The division hopes to make up lost ground through launching products that are aligned to the evolving needs and specifications of customers. The overall idea will be to have a solutions-driven approach, thus enhancing the utility of our products among customers which will drive offtake and recall.

B. RAK POWER PVT. LTD.



INSTALLED CAPACITY
12MW

Highlights, 2024

- Power plant capacity was available in excess of 47.1% of installed capacity during the year 2024 Significant proportion of generated power was primarily to meet captive requirements of the parent company, RAK Ceramics (Bangladesh) Limited

C. RAK Security and Services (Pvt.) Ltd

OVERVIEW

The Company is in the business of providing security and other services to Group companies as well as third party customers.

Highlights, 2024



- The Company reported revenue of BDT 124.14 mn in 2024, vs. BDT 101.29 mn in 2023
- The increase was primarily due to income from labour services and verification services as compared to 2023

Roadmap, 2025

- Expand customer base in the country by leveraging experience
- Focus on profitability recovery/restoration

Segment Reporting 2024

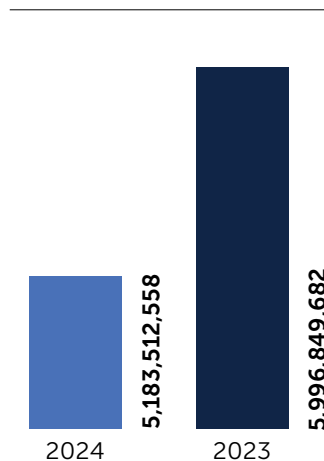
(Amount in BDT)

Particulars	RAK Ceramics (Taka mn)	RAK Power (Taka mn)	RAK Security (Taka mn)	Adjustment	Entity Total
Sales	6,599,387,578	458,850,233	124,138,792	(512,861,783)	6,669,514,820
Gross Profit	1,144,504,291	12,607,534	42,627,849	(49,513,443)	1,150,226,231
Profit before Tax	36,581,095	1,619,959	15,416,677	(2,000,000)	51,617,732
Profit after Tax	(39,661,900)	3,194,006	11,136,806	(2,000,000)	(27,331,087)

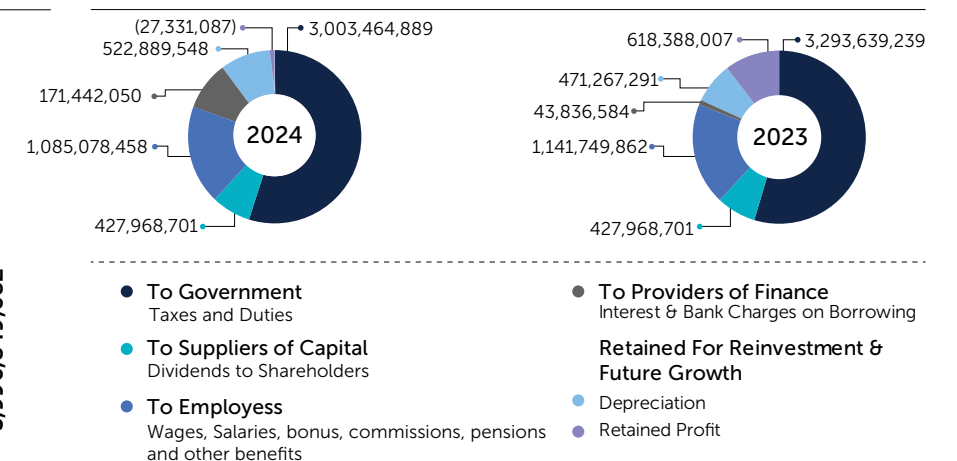
VALUE ADDED STATEMENT

Particulars	31-Dec-2024 Taka	%	31-Dec-2023 Taka	%
Revenue	10,135,491,764		11,587,491,370	
Other Income	13,782,489		30,904,720	
Less : Paid to suppliers for materials and services	4,965,761,694		5,621,546,408	
Value Added	5,183,512,558	100	5,996,849,682	100
Distribution of Value Added				
To Government				
Income Taxes, Duties and Value Added Tax	3,003,464,889	57.94	3,293,639,239	54.92
To Suppliers of Capital				
Dividends to Shareholders	427,968,701	8.26	427,968,701	7.14
To Employess				
Wages, Salaries, bonus, commissions, pensions and other benefits	1,085,078,458	20.93	1,141,749,862	19.04
To Providers of Finance				
Interest & Bank Charges on Borrowing	171,442,050	3.31	43,836,583	0.73
Retained For Reinvestment & Future Growth				
Depreciation	522,889,548	10.09	471,267,291	7.86
Retained Profit	(27,331,087)	-0.53	618,388,007	10.31
Total	5,183,512,558	100	5,996,849,682	100

VALUE ADDED



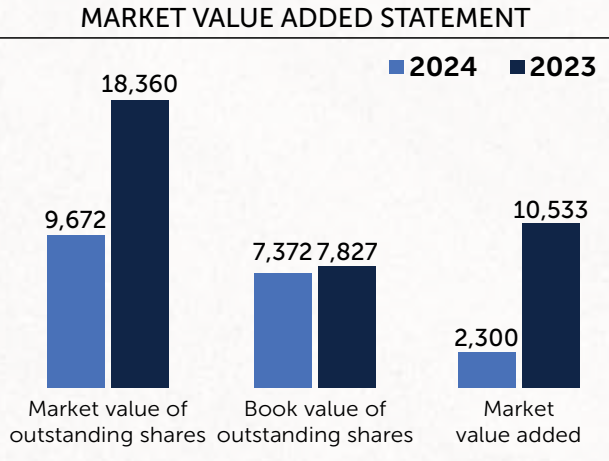
Distribution of Value Added



MARKET VALUE ADDED STATEMENT:

Amount in BDT mn

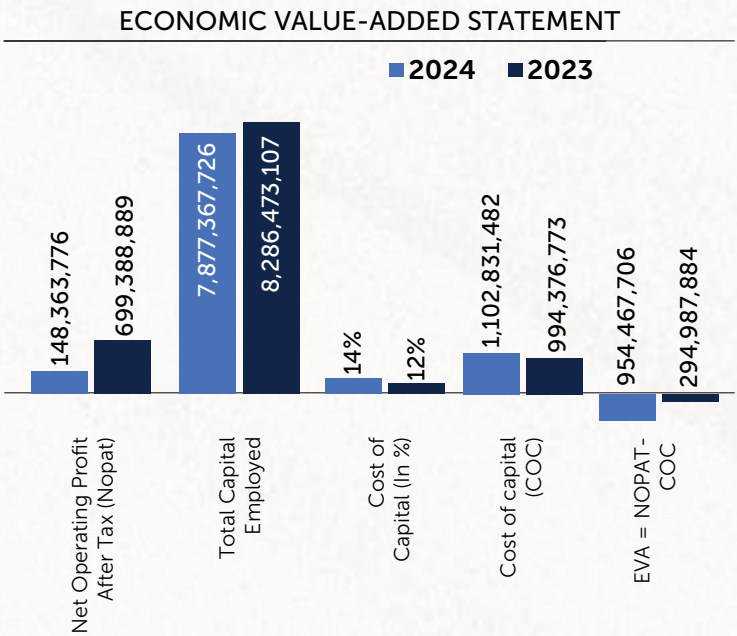
Particulars	2024	2023
Market value of outstanding shares	9,672	18,360
Book value of outstanding shares	7,372	7,827
Market value added	2,300	10,533



ECONOMIC VALUE-ADDED STATEMENT:

Amount in BDT mn

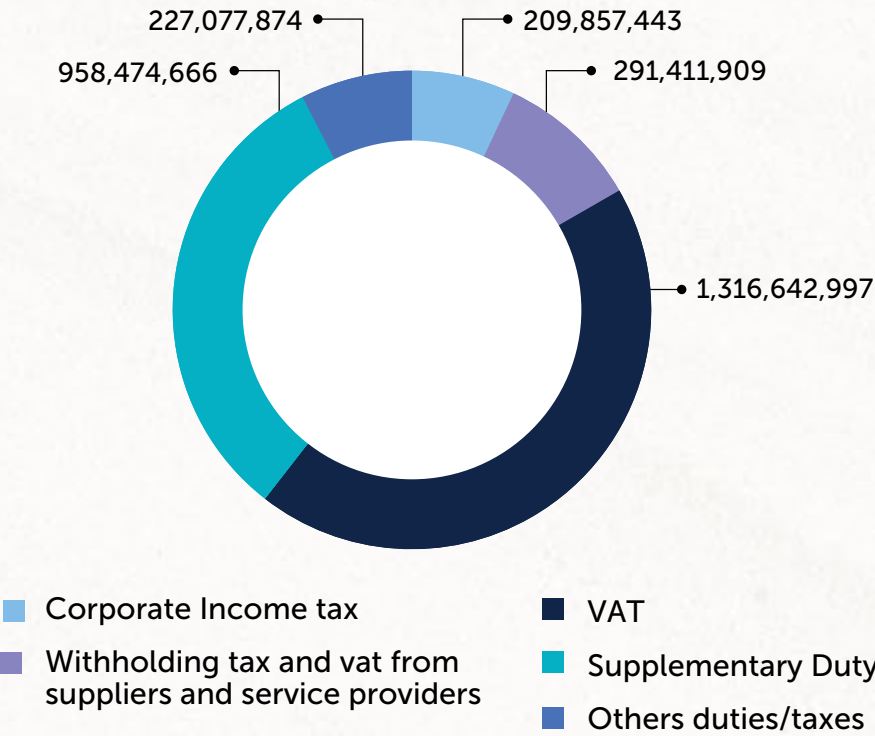
Particulars	2024	2023
Net operating profit after tax (NOPAT)	148,363,776	699,388,889
Total capital employed	7,877,367,726	8,286,473,107
Cost of capital (in %)	14%	12%
Cost of capital (COC)	1,102,831,482	994,376,773
EVA = NOPAT - COC	(954,467,706)	(294,987,884)



CONTRIBUTION TO NATIONAL EXCHEQUER FOR THE YEAR 2024

Amount in BDT mn

Serial No.	Particulars	2024
1	Corporate Income tax	209,857,443
2	Withholding tax and vat from suppliers and service providers	291,411,909
3	VAT	1,316,642,997
4	Supplementary Duty	958,474,666
5	Others duties/taxes	227,077,874
Total Contribution to National Exchequer		3,003,464,889





COMPLIANCE WITH CONFORMANCE

Strong governance and stringent compliance form the bedrock of our sustainability and reputation. We uphold high standards of corporate ethics, transparency and regulatory conformance, ensuring accountability across our operations. Together with our enterprise risk framework, our robust governance standards aligns with best practices, reinforcing stakeholder confidence and long-term trust. Through diligent risk management, internal controls and ethical business conduct, we remain committed to integrity and responsible leadership. As we grow, we will continue to strengthen our compliance mechanisms, fostering a culture of trust and resilience that supports our vision of responsible stewardship.

DIRECTOR'S REPORT RAK CERAMICS (BANGLADESH) LIMITED

Dear Shareholders,
Assalamu Alaikum!

The Board of Directors of RAK Ceramics (Bangladesh) Limited are pleased to present the Directors' Report, along with the audited financial statements of the Company for the year ended 31 December 2024, and the Auditor's Report thereon, for your valued consideration, approval and adoption.

The Directors' report has been prepared in compliance with Section 184 of the Companies Act 1994, the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission, Listing Regulations of Dhaka and Chittagong Stock Exchanges and all others applicable provisions.

Principle activities

RAK Ceramics (Bangladesh) is the country's one of the largest and foremost tiles and sanitary-ware brand. The Company is engaged in the manufacture and sale of a wide range of ceramic tiles, bathroom sets and sanitaryware products. Over its two-decade journey, the Company has created industry-leading designs and patterns for wall and floor tiles and borders and corners, etc., which have been well-accepted by customers and have emerged as benchmarks in their own categories. Further, many of RAK Ceramics' models come in modular designs which open up ample choice for our customers, suiting their space requirements and budgets.

Industry outlook and possible future developments

Details about this section are discussed in the 'Industry outlook and possible future developments' report on page 148 and 'Management discussion and analysis' report on page 145 of this Annual Report.

Segment-wise performance

RAK Ceramics (Bangladesh) operates with an annual production capacity of 10.32 mn sqm of tiles and 1.45 mn pieces of sanitary-ware with over 46+ active designs, thus ensuring the widest range of products available in the industry. Details about segment-wise or product wise performance is disclosed in the 'Segment wise performance' report on page 130 of this Annual Report.

Financial results

The Company reported consolidated sales of BDT 6669.51 mn in 2024, vs. BDT 7,819.32 mn reported in 2023 and consolidated gross profit of BDT 1150.23 mn

in 2024 against BDT 1952.31 mn reported in 2023. The Company's consolidated net loss stood at BDT 27.33 mn in 2024 against net profit BDT 618.39 mn achieved in 2023.

Details of operational results are discussed in the 'update on our performance 2024' on page 121 of this Annual Report.

Appropriations of profit and key operating and financial data of preceding five years

The Directors are pleased to report the financial results for the year 2024 and recommend the following appropriations:

(Amount in BDT mn)

Particulars	2024	2023
Profit before tax	51.62	818.14
Less: Provision for tax	78.95	199.75
Profit/(Loss) after tax *	(27.33)	618.39
Add: Un-appropriated profit brought forward	2,074.24	1,883.82
Profit available for distribution	2,046.91	2,502.21
Less: Appropriation of dividend	427.97	427.97
Un-appropriated profit C/F	1,618.94	2,074.24

*Profit/(Loss) after tax is exclusive of non-controlling interest.

Key operating and financial data of the preceding five years is given in 'Annexure-1' on page 143 of this annual report.

Reserves and surplus

In 2024, retained earnings of the Company stood at BDT 1618.94mn, against BDT 2,074.24 mn in 2023.

Dividend

The Board of Directors is pleased to recommend dividend @ 10% in cash of the paid-up capital of the Company, representing an amount of BDT 427.97mn for the year ended December 31, 2024. This dividend will be paid from undistributed accumulated profits. The Company paid dividend @10.00% in cash of the paid up capital of the Company for the year 2023. No bonus shares or stock dividend has been declared as interim dividend.

In compliance of BSEC’s Letter No. SEC/ SRMIC/165-2020/part-1/202 date 25 August 2021 and SEC/ SRMIC/165/part-1/166 dated 06 July 2021 and the CMSF Rules, the Company transferred the unclaimed or undistributed or unsettled dividend for the year 2010 to 2020 in cash and stock to CMSF in due time.

The summary of the transferred dividend are disclosed in Annexure- 2 on page 143 of this annual report.

Contribution to the national exchequer

RAK Ceramics (Bangladesh) is committed to timely disbursement of its direct and indirect tax obligations. During the year 2024, the Company, including its subsidiaries, contributed a total sum of BDT 3,003.64 mn to the national exchequer. Details about the contribution to the national exchequer during the year is discussed in the ‘Contribution to national exchequer’ section on page 137 of this Annual Report.

Extraordinary gain or loss

There were no extraordinary activities during the year 2024 affecting any extraordinary gain or loss.

Variance between quarterly and annual financial statements

There are significant variances in the financial results between quarterly and annual financial statements and from the last year’s operating results. Sales decreased by 14.70% from BDT 7,819.32 MN to BDT 6,669.51 MN due to demand-supply gap because of underutilization of the plant’s capacity caused by interrupted gas supply from the national grid. Additionally, production and sales were significantly impacted due to unprecedented political disruption.

As a result of the low production and sales and as fixed costs had to be paid for full capacity, regardless of utilization, the gross profit margin dropped from 24.97% to 17.25%. Net Profit after Tax decreased by 104.42% from BDT 618.39 MN to BDT -27.33 MN due to decline in gross profit as well as increased in finance expenses due to liquidity crisis caused by the mentioned challenges, which was managed through bank financing. All those impacting in earning per share which has been decreased from BDT. +1.44 to BDT -0.06.

On the other hand, the Company settled most vendor liabilities on time despite poor sales and collections. This altogether impacted net operating cash flow. As a result, net operating cash flow per share decreased from BDT 0.75 to BDT 0.49.

Material change or change in the nature of business

During the year under review, there are no material changes in the nature of business of the Company or its subsidiaries.

Risk and concerns

Risk assessment and mitigation is an integral part of the Company. The Company has an appropriate and effective risk management framework which carries out risk identification and assessment and ensures that risk mitigation plans are in place. The Board of Directors regularly monitor, assess and identify potential risks and threats to profitability and sustainable growth. Details of risks and concerns, including internal and external risk factors are discussed in the ‘Risk management and control’ section on page 107 of this Annual Report.

Auditors and audit report

M/s ACNABIN (An independent member of BAKER TILLY INTERNATIONAL), Chartered Accountants, the statutory auditors of the Company will retire at the 26th Annual General Meeting (AGM) and, being eligible, offer themselves for re-appointment. The Board also recommends their re-appointment for the year 2025. Remuneration of the auditor will be fixed by the shareholders at this AGM.

The statutory auditors of the Company have given reports on the financial statements of the Company for the year ended 31 December 2024, which forms part of the Annual Report. There is no qualification, reservation, adverse remark, comments, observations or disclaimer given by the statutory auditors in their reports.

Parent and subsidiary companies

RAK Ceramics PJSC, UAE (the Company), is the parent company of RAK Ceramics (Bangladesh). It is one of the largest ceramics’ brands in the world, specializing in ceramic and gres porcelain wall and floor tiles and sanitary-ware. It has an annual production capacity of 123 mn sqm of tiles and 5 mn pcs of sanitaryware per year at its 16 state-of-the-art plants located all over the world, including Bangladesh. The Company serves clients in 150+ countries through its network of operational hubs in Europe, the Middle East and North Africa (MENA), Asia, North and South America and Australia. It is listed on the Abu Dhabi Securities Exchange in the United Arab Emirates and, as a Group, it has an annual turnover of around us \$1 billion.

RAK Ceramics (Bangladesh) has two subsidiaries: RAK Power Pvt. Ltd and RAK Security and Services (Pvt.) Ltd, which are fully-owned subsidiaries of the Company. The principal activities and status of these subsidiaries are separately disclosed in the ‘Segment wise performance’ on page 130 of this Annual Report.

Related party transactions

Details of related parties with whom transactions have taken place and their relationship as identified and certified by the management is disclosed in the ‘Related party disclosures under IAS-24 section on page 220 of this Annual Report.

Corporate social responsibility

The Company understands its responsibility towards social welfare and contributed an amount of BDT 2.33 mn during the year 2024. Details of the Company’s CSR activities during the year is discussed in the ‘Corporate social responsibilities’ section on page 62 of this Annual Report.

Human resources and staff welfare

RAK Ceramics (Bangladesh) accords the highest priority to its human resources and towards sustainable staff welfare. The Company believes that its employees are integral to its success. The Company is also committed to ensure a safe and healthy working environment for all. The Company currently has 1,791 full-time employees on its rolls and offers best-in-class compensation packages for employees to encourage professionalism, productivity, build talent and skills, enhance leadership capabilities and also maximize their own personal and professional potential.

The employees of the Company enjoy benefits of contributory Provident Fund, gratuity scheme and group life insurance, etc. Further, the Company has also established a “Workers Profit Participation Fund and Welfare Fund”. In the year 2024, the Company contributed 5% of its profit before tax (PBT) towards Workers’ Profit Participation and Welfare Fund, amounting to BDT 1.91 mn.

Board of Directors

The Board of Directors of the Company comprises with five members including one Independent Director. The appointment of another Independent Director is currently in progress. The Company has already obtained consent from BSEC for the appointment of Mr. Md. Obayed Ullah Al Masud as an Independent Director will be placed in the next AGM for shareholders approval.

Names and profiles, including the nature of expertise in specific functional areas, membership of the committee, other engagement on other company of the Directors of the Company are indicated in the ‘Directors’ profile’ on page 38 of this Annual Report.

Appointment/reappointment of Directors

In accordance with the articles 93, 94 and 95 of the Articles of Association of the Company, Mr. Abdallah Massaad will retire from his office as Director by rotation at the 26th Annual General Meeting and, being eligible, offers himself for re-election in accordance with the terms of Article 96 of the Articles of Association of the Company.

The Company has obtained consent from the BSEC for for appointment of Mr. Md. Obayed Ullah Al Masud as an Independent Director of the Company. It will be placed for shareholders approval in the next AGM.

As per recommendation of the NRC, the Board proposed to reappoint Mr. Mohd. Shafiul Azam as an independent Director for a further 01 (one) more tenure (i.e.03 years).

Remuneration of Directors, including Independent Directors

The Company did not pay any remuneration to any Director, including Independent Director, except Board meeting attendance fees and 3% of profit before tax to the Managing Director.

Board of Directors’ meetings and attendance

The Board of Directors of the Company met six times during the year 2024. The number of Board meetings held and the attendance of each Director during the year is disclosed in ‘Annexure-3’ on page 144 of this Annual Report.

Code of conduct

In compliance with the conditions of Corporate Governance Code, the Board has laid down a code of conduct for the Chairman of the Board and other Board members of the Company, and annual compliance of the code is recorded accordingly.

Pattern of shareholding

In accordance with the conditions of corporate governance, the shareholding pattern of the Company is disclosed in ‘Annexure-4’ on page 144 of this Annual Report.

Directors’ statement on financial reporting

The Directors, in accordance with the Corporate Governance Code, 2018 of the Bangladesh Securities and Exchange Commission dated June 03, 2018 an amendment dated November 20, 2023, confirm the following to the best of their knowledge:

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity
- b. Proper books of accounts of the issuer Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements, and any departure therefrom has been adequately disclosed.

- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- g. There is no significant doubt upon the issuer Company's ability to continue as a going concern.

Management's discussion and analysis

In accordance with the conditions of Corporate Governance Code, 'Management discussion and analysis' has been duly signed by the Managing Director of the Company and is included on page 145 of this Annual Report.

Declaration by CEO and CFO

In accordance with the conditions of Corporate Governance Code, a declaration on financial statements for the year ended December 31, 2024 duly signed by the CEO and GM-Finance & Accounts is included on page 174 of this Annual Report.

Credit Rating Report

The Credit Rating Information and Services Limited (CRISL) has assigned the following rating to "RAK Ceramics (Bangladesh) Limited" on 03.04.2024 in consideration of its audited financial up to 31st December 2023, and others relevant quantitative as well as qualitative information up to the date of rating declaration:

Long Term Rating = "AA+" (Double A Plus Indicating Higher safety for Timely Repayment)

Short Term Rating = "ST-1" (Indicating Highest Certainty of Timely Repayment)

Outlook = Stable

A certificate of credit rating has been included on page 172 of this Annual Report.

Corporate governance

RAK Ceramics (Bangladesh) is committed to comply with all the requirements of Corporate Governance Code, 2018 of Bangladesh Securities and Exchange

Commission. To ensure the spirit of governance with full accountability for inspiring confidence and trust of investors, regulators, financiers and other stakeholders, Details about corporate governance are discussed in the 'Corporate governance report' on page 155 of this Annual Report.

Reporting and compliance of corporate governance

The Company has complied with the conditions of the Corporate Governance Code, 2018 of the Bangladesh Securities and Exchange Commission dated June 03, 2018. Detailed status of compliance on corporate governance, along with the corporate governance compliance certificate, has been included on page 158 of this Annual Report.

Membership with BAPLC

RAK Ceramics (Bangladesh) has membership of the Bangladesh Association of Publicly Listed Companies (BAPLC). A certificate of BAPLC membership has been included on page 173 of this Annual Report.

Post balance sheet events

There are no material events which have occurred after the balance sheet/reporting date, the non-disclosure of which could affect the ability of users of these financial statements to make an appropriate evaluation.

Appreciation

The Board would like to take this opportunity to thank the government authorities, shareholders, investors, bankers, employees and other stakeholders for their continuous commitment, cooperation, confidence and support in achieving the Company's objectives and outcomes.

For and on behalf of the Board of Directors,



(Abdallah Massaad)
Chairman

Date: January 27, 2025

KEY OPERATING AND FINANCIAL DATA OF PRECEDING FIVE YEARS

ANNEXURE-1

Amounts in BDT

Particulars	2024	2023	2022	2021	2020
Sales	6,669,514,820	7,819,322,342	7,453,465,494	6,851,136,685	5,288,916,673
Cost of sales	(5,519,288,589)	5,867,007,657	5,483,544,470	4,818,277,683	4,122,212,640
Gross profit	1,150,226,231	1,952,314,685	1,969,921,024	2,032,859,002	1,166,704,033
Administration expenses	349,742,488	454,988,709	395,990,271	389,439,450	340,640,502
Marketing and selling expenses	575,202,059	638,875,955	623,919,697	523,744,007	414,376,760
Net profit before financial expenses	225,281,684	858,450,021	950,011,056	1,119,675,545	411,686,771
Financial expense	187,446,441	71,214,646	109,274,503	10,390,323	19,673,258
Other income*	13,782,489	30,904,720	48,912,314	44,817,259	55,522,446
Net profit before taxation	51,617,732	818,140,095	889,648,867	1,154,102,481	447,535,959
Income tax expenses	78,948,819	199,752,088	218,063,252	248,916,594	136,882,507
Non-controlling interest	16	41	118	204	121
Net profit/(Loss) after taxation	(27,331,087)	618,388,007	671,585,615	905,185,887	310,653,452

ANNEXURE-2

The summary of unclaimed or undistributed or unsettled dividend in cash, transferred to Capital Market Stabilization Fund (CMSF) are as follows:

Amount in BDT

Year	Gross Dividend Amount	TDS on Dividend	Net Dividend Amount	Dividend Distributed	Fund Transferred to CMSF
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

THE NUMBER OF BOARD MEETINGS AND THE ATTENDANCE
BY EACH DIRECTORS DURING THE YEAR 2024

ANNEXURE- 3

Name of directors	Position	Number of meetings held while a member	Number of meetings attended
Abdallah Massaad (Nominee of RAK Ceramics PJSC, UAE)	Chairman	04	04
SAK Ekramuzzaman	Managing Director	04	04
Pramod Kumar Chand (Nominee of RAK Ceramics PJSC, UAE)	Director	04	04
Wassim Moukahhal (Nominee of RAK Ceramics PJSC, UAE)	Director	04	04
Mohd. Shafiul Azam	Independent Director	04	04

SHARE HOLDING PATTERN

ANNEXURE- 4

Shareholding Pattern

The pattern of Shareholding as on 31 December 2024

Parent/Subsidiary companies and other related parties

Name	Status/Position	No. of Shares held
RAK Ceramics Co. PJSC, UAE	Parent Company	291,586,431

Directors/CEO/CFO/CS/HIAC and their spouses and minor children

Name	Status/Position	No. of Shares held
Abdallah Massaad (Nominee of RAK Ceramics PJSC, UAE)	Chairman	16
SAK Ekramuzzaman	Managing Director	16,895,824
Pramod Kumar Chand (Nominee of RAK Ceramics PJSC, UAE)	Director	Nil
Wassim Moukahhal (Nominee of RAK Ceramics PJSC, UAE)	Director	Nil
Mohd. Shafiul Azam	Independent Director	Nil
Sadhan Kumar Dey	Chief Executive Officer	Nil
Muhammad Shahidul Islam	Company Secretary	Nil
Mohammad Samsul Arefin	General Manager-Finance & Accounts	Nil
Md. Shariful Islam	Head of Internal Audit and Compliance	Nil

Shareholding status of top 5 salaried employees other than CEO, CFO, CS & HIAC

Name	Status/Position	No. of Shares held
Md. Mahbubul Haque	GM-SCM	Nil
Sk Rafiq Uddin	DGM-Finance & Accounts	Nil
S.M. Arafatur Rahman	DGM-Sales and Marketing	Nil
Mohammed Shamsuddin	AGM Finance and Accounts	Nil
Srinivasa Rao Ummadisetti	Sr. Manager-production	Nil

Shareholders holding 10% or more voting interest in the company

Name	Status/Position	No. of Shares held
RAK Ceramics PJSC, UAE	Parent Company	291,586,431

MANAGEMENT’S DISCUSSION AND ANALYSIS

Business and financial overview

RAK Ceramics (Bangladesh) Limited is a prominent subsidiary of RAK Ceramics PJSC, a globally recognized multinational corporation. Established in 1998 as a joint venture between the UAE and Bangladesh, the Company has grown into one of the most respected names in the ceramics industry. RAK Ceramics (Bangladesh) Limited was listed on the Dhaka and Chittagong Stock Exchange on June 13, 2010.

RAK Ceramics (Bangladesh) Limited is the country’s leading and most respected tiles and sanitary ware manufacturing Company. The Company has anchored

this position based on its market-leading capacities, world-class manufacturing assets, high production utilization levels, optimized cost structures, vibrant sales and distribution network, superior post-sales support and robust customer engagement programs.

Accounting policies and estimation for preparation of financial statements and changes there on

Accounting policies and estimation for the preparation of the Company’s financial statements and changes there on are disclosed in “Note no – 3 of the “consolidated financial statements” on page 185 of this annual report.

Comparative analysis of financial performance and position of the Company

Comparative financial data of preceding five years are given below:

Particulars	2024	2023	2022	2021	2020
Sales	6669.51	7,819.32	7,453.47	6,851.14	5,288.92
Gross Profit	1150.23	1,952.34	1,969.92	2,032.86	1,166.70
Net Profit After Tax	(27.33)	618.39	671.59	905.19	310.65
Earnings Per Share (Absolute BDT)	(0.06)	1.44	1.57	2.12	0.73
Net Operating Cash Flow	207.63	319.85	619.42	582.86	1,228.66
Net Asset Value (NAV)	7,372.27	7,827.58	7637.15	7,500.53	7,023.31
Net Asset Value Per Share	17.23	18.29	17.85	17.53	16.41

The detail of comparative analysis of the financial performance and position of the Company’s operational results is discussed in the “An update on our performance for the year 2024” on page 121 of this annual report.

Financial performance vis-à-vis industry peers

a) Listed ceramics companies in Bangladesh comprise the following:

Sl. No.	Name	Product Category	Market Category	Year of listing on DSE	Year of listing on CSE	Year end
01	RAK Ceramics (Bangladesh) Limited	Tiles and sanitary ware	A	2010	2010	December 31st
02	Fu-Wang Ceramic Industry Limited	Tiles	B	1998	1998	June 30th
03	Monno Ceramic Industries Limited	Tableware	A	1883	1995	June 30th
04	Shinepukur Ceramics Limited	Tableware	B	2008	2008	June 30th
05	Standard Ceramic Industries Ltd.	Tableware	B	1996	1996	June 30th

b) Financial scenario of ceramics companies in Bangladesh:

(Amount in BDT mn)

Particulars	For the year ended 31 December-2024	For the year ended 30 June 2024			
	RAK Ceramics (Bangladesh) Limited	Fu-Wang Ceramic Industry Limited	Monno Ceramic Industries Limited	Shinepukur Ceramics Limited	Standard Ceramic Industries Ltd.
Sales	6,669.51	1,078.13	302.73	1,957.43	96.29
Gross Profit	1,150.23	253.09	45.74	265.19	(96.04)
Net profit/Loss after tax	(27.33)	46.86	14.65	22.89	(122.97)
NOCF Per Share (Absolute BDT)	0.49	(0.18)	(0.17)	0.86	(8.94)
Net Asset Value per share (Absolute BDT)	17.23	11.97	79.99	31.22	(37.84)
Earnings per Share (Absolute BDT)	(0.06)	0.20	0.39	0.16	(23.02)

Economic scenario of Bangladesh and the globe

In 2024, Bangladesh faced significant economic challenges, including political upheaval, high inflation, and infrastructure constraints. These factors contributed to a slowdown in GDP growth, leading major financial institutions to revise their forecasts downward. Despite disruptions in energy and food markets caused by the pandemic, Russia’s invasion of Ukraine, and the cost-of-living crisis, along with the unprecedented tightening of global monetary conditions to combat decades-high inflation, the global economy has slowed but not stalled. However, growth remains slow and uneven, with increasing global divergences.

Bangladesh's GDP growth experienced a slowdown in 2024. The Asian Development Bank (ADB) revised its growth forecast to 5.1% for the fiscal year 2024-25, citing various economic and political challenges. This was a significant downgrade from the earlier projection of 6.6%. Similarly, the World Bank adjusted its forecast, projecting a 5.7% growth rate for FY 2024-25, supported by increased private consumption and a pickup in investment due to large infrastructure projects.

Inflation emerged as a critical issue in 2024, reaching an average of 11.38% in November, the highest in over a decade. Food inflation was particularly severe, fluctuating between 12% and 14% throughout the year. Several factors contributed to this surge, including global commodity price fluctuations, currency depreciation, and supply chain disruptions. In response, the central bank adopted a tight monetary policy, raising the repo rate to 8.50% to curb inflationary pressures.

Despite economic difficulties, infrastructure development remained a focal point for Bangladesh in 2024. The European Investment Bank (EIB) announced

plans to double its funding to €2 billion, aimed at supporting major projects in green energy, water safety, communication, and climate change resilience. These investments are expected to enhance economic stability and integrate regional infrastructure, including electricity grid connectivity with Nepal’s hydropower projects. The central bank plans to maintain a tight monetary policy to control inflation, with a target to reduce it below 7% by mid-2025. Efforts to improve governance, streamline tax collection, and address public spending inefficiencies are expected to bolster economic stability.

Looking ahead to 2025, Bangladesh aims to stabilize its economy through several measures:

The central bank plans to maintain a tight monetary policy to control inflation, with a target to reduce it below 7% by mid-2025. Efforts to improve governance, streamline tax collection, and address public spending inefficiencies are expected to bolster economic stability. Reducing dependence on the ready-made garment sector by promoting industries like pharmaceuticals, IT, and agro-processing is anticipated to open new growth avenues.

Global Economy

The global economy experienced modest growth in 2024, with the International Monetary Fund reporting a growth rate of 3.2%. Advanced economies faced challenges such as high energy prices and inflation, while emerging markets contended with property slumps and slow recoveries. Trade tensions, particularly between the U.S. and China, contributed to economic uncertainties. Despite these challenges, the U.S. economy demonstrated resilience, supported by robust consumer spending and a strong labor market.

Looking ahead, the global economy is projected to grow by 3.3% in both 2025 and 2026, according to the IMF. The World Bank offers a more conservative estimate of 2.7% growth for the same period. Key risks to this outlook include persistent inflation, potential escalation of trade tensions, and geopolitical uncertainties. The Organization for Economic Co-operation and Development warns that rising protectionism could disrupt supply chains and hinder growth. Central banks are expected to maintain cautious monetary policies, balancing the need to control inflation with supporting economic activity.

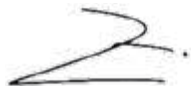
However, Bangladesh and the global economy face a complex interplay of challenges and opportunities in 2025. While growth is anticipated to continue, various risks necessitate careful monitoring and proactive policy measures to ensure sustainable economic development.

Risks and concerns

Details of risks and concerns facing the Company are discussed in detail in the “Risk management and control” on page 107 of this annual report.

Future outlook

In today’s transforming world, new aspirations and demands are being fostered by the corresponding shift in lifestyles. At RAK Ceramics (Bangladesh), we are focused on seizing the opportunities and challenges to continue on the path of sustainable progress and value creation for all our stakeholders.



(SAK Ekramuzzaman)

Managing Director

Date: 27 January 2025

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS

Importance of the ceramics industry in Bangladesh

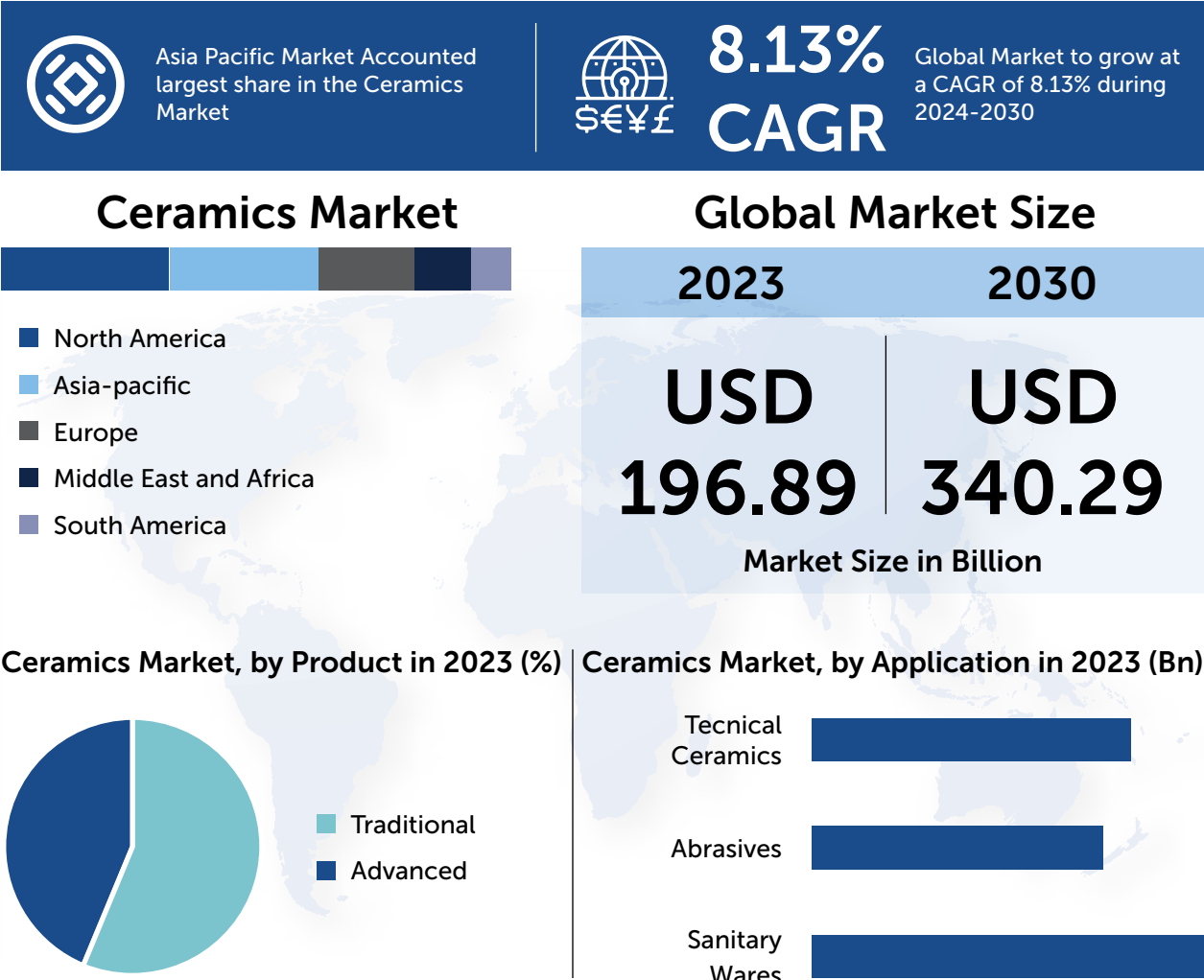
The ceramic industry plays an important role in the economy of Bangladesh as it is one of the key manufacturing sectors providing notable contributions to the country's GDP and job creation in the economy.

Domestic manufacturing further enables the country to primarily rely on itself for a critical building material. These are important products for the construction industry and will be crucial for the growth of this important sector as Bangladesh expects to join the ranks of a middle-income country in the next few years.

Global ceramics market

The global market for wall and floor coverings has grown due to rising demand for aesthetically pleasing, durable solutions and evolving consumer lifestyle design trends. Contributing factors include office expansion, improved lifestyles and rapid urbanisation. The high cost of rehabilitation has driven demand for long-lasting, low-maintenance materials. Over the foreseeable future, this is expected to positively impact the industry. The variety in colours, textures and sizes of ceramic tiles has also boosted their market appeal, in addition to their cost-competitiveness.

Global ceramics market at a glance



Source: www.transparencymarketresearch.com

The future of ceramics

- The future of the ceramics market is promising, with innovations and emerging trends expected to reshape the landscape. Key trends influencing the future include:
- Technological advancements: Cutting-edge developments in specific technology that promise to enhance the performance and accessibility of ceramics solutions
- Sustainability focus: Companies are increasingly prioritising eco-friendly and sustainable practices in ceramics production and distribution
- Regional growth: Emerging economies, particularly in the Asia-Pacific such as Bangladesh, are anticipated to become significant contributors to the overall market growth

Asia-Pacific – A thriving hub for ceramics

The Asia-Pacific region holds the largest share of the global ceramic tiles market and is expected to maintain its lead over the future. The region, being the top producer

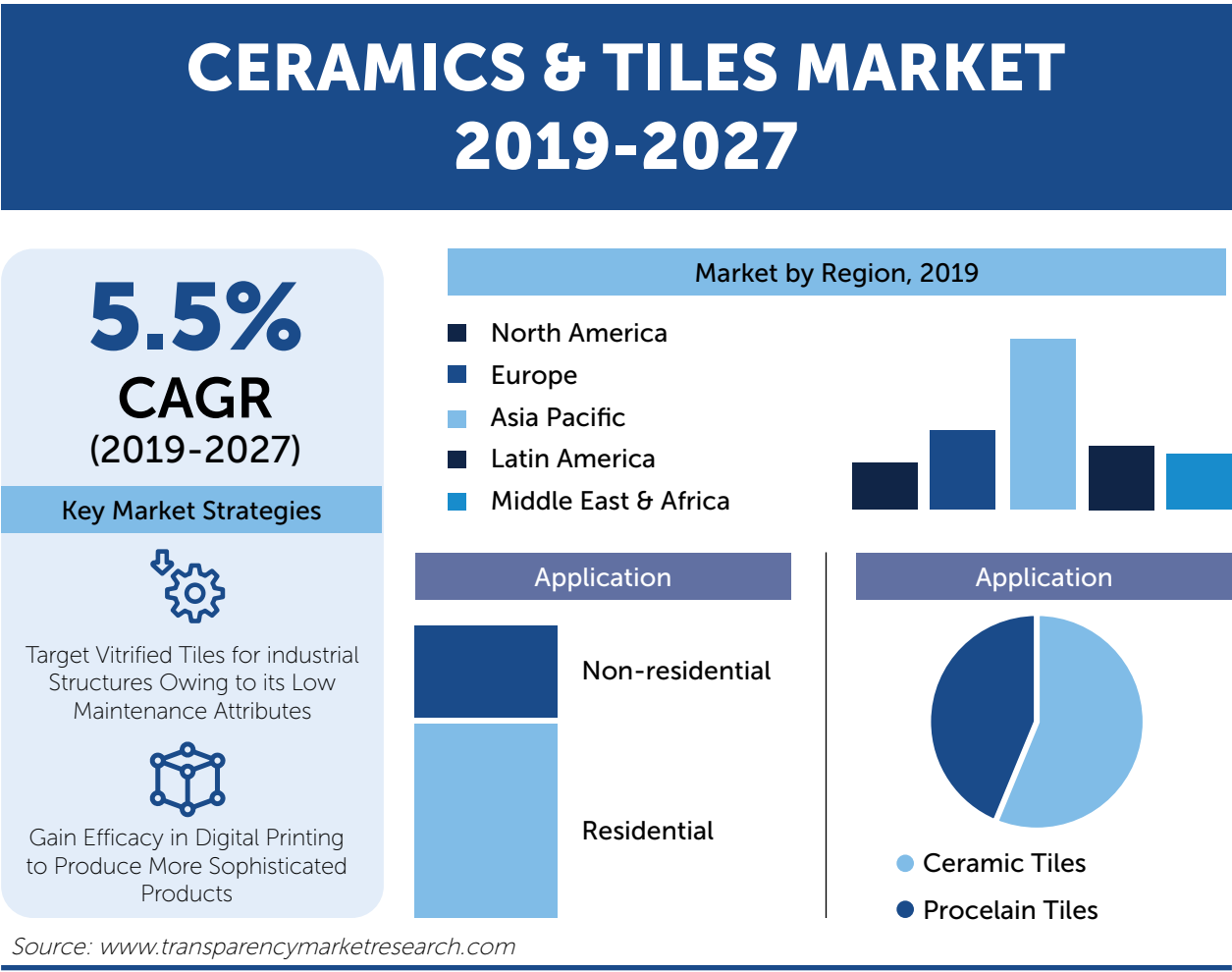
and consumer of ceramic tiles, will continue to dominate due to a booming construction and real estate sector. Nations like India, China and Japan are seeing increased investment in real estate and construction, fuelling market growth. Further, these countries have a typically developing profile and this economic transition will open huge opportunities for the sector, going forward.

The demand for designer and modular tiles, an expanding construction industry, and government support for ceramics will further drive this growth. Rapid industrialisation, urbanisation and cost benefits will also contribute to the future growth of the sector. Thus, the Asia-Pacific ceramic tiles market is projected to grow at a CAGR of 5 percent+ for the mid-term (2024-2029).

Market segments:

- Products: Glazed, porcelain (vitrified), scratch-free and other tiles
- Applications: Floor tiles, wall tiles and others
- End-users: Residential and commercial for both new developments and also for refurbishment

Asia-Pacific ceramics market in the context of the global market



Bangladesh’s ceramics market

In addition to standard products, the Bangladesh ceramics industry has branched into a wider array of applications under advanced ceramics. The value-added features of these ceramics allow such products to be utilised for issues like energy conservation, water purification and electronic and biomedical applications, among others. This will open up new growth avenues for the ceramics industry of the country, going forward.

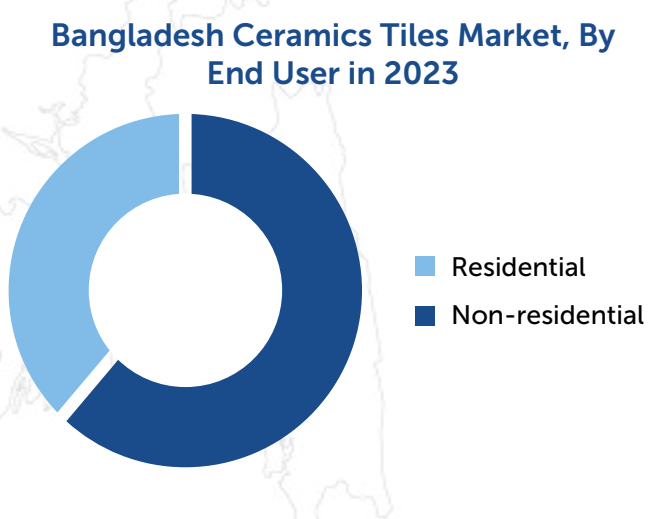
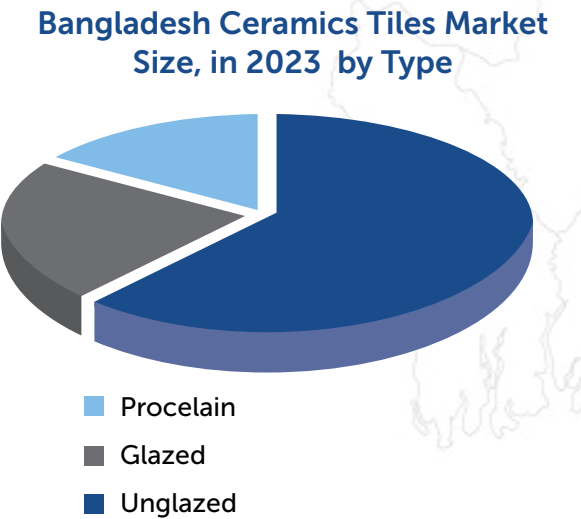
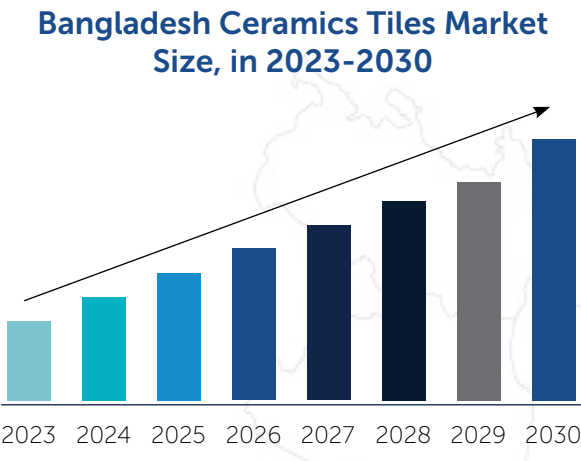


Bangladesh is Expected to lead the Ceramics Tiles Market Share in 2023



Bangladesh Ceramics Tiles Market to grow at a CAGR of 13.71% during 2024-2030

BANGLADESH CERAMICS TILES MARKET



Source: www.maximizemarketresearch.com

For more information, please refer to the chapter “Our Opportunity Landscape” on page- 100

AUDIT COMMITTEE REPORT

It is our immense pleasure to present the Report of Audit Committee for the year 2024. The Audit Committee is a sub-committee of the Board of Directors. The Committee assists the Board in ensuring that the financial statements reflect a true, fair and accurate view of the state of affairs of the Company, and also in ensuring robust monitoring systems and internal control within the business.

Terms of reference

The terms of reference of the Audit Committee have been determined by the Board, as per the Corporate Governance Code, 2018 (CG Code, 2018) of Bangladesh Securities and Exchange Commission, dated June 03, 2018

Composition

In accordance with the CG Code, 2018 and amended on November 20 2023, the Audit Committee comprises three members including an Independent Director. The Chairperson of the Committee is an Independent Director. The Company Secretary is the Secretary of the Committee.

The current members of the Audit Committee include:

- Mohd. Shafiul Azam, Chairperson
- Wassim Moukahhal, Member
- Pramod Kumar Chand, Member
- Muhammad Shahidul Islam, Secretary

All members of the Audit Committee have rich business acumen, insights and are individuals with specialist skills, ethics and integrity, and are able to ensure compliance with financial, regulatory and corporate laws that support purposeful contribution to the business as well.

Roles and responsibilities

The roles and responsibilities of the Audit Committee are clearly defined in the Audit Committee Charter. The Audit Committee shall assist the Board in fulfilling its oversight responsibilities. To recognize the importance of oversight responsibilities of the Board with special emphasis on ensuring compliance with all applicable legislations and regulations, the core responsibilities of the Audit Committee, among others, are as follows:

- (a) Oversee the financial reporting process;
- (b) Monitor the choice of accounting policies and principles;
- (c) Monitor internal audit and compliance processes to ensure that it is adequately resourced, including approval of the internal audit and compliance plan and review of the internal audit and compliance report;
- (d) Oversee hiring and performance of external auditors;

- (e) Hold meetings with external/statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- (f) Review, along with the management, the annual financial statements before submission to the Board for approval;
- (g) Review, along with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;
- (h) Review the adequacy of the internal audit function;
- (i) Review the Management’s Discussion and Analysis before disclosing it in the Annual Report;
- (j) Review statements of all related party transactions submitted by the management;
- (k) Review management letters or letters of internal control weakness issued by statutory auditors;
- (l) Oversee the determination of audit fees based on the scope and magnitude, level of expertise and time required for effective audit, while also evaluating the performance of external auditors; and
- (m) Perform other activities related to the Audit Committee Charter, as requested by the Board of Directors.

Committee meetings and attendance

During the year 2024, the Committee held 04 (four) meetings, complying with the requirement of at least one meeting to be held every quarter, in which the Committee reviewed issues relating to business operations, compliance and finance and accounts, among others. The Managing Director, Chief Financial Officer and Head of Internal Audit and Compliance (HIAC) were permanent invitees to the meeting. Relevant departmental heads and other members of the management also attended the meetings, as required. The proceedings of the meetings are properly recorded in minutes and regularly reported to the Board of Directors. The number of Audit Committee meetings held, and the attendance by each member during the year 2024, comprise the following:

Name of directors	Position	Number of meetings held during 2024	Number of meetings attended
Mohd. Shafiul Azam	Chairman	04	04
Wassim Moukahhal	Member	04	04
Pramod Kumar Chand	Member	04	04
Muhammad Shahidul Islam	Member Secretary	04	04

Internal control and risk management process

The Company, keeping the cognisance of its size and nature of the business, has developed and deployed robust internal controls by instituting a comprehensive documentation system for all its operational and financial functions. Its well-documented policies and guidelines ensure proper maintenance of accounting records, reliable financial reporting, adequate and timely regulatory compliance and accurate monitoring of the Company's operations.

Proper authorisation, recording and reporting of all transactions safeguard assets against its unauthorised use or disposition. The internal audit team conducts periodic reviews of the adequacy and adherence to the internal controls and discusses the observations with the management and the Audit Committee. The Company also conducts regular audits and monitoring of the internal controls by the internal audit team and undertakes suggested recommended measures to strengthen the system further.

The risk management process at RAK Ceramics (Bangladesh) comprises the alignment of resources to ensure the attainment of strategy and business plans, including harnessing available opportunities that meet the risk appetite criteria set by the Board. Risk profiles intrinsic to existing activities are maintained within approved risk tolerance levels, thereby optimising risk-return parameters, thus laying the foundations for sustainable growth and consistent value creation for shareholders and other stakeholders.

Committee's report summary

The Committee has the following opinions regarding corporate and financial affairs of the Company:

- Reviewed the quarterly, half-yearly and yearly financial statements of the Company, and recommended to the Board for their adoption and approval;
- Reviewed the internal audit process and effectiveness of internal audit;
- Reviewed the findings of the internal audit team and its corrective actions;
- Reviewed if adequate internal control systems are in place to detect, correct and prevent fraud and errors on a timely basis;
- Reviewed if laws and regulations relating to business and internal policies, procedures and guidelines have been complied with;
- Reviewed if financial statements for the year ended December 31, 2024 contained full disclosures and if these were prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB);

- Reviewed if appropriate management information systems (MIS) are in place to facilitate the decision making process;
- Reviewed if existing risk management procedures are effective to capture and mitigate risk; and
- Reviewed if the state of compliance with corporate governance code and other regulations, as per the requirements of the Bangladesh Securities and Exchange Commission, were ensured.

Statutory auditor

The Audit Committee is satisfied through its own process of review that the statutory auditor of the Company is independent, as defined by the related act. The Audit Committee of the Board recommended to re-appoint M/s ACNABIN, Chartered Accountants (an independent member of BAKER TILLY INTERNATIONAL) as the statutory auditors of the Company for the year 2025.

Internal audit

Internal audit is regarded as one of the four pillars of corporate governance. The Company has established a separate internal audit and compliance department to ensure that internal control and compliance is in place. On the other hand, the Audit Committee regularly monitors and reviews the reports generated by the internal audit and compliance department and takes appropriate corrective measures.

Quarterly financial statements

As per the CG Code, 2018, the Audit Committee reviewed quarterly financial statements of the Company and its subsidiaries and found that these statements reflected a true and fair view of the state of affairs of the companies.

Annual financial statements

The Committee has tabled the annual financial statements for approval by the Board. The Board has subsequently approved the financial statements, which will be opened for discussion at the forthcoming Annual General Meeting.

Appreciation

The Audit Committee expresses its sincere acknowledgement to members of the Board, the management and statutory and internal auditors for their continuous support and assistance in enabling it to discharge its duties and responsibilities effectively.



(Mohd. Shafiul Azam)

Chairman

Audit Committee

Date: January 27, 2025

NOMINATION AND REMUNERATION COMMITTEE REPORT

It is our immense pleasure to present the Report of Nomination and Remuneration committee for the year 2024. The Nomination and Remuneration Committee (NRC) is a sub-committee of the Board. The NRC assists the Board in formulating the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and other top-level executives. The NRC plays a stewardship role to the management to identify the Company's needs for human resources at different levels and to determine their selection, transfer or replacement and promotion criteria.

Terms of reference

The terms of reference of the NRC have been determined by the Board, as per the Corporate Governance Code, 2018 (CG Code 2018) of Bangladesh Securities and Exchange Commission, dated June 03, 2018 and amendment on November 20, 2023.

Composition

In accordance with CG Code, 2018 and amended on November 20, 2023 the NRC of RAK Ceramics (Bangladesh) comprises with three members including two non-executive Directors and an Independent Director. The Chairperson of the Committee is an Independent Director of the Company. The Company Secretary is the Secretary of the Committee.

The current members of the NRC include:

Mohd. Shafiul Azam, Chairperson

Wassim Moukahhal, Member

Pramod Kumar Chand, Member

Muhammad Shahidul Islam, Secretary

Roles and responsibilities

The roles and responsibilities of the NRC are clearly defined in the terms of reference (ToR). The core responsibilities of the NRC, among others, are as follows:

- NRC shall be independent and responsible or accountable to the Board and to shareholders
- NRC shall oversee, among others, the following matters and make a report with recommendations to the Board:
 - Formulating the criteria for determining qualifications, positive attributes and independence of a Director, and recommending a policy to the Board relating to the remuneration of Directors and top-level executives, considering the following:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to steward the Company successfully;
 - The alignment of remuneration to performance is clear and meets appropriate performance benchmarks;
 - Remuneration to Directors and top-level executives involves a balance between fixed and incentive pay, reflecting shortand long-term performance objectives appropriate to the working of the Company and its goals;
- Devising a policy on the Board's diversity, taking into consideration age, gender, experience, ethnicity, educational background and nationality;
 - Identifying persons who are qualified to become Directors and who may be appointed in top-level executive positions, in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
 - Formulating the criteria for evaluation of performance of Independent Directors of the Board;
 - Identifying the Company's needs for employees at different levels and determining their selection, transfer or replacement and promotion criteria;
 - Developing, recommending and reviewing annually the Company's human resources and training policies; and
 - Developing a succession plan for the Board and top-level executives, and regularly reviewing the plan.

Nomination policy

The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of the diversity policy of the Board, and recommend to the Board his/her appointment. For the appointment of toplevel executives, a person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment. Further, for administrative convenience, for the appointment of top-level executives, the Managing Director is authorised to identify and appoint a suitable person for such positions. However, if need be, the Managing Director may consult the Committee/Board for further directions/guidance.

Remuneration policy

The level and composition of remuneration to be paid to Directors, top-level executives and other employees shall be reasonable and sufficient to attract, retain and motivate suitable individuals. The relationship of

remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive/performance related pay, reflecting achievement of short- and longterm performance objectives appropriate to the working of the Company and meeting its goals.

Evaluation criteria

The Committee shall carry out evaluation of performance of every Director. The Committee shall identify the evaluation criteria, which will evaluate Directors based on their knowledge to perform the role, time and level of participation, performance of duties, level of oversight and professional conduct and independence. The appointment/re-appointment/continuation of Directors on the Board shall be subject to the outcome of the annual evaluation process. The Committee shall evaluate performance of top-level executives on the basis of individual KPIs. Decisions pertaining to promotion/ continuation of top-level executives shall be subject to the outcome of the annual evaluation process based on appropriate performance benchmarks.

Activities of NRC

- The NRC carried out the following activities during the year 2024:
- Reviewed the performance of top-level executives on the basis of individual KPIs.
- Reviewed the criteria for evaluation of performance of Independent Directors and the Board.
- Reviewed the Company's need for employees at different levels and determined their selection, transfer or replacement and promotion criteria.
- Reviewed human resources and training policies.
- Reviewed the salary at different levels of the Company.

- Reviewed the appointment/reappointment of Directors of the Company.

Committee meetings and attendance

During the year 2024, the NRC held one meeting, complying with the requirement of at least one meeting to be held during the year. The proceedings of the meeting were recorded in proper minutes and reported to the Board of Directors. The number of NRC meetings held and the attendance by each member during the year 2024 is given below:

Name of directors	Position	Number of meetings held during 2024	Number of meetings attended
Mohd. Shafiul Azam	Chairman	04	04
Wassim Moukahhal	Member	04	04
Pramod Kumar Chand	Member	04	04
Muhammad Shahidul Islam	Member Secretary	04	04

Appreciation

The NRC expresses its sincere appreciation to the members of the Board and the management of the Company for their excellent support and cooperation extended in helping it discharge its duties and responsibilities effectively.



(Mohd. Shafiul Azam)

Chairperson

Nomination and Remuneration Committee

Date: January 27, 2025

CORPORATE GOVERNANCE REPORT

At RAK Ceramics (Bangladesh), we believe that good corporate governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

Being an industry leader for more than 26 years, gives us immense pride and at the same time puts onus on us to raise our own bar of governance. In keeping with this responsibility, we continuously review our Corporate Governance framework and practices. We believe that our good governance processes provide transparency with regards to corporate policies and strategies, while enabling us to refine our decision making process. This further strengthens internal control systems and helps in building positive relationships with all our stakeholders.

The Board of Directors of the Company is deeply engaged in developing and measuring the Company's long-term strategy, performance, culture and values. We believe that it adds a valuable and diverse set of external perspectives, while a robust, open debate about significant business issues brings an additional discipline and rigour to major decisions.

The Board is responsible and committed to embracing sound principles of corporate governance. Our governance framework ensures that we make timely disclosures and share detailed and timely information with respect to our financials and our performance, as well as disclosures related to our leadership and governance. We believe in transparency and commit ourselves to adhere to best practices in governance at all times. The Corporate Governance Philosophy of the Company is based on the following principles:

- Appropriate composition of the Board;
- Timely disclosure of material and financial information to the Board, regulators, shareholders and other stakeholders;
- Robust systems and processes to ensure strong internal controls, financial controls and compliance with laws, rules and regulations; and
- Proper business conduct by the Board, committees, top management and employees.

Board of Directors

At RAK Ceramics (Bangladesh), an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance in order to bring objectivity and transparency in the Management. The Board of Directors is an effective intermediary between

shareholders and the management. Directors are elected or appointed by shareholders at the Annual General Meeting (AGM) and they are accountable to our shareholders.

Composition of the Board

In compliance with the Corporate Governance Code 2018 and amended on November 20, 2023 of Bangladesh Securities and Exchange Commission (BSEC), The Board of Directors of RAK Ceramics (Bangladesh) comprises with five members including one Independent Director. Obtained consent from BSEC for appointment of another Independent Director. Placed for shareholders' approval in next AGM The Company has a Non-Executive Chairman and a Managing Director (different individuals).

Board procedure

The Board embraces the practice of planning in advance in matters requiring discussions and decisions by the Board. The Board is appraised across all facets of the business by means of a presentation on production, sales, marketing, finance, major business segments/ operations, among other matters, as per their demands and requirements. The Managing Director along with the Company Secretary, finalises the agenda papers for Board meetings, in consultation with concerned teams/ stakeholders. The minutes of the proceedings of each Board meeting are maintained as per statutory provisions.

Committees of the Board

In accordance with the requirements of Corporate Governance Code 2018 of BSEC, RAK Ceramics (Bangladesh) has an Audit Committee and a Nomination and Remuneration Committee as sub-committees of the Board of Directors.

Audit Committee

The Audit Committee is a sub-committee of the Board and provides assistance in ensuring the perpetuation of strong monitoring systems across the organization. The Committee comprises with three members, including an Independent Director. The Chairman of the Committee is an Independent Director of the Company. The Company Secretary is the Secretary of the Committee. The Audit Committee is responsible to the Board, and the duties and responsibilities of the Committee are clearly articulated in writing by the Board in the Audit Committee Charter. The Audit Committee reports to the:

- a) Board of Directors
- b) Relevant regulatory authorities
- c) Shareholders and general investors

Details about the Audit Committee, including terms of reference, composition, responsibilities, meetings, reporting and activities carried out by the Committee are disclosed in this annual report in the “Audit Committee Report”, signed by the Chairman of the Committee.

Nomination and Remuneration Committee (NRC)

NRC is a sub-committee of the Board and assists the Board in devising the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives, as well as a policy for the formal processes of considering remuneration of Directors and top-level executives.

NRC of RAK Ceramics (Bangladesh) comprises with three members including two non-executive Directors and an Independent Director. The Chairperson of the Committee is an Independent Director of the Company. The Company Secretary is the Secretary of the Committee. NRC is independent, responsible and accountable to the Board and to shareholders. The NRC shall:

- a) Report and offer recommendations to the Board of Directors; and
- b) Disclose the nomination and remuneration policy and evaluation criteria and its activities to shareholders.

The details about NRC, including terms of reference, composition, responsibilities, meetings, nomination and remuneration policy, evaluation criteria and activities, are disclosed in this annual report in the “Nomination and Remuneration Committee (NRC) Report”, signed by the Chairperson of the Committee.

Chairman of the Board and Managing Director

The position of the Chairman of the Board and the Managing Director of RAK Ceramics (Bangladesh) is occupied by different individuals. The Board of Directors has clearly defined the respective roles and responsibilities of the Chairman and the Managing Director, in addition to their roles and responsibilities, as per the Articles of Association of the Company.

Chief Executive Office

Sadhan Kumar Dey is the Chief Executive Officer of RAK Ceramics (Bangladesh). He is a qualified finance and management professional from the Chartered Institute of Management Accountant– UK and the Institute of Certified Management Accountant– Australia. He is an alumni of Harvard Business School, USA. He possesses more than 27 years of industrial experience in construction companies in the manufacturing sector. As CEO, he is responsible for entire business operations of the Company including its subsidiaries.

Company Secretary

Muhammad Shahidul Islam is the Company Secretary of RAK Ceramics (Bangladesh) and has been appointed by the Board of Directors of the Company. He is a qualified Chartered Secretary and a fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB). His professional career spans more than 20 years in the realm of Company Secretariat, Corporate Affairs, Compliance, Initial Public Offer (IPO), Legal, Capital Market Operations and Internal Audit covering the manufacturing and insurance sectors. The Board of Directors have clearly defined the roles, responsibilities and duties of the Company Secretary.

Head of Finance & Accounts

Mr. Mohammad Samsul Arefin is a qualified Cost and Management Accountant and fellow member of the Institute of Cost and Management Accountants of Bangladesh (IC) having Master’s degree in Accounting from National University. He is also a Chartered Global Management Accountant (CGMA) qualified from CIMA, UK. Mr. Arefin has more than 18 years of professional experience with renowned multinational companies namely Expolanka (Bangladesh) Limited, Novartis (Bangladesh) Limited and BASF (Bangladesh) Limited in the field of Financial Reporting and Accounting, Business Planning & Analysis, Supply Chain Management, Internal Audit & Compliance etc. He also successfully worked in several international projects undertaken by his previous organization. He is also responsible for the finance and accounting activities of the Company.

Head of Internal Audit and Compliance

Mr. Md. Shariful Islam joined as the head of Internal Audit and Compliance at RAK Ceramics (Bangladesh) limited on 13 November 2024. Mr. Shariful complete his graduation in accounting from Oxford Brookes University, UK. He is a qualified chartered certified accountant (ACCA) accredited by the association of Chartered Certified Accountants, UK. He also completed the certified accounting technician course at FTMS, Malaysia. His professional career spans over 12 years of comprehensive experience internal audit, internal control, corporate governance, financial and working capital management, and credit control covering manufacturing sectors. He is responsible for internal controls and compliance of the Company.

Statutory auditors

Statutory auditors are appointed by shareholders at the Annual General Meeting and also fix their remuneration thereof. M/s ACNABIN (An independent member of BAKER TILLY INTERNATIONAL), Chartered Accountants was the statutory auditors of the Company for the year 2024. They conducted systematic examination of the books and records of the Company and ascertained, verified and reported upon the facts regarding the financial results of the Company. To ensure the highest

levels of compliance with governance guidelines, the Company did not engage its statutory auditors to perform the following services:

- (i) Appraisal or valuation services or fairness opinions;
- (ii) Financial informationsystemsdesignandimplementation;
- (iii) Book-keeping or other services related to the accounting records or financial statements;
- (iv) Broker-dealer services;
- (v) Actuarial services;
- (vi) Internal audit services or special audit services;
- (vii) Any service that the Audit Committee determines;
- (viii) Audit or certification services on compliance of corporate governance; and
- (ix) Any other service that creates conflict of interest.

M/s ACNABIN (An independent member of BAKER TALLY INTERNATIONAL), Chartered Accountants declares that none of the partners or employees or any family members of any partnersoremployeesofM/sACNABINCharteredAccountants has taken any loan from RAK Ceramics (Bangladesh), nor have they any directorship/shares of RAK Ceramics (Bangladesh) during the tenure of the audit assignment.

Internal audit and control

RAK Ceramics (Bangladesh) considers internal audit and compliance an important tool for ensuring alignment with best governance practices. Hence, the Company has an independent internal audit and compliance department under the control of the Audit Committee of the Board. Internal audit assists the Company in attaining its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization’s risk management capabilities, controls and governance processes. It also assists the Audit Committee of the Board to perform their responsibilities efficiently and effectively.

Subsidiary company

RAK Ceramics (Bangladesh) has two subsidiary companies and, in compliance with the Corporate Governance Code 2018 of BSEC, the Company ensured the following across its subsidiaries:

- Provisions relating to the composition of the Board of subsidiary companies, including Independent Directors, have been complied with
- Independent Director of the company is also a Director in subsidiary companies
- Affairs of subsidiary companies have been reviewed at Board meetings of the Company
- Minutes of Board meetings of subsidiary companies have been placed for review at Board meetings of the Company

- Financial statements of subsidiary companies have been reviewed by the Audit Committee of the Company

Code of conduct

The Board of Directors of RAK Ceramics (Bangladesh) has formulated a coherent code of conduct for the Chairperson of the Board, other Board members, and Chief Executive Officer of the Company, and annual compliance to the code is recorded. As an organization with a longstanding heritage, our values encompass integrity, self-determination and valuing our human resources. Our parent company has articulated the corporate values for the Company and has also stipulated a code of conduct for employees, ensuring that the latter maintains the highest integrity, promotes fair and accurate disclosures, and ensures financial reporting and compliance with all relevant laws and principles.

Dividend Distribution Policy

Dividend Distribution Policy is being adopted in compliance with the Directive of the Bangladesh Securities and Exchange Commission (BSEC) No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021. The said policy is uploaded in the Company’s website <https://www.rakceramics.com/bangladesh/en-bd/investor-relation/dividend/dividend-distribution-policy> as well as disclose in the page 169 on this annual report.

Transfer of Unclaimed dividend to CMSF

In response BSEC’s Letter No. SEC/SRMIC/165-2020/part-1/202 date 25 August 2021 and SEC/SRMIC/165/part-1/166 dated 06 July 2021 and the CMSF Rules, the Company transferred the unclaimed or undistributed or unsettled dividend for the year 2010 to 2020 in cash and stock to CMSF in due time. The summary of unclaimed or undistributed or unsettled dividend in cash, transferred to Capital Market Stabilization Fund (CMSF) on page 143 in this annual report.

Compliances

RAK Ceramics (Bangladesh) is committed to comply with all requirements of the corporate governance code, as required by BSEC. The certificate on compliance of conditions of corporate governance code of the Company is provided on page 158 in this annual report.

Conclusion

RAK Ceramics (Bangladesh) ensured compliance with the highest standards of governance and unwavering adherence to the requirements of the ethical code of conduct through close and consistent monitoring. Further, through the code of ethics, all levels of staff were made aware of and encouraged to report through whistle-blowing any suspected wrongdoing.

**Report to the Shareholders of
RAK Ceramics (Bangladesh) Limited
on Compliance on the Corporate Governance Code**

We have examined the Compliance status to the Corporate Governance Code by RAK Ceramics (Bangladesh) Limited for the year ended on December 31, 2024. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

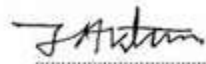
Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is highly satisfactory.

For: **Jasmin & Associates**
Chartered Secretaries


Jasmin Akter, FCS
Managing Partner

Place : Dhaka
Dated : January 27, 2025

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E-mail: jasminandassociates@gmail.com, jasminmizan123@yahoo.com, Phone : 02-9574125, 01712644440, 01711-076815

RAK CERAMICS (BANGLADESH) LIMITED

For the year ended 31st December 2024

Status of Compliance with the Corporate Governance Code

As per Condition No. 1 (5)(xxvii)

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1(1)	Board's Size			
	The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty).	√		
1(2)	Independent Directors			
1(2)(a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s); Provided that the Board shall appoint at least 01 (one) female independent director in the Board of Directors of the company;	√		At present the Board of Directors comprises with 5 members including one Independent Director. Obtained consent from BSEC for appointment of another Independent Director. Will be Placed for shareholders' approval in next AGM.
1(2)(b)(i)	Who either does not hold share in the Company or holds less than one (1%) shares of the total paid up shares of the Company;	√		
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1 (2) (b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1 (2) (b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		Director of subsidiary Companies
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1 (2) (b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1 (2) (b) (vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(2)(b) (viii)	Who shall not be an independent director in more than 5 (Five) listed companies;	√		
1(2)(b) (ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non- payment of any loan or advance or obligation to a bank or a financial institution; and"	√		
1(2)(b) (x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM) : Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	√		
1(2) (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:	√		
1(3)	Qualification of Independent Director (ID)			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws regulatory requirements and can make meaningful contribution to business;	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or registered business association; or	√		
1(3)(b)(iii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	√		
1(3)(b) (iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law: Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; or	√		
1(3)(b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
1(3)(b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		
1(3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1 (3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			No such matter
1(4)	Duality of chairperson of the Board of Directors and Managing Director of chief Executive Officer			
1(4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1 (4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1 (4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Director's Report to Shareholders			
1(5)(i)	An Industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The Segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin,where applicable;	√		
1(5) (v)	A Discussion on continuity of any Extra-Ordinary activities and their implication (gain or loss);			No such matter
1(5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			No such matter
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			No such matter
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A Statement that proper books of account of the issuer Company have been maintained.	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;			No such matter



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained;	√		
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons If the issuer company has not declared dividend (cash or stock) for the year;			No such matter
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)(a)	A brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his / her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	√		
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	√		
1(5)(xxviii)	The Directors' report to the shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.	√		
1(6)	Meetings of the Board of Directors; The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	Governance of Board of Directors of Subsidiary Company.			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		GM Finance and Accounts is acting as the Head of Finance and Accounts
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time: Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;"	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee:- For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee	√		
5	AUDIT COMMITTEE:			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors;	√		
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business;	√		
5(1) (c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the Company and shall include at least 1 (one) Independent Director;	√		
5(2) (c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without independent director.	√		
5(3)	Chairman of the Audit Committee			
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5(3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee The Audit Committee shall :-			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5) (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5 (5) (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5) (f)	Review along with the management, the annual financial statements before submission to the board for approval;	√		
(5)(5) (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5) (h)	Review the adequacy of internal audit function;	√		
5(5) (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5) (j)	Review statement of all related party transactions submitted by the management;	√		
5(5) (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5) (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5) (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;			No such matter
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)(a)	Report on conflicts of interests;			No such matter
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such matter
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			No such matter
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such matter
5(6)(b)	Reporting to the Authorities ;If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such matter



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5(7)	Reporting to the Shareholders and General Investors ;Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC):-			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6 (2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors;	√		
6(2) (c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2) (h);	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
6(4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6(5)	Role of the NRC			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b) (i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6(5)(b)(i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		
6(5)(b)(i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6(5)(b) (iii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b) (iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		
6(5)(b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	External or Statutory Auditors.			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	Appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker-dealer services;	√		
7(1)(v)	Actuarial services;	√		
7(1)(vi)	Internal audit services or special audit services	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	Any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company:-			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance.-			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the Annual General Meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

DIVIDEND DISTRIBUTION POLICY

This Policy shall become effective from the date of its adoption by the Board i.e. 03/05/2021.

1. Purpose, Objectives and Scope

- 1.1 This policy is being adopted in compliance with the Directive of the Bangladesh Securities and Exchange Commission (BSEC) No. BSEC CMRRCD/2021-386/03 dated 14 January 2021. The Directive requires to formulate a dividend distribution policy which shall be disclosed in the annual report and official website of the company.
- 1.2 The objective of this Policy is to ensure the optimum balance between the quantum of dividend declared and/or paid and amount of profits to be retained in the business for various investment and funding purposes. The Policy sets parameters to be considered by the Board of Directors of the Company for declaration of dividend including interim dividend from time to time. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or retention of profits, in the interest of providing transparency to the shareholders.
- 1.3 This Policy reflects the philosophy of the Company to maximize reward to its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the business & economic circumstances and external & internal factors enlisted, which shall be consistent with the performance of the Company over the years.

2. Definitions

- 2.1. Unless repugnant to the context:
- 2.2 "Act" shall mean The Companies Act, 1994 including the Gazette Notification / Rules made thereunder, and as amended from time to time relating to the Act.
- 2.3 "Applicable Laws" shall mean the Companies Act, 1994 including the Gazette Notification / Rules made thereunder, as amended from time to time, and all other acts, rules, regulations, notifications, orders, circulars etc. of the Bangladesh Securities and Exchange Commission (BSEC), the Dhaka Stock Exchange Limited (DSE), the Chittagong Stock Exchange Limited (CSE) and such other act, rules or regulations which applicable to the Company.
- 2.4 "Company" shall mean RAK Ceramics (Bangladesh) Limited.
- 2.5 "Compliance Officer" shall mean the Compliance Officer of the Company appointed by the Board of Directors.

- 2.6 "Board" or "Board of Directors" shall mean Board of Directors of the Company.
- 2.7 "Dividend" shall mean Dividend as defined under the Companies Act, 1994.
- 2.8 "GCFO, MD, CEO" shall mean Group Chief Financial Officer, Managing Director and Chief Executive Officer of the Company.
- 2.9 "Policy or this Policy" shall mean the Dividend Distribution Policy.
- 2.10 "Subsidiary" shall mean Subsidiary of the Company as defined under the Companies Act, 1994.
- 2.11 Words and expressions used and not defined in this Policy but defined in Companies Act, 1994 or rules made thereunder or Bangladesh Securities and Exchange Commission rules shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

3. Parameters for declaration of dividend

The Board shall consider the following circumstances for declaration and payment of dividend.

3.1 Financial parameters

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Favorable Debt Equity ratio;
- (d) Debt interest coverage ratio;
- (e) Liquidity position;
- (f) Business expansions, acquisitions, etc.;
- (g) Favorable state of the capital markets;
- (h) Profit growth.

3.2 External factors

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Sectorial performance;
- (d) Future uncertainties and industrial downturn;
- (e) Government policy;
- (f) Clientele effect;
- (g) Risk effect.

3.3 Internal factors

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernization of existing business;
- (d) Investment in research and development;
- (e) Working capital requirements;



- (f) Mergers and Acquisitions;
- (g) Investments in subsidiaries/Joint ventures/ associates;

3.4 Utilization of retained earnings

The decision of utilization of retained earnings of the Company shall be based on the following factors:

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) High cost of debt;
- (d) Market or product development/expansion plan;
- (e) Increase in production capacity;
- (f) Modernization Plan;

4. Target Dividend

RAK Ceramics (Bangladesh) Limited is committed to returning capital to shareholders via a sustainable dividend policy, aiming at a payout ratio in excess of 60% of consolidated net income subject to consideration of factors such as the business outlook, capital requirements for growth opportunities, expansion plans, optimal leverage levels and healthy cash reserves in addition to regulatory approvals.

5. Circumstances under which the shareholders may or may not expect dividend

- 5.1 Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- 5.2 Significantly higher working capital requirements adversely impacting free cash flow;
- 5.3 Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- 5.4 In the event of inadequacy of profits or whenever the Company has incurred losses.

The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

6. Procedure of Dividend Payout

- 6.1 The given below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations.

6.2 In case of final dividends.

- a. The Chief Financial Officer in consultation with the GCFO, MD / CEO of the Company shall prepare a proposal note to the Board for

recommending the percentage of dividend, if any and that proposal shall be reviewed by the Board, and shall be recommended for shareholders consideration and approval.

- b. The dividend as recommended by the Board shall be approved/declared by the shareholders at the annual general meeting of the Company.
- c. The payment of dividend shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

6.3 In case of interim dividend.

- a. Interim dividend, if any, shall be declared by the Board.
- b. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- c. The payment of dividends shall be made within 30 days from the date of record date to the shareholders entitled to receive the dividend as per the applicable laws.
- d. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting.

The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

7. Classes of Shares

The Company has issued only equity shares. There are no other class of shares issued or proposed to be issued by the Company. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

8. Applicability of the Policy

This policy is applicable on equity shares of the Company.

9. Compliance Responsibility

- 9.1 The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.
- 9.2 Compliance of this Policy shall be the responsibility of the Chief Financial Officer and the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

10. Review of the Policy

- 10.1 This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by the National Board of Revenue, Bangladesh Securities and Exchange Commission or such other regulatory authority as may be authorized, from time to time, on the subject matter.
- 10.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 10.3 Such amended Policy shall be periodically placed before the Board for adoption immediately after such changes.

11. Publication of the Policy

This Policy, as approved by the Board, shall be disclosed in the annual report and official website of the company at www.rakceramics.com/bangladesh.

12. Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

CREDIT RATING



Credit Rating Information and Services Limited

Nakajima Homes (1st, 4th & 5th Floor), 611A, Sejoon Bldg., Chaks-1000, Bandolent

Tel: 88-22-953 0991-3 Fax: 88-22-953 0995 E-mail: info@crisid.com Web: www.crisid.com

First ISO 9001:2015 Certified Coffee Roasting Company in Bangladesh

Setting global standard at national level

April 03, 2024

CRISL/Com/ 1821 /24

Managing Director

RAK Ceramics (Bangladesh) Limited

RAK Tower (7th, 8th & 9th floor), 1/A Jasimuddin Avenue, Sector# 3

Uttara Model Town, Dhaka-1230

Fax: +86 (02) 58957096

Email: mir.sifuzzaman@rakceramics.com

Sub: Announcement of Credit Rating for Public Listed Companies

Sir,

Pursuant to the Credit Rating Companies Rules, 2022, this is to inform you that the Rating Committee of Credit Rating Information and Services Limited (CRISL) has assigned the following rating to **"RAK Ceramics (Bangladesh) Limited"** on 03.04.2024 in consideration of its audited financials up to 31st December, 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration:

Long Term	Short Term	Outlook	Rating Date	Rating Validity
AA+	ST-1	Stable	03.04.2024	02.04.2025

The above is reported as price sensitive information as per guidance in clause 8 A (b) of chapter III of Credit Rating Companies Rules 2022 by BSEC.

Thanking you,

With best regards



Rony Chandra Ghosh
Manager Compliance



RAK CERAMICS (BANGLADESH) LIMITED

DECLARATION BY CEO AND CFO

Date: January 27, 2025
The Board of Directors
RAK Ceramics (Bangladesh) Limited

Subject: Declaration on Financial Statement for the year ended 31 December 2024.

Dear Sirs,

Pursuant to the condition No. 1 (5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June 2018 Under section 2CC of the Securities and Exchange Ordinance 1969, we do hereby declare that:

1. The audited standalone and consolidated financial statements of RAK Ceramics (Bangladesh) Limited for the year ended on 31 December 2024 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgements related to the financial statements were made on prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed;
and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern.

In this regard, we also certify that:-

- I. We have reviewed the audited standalone and consolidated financial statements for the year ended on 31 December 2024 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- II There are, to the best of knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(Sadhan Kumar Dey)
Chief Financial Officer



(Mohammad Samsul Arefin)
General Manager - Finance & Accounts



RAK FINANCIAL STATEMENTS

RAK Ceramics' audited financial statements for the year 2024 reflect stable financial position and sustained growth. Built on strength, the company continues to demonstrate operational excellence and pragmatic financial management with a cautious approach. Revenue remains robust, driven by strategic investment, market expansion and efficiency improvements. Focused on growth, the company will capitalise on innovation, sustainability and customer-centric solutions to enhance its presence. The financial audit reaffirms transparency and adherence to best practices, reinforcing investor confidence. As we move forward, our commitment to excellence will ensure long-term value creation, further positioning RAK Ceramics as an industry pioneer and benchmark.

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: - Understanding the key controls related to the contracts with customers, goods delivery and invoicing process, and sanctioning discount and commissions. - 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.
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.	
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.	

Key Audit Matters	How our audit addressed the Key Audit Matters
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	
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.	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: - 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.
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.	
Tax and regulatory matters	
Refer note no. 24 and 44 to the consolidated financial statements	
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.	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: - 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 matters and studied internal notes and reports. We have also requested formal confirmations from the external counsel on these matters. - 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.
These uncertainties inherently affect the amount and timing of potential outflows with respect to the tax provisions and contingent liabilities.	

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: 27 January 2025

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

Md. Rokonuzzaman FCA
Partner
Enrollment No.: 0739
DVC: 2501270739AS477120

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

As per our report of same date

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


Md. Rokonzaman FCA
Partner
Enrollment No. 0739
Dated, 27 January 2025
DVC: 2501270739AS477120


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

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) 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

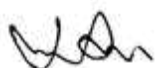
As per our report of same date
ACNABIN Chartered Accountants
Firm's Enlistment Number: CAF-001-012


Md. Rokonzaman FCA
Partner
Enrollment No. 0739
Dated, 27 January 2025
DVC: 2501270739AS477120


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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024
Attributable to owners of the Company

	Attributable to owners of the Company				Non- controlling interests Taka	Total equity Taka
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka		
	Note-14	Note-15	Note-16			
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

	2024 Taka	2023 Taka
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	409,215,739	486,251,311
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)	207,630,488	319,825,573
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	(466,388,671)	(993,737,236)
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	(159,232,057)	240,136,709
Effect of exchange rate changes in cash and cash equivalents	155,449	-
Net increase/(decrease) in cash and cash equivalents	(417,834,791)	(433,774,954)
Cash and cash equivalents as at 01 January	841,999,337	1,275,774,291
Cash and cash equivalents as at 31 December (Note 13)	424,164,546	841,999,337

The accompanying notes are an integral part of these financial statements

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), Jashimuddin Avenue, Plot # 1/A, Sector # 03, Uttara Model Town, Dhaka - 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) 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..
	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..
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 27 January 2025

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 and 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			Rate	D E P R E C I A T I O N				Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Sale/disposal/ transfer during the year		Balance as at 01 Jan 2024	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024	
Land	1,245,765,336	3,656,000	-		-	-	-	-	1,249,421,336
Factory building	1,060,536,702	75,851,599	-	5-7	633,618,169	45,317,633	-	678,935,802	457,452,499
Office and accommodation building	547,535,896	50,951,271	-	5	262,408,606	30,893,373	-	293,301,979	305,185,188
Plant and machinery	6,128,916,486	396,057,759	-	10	4,632,014,362	375,295,723	-	5,007,310,085	1,517,664,160
Mobile plant	138,912,181	1,606,278	(1,838,841)	10-20	102,907,119	10,172,149	(1,701,801)	111,377,467	27,302,151
Electrical installation	242,630,147	200,000	-	10	228,029,443	6,284,657	-	234,314,100	8,516,047
Gas pipeline	81,794,702	4,260,301	-	10	72,192,068	4,060,249	-	76,252,317	9,802,686
Furniture and fixtures	49,888,956	2,478,914	(68,961)	10-34	37,566,353	5,176,728	(67,865)	42,675,216	9,623,693
Office equipment	61,436,306	4,984,683	(370,330)	10-34	48,444,736	8,590,649	(346,621)	56,688,764	9,361,895
Communication equipment	18,905,385	552,056	(40,313)	10-34	14,015,165	3,055,885	(40,313)	17,030,737	2,386,391
Tools and appliances	23,217,260	776,125	-	10-34	12,469,584	4,038,570	-	16,508,154	7,485,231
Vehicles	126,957,651	3,737,386	(586,600)	10	73,743,920	8,625,994	(498,557)	81,871,357	48,237,080
Fire fighting equipment	3,631,012	-	-	20	3,631,012	-	-	3,631,012	-
Total	9,730,128,020	545,112,372	(2,905,045)		6,121,040,537	501,511,610	(2,655,157)	6,619,896,990	3,652,438,357

Particulars	C O S T				Rate	D E P R E C I A T I O N				Net book value as at 31 Dec 2023
	Balance as at 01 Jan 2023	Addition during the year	Sale/disposal/ transfer during the year	Balance as at 31 Dec 2023		Balance as at 01 Jan 2023	Charged during the year	Adjustment during the year	Balance as at31 Dec 2023	
Land*	1,033,267,017	212,498,319	-	1,245,765,336	-	-	-	-	-	1,245,765,336
Factory building	1,045,271,569	15,265,133	-	1,060,536,702	5-7	585,936,080	47,682,089	-	633,618,169	426,918,533
Office and accommodation building	542,813,594	4,722,302	-	547,535,896	5	232,821,264	29,587,342	-	262,408,606	285,127,290
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	(380,286,188)	4,632,014,362	1,496,902,124
Mobile plant	138,910,626	1,555	-	138,912,181	10-20	92,741,702	10,165,417	-	102,907,119	36,005,062
Electrical installation	242,630,147	-	-	242,630,147	10	221,688,993	6,340,450	-	228,029,443	14,600,704
Gas pipeline	80,514,054	1,280,648	-	81,794,702	10	68,113,907	4,078,161	-	72,192,068	9,602,634
Furniture and fixtures	48,152,729	1,788,199	(51,972)	49,888,956	10-34	32,512,734	5,105,584	(51,965)	37,566,353	12,322,604
Office equipment	63,708,794	7,048,437	(9,320,925)	61,436,306	10-34	46,763,976	8,133,485	(6,452,725)	48,444,736	12,991,570
Communication equipment	16,566,185	2,339,200	-	18,905,385	10-34	10,789,876	3,225,289	-	14,015,165	4,890,220
Tools and appliances	14,585,223	8,632,037	-	23,217,260	10-34	11,273,182	1,196,402	-	12,469,584	10,747,676
Vehicles	96,188,040	34,639,528	(3,869,917)	126,957,651	10	69,159,862	8,240,342	(3,656,284)	73,743,920	53,213,731
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	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	(390,447,162)	6,121,040,537	3,609,087,484

*Addition of land includes BDT. 677,482,210 for the purchase of 33.05 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others as approved in EGM dated August 4, 2022. The land was proposed to be utilized for greenfield expansion of another tiles plant and new faucets plant.

5 Investment Property
2024

Particulars	COST				Rate	DEPRECIATION				Net book value as at 31 Dec 2024	Amount in Taka
	Balance as at 01 Jan 2024	Addition during the year	Sale/Transfer during the year	Balance as at 31 Dec 2024		Balance as at 01 Jan 2024	Charged during the year	Adjustment during the year	Balance as at31 Dec 2024		
Land ¹	500,571,750	-	-	500,571,750	-	-	-	-	-	500,571,750	
Office building ²	4,432,737	-	-	4,432,737	5%	2,214,159	221,918	-	2,436,077	1,996,660	
Total	505,004,487	-	-	505,004,487		2,214,159	221,918	-	2,436,077	502,568,410	

2023

Particulars	COST				Rate	DEPRECIATION				Net book value as at 31 Dec 2023	Amount in Taka
	Balance as at 01 Jan 2023	Addition during the year	Sale/Transfer during the year	Balance as at 31 Dec 2023		Balance as at 01 Jan 2023	Charged during the year	Adjustment during the year	Balance as at31 Dec 2023		
Land ¹	500,571,750	-	-	500,571,750	-	-	-	-	-	500,571,750	
Office building ²	4,432,737	-	-	4,432,737	5%	1,992,240	221,918	-	2,214,159	2,218,578	
Total	505,004,487	-	-	505,004,487		1,992,240	221,918	-	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.

	2024 Taka	2023 Taka
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 Allocation of 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	6,260	10,000
Furniture & fixture	51,972	51,965	7	7	13,993
Plant and machinery	383,126,433	380,286,188	2,840,246	2,840,246	(2,840,246)
Vehicles	3,869,917	3,656,284	213,633	213,633	1,917,467
Total	393,364,622	390,304,477	3,060,146	3,060,146	(898,786)

6 Right-of-use assets

2024

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

2023

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

6.1

Allocation of depreciation

Administrative expenses (Note 28)

Marketing & Selling expenses (Note 29)

2024 Taka	2023 Taka
2,182,934	1,087,795
18,973,086	14,915,322
21,156,020	16,003,117

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

2024

Particulars	Lease liability	Right-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	Right-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		Amount in Taka				
2024		COST				Net book value as at 31 Dec 2024
Particulars	Balance as at 01 Jan 2024	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2024	AMORTIZATION	
					Balance as at 01 Jan 2024	Balance as at 31 Dec 2024
License	31,037,913	13,112,136	-	44,150,049	27,602,739	35,408,486
Computer Software	12,514,380	847,300	-	13,361,680	11,830,602	12,194,709
Total	43,552,293	13,959,436	-	57,511,729	39,433,341	47,603,195

2023		COST				Net book value as at 31 Dec 2023
Particulars	Balance as at 01 Jan 2023	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2023	AMORTIZATION	
					Balance as at 01 Jan 2023	Balance as at 31 Dec 2023
License	22,692,876	8,345,037	-	31,037,913	22,587,507	27,602,739
Computer Software	12,064,380	450,000	-	12,514,380	11,493,807	11,830,602
Total	34,757,256	8,795,037	-	43,552,293	34,081,314	39,433,341

		2024	2023
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
		762,564,267	888,887,976
	Less: Transfer to property, plant & equipment during the year (note 8.2)	492,284,146	533,437,734
	Balance as at 31 December	270,280,122	355,450,242
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
		407,114,026	733,182,938
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
		492,284,146	533,437,734
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
		1,007,053,534	1,106,113,719
	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	-
		1,049,068,327	1,062,102,663
	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
		998,149,129	1,155,778,606
	Work-in-process	182,145,428	80,280,061
	Goods-in-transit	197,465,075	174,997,673
		3,433,881,493	3,579,272,722
	*Finished goods exclude provision of net realizable value BDT. 40,934,258.		
10	Trade and other receivables		
	Trade receivables (Note 10.1)	2,758,904,924	2,480,102,230
		2,758,904,924	2,480,102,230
	Accrued interest (Note 10.2)	793,669	888,130
	Other receivable	28,667	-
		2,759,727,260	2,480,990,360
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
		2,778,076,973	2,509,140,371

		2024	2023			2024	2023
	Less: Provision of impairment loss on trade receivable:			12.1	Payment for the year		
	Unrelated parties	10,928,124	10,345,283		Income year		
	Related parties	8,243,925	18,692,858		Year 2024	139,455,566	-
		2,758,904,924	2,480,102,230		Year 2023	216,980,571	150,060,095
10.2	Accrued interest				Year 2022	243,147,159	243,147,159
	Interest accrued on Fixed Deposit Receipt	793,669	888,130		Year 2021	255,101,581	273,680,694
11	Advance, deposit and prepayments				Year 2020	117,036,220	130,750,084
	Advances:				Year 2019	280,875,748	280,875,748
	Employees	305,500	299,500		Year 2018	314,638,282	314,638,282
	Purchase of land and others	4,134,422	920,757		Year 2017	344,518,556	344,518,556
	Suppliers against materials and services	106,121,769	240,619,264		Year 2016	291,375,845	291,375,845
		110,561,691	241,839,521		Year 2015	187,848,070	187,848,070
	Security and other deposits:				Year 2014	253,701,667	253,701,667
	Titas gas	100,041,650	71,833,050		Year 2013	389,651,054	389,651,054
	Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000		Year 2012	301,027,378	301,027,378
	VAT and Supplementary duty (Note-11.1)	2,147,385	2,030,039		Year 2011	328,701,317	328,701,317
	Deposited with income tax authority	89,783,545	88,962,899		Year 2010	265,532,626	265,532,626
	Deposited with VAT authority	10,280,108	6,726,946		Year 2009	218,091,876	218,091,876
	Display center and others	2,826,000	1,312,000		Year 2008	85,378,847	85,378,847
	Other deposits	1,494,626	1,494,626		Year 2007	124,813,161	124,813,161
		208,528,314	174,314,560		Year 2006	23,087,333	23,087,333
	Prepayments:					4,380,962,857	4,206,879,792
	Showroom, warehouse and office rent	58,600	58,600	13	Cash and cash equivalents		
	Insurance and others	8,134,237	9,763,730		Cash in hand	4,277,517	5,648,949
		8,192,837	9,822,330				
		327,282,842	425,976,410		Cash at banks		
11.1	Supplementary duty & VAT				Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	61,398	65,194
	Balance as at 1 January	2,030,039	2,123,789		BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	80,189,680	3,569,213
	Add: Treasury deposit for SD & VAT purpose	16,002,773	10,505,061		Citibank N.A. (current account - G0100001200262018 - BDT)	130,592	137,044
		18,032,813	12,628,850		Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	3,275,522	18,621,322
	Less: SD & VAT on sales	15,885,428	10,598,811		Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	2,593,768	1,236,309
	Balance as at 31 December	2,147,385	2,030,039		Standard Chartered Bank (Margin money account)	1,968,575	165,969,352
12	Advance Income Tax				Midland Bank Ltd. (Margin money account)	4,776,108	76,430,054
	Balance as at 1 January	4,206,879,792	4,100,140,671		United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	8,772,253	10,761,772
	Add: Paid during the year	208,034,130	177,967,531		Al Arafat Islami Bank Ltd. (SND account - 0171220002646 - BDT)	752,779	10,595,938
	Less: Adjustment during the year	(33,951,065)	(71,228,410)		South East Bank Ltd. (Current account - 11100008546 - BDT)	2,770,037	18,080
	Balance as at 31 December (Note - 12.1)	4,380,962,857	4,206,879,792		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 1112-135000000004 - BDT)	239,226	1,983,179

Share Capital

Authorised :

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

Issued, subscribed, called and paid up :

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

	2024	2023
Midland Bank Ltd. (SND 0006-1070000015, 0006-1060000043 - 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 - 0006-1090000460 - BDT) - 2022	5,261,003	5,178,082
MDB (SND - 0006-1090000504 - 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

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

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		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

	2024 Taka	2023 Taka
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.

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	(15,529,147)	49,340,687

Carrying amount on the date of statement of financial position Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
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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			(71,496,351)

Deferred tax liability (applying applicable tax rate for individual company)		(15,529,147)
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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			210,133,827

Deferred tax liability (applying applicable tax rate for individual company)		49,340,687
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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	2024 Taka	2023 Taka
Non-current:		
Term loan	560,198,562	375,129,637
Current portion of term loan	(111,523,703)	(11,235,218)
	448,674,859	363,894,419
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
	1,077,462,673	733,617,407
Balance as at 31 December	1,526,137,532	1,097,511,826

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,	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		2 Hypothecation over stock & book debts on a parri - passu basis with other lenders.	
Midland Bank PLC	Overdraft	50,000,000	46,000,000	Revolving	From company's own source	3) Demand promissory note.	
	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			
	Short term loan	90,000,000	-	180/360 days from B/L date	From company's own source		
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 Arafa 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 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.							

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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
	<u>57,874,704</u>	<u>27,372,893</u>	<u>18,953,756</u>	<u>5,526,607</u>	<u>13,427,149</u>	<u>71,820,447</u>

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
	<u>18,583,247</u>	<u>48,856,956</u>	<u>13,631,288</u>	<u>4,065,790</u>	<u>9,565,499</u>	<u>57,874,704</u>

2024 Taka	2023 Taka
71,820,447	57,874,704
15,400,824	12,209,734
56,419,623	45,664,970
15,400,824	12,209,734

					2024 Taka	2023 Taka	
21	Trade and other payables						
	Trade payables						
	Payable to local suppliers					238,996,760	170,770,142
	Payable to foreign suppliers					354,162,578	538,720,832
	Payable to service provider					182,795,291	144,496,116
	Payable to C & F agent					70,814,393	60,093,953
						846,769,022	914,081,043
	Other payables						
	Tax deducted at source					32,885,995	8,801,870
	Tax deducted at source on remuneration (Note-23.1)					288,076	6,312,349
	VAT deducted at source					8,857,687	9,363,850
	VAT and Supplementary duty payable (Note-21.1)					211,175,615	122,145,071
	Royalty and technical know-how fee					519,138,764	517,802,531
	Unclaimed share application					20,061,956	20,061,956
	Advance from customer against sales					36,861,648	11,153,898
	Security deposit payable					2,083,332	2,112,195
	Payable to employees					2,361,234	2,642,646
	Payable to customer against claim					-	17,856,960
	Provisional liabilities - material & services					52,473,855	38,872,400
	Payable against purchase of land					-	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					122,145,071	115,766,477
	Add: VAT and Supplementary duty on sales					2,258,606,703	2,592,516,070
	Other payable					625,533	1,365,249
						2,381,377,307	2,709,647,796
	Less: Treasury deposit for SD & VAT purpose					1,360,363,432	1,640,355,684
	Rebate of input VAT					809,838,260	947,147,041
						2,170,201,691	2,587,502,725
	Balance as at 31 December					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
22	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
		<u>6,735,217,875</u>	<u>567,709,557</u>	<u>6,167,508,318</u>	<u>6,113,686,096</u>	<u>45,699,723</u>	<u>8,122,499</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
					<u>331,183,843</u>		<u>356,420,817</u>
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				<u>864,228</u>		<u>18,937,048</u>
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				<u>1,910,053</u>		<u>40,690,956</u>
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)				<u>4,819,058,236</u>		<u>4,709,190,648</u>

	2024 Taka	2023 Taka
24.1 Provision for income Tax		
Income year		
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
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
	10,135,491,764	11,587,491,370
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	6,669,514,820	7,819,322,342
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
	3,747,483,699	4,592,188,228
Less: Closing inventory as at 31 December	1,007,053,534	1,106,113,719
	2,740,430,165	3,486,074,509
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)
	5,519,288,589	5,867,007,657
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

	2024 Taka	2023 Taka
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
	728,487,984	717,982,335
26.2 Repairs and indirect materials		
Stores, spares, repair & maintenance	376,939,849	443,415,697
Packing expenses	328,954,098	419,312,014
	705,893,947	862,727,711
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
	40,775,364	49,999,674
*Royalty has been calculated 8% on business profit.		
27 Other income		
Gain on retirement of right of use assets (note 6.2)	120,858	-
	120,858	-
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
	357,698,527	397,343,450
28.1 Impairment loss on trade receivables		
Unrelated parties	643,302	4,305,950
Related parties	(10,509,394)	12,648,353
	(9,866,092)	16,954,303
New classification of financial assets shown in note 36.1(b) as per IFRS 9.		

	2024 Taka	2023 Taka
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
	214,757,091	221,476,711
Accommodation expenses and Rent, rates and taxes include rent expenses for short term lease for BDT. 1,913,320 and related government levis wherever applicable. Details of the short term lease is shown in note 35. No low value item exists at the reporting period.		
28.3 Office repair & maintenance		
Repairs office equipment	203,377	520,607
Office maintenance	7,984,081	11,993,235
	8,187,458	12,513,842
	-	-
28.4 Managing Director's remuneration		
Provision made during the year	1,152,304	25,249,397
	1,152,304	25,249,397
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
	575,202,059	638,875,955
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

	2024 Taka	2023 Taka
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
Un-winding gain	-	-
	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)	53,617,731	820,140,096
Add: Inadmissible depreciation allowance for separate consideration:		
Accounting Depreciation of Fixed Assets	501,733,528	455,264,172
	555,351,258	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	8,169,854	5,209,342
Depreciation on Right of Use Assets (ROUA)	21,156,021	16,003,115
Interest on lease liability	5,526,607	4,065,790
Provision for slow moving inventories	18,841,292	12,605,906
NRV Provision on inventories	11,0009,248	3,947,488
Impairment loss on trade receivable	-	16,849,229
	90,268,971	85,754,987
	645,620,229	1,361,159,255
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984/ITA, 2023):	(232,130,744)	(205,381,336)
Admissible expenses as per ITO,1984/ITA, 2023:		
Rent expenses	(30,283,252)	(17,849,315)
Deduct: Dividend income	(2,000,000)	(2,000,000)
Taxable profit	381,206,233	1,135,928,604
Applicable tax rate for individual company		
On Business income	As per applicable tax rate for individual company	
On Dividend income	20%	20%
Tax expenses as per applicable tax rate for individual company :		
Business income	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

	2024 Taka		2023 Taka	
Profit before tax	%	51,617,732	%	818,140,095
Current tax expenses	278.62%	143,818,653	31.59%	258,470,104
Deferred tax expenses	-125.67%	(64,869,834)	-7.18%	(58,718,016)
Total tax expenses	152.95%	78,948,819	24.42%	199,752,088
Expected income tax using applicable tax rate for individual company	24.94%	12,875,321	22.69%	185,618,143
Tax on non-deductible expenses	253.7%	130,943,332	8.9%	72,851,961
Effective current tax	278.62%	143,818,653	31.59%	258,470,104
Effective deferred tax	-125.67%	(64,869,834)	-7.18%	(58,718,016)
	152.95%	78,948,819	24.42%	199,752,088

35 Short term lease expenses

Nature of the lease	Lease term	Allocation	2024 Taka	2023 Taka
			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
Trade receivables				
Customer-Local	-	-	2,727,474,449	2,468,935,738
Customer-Export	263,017	97,120	31,430,475	11,166,492
	263,017	97,120	2,758,904,924	2,480,102,230
Other receivables				
Accrued Interest			793,669	888,130
Others			28,667	-
			822,336	888,130
Cash equivalents			419,887,029	836,350,388

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 Taka	Contractual cash flows Taka	Within 12 months or less Taka	More than 12 months 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 Taka	Contractual cash flows Taka	Within 12 months or less Taka	More than 12 months 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			As at 31 Dec 2023		
	GBP	USD	EURO	GBP	USD	EURO
Foreign currency denominated assets						
Receivable from customers-Export	-	263,017	-	-	97,120	-
Cash at bank	-	29,593	-	-	13,189	-
	-	292,610	-	-	110,309	-

	As at 31 Dec 2024			As at 31 Dec 2023		
	GBP	USD	EURO	GBP	USD	EURO
Foreign currency denominated liabilities						
Trade payables	85,997	2,381,530	415,420	477,466	1,251,964	2,625,224
Short term borrowings	-	1,837,045	11,824	-	1,610,350	1,052,918
Royalty & Technical Fees	-	4,326,156	-	-	4,707,296	-
	85,997	8,544,731	427,244	477,466	7,569,610	3,678,141
Net exposure	(85,997)	(8,252,121)	(427,244)	(477,466)	(7,459,300)	(3,678,141)

The Company has foreign exchange loss of Tk 16,004,392 during the year ended 31 Dec 2024 (31 Dec 2023: Exchange loss Tk 27,378,063).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Dec 2024 Taka	31 Dec 2023 Taka
GBP	150.6845	140.6124
USD	119.5000	109.7500
EURO	124.8915	122.0317

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

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 Profit or (loss)		As at 31 Dec 2023 Profit or (loss)	
	Strengthening Taka	Weakening Taka	Strengthening Taka	Weakening Taka
At 31 December				
GBP (3 percent movement)	(2,660)	2,505	(14,767)	13,907
USD (3 percent movement)	(255,220)	240,353	(230,700)	217,261
EURO (3 percent movement)	(13,214)	12,444	(113,757)	107,130

b) Interest rate risk

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

Profile

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

	Carrying amount	
	As at 31 Dec 2024 Taka	As at 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 Taka	Fair value Taka	Carrying amount Taka	Fair value 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	Period	Purchase of goods/services	Sale of goods/ services	Outstanding receivables	Outstanding payable	Remuneration	Dividend income*	Royalty payable*
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current year	458,850,233	3,130,434	-	106,963,214	-	-	-
				Previous year	634,595,990	3,130,434	-	143,360,952	-	-	-
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current year	52,643,878	-	-	10,306,699	-	1,980,000	-
				Previous year	49,689,349	-	-	6,538,753	-	1,980,000	-
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	Current year	12,503,050	-	-	28,530,865	-	-	519,138,764
				Previous year	35,103,940	-	-	26,153,293	-	-	517,802,531
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current year	493,357,453	-	-	75,600,000	-	-	-
				Previous year	731,490,860	-	-	-	-	-	-
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	Current year	-	-	-	-	-	-	-
				Previous year	19,836,319	-	-	-	-	-	-
Kludi RAK LLC	Fellow subsidiary	Secured	Nil	Current year	1,176,631	-	-	253,800	-	-	-
				Previous year	16,429,073	-	-	310,933	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current year	86,067,586	-	-	526,612	-	-	-
				Previous year	151,020,362	-	-	18,955,813	-	-	-
Palli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current year	19,723,473	-	-	827,616	-	-	-
				Previous year	17,311,973	-	-	6,012,500	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current year	576,155	-	-	87,576	-	-	-
				Previous year	3,313,624	-	-	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	3,987,537	-	-	55,811	-	-	-
				Previous year	41,187,010	-	-	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	-	1,840,748,468	1,234,936,670	-	-	-	-
				Previous year	-	2,704,294,712	1,268,687,036	-	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Unsecured	Nil	Current year	5,638,224	-	-	864,228	1,152,304	-	-
				Previous year	5,638,224	-	-	107,330,974	25,249,397	-	-
Sadhan Kumar Dey**	Key Management Personnel	Unsecured	Nil	Current year	-	-	-	-	12,876,507	-	-
				Previous year	-	-	-	-	11,200,174	-	-

*The figures are included tax and VAT.

**Amount represents Short term benefits BDT. 11,848,761 and Post employment benefits BDT. 1,027,746.

To comply the BSEC notification no. BSEC/CMRRCD/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 860,000 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				
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	Entity total
	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					<u><u>(27,331,087)</u></u>

2023

	Business Segments				
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	Entity total
	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

	2024 Taka	2023 Taka
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	(27,331,103)	618,387,966
(b) No. of ordinary equity shares	427,968,701	427,968,701
(c) Weighted average no. of equity shares outstanding (Note 40.1)	427,968,701	427,968,701
Earnings per share (EPS) for the year (a÷c)	(0.06)	1.44
Diluted earnings per share for the year (a÷c)	(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.		
	2024	2023
Outstanding shares	427,968,701	427,968,701
	427,968,701	427,968,701
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)	7,372,271,850	7,827,571,654
(b) Weighted average no. of equity shares outstanding (Note 40.1)	427,968,701	427,968,701
Net assets value per share (a÷b)	17.23	18.29
42 Calculation of Net operating cash flow per share		
(a) Net Cash flows from operating activities (Note 42)	207,630,488	319,825,573
(b) Weighted average no. of equity shares outstanding (Note 40.1)	427,968,701	427,968,701
Net operating cash flow per share (a÷b)	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 reasons mentioned in the above point 40.3. However, company settled all vendors liabilities mostly on time even sales and corresponding collection was poor. Alltogether impacting net opreating 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:		
	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)	-
		752,785,171	1,322,077,223
	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	409,215,739	486,251,311
	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	207,630,488	319,825,573

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).		

45	Events after the Reporting Period		
45.1	Declaration of dividend and dateof Annual General Meeting (AGM)		
	The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on 27 January 2025 has unanimously recommended cash dividend @ 10% of the paid up capital of the Company for the year ended 31 December 2024 equivalent to BDT 427,968,701 to be distributed as dividend among shareholders. The dividend is subject to final approval by the shareholders at the forthcoming 26th Annual General Meeting of the Company which will be held on 22 March 2025.		

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of RAK Ceramics (Bangladesh) Ltd.

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements

section of our report. We are independent of the Company 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 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 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 3.16 and 26 to the financial statements	
The Company earns revenue from contracts with customers for sale of goods. Due to impact of gas crisis and instable political condition in the country, there is substantial decline in the amount of revenue earned by the Company. 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. 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.	Our audit procedures for revenue recognition included the following: - Understanding the key controls related to the contracts with customers, goods delivery and invoicing process, and sanctioning discount and commissions. - 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 arise 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.

Key Audit Matters	How our audit addressed the Key Audit Matters
Credit risk and impairment on trade receivables	
Refer note no 3.10, 3.15 (ii), 11.1, 29.1 and 38.1 to the financial statements	
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. The significant amount of trade receivables of the Company is attributable to a single customer which is also a related party as disclosed in note 40 to the financial statements to the Company. 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.	Our audit procedures included testing the Company's credit control procedures and a judgment on determining the provisions for expected credit losses. The audit procedures involved the following activities: • 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 25 and 46 to the financial statements	
The Company 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 Company 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. These uncertainties inherently affect the amount and timing of potential outflows with respect to the tax provisions and contingent liabilities.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingencies recognition process. To get more insights we performed the following procedures: • enquired into those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. • We enquired about the Company's internal legal counsel for all significant litigation and regulatory matters and studied internal notes and reports. We have also requested formal confirmations from the external counsel on these matters. • 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 Company's provisions and contingent liabilities disclosure.

Other Matter

The financial statements of the company 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.

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 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 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 Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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:

- 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.
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books.
- The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- The expenditure incurred was for the purpose of the Company’s business.

Dhaka, Bangladesh
Date: 27 January 2025

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


Md. Rokonuzzaman FCA
Partner
Enrollment No.: 0739
DVC: 2501270739AS477120

RAK Ceramics (Bangladesh) Ltd.
STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Notes	2024 Taka	2023 Taka
Assets			
Property, plant and equipment	4	3,554,062,482	3,494,769,670
Investment property	5	502,568,410	502,790,328
Right-of-use assets	6	79,875,216	68,634,007
Intangible assets	7	9,347,698	3,491,418
Capital work-in-progress	8	36,260,960	354,303,418
Investment in subsidiaries	9	360,379,950	360,379,950
Deferred tax asset	18	21,524,815	-
Total non-current assets		4,564,019,531	4,784,368,791
Inventories	10	3,358,776,852	3,509,130,676
Trade and other receivables	11	2,736,846,739	2,466,314,901
Advances, deposits and prepayments	12	253,177,599	389,409,872
Advance income tax	13	4,086,407,212	3,884,663,002
Cash and cash equivalents	14	408,111,918	811,406,902
Total current assets		10,843,320,320	11,060,925,353
Total assets		15,407,339,851	15,845,294,144
Equity			
Share capital	15	4,279,687,010	4,279,687,010
Share premium	16	1,473,647,979	1,473,647,979
Retained earnings	17	1,650,622,245	2,118,252,846
Total equity		7,403,957,234	7,871,587,835
Liabilities			
Deferred tax liability	18	-	37,937,610
Borrowings	20	314,398,921	363,894,419
Lease liability	21	52,442,875	40,581,537
Total non-current liabilities		366,841,796	442,413,566
Borrowings	20	1,070,738,611	733,617,407
Lease liability	21	14,294,140	11,242,827
Trade and other payables	22	1,800,213,838	2,117,089,559
Unclaimed dividend payable	23	8,076,342	8,122,499
Accrued expenses	24	222,983,363	276,691,344
Provision for income tax	25	4,520,234,527	4,384,529,107
Total current liabilities		7,636,540,821	7,531,292,743
Total liabilities		8,003,382,617	7,973,706,309
Total equity and liabilities		15,407,339,851	15,845,294,144

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

As per our report of same date
ACNABIN Chartered Accountants
Firm’s Enlistment Number: CAF-001-012


Md. Rokonuzzaman FCA
Partner
Enrollment No. 0739
Dated: 27 January 2025
DVC: 2501270739AS477120


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

RAK Ceramics (Bangladesh) Ltd.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 Taka	2023 Taka
Sales	26	6,599,387,578	7,768,935,743
Cost of sales	27	(5,454,883,287)	(5,820,253,609)
Gross profit/(loss)		1,144,504,291	1,948,682,134
Other income	28	5,231,292	5,110,434
Administrative expenses	29	(380,037,173)	(419,658,510)
Impairment loss on trade receivables	29.1	10,841,708	(16,849,229)
Marketing and selling expenses	30	(568,852,834)	(634,360,822)
		(932,817,007)	(1,065,758,127)
Profit/(loss) from operating activities		211,687,284	882,924,007
Finance income	31	12,060,602	29,560,028
Finance expenses	32	(185,337,736)	(70,837,469)
Net finance income		(173,277,134)	(41,277,441)
Profit/(loss) before contribution to workers' profit participation and welfare fund and income tax		38,410,150	841,646,566
Contribution to workers' profit participation and welfare fund		(1,829,055)	(40,078,408)
Profit/(loss) before income tax		36,581,095	801,568,158
Income tax expense:			
Current tax	33	(135,705,420)	(248,597,967)
Deferred tax	18	59,462,425	55,270,280
		(76,242,995)	(193,327,687)
Profit/(loss) for the year		(39,661,900)	608,240,471
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(39,661,900)	608,240,471
Basic earnings per share (par value Tk 10)	42	(0.09)	1.42

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

As per our report of same date

ACNABIN Chartered Accountants

Firm's Enlistment Number: CAF-001-012

Md. Rokonzaman FCA

Partner

Enrollment No. 0739

Dated: 27 January 2025

DVC: 2501270739AS477120

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

RAK Ceramics (Bangladesh) Ltd.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital Taka	Share premium Taka	Retained earnings Taka	Total Taka
	(Note 15)	(Note 16)	(Note 17)	
Balance as at 1 January 2023	4,279,687,010	1,473,647,979	1,937,981,076	7,691,316,065
Total comprehensive income for 2023				
Profit/(loss) for the year	-	-	608,240,471	608,240,471
Other comprehensive income	-	-	-	-
Transactions with the shareholders				
Cash dividend (2022)	-	-	(427,968,701)	(427,968,701)
Balance as at 31 December 2023	4,279,687,010	1,473,647,979	2,118,252,846	7,871,587,835
Balance as at 1 January 2024	4,279,687,010	1,473,647,979	2,118,252,846	7,871,587,835
Total comprehensive income for 2024				
Profit/(loss) for the year	-	-	(39,661,900)	(39,661,900)
Other comprehensive income	-	-	-	-
Transactions with the shareholders				
Cash dividend (2023)	-	-	(427,968,701)	(427,968,701)
Balance as at 31 December 2024	4,279,687,010	1,473,647,979	1,650,622,245	7,403,957,234

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 Taka	2023 Taka
Cash flows from operating activities		
Cash receipts from customers	6,328,718,578	6,816,697,030
Cash payments to suppliers and employees	(6,005,545,887)	(6,319,340,246)
Cash generated from operating activities	323,172,691	497,356,784
Interest received from bank deposit	5,823,009	10,599,717
Income tax paid (note 13)	(201,744,210)	(166,182,632)
Net cash (used in)/from operating activities (note 45)	127,251,490	341,773,869
Cash flows from investing activities		
Acquisition of property, plant and equipment	(222,785,000)	(1,005,104,660)
Sale of property, plant and equipment (Note 5.3)	142,205	2,131,100
Interest received from FDR	6,374,755	19,166,557
Income from rental	3,130,434	3,130,434
Intangible assets	(13,826,136)	(8,345,037)
Dividend received	1,980,000	1,980,000
Net cash (used in)/from investing activities	(224,983,742)	(987,041,606)
Cash flows from financing activities		
Finance charges	(152,868,786)	(42,878,482)
Avail/ (repayment) of short term borrowings	243,556,780	349,576,398
Avail/ (repayment) of long term borrowings	44,068,926	375,129,637
Payment of lease liability	(12,460,242)	(9,338,447)
Dividend paid	(428,014,859)	(431,748,168)
Net cash (used in)/from financing activities	(305,718,181)	240,740,937
Effect of exchange rate changes in cash and cash equivalents	155,449	-
Net increase/(decrease) in cash and cash equivalents	(403,294,984)	(404,526,800)
Cash and cash equivalents as at 1 January	811,406,902	1,215,933,702
Cash and cash equivalents as at 31 December (Note 14)	408,111,918	811,406,902

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

NOTES TO THE 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) Limited 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.
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 27 January 2025
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 18 Deferred tax liability/assets
	Note 19 Employees benefit payable
	Note 21 Lease liability
	Note 25 Provision for income tax

2.5

Reporting year

The financial year 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 have been applied consistently to all years presented in these financial statements, and have been applied consistently.

3.1

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.

3.2

Depreciation on property, plant, equipment

Depreciation charged on the basis of straight line method. Depreciation continues to be charged on each item of property, plant, equipment & investment property until written down 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 property, plant, equipment & investment property are as under:

Category of property, plant and equipment	Rate (%)
Building	5-7
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

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

3.3

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 year in which the property is derecognised.

3.4

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 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.

3.5

Intangible assets

Expenditure to acquire designs and trade marks for manufacture of ceramic tiles and sanitary ware as well as computer software is capitalised. This is being amortised equally within a year of two to three years depending upon the tenure of accrual of benefits.

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

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.

3.6

Capital work-in-progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not available for use. Capital work-in-progress is recorded at cost to the extent of expenditure incurred at the date of Statement of Financial Position. The amount of capital work-in-progress is transferred to appropriate asset category and depreciated when the asset is completed and commissioned.

3.7

Financial assets

a)Investment in subsidiaries

Investment in subsidiaries are recognised initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, investment in subsidiaries are measured at cost less impairment loss, if any.

b)Loans to subsidiaries & associate companies

Loans to subsidiaries & associate companies are recognised initially at fair value. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

c)Trade & other receivables

Trade & other receivables are recognised initially at fair value. Subsequent to initial recognition, trade & other receivables are measured at amortised cost using the effective interest method, less any bad impairment provision.

d)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 which are available for use by the Company without any restriction. Bank overdraft that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

3.8

Financial liabilities

a)Trade & other payables

Trade & other payables are recognised initially at fair value. Subsequent to initial recognition, trade payables are stated at amortised cost using the effective interest method.

b)Borrowings

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

3.9

Inventories

Inventories on hand are valued at the lower of cost and net realisable value. For raw materials and consumable spare parts cost is determined on a weighted average cost basis. Work-in-process is stated at cost to complete of respective product. Cost comprises cost of raw materials, wages and other overheads up to the stage of completion. Finished products are stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Materials in transit are valued at cost.

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 instrument since initial recognition, the expected credit losses for next 12 months is measured as loss allowance on that financial instrument.
	Non-financial assets
3.11	The carrying amount of the non-financial assets 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 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
3.12	Impairment losses are recognised in profit or loss. Impairment losses in respect of CGUs are allocated first to reduce 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.
	Share capital
3.13	Ordinary shares are classified as equity. Incremental costs attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax affects. 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.
	Employee benefit schemes
	The Company 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)
3.14	Defined contribution plan is a post employment benefit plan under which the Company 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 Company also makes equal contribution to the fund. These are administered by the Board of Trustees. The contributions are invested separately from the company's assets.
	Contribution to defined contribution plan is recognised as an expense when an employee has rendered services to the Company. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.
	Defined benefit plan (gratuity fund)
	A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company'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.
3.15	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 year 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 year of employment.
	Details of employees benefit schemes have been provided in note no. 19.

3.13	Workers' Profit Participation and Welfare Fund
	The Company provides 5% of its net profit before tax after charging such expense as Workers' Profit Participation and Welfare Fund in accordance with "The Bangladesh Labour Act 2006 amended in 2023".
3.14	Provisions
	Provisions are recognised on the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
3.15	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 - 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 company 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 company 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 year over which the historical data will be collected, prevalent conditions and the company'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 company'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 38.1 (b).
3.16	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 company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return year lapses or a reasonable estimate can be made.
	Based on the company's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales.

3.17	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 company sells the services in separate transactions. Based on the company's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the company 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.
	IFRS 16 Leases	Under this IFRS 16 guidance, 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 company's financial statements is described below.
		The Company 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 year of time in exchange for consideration.
		The company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the company has carried out an implementation project.
	Impact on Lessee Accounting	
	Former operating leases	IFRS 16 changes how the company 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 company:
		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 Company 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 company 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 company's financial statements.

3.18	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 required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets. As required by IFRS 9, an allowance for expected credit loss has been recognized on the finance lease receivables.
	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 company's strategy delineats its intended market position and primary competitive advantages in terms of both product offering and resource utilization.
	3.19 Finance income and expenses	Finance income comprises interest income on funds invested in FDR and Short Notice Deposit (SND) accounts. Interest income is recognised on accrual basis.
		Finance expense comprises interest expense on overdraft, LTR, term loan, short term borrowings and finance lease. All finance expenses are recognised in the statement of profit or loss and other comprehensive income.
	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 a publicly-traded company of the same industry. The tax rate 22.5% is used for the reporting year 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 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 year 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".
	3.22 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.
3.23	Contingencies	
	3.23.1 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.

3.23.2 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 2020.

3.25 Duty drawback

Duty drawback paid on imported material for export sale is adjusted against VAT payable on domestic sale.

3.26 Events after the reporting year

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

3.27 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				Rate	D E P R E C I A T I O N				Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Sale/disposal/ transfer during the year	Balance as at 31 Dec 2024		Balance as at 01 Jan 2024	Charged during the year	Adj./Transfer during the year	Balance as at31 Dec 2024	
Land	1,226,874,869	3,656,000	-	1,230,530,869	-	-	-	-	-	1,230,530,869
Factory building	1,040,963,571	72,273,364	-	1,113,236,935	5-7%	614,045,040	44,719,304	-	658,764,344	454,472,591
Office and accommodation building	547,535,894	50,951,271	-	598,487,165	5%	262,408,607	30,893,373	-	293,301,980	305,185,185
Plant and machinery	5,801,368,781	396,057,759	-	6,197,426,540	10%	4,397,560,907	356,676,874	-	4,754,237,781	1,443,188,759
Mobile plant	105,315,022	1,606,278	(1,838,841)	105,082,459	10-20%	69,309,960	10,172,149	(1,701,801)	77,780,308	27,302,151
Electrical installation	216,807,511	-	-	216,807,511	10%	202,206,809	6,244,656	-	208,451,465	8,356,046
Gas pipeline	60,628,210	4,260,301	-	64,888,511	10%	51,691,688	3,609,277	-	55,300,965	9,587,546
Furniture and fixtures	46,832,478	2,273,280	(68,961)	49,036,797	10-34%	35,374,000	4,989,022	(67,865)	40,295,157	8,741,640
Office equipment	57,816,358	4,801,908	(370,330)	62,247,936	10-34%	45,620,681	8,271,084	(346,621)	53,545,144	8,702,792
Communication equipment	18,780,596	552,056	(40,313)	19,292,339	10-34%	13,890,381	3,055,885	(40,313)	16,905,953	2,386,386
Tools and appliances	23,086,561	752,475	-	23,839,036	10-34%	12,338,892	4,038,570	-	16,377,462	7,461,574
Vehicles	122,456,007	3,642,764	(264,600)	125,834,171	10%	69,249,223	8,614,562	(176,557)	77,687,228	48,146,943
Total	9,268,465,858	540,827,456	(2,583,045)	9,806,710,269		5,773,696,188	481,284,756	(2,333,157)	6,252,647,787	3,554,062,482

4 Property, plant and equipment

2023

Particulars	C O S T				Rate	D E P R E C I A T I O N				Net book value as at 31 Dec 2023
	Balance as at 01 Jan 2023	Addition during the year	Sale /disposal/ transfer during the year	Balance as at 31 Dec 2023		Balance as at 01 Jan 2023	Charged during the year	Adj./Transfer during the year	Balance as at31 Dec 2023	
Land*	1,014,376,550	212,498,319	-	1,226,874,869	-	-	-	-	1,226,874,869	
Factory building	1,025,698,438	15,265,133	-	1,040,963,571	5-7%	566,421,612	47,623,428	-	614,045,040	426,918,531
Office and accommodation building	542,813,592	4,722,302	-	547,535,894	5%	232,821,265	29,587,342	-	262,408,607	285,127,287
Plant and machinery	5,665,783,045	518,712,169	(383,126,433)	5,801,368,781	10%	4,465,178,250	312,668,845	(380,286,188)	4,397,560,907	1,403,807,874
Mobile plant	105,313,467	1,555	-	105,315,022	10-20%	59,152,192	10,157,768	-	69,309,960	36,005,062
Electrical installation	216,807,511	-	-	216,807,511	10%	195,866,359	6,340,450	-	202,206,809	14,600,702
Gas pipeline	59,347,562	1,280,648	-	60,628,210	10%	48,306,879	3,384,809	-	51,691,688	8,936,522
Furniture and fixtures	45,387,676	1,444,802	-	46,832,478	10-34%	30,423,991	4,950,009	-	35,374,000	11,458,478
Office equipment	59,900,396	6,970,587	(9,054,625)	57,816,358	10-34%	44,024,636	7,788,730	(6,192,685)	45,620,681	12,195,677
Communication equipment	16,441,396	2,339,200	-	18,780,596	10-34%	10,665,092	3,225,289	-	13,890,381	4,890,215
Tools and appliances	14,454,524	8,632,037	-	23,086,561	10-34%	11,142,490	1,196,402	-	12,338,892	10,747,669
Vehicles	91,686,396	34,639,528	(3,869,917)	122,456,007	10%	64,667,058	8,238,449	(3,656,284)	69,249,223	53,206,784
Total	8,858,010,553	806,506,280	(396,050,975)	9,268,465,858		5,728,669,824	435,161,521	(390,135,157)	5,773,696,188	3,494,769,670

*Addition of land includes BDT. 6,012,500 for the purchase of 0.35 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others as approved in EGM dated August 4, 2022. The land was proposed to be utilized for greenfield expansion of another tiles plant and new faucets plant.

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	Adj./Transfer during the year	
Land ¹	500,571,750	-	-	500,571,750	-	-	-	500,571,750
Office building ²	4,432,737	-	-	4,432,737	5%	2,214,159	221,918	2,436,077
Total	505,004,487	-	-	505,004,487		2,214,159	221,918	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	Balance as at 01 Jan 2023	Charged during the year	Adj./Transfer during the year		Balance as at31 Dec 2023
Land ¹	500,571,750	-	-	500,571,750	-	-	-	-	500,571,750	
Office building ²	4,432,737	-	-	4,432,737	5%	1,992,240	221,918	-	2,218,578	
Total	505,004,487	-	-	505,004,487		1,992,240	221,918	-	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.

				2024 Taka	2023 Taka	
5.1	Depreciation					
	Property, plant and equipment (Note 4)			481,284,756	435,161,521	
	Investment property (Note 5)			221,918	221,918	
				481,506,674	435,383,439	
5.2	Allocation of Depreciation					
	Cost of sales (Note 27)			436,925,664	392,299,362	
	Administrative expenses (Note 5.2.1)			35,546,668	34,614,757	
	Marketing & selling expenses (Note 30)			9,034,342	8,469,320	
				481,506,674	435,383,439	
5.2.1	Administrative Depreciation					
	Depreciation on property, plant & equipment (Note 29)			35,324,750	34,392,839	
	Depreciation on investment property (Note 29)			221,918	221,918	
				35,546,668	34,614,757	
5.3	Disposal of property, plant and equipment					
	2024					
	Particulars	Original cost	Accumulated depreciation	Book value	Receipts against insurance claim/sale	Profit/(loss) on disposal
		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	264,600	176,557	88,043	94,622	6,579
	Total	2,583,045	2,333,157	249,888	142,205	(107,683)
	2023					
	Particulars	Original cost	Accumulated depreciation	Book value	Receipts against insurance claim/sale	Profit/(loss) on disposal
		Taka	Taka	Taka		Taka
	Office equipment	6,050,000	6,050,000	-	-	-
	Plant and machinery	383,126,433	380,286,188	2,840,246	-	(2,840,246)
	Vehicles	3,869,917	3,656,283	213,634	2,131,100	1,917,466
	Total	393,046,350	389,992,471	3,053,879	2,131,100	(922,779)

6 Right-of-use assets
2024

Particulars	COST			DEPRECIATION			Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Retirement/ Adj. during the year	Balance as at 31 Dec 2024	Charged during the year	Adjustment during the year	
Display center	65,545,374	31,159,038	(6,935,706)	89,768,706	13,235,604	(6,935,706)	57,800,286
Accommodation Building	1,564,105	1,592,894	(805,053)	2,351,946	879,456	(805,053)	1,515,618
Warehouse	30,567,554	-	(1,880,142)	28,687,412	5,737,482	(221,961)	20,559,312
Total	97,677,033	32,751,932	(9,620,901)	120,808,064	19,852,542	(7,962,720)	79,875,216

2023

Particulars	COST			DEPRECIATION			Net book value as at 31 Dec 2023
	Balance as at 01 Jan 2023	Addition during the year	Retirement/ Adj. during the year	Balance as at 31 Dec 2023	Charged during the year	Adjustment during the year	
Display center	48,278,231	29,737,142	(12,469,999)	65,545,374	12,368,026	(12,469,999)	39,876,852
Accommodation Building	1,471,380	759,050	(666,325)	1,564,105	761,925	(666,326)	802,180
Warehouse	1,880,142	28,687,412	-	30,567,554	2,547,296	-	27,954,975
Total	51,629,753	59,183,604	(13,136,324)	97,677,033	15,677,247	(13,136,325)	68,634,007

6.1 Allocation of depreciation

Administrative expenses (Note 29)
Marketing & selling expenses (Note 30)

2024 Taka	2023 Taka
879,456	761,925
18,973,086	14,915,322
19,852,542	15,677,247

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

2024

Particulars	Lease liability	Right-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	Right-of-use assets	Gain/(Loss)
Warehouse	-	-	-
Total	-	-	-

1. Company rented four display centers situated in Dhaka, Chattogram, Sylhet and Mymensingh.
2. Accommodation Buildings 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
	Balance as at 01 Jan 2024	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 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	8,741,563
Computer Software	11,614,380	714,000	-	12,328,380	11,558,136	164,109	606,135
Total	42,652,293	13,826,136	-	56,478,429	39,160,875	7,969,856	9,347,698

2023

Particulars	COST			AMORTIZATION			Net book value as at 31 Dec 2023
	Balance as at 01 Jan 2023	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 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	3,435,174
Computer Software	11,614,380	-	-	11,614,380	11,401,341	156,795	56,244
Total	34,307,256	8,345,037	-	42,652,293	33,988,848	5,029,342	3,491,418

			2024 Taka	2023 Taka
8	Capital Work-in-Progress			
	Balance as at 1 January		354,303,418	155,705,038
	Add: Addition during the year (Note-8.1)		173,146,851	732,036,114
			527,450,269	887,741,152
	Less: Transfer to property, plant & equipment during the year (Note-8.2)		491,189,307	533,437,734
	Balance as at 31 December		36,260,960	354,303,418
8.1	Addition during the year			
	Building		35,647,370	55,158,696
	Plant and machinery		134,868,163	657,479,014
	Others		2,631,318	19,398,405
			173,146,851	732,036,114
8.2	Items transferred from capital work in progress to property, plant & equipment			
	Office building		47,574,413	-
	Factory building		72,273,364	14,549,044
	Plant and machinery		371,169,587	509,927,776
	Tools and appliances		140,274	-
	Others		31,670	8,960,914
			491,189,307	533,437,734
9	Investment in subsidiaries (Note-9.1)			
	RAK Power Pvt. Ltd		341,629,950	341,629,950
	RAK Security & Services (Pvt). Ltd		18,750,000	18,750,000
			360,379,950	360,379,950
9.1	Details of investments in subsidiaries			
	Name of subsidiaries	Nature of business	% of holding	Investment/Taka
	RAK Power Pvt. Ltd	Electricity generation	99.99	341,629,950
	RAK Security & Services Pvt. Ltd	Security services provider	99.00	18,750,000
10	Inventories			
	Raw materials		1,048,787,830	1,142,336,604
	Less: Provision for slow moving & obsolete inventories		41,734,296	36,222,885
			1,007,053,534	1,106,113,719
	Stores, consumables spares and packing		985,304,865	996,003,692
	Less: Write off for stores and spares		10,715,325	4,043,075
	Less: Provision for slow moving & obsolete inventories (Packing)		625,854	-
			973,963,686	991,960,617
	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
			998,149,129	1,155,778,606
	Work-in-process		182,145,428	80,280,061
	Goods-in-transit		197,465,075	174,997,673
			3,358,776,852	3,509,130,676

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

		2024 Taka	2023 Taka
11	Trade and other receivables		
	Trade receivables (Note-11.1)	2,736,169,084	2,465,500,084
	Accrued interest (Note-11.2)	677,655	814,817
		2,736,846,739	2,466,314,901
11.1	Trade receivables		
	Receivable from dealers	2,722,459,181	2,482,895,872
	Receivable from export sales	31,430,475	11,166,492
		2,753,889,656	2,494,062,364
	Less: Provision of impairment loss on trade receivable:		
	Unrelated parties	10,115,297	10,018,340
	Related parties	7,605,275	18,543,940
		2,736,169,084	2,465,500,084
11.2	Accrued Interest		
	Interest accrued on Fixed deposit receipt	677,655	814,817
		677,655	814,817
12	Advance, deposits and prepayments		
	Advances:		
	Purchase of land and others	4,134,422	920,757
	Suppliers against materials and services	96,876,534	240,606,363
		101,010,956	241,527,120
	Security and other deposit:		
	Titas gas	38,569,450	38,569,450
	Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
	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	2,654,000	1,140,000
	Other deposits	1,494,626	1,494,626
		144,736,729	138,848,921
	Prepayments:		
	Insurance and others	7,429,914	9,033,831
		7,429,914	9,033,831
		253,177,599	389,409,872
13	Advance Income Tax		
	Balance as at 1 January	3,884,663,002	3,718,480,370
	Add: Paid during the year	201,744,210	166,182,632
	Balance as at 31 December (Note -13.1)	4,086,407,212	3,884,663,002
13.1	Year wise closing balance		
	Income year		
	Year 2024	135,705,420	-
	Year 2023	207,766,422	141,727,632
	Year 2022	228,460,112	228,460,112
	Year 2021	252,801,979	252,801,979
	Year 2020	115,584,117	115,584,117

Cash and cash equivalents

	2024 Taka	2023 Taka
Year 2019	254,675,621	254,675,621
Year 2018	270,464,119	270,464,119
Year 2017	295,460,648	295,460,648
Year 2016	242,216,508	242,216,508
Year 2015	138,288,579	138,288,579
Year 2014	253,701,667	253,701,667
Year 2013	352,440,807	352,440,807
Year 2012	301,027,378	301,027,378
Year 2011	322,755,413	322,755,413
Year 2010	263,692,205	263,692,205
Year 2009	218,086,876	218,086,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006 (Unadjusted balance)	23,087,333	23,087,333
	4,086,407,212	3,884,663,002
Cash in hand	3,546,881	4,961,556
Cash at banks		
BRAC Bank (current account - 1530201731248001 - BDT)	80,189,680	3,569,213
Citibank N.A. (current account - G010000200262018 - BDT)	130,592	137,044
Dutch Bangla Bank Ltd. (current account - 117 - 110 - 12733 - BDT)	2,736,400	17,893,225
Eastern Bank Ltd. (Current account - 1041060507936)	17,418,603	-
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)	699,294	2,563,188
South East Bank Ltd. (CD account - 11100008546 - BDT)	2,770,037	18,080
Dhaka Bank Ltd. (SND - 102.150.274- BDT))	119,023,981	10,024,467
Janata Bank Ltd. (SND 0100258556318 - BDT)	100,484	-
Dutch Bangla Bank Ltd. (SND account - 117-120-589 - BDT)	6,662,817	16,427,419
Pubali Bank Ltd. (CD account 4709901003543 - BDT)	98,163	98,991
Prime Bank Ltd. (SND - 2125316004690 - BDT)	1,667,155	2,588,318
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 1112-135000000004 - BDT)	239,225	1,983,178
Midland Bank Ltd. (SND 0006-10600000043 - BDT)	35,616,582	177,336,256
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	-
	307,581,055	674,031,710

IPO bank account

	2024 Taka	2023 Taka
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,688,046	1,687,358
Citibank N.A. (RAK-IPO-NRB Subscription - G010000200262042 - USD)	3,919,501	3,919,501
Citibank N.A. (RAK-IPO-NRB Subscription - G010000200262026 - EURO)	153,606	153,606
Citibank N.A. (RAK-IPO-NRB Subscription - G010000200262034 - 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 - 02-6162940-07 - BDT) - 2017	57	4,207
SCB (SND - 02-6162940-09 - BDT) - 2019	349,895	3,161,688
SCB (SND - 02-6162940-10 - BDT) - 2020	2,963,017	2,974,975
SCB (SND - 02-6162940-11 - BDT) - 2021	5,261,003	5,178,082
MDB (SND - 0006-10900000460 - BDT) - 2022	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.	9,745,315	55,745,315
Commercial Bank of Ceylon	5,000,000	5,000,000
	74,745,315	110,745,315
	408,111,918	811,406,902

Share Capital

Authorised

600,000,000 ordinary shares of Tk 10 each	6,000,000,000	6,000,000,000
Issued, subscribed, called and paid up	4,279,687,010	4,279,687,010

427,968,701 ordinary shares of Tk 10 each

Percentage of shareholding:

	2024		2023	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,915,864,310	68.13	2,915,864,310
SAK 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.

Shareholders' range	Number of shareholders		Number of shares	
	2024	2023	2024	2023
Less than 500 shares	15,534	17,330	3,617,179	4,044,428
501 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
Over 1,000,000 shares	14	14	355,527,531	355,527,531
	24,896	27,466	427,968,701	427,968,701

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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

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Retained earnings (Reserve and surplus)

Balance as on 01 January	2,118,252,846	1,937,981,076
Add : Profit/(loss) during the year	(39,661,900)	608,240,471
	2,078,590,946	2,546,221,547
Less: Dividend declared during the year	(427,968,701)	(427,968,701)
Balance as at 31 December	1,650,622,245	2,118,252,846

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

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Deferred tax liabilities

	2024 Taka	2023 Taka
Balance as at 1 January	37,937,610	93,207,890
Deferred tax (income) / expenses	(59,462,425)	(55,270,280)
Balance as at 31 December	(21,524,815)	37,937,610

	Carrying amount on the date of statement of financial position	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 31 December 2024			
Property, plant and equipment (Excluding land and others)	2,299,721,318	2,280,839,108	18,882,210
Trade receivable	2,736,169,084	2,753,889,656	(17,720,572)
Inventories	3,358,776,852	3,468,742,536	(109,965,685)
Right of use assets	79,875,216	-	79,875,216
Lease liability	(66,737,015)	-	(66,737,015)
Net taxable temporary difference			(95,665,845)
			(21,524,815)
As at 31 December 2023			
Property, plant and equipment (Excluding land and others)	2,232,341,354	1,971,861,973	260,479,381
Trade receivable	2,465,500,084	2,494,062,364	(28,562,280)
Inventories	3,509,130,676	3,589,245,821	(80,115,145)
Right of use assets	68,634,007	-	68,634,007
Lease liability	(51,824,364)	-	(51,824,364)
Net taxable temporary difference			168,611,599
			37,937,610

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Employees benefits payable

	2024		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	78,695,857	29,605,060	108,300,917
	78,695,857	29,605,060	108,300,917
Less: Payments made to fund during the year	78,695,857	29,605,060	108,300,917
Balance as at 31 December	-	-	-

Forfeited amount of provident fund amounting to BDT. 741,431 for the year ended 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	77,391,021	29,118,852	106,509,872
	77,391,021	29,118,852	106,509,872
Less: Payments made to fund during the year	77,391,021	29,118,852	106,509,872
Balance as at 31 December	-	-	-

Forfeited amount of provident fund amounting to BDT. 1,360,781 for the year 2023 has been adjusted with provision and payment.

		2024 Taka	2023 Taka
20	Borrowings		
	Non-current:	419,198,562	375,129,637
	Term loan -EBL	(104,799,641)	(11,235,218)
	Less : Current portion of term loan - EBL	314,398,921	363,894,419
	Current:		
	Short-term borrowings :		
	Overdraft - SCB	30,788,071	6,515,420
	Overdraft - EBL	25,000,000	5,804,881
	Overdraft - CBC	29,560,060	10,578,999
	Overdraft - DBBL	-	24,015,000
	Overdraft - MIDBL	46,000,000	23,606,972
	Short term borrowings - EBL	108,993,635	280,198,747
	Short term borrowings - SCB	216,953,381	155,307,933
	Short term borrowings - CBC	36,901,896	71,084,830
	Short term borrowings - MIDBL	471,741,927	145,269,407
	Current portion of term loan - EBL	104,799,641	11,235,218
		1,070,738,611	733,617,407
		1,385,137,532	1,097,511,826
Balance as at 31 December			

20.1	Borrowings by maturity					
	At 31 December 2024	< 1 year	1-2 years	2-5 years	> 5 years	Total
	Overdrafts	131,348,131	-	-	-	131,348,131
	Short-term borrowings	834,590,839	-	-	-	834,590,839
	Term loan	104,799,641	104,799,641	209,599,280	-	419,198,562
		1,070,738,611	104,799,641	209,599,280	-	1,385,137,532
	At 31 December 2023	< 1 year	1-2 years	2-5 years	> 5 years	Total
	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
	The company opted for off-shore financing from SCB, EBL & CBC on its outstanding import bills as deferred payment bills under the letter of credits.					

20.2	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	
		Short term loan	500,000,000	216,953,381	180/360 days from B/L date			
	Midland Bank Ltd.	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 Ltd.	Long term loan*	419,200,000	419,198,562	5 years with 1 year moratorium year	From	1) Hypothecation over stock & book debts on a parri - passu basis with other lenders. 2) Demand promissory note.	1) Specific charge over plant, machinery and equipment of BMRE projects.
		Overdraft	25,000,000	25,000,000	Revolving	From company's own source		
		Short term loan	425,000,000	108,993,635	180/360 days from B/L date			
		Overdraft	25,000,000	-	Revolving	From		
	Dutch Bangla Bank Ltd.	Short term loan	90,000,000	-	180/360 days from B/L date	From company's own source		
		Overdraft	35,000,000	29,560,060	Revolving	From		
	Commercial Bank of Ceylon	Short term loan	550,000,000	36,901,896	180/360 days from B/L date	From company's own source		
		Overdraft						

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

	2024 Taka	2023 Taka
21	Lease liability	
	Non-current:	
	Lease liability	66,737,015
	Less : Current portion of lease liability	14,294,140
		52,442,875
	Current:	
	Current portion of lease liability	14,294,140
		11,242,827

Lease liability schedule

2024						
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	42,306,246
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
	51,824,364	27,372,893	17,437,967	4,977,725	12,460,242	66,737,015

2023						
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	1,851,872	28,687,412	3,031,583	1,324,951	1,706,633	28,832,651
	18,583,247	42,579,564	13,252,342	3,913,895	9,338,447	51,824,364

	2024 Taka	2023 Taka
22	Trade and other payables	
	Trade payables	
	Payable to local suppliers	195,193,766
	Payable to foreign suppliers	354,162,578
	Payable to service provider	298,073,027
	Payable to C & F agent and freight forwarder	70,814,393
		918,243,764
	Other payables	
	Tax deducted at source	31,521,915
	Tax deducted at source on remuneration (Note-24.1)	288,076
	VAT deducted at source	7,973,431
	VAT and Supplementary duty payable (Note-22.1)	210,807,445
	Royalty and technical know-how fee	519,138,764
	Unclaimed share application	20,061,956
	Advance from customer against sales	35,725,806
		9,997,336

		2024 Taka	2023 Taka
	Payable to customer against claim	-	17,856,960
	Provisional liabilities - material & services	52,473,855	38,872,400
	Payable to employees	2,361,234	2,642,646
	Security deposit payable	1,617,592	1,617,592
	Payable against purchase of land	-	304,150,175
		881,970,074	1,057,769,372
		1,800,213,838	2,117,089,559
22.1	VAT and Supplementary duty (SD) payable		
	Opening Balance	121,399,684	115,446,800
	Add: VAT and Supplementary duty on sales	2,189,779,168	2,497,326,671
	Other payable	625,533	1,365,249
		2,311,804,385	2,614,138,720
	Less:		
	Treasury deposit for SD & VAT purpose	1,349,322,047	1,625,908,953
	Rebate of input VAT	751,674,893	866,830,083
		2,100,996,939	2,492,739,037
	Balance as at 31 December	210,807,445	121,399,684
23	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
	<u>6,735,217,875</u>	<u>567,709,557</u>	<u>6,167,508,318</u>	<u>6,113,686,096</u>	<u>45,699,723</u>	<u>8,122,499</u>

24	Accrued expenses		2024 Taka	2023 Taka	
		Power and gas	81,210,429	65,621,980	
		Staff cost	97,957,678	111,096,105	
		Dealer's incentive and bonus	175,323	7,491,671	
		Audit fees	1,600,000	1,800,000	
		Professional charges	600,000	3,878,245	
		Interest on loan	24,644,388	8,179,830	
		Telephone	622,957	440,566	
		Labour bill	1,593,524	1,579,013	
		Freight bill	6,812,186	7,310,331	
		Business promotion and advertisement	4,000,000	3,327,046	
		Hiring heavy equipment	-	4,139,696	
		Others	1,073,595	2,811,405	
		Managing Director's remuneration (Note-24.1)	864,228	18,937,048	
		Workers profit participation and welfare fund (Note-24.2)	1,829,055	40,078,408	
			<u>222,983,363</u>	<u>276,691,344</u>	
		24.1	Managing Director's remuneration		
			Balance as at 1 January	18,937,048	21,299,832
			Add: Payable to Managing Director for the year (Note 29)	1,152,304	25,249,397
				20,089,352	46,549,229
			Less: Tax deducted at source during the year (Note 22)	288,076	6,312,349
			Less: Paid to Managing Director during the year	18,937,048	21,299,832
			Balance as at 31 December	<u>864,228</u>	<u>18,937,048</u>
		24.2	Workers' Profit Participation and welfare Fund		
	Balance as at 1 January	40,078,408	45,079,009		
	Add: Contribution made to the fund during the year	1,829,055	40,078,408		
		41,907,463	85,157,417		
	Less: Payment made from the fund during the year	40,078,408	45,079,009		
	Balance as at 31 December	<u>1,829,055</u>	<u>40,078,408</u>		
25	Provision for income tax				
	Balance as at 1 January	4,384,529,107	4,135,931,140		
	Add: Provision made during year	135,705,420	248,597,967		
	Balance as at 31 December (note 25.1)	<u>4,520,234,527</u>	<u>4,384,529,107</u>		

		2024 Taka	2023 Taka
25.1	Year wise closing balance		
	Income year		
	Year 2024	135,705,420	-
	Year 2023	248,597,967	248,597,967
	Year 2022	236,522,849	236,522,849
	Year 2021	280,200,490	280,200,490
	Year 2020	122,316,309	122,316,309
	Year 2019	269,804,714	269,804,714
	Year 2018	273,027,981	273,027,981
	Year 2017	297,112,555	297,112,555
	Year 2016	253,189,745	253,189,745
	Year 2015	274,419,022	274,419,022
	Year 2014	339,893,487	339,893,487
	Year 2013	318,166,647	318,166,647
	Year 2012	305,056,869	305,056,869
	Year 2011	323,149,311	323,149,311
	Year 2010	348,965,691	348,965,691
	Year 2009	266,823,984	266,823,984
	Year 2008	147,117,914	147,117,914
	Year 2007	80,163,573	80,163,573
		4,520,234,527	4,384,529,107

26

Sales

	Unit	2024		2023	
		QTY in million	In Taka	QTY in million	In Taka
Local					
Tiles	Sft	81.39	7,065,181,668	93.54	8,084,144,489
Decor/Border	Pcs	0.38	72,514,162	0.48	87,482,395
Sanitary ware	Pcs	0.95	2,268,114,279	1.08	2,559,887,166
Imported/Trading goods					
Tiles	Sft	0.027074	11,684,573	-	-
Faucets	Pcs	0.001582	6,168,099	-	-
			9,423,662,781		10,731,514,050
Less: Supplementary Duty			958,474,666		1,094,378,921
			8,465,188,115		9,637,135,129
Less: VAT			1,231,930,035		1,404,312,999
			7,233,258,080		8,232,822,130
Export					
Tiles	Sft	0.64932	44,126,995	0.19	14,299,969
			7,277,385,075		8,247,122,099
Less: Discount			7,370,921		1,379,708
Less: Commission, incentive and bonus (note - 26.1)			670,626,576		476,806,648
			6,599,387,578		7,768,935,743

26.1

Commission, incentive and bonus

Dealer's commission	106,680,266	97,904,510
Breakage commission	135,024,511	110,040,584
Incentive and bonus	428,921,799	268,861,554
	670,626,576	476,806,648

		2024 Taka	2023 Taka
27	Cost of sales		
	Material consumed:		
	Opening inventory as on 01 January	1,106,113,719	1,589,019,169
	Add: Purchase during the year	2,306,373,638	2,528,863,034
	Less: Closing inventory as on 31 December	1,007,053,534	1,106,113,719
		2,405,433,823	3,011,768,484
	Factory overhead:		
	Direct labour (note-27.1)	632,723,692	632,295,365
	Direct expenses:		
	Power and gas	1,183,014,167	1,416,017,721
	Repairs and indirect materials (note-27.2)	642,567,268	772,568,754
	Depreciation (note-5.2)	436,925,664	392,299,362
	Royalty and technical know-how fees*	1,781,645	66,578,040
	Other production overhead (note-27.3)	39,332,507	47,280,748
	Provision for slow moving & obsolete inventories (note 10)	18,841,292	12,605,906
	Movement in stock	94,263,229	(531,160,771)
		5,454,883,287	5,820,253,609
27.1	Direct labour		
	Salary & wages	465,204,106	458,399,295
	Overtime	13,137,925	18,560,972
	Bonus	49,693,818	38,210,836
	Temporary labour wages	47,928,784	59,833,262
	Gratuity	19,826,177	19,874,165
	Employers contribution to provident fund	25,760,710	25,568,302
	Leave encashment	3,539,873	3,499,535
	Group life insurance	2,124,340	3,250,971
	Compensation	1,475,096	391,008
	Staff uniform, safety and welfare expenses	4,032,863	4,707,019
		632,723,692	632,295,365
27.2	Repair and indirect materials		
	Stores, spares, repair & maintenance	313,613,170	353,256,740
	Packing expenses	328,954,098	419,312,014
		642,567,268	772,568,754
27.3	Other production overhead		
	Tour and travel expenses	2,257,757	2,951,603
	Demurrage and penalty	2,841,576	10,258,401
	Insurance	21,311,895	23,682,259
	Write off for stores and spares	10,715,325	4,043,075
	Hiring charges and transportation	2,147,348	4,356,520
	Other expenses	58,606	1,988,890
		39,332,507	47,280,748

*Royalty has been calculated 8% on business profit.

		2024 Taka	2023 Taka
28	Other income		
	Dividend income	1,980,000	1,980,000
	Rental income	3,130,434	3,130,434
	Gain on retirement of right of use assets (note 6.2)	120,858	-
		5,231,292	5,110,434
29	Administrative expenses		
	Staff cost (note-29.2)	208,874,037	214,696,153
	Annual General Meeting expenses	5,702,516	1,889,312
	Telephone and postage	8,545,970	12,577,075
	Office repair and maintenance (note-29.3)	9,258,824	13,264,231
	Registration and renewal	1,480,415	2,485,908
	Security and guard expenses	27,215,639	26,607,617
	Electricity, gas and water	8,425,343	5,905,622
	Depreciation on property, plant & equipment (note - 5.2.1)	35,324,750	34,392,839
	Depreciation on investment property (note - 5.2.1)	221,918	221,918
	Depreciation on right of use assets (note - 6.1)	879,456	761,925
	Amortization (note-7)	7,969,856	5,029,342
	Legal and professional fees	15,055,076	12,442,366
	Vehicle repair and maintenance	17,305,315	16,507,898
	Rent rate and tax	2,852,231	3,669,475
	IT expenses	4,086,891	10,589,150
	General service	16,325,335	16,161,610
	Loss on retirement of fixed assets (note - 5.3)	107,683	922,779
	Donation	2,316,969	4,770,084
	Others	6,936,645	11,513,809
	Managing Director's remuneration (note-29.4)	1,152,304	25,249,397
		380,037,173	419,658,510
29.1	Impairment loss of trade receivable		
	Unrelated parties	96,957	4,233,470
	Related parties	(10,938,665)	12,615,759
		(10,841,708)	16,849,229
29.2	New classification of financial assets shown in note 38.1 (b) as per IFRS 9 Staff cost		
	Salary & wages	154,696,240	148,337,322
	Bonus	15,195,480	18,607,005
	Incentive	-	1,473,380
	Gratuity	5,906,722	5,710,178
	Employers contribution to provident fund	7,990,776	7,696,150
	Leave encashment	1,068,574	1,029,472
	Group life insurance	819,227	941,420
	Canteen and conveyance expenses	18,284,354	20,092,023
	Staff uniform, safety and welfare expenses	1,420,333	4,345,098
	Travelling expenses	1,087,416	3,886,781
	Compensation	901,650	80,028
	Medical expenses	806,821	879,739
	Accommodation expenses	696,444	1,617,557
		208,874,037	214,696,153

		2024 Taka	2023 Taka
	Accommodation expenses includes rent expenses for short term lease for BDT. 161,000 and related government levis wherever applicable. Details of the short term lease is shown in note no 36. No low value item exists at the reporting period.		
29.3	Office repair & maintenance		
	Repairs office equipment	203,377	520,607
	Office maintenance	9,055,447	12,743,624
		9,258,824	13,264,231
29.4	This represents provision made @ 3% of net profit before tax.		
30	Marketing & selling expenses		
	Staff cost (note-30.1)	135,901,643	133,861,055
	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	55,742,832	62,709,634
	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	21,905,280	19,939,363
		568,852,834	634,360,822
30.1	Staff cost		
	Salary & wages	88,596,813	82,090,215
	Bonus	8,528,769	5,549,885
	Incentive	797,000	13,362,569
	Gratuity	3,872,161	3,534,509
	Employers contribution to provident fund	5,225,727	4,750,668
	Leave encashment	703,591	638,019
	Group life insurance	504,483	586,749
	Conveyance and food expenses	21,723,493	21,515,109
	Staff uniform, safety and welfare expenses	5,949,606	1,833,332
		135,901,643	133,861,055
30.2	Salary & wages under staff cost (note no. 27.1, 29.2 & 30.1) includes employee contribution to provident fund for BDT.25,760,710, BDT. 7,990,776 & BDT. 5,225,727.		
31	Finance income		
	Interest on bank account (SND)	5,823,009	10,599,717
	Interest on Fixed deposits	6,237,593	18,960,311
		12,060,602	29,560,028
32	Finance expenses		
	Interest expenses against Loan	157,030,979	37,211,584
	Interest expenses against lease liability	4,977,725	3,913,895
	Bank charges	7,324,640	2,333,927
	Foreign exchange loss	16,004,392	27,378,063
		185,337,736	70,837,469
33	Income tax expenses		
	Accounting profit (PBT as per Statement of Profit & Loss)	36,581,095	801,568,158
	Add: Inadmissible depreciation allowance for separate consideration:		
	Accounting Depreciation of Fixed Assets	481,506,674	435,383,439
		518,087,770	1,236,951,597

	2024 Taka	2023 Taka
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	7,969,856	5,029,342
Depreciation on Right of Use Assets (ROUA)	19,852,542	15,677,247
Interest on lease liability	4,977,725	3,913,895
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
	88,216,612	85,097,223
	606,304,382	1,322,048,820
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984/ITA, 2023):	(227,944,436)	(199,478,598)
Admissible expenses as per ITO,1984/ITA, 2023:		
Rent expenses	(28,767,463)	(17,470,368)
Dividend income	(1,980,000)	(1,980,000)
Taxable profit	347,612,482	1,103,119,855
Applicable tax rate		
On Business income	22.50%	22.50%
On Dividend income	20.00%	20.00%
Tax expenses:		
Business income	78,212,808	248,201,967
Dividend income	396,000	396,000
Tax Payable as per current tax rate	78,608,808	248,597,967
B) Tax Payable on Sales Revenue @0.60% (Under ITA -2023)	56,806,739	64,474,884
C) Income Tax deducted at Source as per ITA, 2023	135,705,420	128,510,999
Since, tax deducted at source is the higher compare to tax calculated (a)Tax payable on taxable profit, and (b) tax @ 0.60% on gross sales revenue and, hence the higher is provided as Tax Expenses for the year ended 31 December 2024 amounting to BDT. 135,705,420.		

34 Reconciliation of effective tax rate

	2024		2023	
	%	Taka	%	Taka
Profit before tax		36,581,095		801,568,158
Current tax expenses	370.97%	135,705,420	31.01%	248,597,967
Deferred tax expenses/(income)	-162.55%	(59,462,425)	-6.90%	(55,270,280)
Total tax expenses	208.42%	76,242,994	24.12%	193,327,688
Expected income tax using applicable tax rate	22.50%	8,230,746	22.50%	180,352,835
Tax on non-deductible expenses	348.47%	127,474,673	8.51%	68,245,132
Effective current tax	370.97%	135,705,420	31.01%	248,597,967
Effective deferred tax/(income)	-162.55%	(59,462,425)	-6.90%	(55,270,280)
	208.42%	76,242,994	24.12%	193,327,688

35 Transaction in foreign currency

CIF value of import:		
Raw materials	1,868,897,342	2,026,698,449
Spare parts	355,178,979	427,671,336
Capital machinery	307,185,761	828,813,442

	2024 Taka	2023 Taka
Expenditure:		
Dividend	277,007,109	277,007,109
	2,808,269,191	3,560,190,336
Earnings:		
FOB value of exports	44,126,995	14,299,969
	44,126,995	14,299,969

36 Short term lease expenses

Nature of the lease	Lease term	Allocation	Rent Payment	Rent Payment
Rented accommodation	<1 year	Admin	161,000	156,000
			161,000	156,000

37 Quantitative details of opening stock, purchase/production, consumption/sales and closing stock of raw materials and finished goods (Refer to Note 27)

Quantity in million					
Description	Unit	Opening stock	Purchase/ Production	Sale / Consumption	Closing stock
		Quantity	Quantity	Quantity	Quantity
Raw materials	KG				
2024		47.24	168.42	156.67	59.00
2023		68.08	236.72	257.56	47.24
Finished goods					
Tiles: (Locally produced)	Sft				
Ceramics/granite					
2024		21.53	79.02	82.04	18.51
2023		12.92	102.46	93.73	21.66
Decor/border	Pcs				
2024		0.09	0.38	0.38	0.10
2023		0.13	0.45	0.48	0.09
Sanitary ware:					
Sanitary items	Pcs				
2024		0.34	0.92	0.95	0.31
2023		0.21	1.22	1.08	0.35
Imported/Trading goods	Sft				
Tiles					
2024		0.13	0.05	0.03	0.15
2023		-	0.13	-	0.13
Faucets	Pcs				
2024		0.0070	0.0005	0.0016	0.0059
2023		-	0.0070	-	0.0070

37.1 Production capacity and actual production are given below: (Refer to Note 27)

2024

Production	Unit	Installed Capacity (million) Annual	Utilisation during the year (million)	% of Utilisation	Over/(Under) Utilisation (million)
Tiles	Sft	111.04	79.02	71%	(32.02)
Sanitary ware	Pcs	1.45	0.92	63%	(0.53)

2023

Production	Unit	Installed Capacity (million) Annual	Utilisation during the year (million)	% of Utilisation	Over/(Under) Utilisation (million)
Tiles	Sft	111.04	102.46	92%	(8.58)
Sanitary ware	Pcs	1.45	1.22	84%	(0.23)

38 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

38.1 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. Accounts receivable are mainly related to local receivables. The Company’s exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of local customers. The Company has established receivable department to minimise credit risk involving collection of local receivables.

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
Trade receivables				
Customer-Local	-	-	2,704,738,609	2,454,333,592
Customer-Export	263,017	97,120	31,430,475	11,166,492
	263,017	97,120	2,736,169,084	2,465,500,084
Other receivables				
Accrued Interest			677,655	814,817
			677,655	814,817
Cash equivalents			404,565,037	806,445,346

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-11.1)
Trade receivable-unrelated	11.1	Amortized cost	1,518,952,987	1,508,837,690	10,115,297
Trade receivable-related	11.1	Amortized cost	1,234,936,670	1,227,331,395	7,605,275
Cash at banks	14	Amortized cost	329,819,722	329,819,722	-

- i The above table provides information ECLs till date. Impairment provision till Dec 2023 was Tk. 28,562,280 and gain made during the year is Tk. 10,841,708.
- 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 aging of trade receivables as at 31 December was:

	Amounts in Taka	
	As at 31 Dec 2024	As at 31 Dec 2023
Not past due	2,053,610,099	1,472,393,557
0-90 days past due	635,883,122	244,051,770
91-180 days past due	30,750,609	379,036,849
181-365 days past due	7,409,012	331,586,654
over 365 days past due	8,516,243	38,431,254
	2,736,169,084	2,465,500,084

38.2 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 Taka	Contractual cash flows Taka	Within 12 months or less Taka	More than 12 months Taka
Overdrafts	131,348,131	131,348,131	131,348,131	-
Short term borrowing	834,590,839	834,590,839	834,590,839	-
Long term borrowing	419,198,562	419,198,562	104,799,641	314,398,921
Trade and other payables	1,800,213,838	1,800,213,838	1,800,213,838	-
	3,185,351,369	3,185,351,369	2,870,952,449	314,398,921

	As at 31 Dec 2023			
	Carrying amount Taka	Contractual cash flows Taka	Within 12 months or less Taka	More than 12 months Taka
Overdrafts	70,521,272	70,521,272	70,521,272	-
Short term borrowing	651,860,917	651,860,917	651,860,917	-
Long term borrowing	375,129,637	375,129,637	11,235,218	363,894,419
Trade and other payables	2,117,089,559	2,117,089,559	2,117,089,559	-
	3,214,601,384	3,214,601,384	2,850,706,965	363,894,419

38.3 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			As at 31 Dec 2023		
	GBP	USD	EURO	GBP	USD	EURO
Foreign currency denominated assets						
Receivable from customers-Export	-	263,017	-	-	97,120	-
Cash at bank	-	29,593	-	-	13,189	-
	-	292,610	-	-	110,309	-

	As at 31 Dec 2024			As at 31 Dec 2023		
	GBP	USD	EURO	GBP	USD	EURO
Foreign currency denominated liabilities						
Trade and other payables	85,997	2,381,530	415,420	477,466	1,251,964	2,625,224
Short term borrowings (foreign)	-	1,837,045	11,824	-	1,610,350	1,052,918
Royalty & Technical Fees	-	4,326,156	-	-	4,707,296	-
	85,997	8,544,731	427,244	477,466	7,569,609	3,678,141
Net exposure	(85,997)	(8,252,121)	(427,244)	(477,466)	(7,459,300)	(3,678,141)

The Company has foreign exchange loss of Tk 16,004,392 during the year ended 31 Dec 2024 (31 Dec 2023: Exchange loss Tk 27,378,063).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Dec 2024 Taka	31 Dec 2023 Taka
GBP	150.6845	140.6124
USD	119.5000	109.7500
EURO	124.8915	122.0317

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

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 Profit or (loss)		As at 31 Dec 2023 Profit or (loss)	
	Strengthening Taka	Weakening Taka	Strengthening Taka	Weakening Taka
At 31 Dec				
GBP (3 percent movement)	(2,660)	2,505	(14,767)	13,907
USD (3 percent movement)	(255,220)	240,353	(230,700)	217,261
EURO (3 percent movement)	(13,214)	12,444	(113,757)	107,130

b) Interest rate risk

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

Profile

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

	Carrying amount	
	As at 31 Dec 2024 Taka	As at 31 Dec 2023 Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	74,745,315	110,745,315
Cash at banks	329,819,722	695,700,031
Financial liabilities		
Overdrafts	131,348,131	70,521,272
Long term borrowing	419,198,562	375,129,637
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 Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	74,745,315	74,745,315	110,745,315	110,745,315
Loans and receivables				
Trade receivables	2,736,169,084	2,736,169,084	2,465,500,084	2,465,500,084
Other receivables	677,655	677,655	814,817	814,817
Cash equivalents	404,565,037	404,565,037	806,445,346	806,445,346
Available for sale financial assets				
Financial liabilities				
Liabilities carried at amortised costs				
Overdrafts	131,348,131	131,348,131	70,521,272	70,521,272
Short term borrowing	834,590,839	834,590,839	651,860,917	651,860,917
Long term borrowing	419,198,562	419,198,562	375,129,637	375,129,637
Trade and other payables	1,800,213,838	1,800,213,838	2,117,089,559	2,117,089,559

Accounting classification and fair values as at 31 Dec 2024 in respect of the separate financial statements does not vary significantly from the consolidated one.

Interest rates used for determining amortised cost

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

	As at 31 Dec 2024	As at 31 Dec 20243
Investment in FDR (local currency/BDT)	2.50%-10.50%	1.50%-8.25%
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%
Long term bank loan (BDT)	12.50%	9.93%-13.30%

39 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.

40 Related party disclosures under IAS-24

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

Amounts in Taka											
Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Year	Purchase of goods/ services	Sale of goods/ services	Outstanding receivables	Outstanding payable	Remuneration	Dividend income*	Royalty payable*
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current year	458,850,233	3,130,434	-	106,963,214	-	-	-
				Previous year	634,595,990	3,130,434	-	143,360,952	-	-	-
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current year	52,643,878	-	-	10,306,699	-	1,980,000	-
				Previous year	49,689,349	-	-	6,538,753	-	1,980,000	-
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	Current year	12,503,050	-	-	28,530,865	-	-	519,138,764
				Previous year	35,103,940	-	-	26,153,293	-	-	517,802,531
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current year	493,357,453	-	-	75,600,000	-	-	-
				Previous year	731,490,860	-	-	-	-	-	-
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	Current year	-	-	-	-	-	-	-
				Previous year	19,836,319	-	-	-	-	-	-
Kludi RAK LLC	Fellow subsidiary	Secured	Nil	Current year	1,176,631	-	-	253,800	-	-	-
				Previous year	16,429,073	-	-	310,933	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current year	86,067,586	-	-	526,612	-	-	-
				Previous year	151,020,362	-	-	18,955,813	-	-	-
Palli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current year	19,723,473	-	-	827,616	-	-	-
				Previous year	17,311,973	-	-	6,012,500	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current year	576,155	-	-	87,576	-	-	-
				Previous year	3,313,624	-	-	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	3,987,537	-	-	55,811	-	-	-
				Previous year	41,187,010	-	-	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	-	1,840,748,468	1,234,936,670	-	-	-	-
				Previous year	-	2702,704,294,712	1,268,687,036	-	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Unsecured	Nil	Current year	5,638,224	-	-	864,228	1,152,304	-	-
				Previous year	5,638,224	-	-	107,330,974	25,249,397	-	-
Sadhan Kumar Dey**	Key Management Personnel	Unsecured	Nil	Current year	-	-	-	-	12,876,507	-	-
				Previous year	-	-	-	-	11,200,174	-	-

*The figures are included tax and VAT.

**Amount represents Short term benefits BDT. 11,848,761 and Post employment benefits BDT. 1,027,746.

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

40.1

Paid to Directors

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

40.2

During the year, Board meeting fees of Taka 840,000 was paid to the board members for attending the Board meetings.

41

Number of employees

The number of employees engaged for the year who received total remuneration of Taka 96,000 and above per annum at reporting date was as follows.

	2024	2023
Number of employees	1,791	1,797

None of receiving below Taka 8,000 per month.

42

Calculation of Earnings per share (EPS)

(a) Net Profit/(loss) for the year

(b) No. of ordinary equity shares

(c) Weighted average no. of equity shares outstanding (Note 42.1)

Earnings per share (EPS) for the year (a÷c)

Diluted earnings per share for the year (a÷c)

42.1

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.

Outstanding shares	427,968,701	427,968,701
	427,968,701	427,968,701

42.2

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.

42.3

Reason of deviation of earnings per share:

The sales were decreased by 15.05% from BDT 7,768.94 MN to BDT 6,599.39 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 17.34% from 25.08%. 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 has been decreased from BDT. +1.42 to -0.09.

43

Calculation of Net assets value per share

(a) Net assets value (Note 15, 16 & 17)

(b) Weighted average no. of equity shares outstanding (Note 42.1)

Net assets value per share (a÷b)

44

Calculation of Net operating cash flow per share

(a) Net Cash flows from operating activities (Note 44)

(b) Weighted average no. of equity shares outstanding (Note 42.1)

Net operating cash flow per share (a÷b)

44.1

Reason of deviation of net operating cash flow per share:

Sales were decreased by 15.05% from BDT 7,768.94 MN to BDT 6,599.39 MN due to all those reasons mentioned in the above point 42.3. However, company settled all vendors 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 0.80 to BDT. 0.30.

45

Reconciliation of operating cash flow:

Cash flows from operating activities

Profit before taxation

Adjustment for:

Depreciation

Amortization

Adjustment relating to assets

Loss on assets retirement

	2024	2023
Profit before taxation	36,581,095	801,568,158
Adjustment for:		
Depreciation	501,359,216	451,060,685
Amortization	7,969,856	5,029,342
Adjustment relating to assets	-	3,004,624
Loss on assets retirement	107,683	922,779

	2024	2023
Advance rent adjustment	(3,600,000)	(16,604,040)
Foreign exchange loss	16,004,392	27,378,063
Finance expenses	169,333,344	43,459,406
Finance income	(12,060,602)	(29,560,028)
Other income	(5,231,292)	(5,110,434)
	710,463,691	1,281,148,555
Increase/decrease in trade and other receivable	(270,669,000)	(952,238,712)
Increase/decrease in inventories	150,353,825	(159,719,581)
Increase/decrease in trade and other payables	(266,975,827)	328,166,523
Cash generated from operating activities	323,172,691	497,356,785
Interest received from bank deposit	5,823,009	10,599,717
Income tax paid	(201,744,210)	(166,182,633)
Net cash (used in)/from operating activities	127,251,490	341,773,869
46 Contingent liabilities		
There are contingent liabilities on account of unresolved disputed corporate tax assessments, VAT claims and customs duty by the authority aggregating to Tk 425,742,918 (31 Dec 2023: Tk 479,354,333) 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 220,558,933 (31 Dec 2023: Tk 83,572,028).		
47 Events after the Reporting Period		
47.1 Declaration of dividend and date of Annual General Meeting (AGM)		
The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on 27 January 2025 has unanimously recommended cash dividend @ 10% of the paid up capital of the Company for the year ended 31 December 2024 equivalent to BDT 427,968,701 to be distributed as dividend among shareholders. The dividend is subject to final approval by the shareholders at the forthcoming 26th Annual General Meeting of the Company which will be held on 22 March 2025.		



RAK POWER PRIVATE LTD REPORTS AND FINANCIAL STATEMENTS

RAK Power plays a vital role in supporting the operations of its parent company by ensuring reliable and efficient power supply. Built on reliability, the company leverages strong infrastructure and operational excellence to deliver uninterrupted energy, facilitating production efficiency. RAK Power remains a key pillar in driving sustainable progress and operational success of its parent company.

DIRECTOR’S REPORT

RAK POWER PVT. LTD

Dear Shareholders,

The Board of Directors of RAK Power Pvt. Ltd are pleased to present to this Directors’ Report, along with the audited financial statements of the Company for the year ended 31 December 2024, and the Auditors’ Report thereon, for your valued consideration, approval and adoption.

The Directors’ report has been prepared in compliance with Section 184 of the Companies Act 1994.

Principal activities

The primary purpose of the company is to establish power generating plants and operate transmission and distribution systems to sell the generated electric power (output) to the parent Company, RAK Ceramics (Bangladesh) Limited, to authorized legal entities and/or to designated franchisees, including group companies, within the geographical boundary of Bangladesh. Over its journey of a decade, the company has continually evolved to stay attuned to the needs of customers and contribute meaningfully to the Group. The company remains focused on building sustainable value for all stakeholders, while upholding the values of the parent.

Performance of power generation

The power plant capacity was available in excess of 90% of installed capacity during the year 2024. Total generated power was transmitted to meet the requirements of the parent Company. Previously the available capacity of the plant was 9.5MW, out of the installed capacity of 10MW. Presently the power plant installed capacity is 12MW and available capacity is 11.5MW.

Operating results

The operating results of the Company for the year ended 2024 are as follows:

(Amount in BDT mn)

Particulars	2024	2023
Sales	458.85	634.60
Gross Profit	12.61	21.52
Net Profit After Tax	3.19	8.45
Earnings Per Share (Absolute BDT)	1.56	4.12
Net Operating Cash Flow Per Share (NOCFPS)	39.74	(12.05)
Net Asset Value (NAV)	284.98	281.79
Net Asset Value per share (Absolute BDT)	139.01	137.46

Reserves and Surplus

In 2024, retained earnings of the Company stood at BDT 79.98 mn against BDT 76.79 mn in 2023.

Dividend

The Board of Directors of RAK Power Pvt. Ltd. has recommend no dividend for the year 2024 considering the forthcoming Capital Expenditure. The company did not paid any dividend of paid-up capital for the year 2023.

Auditors and audit report

M/s ACNABIN, Chartered Accountants (an independent member of BAKER TILLY INTERNATIONAL) shall retire at the 20th Annual General Meeting and, being eligible, have offered themselves for reappointment. The Board also recommended their re-appointment for the year 2025. Remuneration of the Auditor will be fixed by the shareholders at the 20th Annual General Meeting.

There is no qualification, reservation, adverse remarks, comments, observations or disclaimer given by the statutory auditors in their reports.

The statutory auditors of the Company have given reports on the financial statements of the Company for the year ended 31 December 2024. There is no qualification, reservation, adverse remark, comments, observations or disclaimer given by the statutory auditors in their reports.

Post Balance Sheet events

There were no material events or developments that have occurred after the Balance Sheet/reporting date, the non-disclosure of which could affect the ability of the users of these financial statements to make an appropriate evaluation.

Appreciation

The Board would like to take this opportunity to place on record its earnest appreciation to the Government authorities, shareholders, investors, bankers and employees of the company for their continuous commitment, cooperation, confidence and support in enabling the company to attain its objectives.

For and on behalf of the Board of Directors,

(Abdallah Massaad)

Chairman

Date: January 27, 2025

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF RAK POWER PVT. LTD.

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the company were audited by A. Qasem & Co. Chartered Accountants. The auditor’s report was unmodified, and the date of the auditor’s report was 29 January 2024.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

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

- a) We have obtained all the information and 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 company so far as it appeared from our examination of these books.
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dhaka, Bangladesh
Date: 27 January 2025

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


Md. Rokonuzzaman FCA
Partner
Enrollment No.: 0739
DVC: 2501270739AS652182

RAK Power Pvt. Ltd.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31-Dec-24 Taka	31-Dec-23 Taka
Assets			
Property, plant and equipment	4	89,677,979	105,871,227
Capital work-in-progress	5	234,019,160	1,146,824
Intangible assets	6	383,302	360,000
Right-of-use asset	7	1,857,457	2,352,779
Investment	8	287,500	287,500
Total non-current assets		326,225,398	110,018,330
Inventories	9	75,104,650	70,142,054
Trade and other receivables	10	107,107,895	143,434,265
Advances, deposits and prepayments	11	71,197,647	33,808,966
Advance income tax	12	263,177,563	293,762,260
Cash and cash equivalents	13	13,654,135	29,130,567
Total current assets		530,241,890	570,278,112
Total assets		856,467,288	680,296,442
Equity and liabilities			
Share capital	14	205,000,000	205,000,000
Retained earnings	15	79,980,223	76,786,217
Total equity		284,980,223	281,786,217
Non-current liabilities			
Borrowings	16	134,275,938	-
Deferred tax liability	17	6,509,422	11,589,499
Lease Liability	19	1,511,164	1,931,704
Total non-current liabilities		142,296,524	13,521,203
Current Liabilities			
Borrowings	16	6,724,062	-
Lease Liability	19	420,540	367,425
Trade and other payables	20	48,433,680	6,504,664
Accrued expenses	21	100,379,522	74,439,161
Provision for income tax	22	273,232,737	303,677,772
Total current liabilities		429,190,541	384,989,022
Total liabilities		571,487,065	398,510,225
Total equity and liabilities		856,467,288	680,296,442

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


SAK Ekramuzzaman
Director

Dhaka, Bangladesh
Dated: 27 January 2025


Vibhuti Bhushan
Managing Director
As per our report of same date
ACNABIN Chartered Accountants
Firm's Enlistment Number: CAF-001-012


Md. Rokonuzzaman
Partner
Enrollment No.: 0739
DVC: 2501270739AS652182

RAK Power Pvt. Ltd.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	31-Dec-24 Taka	31-Dec-23 Taka
Sales	23	458,850,233	634,595,990
Cost of sales	24	(446,242,699)	(613,077,804)
Gross profit		12,607,534	21,518,186
Other income	25	20,000	37,999
Administrative expenses	26	(10,697,999)	(9,718,700)
		(10,677,999)	(9,680,701)
Profit from operating activities		1,929,535	11,837,485
Finance income	27	1,527,190	1,297,056
Finance expenses	28	(1,755,768)	(271,041)
Net finance income/(expenses)		(228,578)	1,026,015
Profit before contribution to WPPF		1,700,957	12,863,500
Contribution to WPPF	29	(80,998)	(612,548)
Profit before income tax		1,619,959	12,250,952
Income tax expense:			
Current tax	30	(3,506,030)	(7,237,916)
Deferred tax	17	5,080,077	3,437,492
		1,574,047	(3,800,424)
Profit for the year		3,194,006	8,450,528
Other comprehensive income for the year		-	-
Total comprehensive income for the year		3,194,006	8,450,528
Basic earnings per share (par value Tk 100)	36	1.56	4.12

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


SAK Ekramuzzaman
Director


Vibhuti Bhushan
Managing Director

As per our report of same date
ACNABIN Chartered Accountants
Firm's Enlistment Number: CAF-001-012


Md. Rokonuzzaman
Partner
Enrollment No.: 0739
DVC: 2501270739AS652182

Dhaka, Bangladesh
Dated: 27 January 2025

RAK Power Pvt. Ltd.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital Taka (Note-14)	Retained earnings Taka (Note-15)	Total Taka
Balance as at 01 January 2024	205,000,000	76,786,217	281,786,217
Total comprehensive income for 2024			
Profit for the year	-	3,194,006	3,194,006
Balance as at 31 December 2024	205,000,000	79,980,223	284,980,223
Balance as at 01 January 2023	205,000,000	68,335,689	273,335,689
Total comprehensive income for 2023			
Profit for the year	-	8,450,528	8,450,528
Balance as at 31 December 2023	205,000,000	76,786,217	281,786,217

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	31-Dec-24 Taka	31-Dec-23 Taka
Cash flows from operating activities		
Cash receipts from customers and others	495,176,603	559,290,326
Cash payments to suppliers and employees	(410,889,143)	(575,884,580)
Cash generated from operating activities	84,287,460	(16,594,254)
Interest received from bank deposit (SND)	552,031	894,441
Income tax paid (Note-12)	(3,366,368)	(9,050,680)
Net cash (used in)/from operating activities (Note-39)	81,473,123	(24,750,493)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,815,885)	(87,097)
Sale of property, plant and equipment	-	6,261
Addition of capital work in progress	(232,872,336)	(1,146,824)
Intengible assets	(133,300)	(450,000)
Interest received (Term Deposit)	975,159	402,615
Dividend received	20,000	20,000
Net cash (used in)/from investing activities	(235,826,362)	(1,255,045)
Cash flows from financing activities		
Finance charges	(1,755,768)	(271,041)
Avail/(repayment) of long term loan	141,000,000	-
Payment of lease liability	(367,425)	(86,280)
Net cash (used in)/from financing activities	138,876,807	(357,321)
Net increase/(decrease) in cash and cash equivalents	(15,476,432)	(26,362,859)
Cash and cash equivalents as at 1 January	29,130,567	55,493,426
Cash and cash equivalents as at 31 December (Note 13)	13,654,135	29,130,567

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

1.	Reporting entity 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 BDT 1,000,000,000 divided into 10,000,000 ordinary shares of BDT 100 each. The paid up capital stands at BDT 205,000,000 as on 31 December 2024. The company has gone into commercial operation from 01 May 2009. The registered office of the company is at RAK Tower (8th floor), Jashimuddin Avenue, Plot # 1/A, Sector # 3, Uttara Model Town, Dhaka-1230. The Power Plant is located at Vill : Dhanua, P.S: Sreepur, Dist : Gazipur.												
1.1	Nature of business The main objects of the company is to set-up power utilities, own and operate power-generating plants, transmission system and distribution system and to sell the generated electric power to any legal entity or any designated franchise area within Bangladesh, and generate electricity based on different available types of fuels such as gaseous, liquid and solid fuels, hydro potential and any other natural resources such as solar, wind, tidal and waste materials.												
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 other applicable laws and regulation. The title and format of these financial statements follow the requirements of IFRS's 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.												
	Authorization for issue These financial statements have been authorized for issue by the Board of Directors of the company on 27 January 2025												
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 realizable 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 judgments The preparation of these financial statements in conformity with IFRSs requires management to make judgments, 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 recognized 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 judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are stated in the following notes: <table><tr><td>Note 4</td><td>Property, plant & equipment</td></tr><tr><td>Note 7</td><td>Right of Use Asset (ROUA)</td></tr><tr><td>Note 17</td><td>Deferred tax liability</td></tr><tr><td>Note 18</td><td>Employees benefit payable</td></tr><tr><td>Note 19</td><td>Lease Liability</td></tr><tr><td>Note 22</td><td>Provision for income tax</td></tr></table>	Note 4	Property, plant & equipment	Note 7	Right of Use Asset (ROUA)	Note 17	Deferred tax liability	Note 18	Employees benefit payable	Note 19	Lease Liability	Note 22	Provision for income tax
Note 4	Property, plant & equipment												
Note 7	Right of Use Asset (ROUA)												
Note 17	Deferred tax liability												
Note 18	Employees benefit payable												
Note 19	Lease Liability												
Note 22	Provision for income tax												
2.5	Reporting year The financial year 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 have been applied consistently to all years presented in these financial statements and have been applied consistently.																										
3.1	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 capitalized by adding it to the related property, plant and equipment. Ongoing repairs and maintenance is expensed as incurred. An asset is derecognized 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 recognized as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.																										
3.2	Depreciation on property, plant, equipment and investment property Depreciation is charged on the basis of straight line method. Depreciation continues to be charged on each item of property, plant, equipment & investment property until written down 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 derecognized. Rates of depreciation on various classes of property, plant, equipment and investment property are as under: <table><tr><th>Category of property, plant and equipment</th><th>Rate (%)</th></tr><tr><td>Factory building</td><td>20</td></tr><tr><td>Plant and machinery:</td><td></td></tr><tr><td> Main Genset</td><td>5</td></tr><tr><td> Auxiliary equipment</td><td>10</td></tr><tr><td> Electrical installation</td><td>20</td></tr><tr><td> Gas pipeline</td><td>20</td></tr><tr><td> Furniture and fixtures</td><td>10</td></tr><tr><td> Office equipment</td><td>20</td></tr><tr><td> Communication equipment</td><td>10</td></tr><tr><td> Tools and appliances</td><td>20</td></tr><tr><td> Fire fighting equipment</td><td>20</td></tr><tr><td> Vehicles</td><td>20</td></tr></table> Land is not depreciated as it deemed to have an infinite life.	Category of property, plant and equipment	Rate (%)	Factory building	20	Plant and machinery:		Main Genset	5	Auxiliary equipment	10	Electrical installation	20	Gas pipeline	20	Furniture and fixtures	10	Office equipment	20	Communication equipment	10	Tools and appliances	20	Fire fighting equipment	20	Vehicles	20
Category of property, plant and equipment	Rate (%)																										
Factory building	20																										
Plant and machinery:																											
Main Genset	5																										
Auxiliary equipment	10																										
Electrical installation	20																										
Gas pipeline	20																										
Furniture and fixtures	10																										
Office equipment	20																										
Communication equipment	10																										
Tools and appliances	20																										
Fire fighting equipment	20																										
Vehicles	20																										
3.3	Financial assets																										
a)	Investment (in share) Investment in subsidiaries are recognized initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, investment in subsidiaries are measured at cost less impairment loss, if any.																										
b)	Trade and other receivables Trade & other receivables are recognized initially at fair value. Subsequent to initial recognition, trade & other receivables are measured at amortized cost using the effective interest method, less any bad debts provision.																										
c)	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 which are available for use by the Company without any restriction. Bank overdraft that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.																										
3.3.1	Financial liabilities The Company recognizes a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Non-derivative financial liabilities comprise trade & other payables, and interest bearing borrowings.																										

a)	Trade and other payables Trade & other payables are recognized initially at fair value. Subsequent to initial recognition, trade payables are stated at amortized cost using the effective interest method.
3.4	Inventories Inventories on hand are valued at the lower of cost and net realizable value. For raw materials and consumable spare parts cost is determined on a weighted average cost basis. Work-in-process is stated at cost to complete of respective product. Cost comprises cost of raw materials, wages and other overheads up to the stage of completion. Finished products are stated at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Raw materials in transit are valued at cost.
3.5	Employee benefit schemes The Company 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 Company provides benefits to one or more employees. The recognized 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 Company also makes equal contribution to the fund. These are administered by the Board of Trustees. The contributions are invested separately from the company's assets. Contribution to defined contribution plan is recognized as an expense when an employee has rendered services to the Company. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Defined benefit plan (gratuity fund) A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company'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 year 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 year of employment. Details of employees benefit schemes have been provided in note no. 18. Workers' Profit Participation and Welfare Fund The Company provides 5% of its net profit before tax after charging such expense as Workers' Profit Participation and Welfare Fund in accordance with "The Bangladesh Labour Act 2006 amended in 2023". (note no. 21.1 & 29).
3.6	Finance income and expenses Finance income comprises interest income on funds invested in Term Deposit (TD) and Short Notice Deposit (SND) accounts. Interest income is recognized on accrual basis. Finance expense comprises Bank charges and govt. excise duties. All finance expenses are recognized in the statement of profit or loss and other comprehensive income.
3.7	Taxation Income tax expenses represents current tax and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized 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 a private limited company of the same industry. The applicable tax rate is 25% for the reporting year as per Finance Act-2024 and 27.5% in the comperative year. Deferred tax: Deferred tax has been recognized 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 recognized 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 utilized. 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 realized.

3.8	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 year are recognized 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".
3.9	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.
3.10	Contingencies
3.10.1	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 recognized in the financial statements, but may require disclosure. A provision should be recognized in the year in which the recognition criteria of provision have been met.
3.11	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.
3.12	Provisions Provisions are recognized on the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
3.13	IFRS 9 Financial Instruments IFRS 9 Financial Instruments sets out requirements for recognizing 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 amortized 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 judgment 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 amortized 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 - 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-months 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 company 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 company 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 year over which the historical data will be collected, prevalent conditions and the company'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 company'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 33.1 (b). The company analyzed its financial assets and decided not to provide for impairment because the company is confident enough to recover its financial assets.
3.14	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 recognized when a customer obtains control of the goods. Revenue will be recognized for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a consequence, for those contracts for which the company is unable to make a reasonable estimate of return, revenue is expected to be recognized sooner than when the return year lapses or a reasonable estimate can be made. Based on the company's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the company 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 company sells the services in separate transactions. Based on the company's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the company 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 recognized, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.
3.15	IFRS 16 Leases The Company assessed the impact of IFRS 16 and one rental office space for 5 years is considered as right-of-use assets and lease liability at reporting date. All other short term rental for not more than 12 months agreements considered as short-term lease. The tenure of rental agreement for generators is less than 12 months and non-cancellable lease year of factory dormitory space is less than 12 month.
3.16	Events after the reporting year Events after the reporting year that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Material events after the reporting year that are necessary to disclouse.
3.17	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's have been rearranged/ reclassified whenever considered necessary to confirm to current year's presentation.

4 Property, plant and equipment
31-Dec-24

Amount in Taka

Particulars	C O S T				D E P R E C I A T I O N					Net book value as at 31 Dec 2024
	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	Adjustment during the year	Balance as at 31 Dec 2024	
Land	11,294,000	-	-	11,294,000	0%					11,294,000
Factory building	19,573,131	3,578,235	-	23,151,366	20%	19,573,130	598,329	-	20,171,459	2,979,907
Plant and machinery										
Main Genset	327,547,703	-	-	327,547,703	5%	234,453,455	18,618,849	-	253,072,304	74,475,399
Auxiliary equipment	33,597,157	-	-	33,597,157	10%	33,597,157	-	-	33,597,157	-
Electrical installation	25,822,636	200,000	-	26,022,636	20%	25,822,635	40,001	-	25,862,636	160,000
Gas pipeline	21,166,492	-	-	21,166,492	20%	20,500,377	450,972	-	20,951,349	215,143
Furniture and fixtures	1,841,759	-	-	1,841,759	10%	1,514,259	81,794	-	1,596,053	245,706
Office equipment	2,019,866	14,000	-	2,033,866	20%	1,537,446	217,296	-	1,754,742	279,124
Communication equipment	124,786	-	-	124,786	10%	124,785	-	-	124,785	1
Tools and appliance	4,445	23,650	-	28,095	20%	4,444	-	-	4,444	23,651
Fire fighting equipment	3,631,012	-	-	3,631,012	20%	3,631,011	-	-	3,631,011	1
Vehicles	2,111,917	-	-	2,111,917	20%	2,104,978	1,892	-	2,106,870	5,047
Total	448,734,904	3,815,885	-	452,550,789		342,863,677	20,009,133	-	362,872,810	89,677,979

4 Property, plant and equipment
31-Dec-23

Amount in Taka

Particulars	C O S T				D E P R E C I A T I O N					Net book value as at 31 Dec 2023
	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	Adjustment during the year	Balance as at 31 Dec 2023	
Land	11,294,000	-	-	11,294,000	0%	-	-	-	-	11,294,000
Factory building	19,573,131	-	-	19,573,131	20%	19,514,469	58,661	-	19,573,130	1
Plant and machinery										
Main Genset	327,547,703	-	-	327,547,703	5%	215,834,605	18,618,850	-	234,453,455	93,094,248
Auxiliary equipment	33,597,157	-	-	33,597,157	10%	33,589,510	7,647	-	33,597,157	-
Electrical installation	25,822,636	-	-	25,822,636	20%	25,822,635	-	-	25,822,635	1
Gas pipeline	21,166,492	-	-	21,166,492	20%	19,807,025	693,352	-	20,500,377	666,115
Furniture and fixtures	1,869,734	9,247	37,222	1,841,759	10%	1,466,754	84,726	37,221	1,514,259	327,500
Office equipment	2,208,316	77,850	266,300	2,019,866	20%	1,562,194	235,292	260,040	1,537,446	482,420
Communication equipment	124,786	-	-	124,786	10%	124,785	-	-	124,785	1
Tools and appliance	4,445	-	-	4,445	20%	4,444	-	-	4,444	1
Fire fighting equipment	3,631,012	-	-	3,631,012	20%	3,631,011	-	-	3,631,011	1
Vehicles	2,111,917	-	-	2,111,917	20%	2,103,085	1,893	-	2,104,978	6,939
Total	448,951,329	87,097	303,522	448,734,904		323,460,517	19,700,421	297,261	342,863,677	105,871,227

				31-Dec-24 Taka	31-Dec-23 Taka	
4.1	Depreciation charged on the basis of the purpose of use					
	Cost of sales			19,708,151	19,378,510	
	Administrative expenses			300,982	321,911	
				20,009,133	19,700,421	
4.2	Disposal of property, plant and equipment					
	31-Dec-2024			Amount in Taka		
	Particulars	Original cost	Accumulated depreciation	Book value	Receipts against Sale	Profit /(loss) on disposal
	Office equipment					-
	Furniture & Fixture					-
	Total	-	-	-	-	-
Note: There is no disposal in the year						
	31-Dec-2023			Amount in Taka		
	Particulars	Original cost	Accumulated depreciation	Book value	Receipts against Sale	Profit /(loss) on disposal
	Office equipment	266,300	260,040	6,260	16,260	10,000
	Furniture & Fixture	37,222	37,221	1	8,000	7,999
	Total	303,522	297,261	6,261	24,260	17,999
				31-Dec-24 Taka	31-Dec-23 Taka	
5	Capital Work-in-Progress					
	Balance as at 1 January			1,146,824	-	
	Add: Addition during the year (Note 5.1)			233,967,175	1,146,824	
				235,113,999	1,146,824	
	Less: Transfer to property, plant and equipment (Note 5.2)			1,094,839	-	
	Balance as at 31 December			234,019,160	1,146,824	
5.1	Addition during the year					
	Factory building			21,788,933	1,146,824	
	Electrical Installation			9,064,404	-	
	Gas Pipe Line			7,479,453	-	
	Plant & machinery			195,634,384	-	
				233,967,175	1,146,824	
5.2	Items transferred from capital work in progress to property, plant & equipment					
	Factory building			1,094,839	-	
				1,094,839	-	

6

Intangible Assets

31-Dec-24

Amount in Taka

Particulars	C O S T				A M O R T I Z A T I O N				Net book value as at 31 Dec 2024
	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	Adjustment during the year	Balance as at 31 Dec 2024
VAT Software	450,000	-	-	450,000	20%	90,000	90,000	-	270,000
Windows Server	-	133,300	-	133,300	20%	-	19,998	-	113,302
Total	450,000	133,300	-	583,300		90,000	109,998	-	383,302

* Windows Server purchased and installed in 2024.

6

Intangible Assets

31-Dec-23

Amount in Taka

Particulars	C O S T				A M O R T I Z A T I O N				Net book value as at 31 Dec 2023
	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	Adjustment during the year	Balance as at 31 Dec 2023
VAT Software	-	450,000	-	450,000	20%	-	90,000	-	360,000
Total	-	450,000	-	450,000		-	90,000	-	360,000

* VAT Software purchased and installed in 2023.

7 Right-of-use assets
31-Dec-24

Particulars	C O S T			DEPRECIATION				Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024"	Addition during the year	Retirement/Adj. during the year	Balance as at 31 Dec 2024"	Charged during the year	Adjustment during the year	"Balance as at 31 Dec 2024"	
Office building	2,476,609	-	-	2,476,609	495,322	-	619,152	1,857,457
Total	2,476,609	-	-	2,476,609	495,322	-	619,152	1,857,457

* Windows Server purchased and installed in 2024.

7 Right-of-use assets
31-Dec-23

Particulars	C O S T			DEPRECIATION				Net book value as at 31 Dec 2023
	Balance as at 01 Jan 2023	Addition during the year	Sale/disposal transfer during the year	Balance as at 31 Dec 2023	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2023	
Office building	-	2,476,609	-	2,476,609	123,830	-	123,830	2,352,779
Total	-	2,476,609	-	2,476,609	123,830	-	123,830	2,352,779

Office Building agreement starts from October 1, 2023 and effective for 5 years.

8	Investment Investment to RAK Security & Services Pvt. Ltd
9	Inventories Stores, spares and consumables
10	Trade and other receivables Trade receivable Receivable from sales Other receivable Other receivable Interest accrued on FDR
11	Advances, deposits and prepayments Advances: Suppliers against goods & services Security and other deposit: Titas gas transmission & distribution co. ltd. Office rent Prepayments: Insurance and others
12	Advance income tax Balance as at 1 January Add: Paid during the year Less: Adjustment for the year Balance as at 31 December
12.1	Year wise advance income tax Income year Year 2024 Year 2023 Year 2022 Year 2021 Year 2020 Year 2019 Year 2018 Year 2017 Year 2016 Year 2015 Year 2013 Year 2011 Year 2010 Year 2009
13	Cash and cash equivalents Cash in hand Cash at banks Pubali Bank Ltd (CD - 4709901003539 - BDT) Pubali Bank Ltd. (SND - 47091012000483 - BDT) Standard Chartered Bank (CD - 01-3767272-01 - BDT) Dutch Bangla Bank Ltd. (CD 117.110.23474 - BDT)

31-Dec-24 Taka	31-Dec-23 Taka
287,500	287,500
287,500	287,500
75,104,650	70,142,054
75,104,650	70,142,054
106,963,214	143,360,952
106,963,214	143,360,952
28,667	-
116,014	73,313
144,681	73,313
107,107,895	143,434,265
9,232,334	-
9,232,334	-
61,472,200	33,263,600
58,600	58,600
61,530,800	33,322,200
434,513	486,766
71,197,647	33,808,966
293,762,260	355,939,990
3,366,368	9,050,680
(33,951,065)	(71,228,410)
263,177,563	293,762,260
826,593	-
6,579,929	5,698,242
12,380,208	12,380,208
-	18,579,113
-	13,713,864
24,813,160	24,813,160
42,098,983	42,098,983
41,290,654	41,290,654
44,944,216	44,944,216
45,242,248	45,242,248
37,210,247	37,210,247
5,945,904	5,945,904
1,840,421	1,840,421
5,000	5,000
263,177,563	293,762,260
41,070	217,043
41,070	217,043
10,684	48,990
48,858	49,358
61,398	65,194
1,310	1,655

		31-Dec-24 Taka	31-Dec-23 Taka			
	Standard Chartered Bank (SND -02-3767272-01 - BDT)	126,403	127,553			
	Dutch Bangla Bank Ltd. (SND - 117.120.2550 - BDT)	501,469	2,858,060			
	Midland Bank (SND 0006-1070000015 - BDT)	123,749	10,389,591			
	Eastern Bank Limited (OD -1132040363287-BDT)	293,219	946,583			
	Al Arafah Islami Bank Ltd. (SND - 0171220002657- BDT)	53,486	8,032,750			
		1,220,575	22,519,734			
	Investment in Term Deposits (TD)					
	Eastern Bank Ltd. (TD-BDT)	12,392,490	6,393,790			
		13,654,135	29,130,567			
14	Share Capital					
	Authorised					
	10,000,000 ordinary shares of Tk 100 each	1,000,000,000	1,000,000,000			
	Issued, subscribed, called and paid up					
	2,050,000 ordinary shares of Tk 100 each	205,000,000	205,000,000			
	Percentage of shareholdings :					
		31-Dec-24	31-Dec-23			
		% Taka	% Taka			
	RAK Ceramics (Bangladesh) Limited	99.9995 204,999,000	99.9995 204,999,000			
	RAK Security and Services (Pvt.) Ltd.	0.0005 1,000	0.0005 1,000			
		100.0000 205,000,000	100.0000 205,000,000			
	Classification of shareholders by range:					
	Shareholder's range					
		Number of shareholders	Number of shares			
		31-Dec-24 31-Dec-23	31-Dec-24 31-Dec-23			
	Less than 500 shares	1 1	10 10			
	Over 500 shares	1 1	2,049,990 2,049,990			
		2 2	2,050,000 2,050,000			
15	Retained earnings					
	Balance as on 01 January	76,786,217	68,335,689			
	Add : Profit during the year	3,194,006	8,450,528			
	Balance as at 31 December	79,980,223	76,786,217			
	Detail movement for retained earnings are shown in statement of changes in equity.					
16	Borrowings					
	Non-Current					
	Term Loan	141,000,000	-			
	Current portion of term loan	(6,724,062)	-			
		134,275,938	-			
	Current					
	Current portion of term loan	6,724,062	-			
		6,724,062	-			
	Balance as at 31 December	141,000,000	-			
16.1	Borrowing by maturity					
		<1 year	1-2 years	2-5 years	5+ years	Total
	As at 31 December 2024					
	Term Loan	6,724,062	20,003,792	87,543,836	26,728,311	141,000,000
		6,724,062	20,003,792	87,543,836	26,728,311	141,000,000

Note: The Long Term Loan 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. Term Loan with AIBPLC is for 6 years with 1 year gestation year. Loan has been taken in 4 part and still some part is yet to avail.

Bank	Name of Facilities	Limit	Utilization	Maturity	Repayment	Security -STL	Security -LTL
EBL	Overdraft	5,000,000	-	revolving	from company own source	Hypothecation over book debts & inventory	-
AIBPLC	Short term loan	25,000,000	-	180 days	from company own source	-	1. Mortgage of 5 bigha land.
	Short term loan	15,000,000	-	180 days	from company own source		2. Lien of Term Deposit of 10 crore
	Long term loan	362,900,000	141,000,000	6 years with 1 year moratorium year	from company own source		3. Charge over fixed & floating assets,
							4. Corporate guarantee from RAK Ceramics (BD) Ltd.
							5. A signed cheque covering total facility

17	Deferred tax liabilities			
	Balance as at 1 January		11,589,499	15,026,991
	Deferred tax (income) / expenses		(5,080,077)	(3,437,492)
	Balance as at 31 December		6,509,422	11,589,499
		Carrying amount Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
	As at 31 December 2024			
	Property, plant and equipment (Excluding land)	78,383,979	52,272,045	26,111,934
	Right of use assets	1,857,457	-	1,857,457
	Lease liability	(1,931,704)	-	(1,931,704)
	Net taxable temporary difference			26,037,687
	Deferred tax liability (applying tax rate 25%)			6,509,422
	As at 31 December 2023			
	Property, plant and equipment (Excluding land)	94,577,227	52,487,246	42,089,981
	Right of use assets	2,352,779	-	2,352,779
	Lease liability	(2,299,129)	-	(2,299,129)
	Net taxable temporary difference			42,143,631
	Deferred tax liability (applying tax rate 27.50%)			11,589,499

18 Employees benefits payable

31-Dec-24		
Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-
Add: Provision made during the year	1,725,362	2,477,664
	1,725,362	2,477,664
Less: Payments made to fund during the year	1,725,362	2,477,664
Balance as at 31 December	-	-

31-Dec-23		
Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-
Add: Provision made during the year	1,663,992	2,395,596
	1,663,992	2,395,596
Less: Payments made to fund during the year	1,663,992	2,395,596
Balance as at 31 December	-	-

19 Lease liability

Non-current:

Lease liability
Less : Current portion of lease liability

Current:

Current portion of lease liability

Lease liability schedule

31-Dec-24					
Particulars	Balance as on 01 Jan 2024	Addition/ (deletion)	Payment	Interest expenses	Decrease in lease liability
Office Building	2,299,129	-	576,000	208,575	367,425
	2,299,129	-	576,000	208,575	367,425

Lease liability schedule

31-Dec-23					
Particulars	Balance as on 01 Jan 2023	Addition/ (deletion)	Payment	Interest expenses	Decrease in lease liability
Office Building	-	2,385,409	144,000	57,720	86,280
	-	2,385,409	144,000	57,720	86,280

19 Trade and other payables

Trade payables

Payable to local suppliers
Payable to service provider

Other payables

Tax deducted at source
VAT deducted at source
VAT payable (Note 20.1)

20.1 VAT payable

Balance as at 1 January
Add: VAT on sales

Less: Treasury deposit for VAT purpose
Less: Input VAT Credit
Balance as at 31 December

21 Accrued expenses

Power and gas
Interest on loan
Staff cost
Audit fees
Taxation matter
Operation and maintenance
Workers profit participation & welfare fund (note 21.1)

21.1 Workers profit participation & welfare fund

Balance as at 1 January
Add: Contribution made to the fund during the year

Less: Payment made from the fund during the year
Balance as at 31 December

22 Provision for income tax

Balance as at 1 January
Add: Provision made for the year
Less: Adjustment for the year
Balance as at 31 December (note 22.1)

21.1 Year wise closing balance

Income year

Year 2024
Year 2023
Year 2022
Year 2021
Year 2020
Year 2019
Year 2018
Year 2017
Year 2016
Year 2015
Year 2013
Year 2011
Year 2010
Year 2009

31-Dec-24 Taka	31-Dec-23 Taka
1,296,080	201,325
865,591	825,746
368,170	745,387
2,529,841	1,772,458
48,433,680	6,504,664
745,387	319,677
68,827,535	95,189,399
69,572,922	95,509,076
11,041,385	14,446,731
58,163,367	80,316,958
368,170	745,387
43,554,448	49,814,123
8,561,737	-
4,540,041	3,648,621
145,000	130,000
130,000	32,500
43,367,297	20,201,368
80,998	612,548
100,379,522	74,439,161
612,548	-
80,998	612,548
693,546	612,548
(612,548)	-
80,998	612,548
303,677,772	367,668,267
4,457,975	7,237,916
(34,903,010)	(71,228,411)
273,232,737	303,677,772
4,457,975	-
7,237,916	7,237,916
12,325,560	12,325,560
-	20,204,964
-	14,698,046
26,615,589	26,615,589
42,125,554	42,125,554
41,210,074	41,210,074
45,393,782	45,393,782
45,242,248	45,242,248
44,169,714	44,169,714
3,535,904	3,535,904
913,421	913,421
5,000	5,000
273,232,737	303,677,772

23	Sales	31-Dec-24		31-Dec-23	
		Quantity in million kwh	Amount Taka	Quantity in million kwh	Amount Taka
	Local	40.51	527,677,768	47.88	729,785,389
	Electricity		68,827,535		95,189,399
	Less: VAT		458,850,233		634,595,990

23.1 Quantitative details of opening stock, purchase, consumption and closing stock of raw materials and finished goods.

Raw Materials (Natural Gas)	Natural Gas consumption quantity in million cubic meter (M³)	
	31-Dec-24	31-Dec-23
Opening stock	-	-
Purchase	12.40	17.71
Consumption	12.40	17.71
Closing stock	-	-

Finish Goods (Electricity)	Electricity Generation and sales in million Kilo Watt Hour (KWH)	
	31-Dec-24	31-Dec-23
Opening stock	-	-
Production / Generation	40.51	47.88
Consumption	40.51	47.88
Closing stock	-	-

23.2	Capacity vs. Utilization	UOM	Production capacity and actual production (Electricity, MW, KWH & Percentages)	
			31-Dec-23	31-Dec-22
	Installed Capacity	MW	12.00	12.00
	Available Capacity	MW	11.50	11.50
	Generation Capacity @ 85%	MN KWH	85.86	85.63
	Utilisation	MN KWH	40.51	47.88
	% of Utilisation	%	47%	56%
	Over/(Under) Utilization	MN KWH	(45.35)	(37.75)
	Over/(Under) Utilization %)	%	-53%	-44%

		31-Dec-24 Taka	31-Dec-23 Taka
24	Cost of sales Cost of electricity generation Consumption of natural gas Less: Closing stock Factory overhead: Direct labour (note-24.1) Direct expenses: Lubricating oil Repair and indirect materials (note-24.2) Depreciation on property, plant and equipment (Note-4.1) Other production expenses (note 24.3)	334,996,342 14,300,147 8,016,738 63,648,969 19,708,627 5,571,877 446,242,699	474,306,025 13,712,451 9,100,650 90,314,161 19,378,510 6,266,007 613,077,804
24.1	Direct labour Salary and wages Bonus Performance bonus Gratuity Employers contribution to provident fund Leave encashment Group life insurance Cleaning service	10,972,559 1,144,969 589,234 574,548 658,369 95,692 74,364 190,412 14,300,147	10,670,145 992,006 558,736 557,536 631,920 89,788 69,182 143,138 13,712,451
24.2	Repair and indirect materials Operation and maintenance Spare parts-cat genset Water and chemicals Diesel	56,933,518 5,447,757 1,216,464 51,230 63,648,969	71,317,194 17,462,057 1,480,410 54,500 90,314,161
24.3	Other production overhead Security and services Insurance Rent, rates and taxes Other expenses	1,045,384 828,930 3,600,000 97,563 5,571,877	1,493,520 915,731 3,614,242 242,514 6,266,007
	Rent, rates and taxes includes rental expenses for short term lease for BDT. 3,130,434 excluding VAT and related government levis wherever applicable. Details of the short term lease is shown in note no. 32.		
25	Other income Dividend Income Profit on sale of fixed assets	20,000 - 20,000	20,000 17,999 37,999
26	Administrative expenses Staff cost (note-26.1) Telephone and postage Office repair and maintenance Registration and renewal Security and guard expenses Electricity, gas and water Depreciation on property, plant and equipment (Note-4.1)	7,180,826 296,454 112,768 239,836 - 149,758 300,506	6,832,353 224,255 129,437 236,054 156,220 162,289 321,913

		31-Dec-24 Taka	31-Dec-23 Taka
	Amortization (Note 6)	109,998	90,000
	Depreciation on right-of-use assets (Note-7)	495,322	123,830
	Legal and professional fees	589,605	189,150
	Vehicle repair and maintenance	672,429	580,483
	Rent, rate and tax	318,438	485,520
	Donation	15,000	20,000
	Software service charge	90,000	90,000
	Meeting expenses	46,000	37,000
	Others	81,058	40,196
		10,697,999	9,718,700
26.1	Staff cost		
	Salary and wages	4,976,523	4,726,404
	Bonus	456,670	557,377
	Performance bonus	278,123	335,184
	Gratuity	177,754	174,068
	Employers contribution to provident fund	204,312	200,076
	Leave encashment	109,672	104,007
	Group life insurance	23,442	36,696
	Staff welfare expenses	1,500	19,990
	Travelling expenses	27,686	28,700
	Special allowances	360,000	360,000
	Fooding expenses	565,145	289,851
		7,180,826	6,832,353
27	Finance income		
	Interest on Short Notice Deposit (SND)	552,031	894,441
	Interest on Term Deposit (TD)	975,159	402,615
		1,527,190	1,297,056
28	Finance expenses		
	Interest expenses	86,231	31
	Interest on lease liability	208,575	57,720
	Bank charges	1,460,962	213,290
		1,755,768	271,041
29	Contribution to workers profit participation and welfare fund (WPPF)	80,998	612,548
30	Income tax expenses		
	A) Tax Payable on taxable Profit as per ITA, 2023		
	Accounting profit (PBT as per Statement of Profit or Loss)	1,619,959	12,250,952
	Add: Inadmissible depreciation allowance for separate consideration:		
	Accounting Depreciation of Fixed Assets (Note - 4)	20,009,133	19,700,421
		21,629,092	31,951,373
	Add: Inadmissible expenses / allowance as per ITO-1984 /ITA-2023:		
	Amortization Expenses (Note - 6)	109,998	90,000
	Depreciation on Right of Use Assets (ROUA) (Note - 7)	495,322	123,830

	31-Dec-24 Taka	31-Dec-23 Taka
Interest on Lease Liability (Note - 19)	208,575	57,720
	813,895	271,550
	22,442,987	32,222,923
Deduct: Tax base depreciation of Fixed Assets	(4,031,086)	(5,753,774)
Admissible expenses as per ITO-1984 / ITA-2023;		
Rent expenses	(576,000)	(144,000)
Deduct: Dividend income	(20,000)	(20,000)
Taxable profit	17,815,901	26,305,149
Applicable tax rate		
On Business income	25.00%	27.50%
On Dividend income	20.00%	20.00%
Tax expenses:		
Business income	4,453,975	7,233,916
Dividend income	4,000	4,000
Current tax liability	4,457,975	7,237,916
Current year (for provision purpose)	4,457,975	7,237,916
Payments /(adjusted) for previous years	(951,945)	-
Net income tax need to book in the year	3,506,030	7,237,916
B) Tax Payable on Sales Revenue @0.60% (Under ITA -2023)	3,166,067	4,378,712
C) Income Tax deducted at Source as per ITA, 2023	826,593	2,198,242

Since, calculated tax on profit is higher compare to the tax calculated as per (b) tax @ 0.60% on gross sales revenue and C) Income Tax deducted at Source as per ITA, 2023, hence the higher is provided as Tax Expenses for the year ended 31 December 2024 amounting to BDT 3,506,030.

30.1 Reconciliation of effective tax rate

	31-Dec-24		31-Dec-23	
	%	Taka	%	Taka
Profit before tax		1,619,959		12,250,952
Current tax expenses	216.43%	3,506,030	59.08%	7,237,916
Deferred tax expenses	-313.59%	(5,080,077)	-28.06%	(3,437,492)
Total tax expenses	-97.17%	(1,574,047)	31.02%	3,800,424
Applicable tax rate	25.00%	404,990	27.50%	3,369,012
Tax on non-deductible expenses	191.43%	3,101,040	31.58%	3,868,904
Effective current tax	216.43%	3,506,030	59.08%	7,237,916
Effective deferred tax	-313.59%	(5,080,077)	-28.06%	(3,437,492)
	-97.17%	(1,574,047)	31.02%	3,800,424

31 Transaction in foreign currency

	31-Dec-24 Taka	31-Dec-23 Taka
CIF value of import:		
Spare parts	16,474,547	36,484,581
Capital machinery	160,243,017	-
	176,717,564	36,484,581

32 Short term lease expenses 31-Dec-24

Particulars	Lease term	Rent Tk./ MW per month	Capacity per generator	Number of generator	Rental/ Taka
Caterpillar Generator	<1 year	43,478	1.0 MW	3	1,565,217
MWM Generator	<1 year	43,478	1.5 MW	2	1,565,217
					3,130,434

Short term lease expenses 31-Dec-23

Particulars	Lease term	Rent Tk./ MW per month	Capacity per generator	Number of generator	Rental/ Taka
Caterpillar Generator	<1 year	43,478	1.0 MW	3	1,565,217
MWM Generator	<1 year	43,478	1.5 MW	2	1,565,217
					3,130,434

33 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

33.1 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. Accounts receivable are mainly related to local receivables. The Company’s exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of local customers. The Company has established receivable department to minimise credit risk involving collection of local receivables. 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:

	Amount in Taka	
	31 Dec 2024	31 Dec 2023
Trade receivables		
Customer-Local	106,963,214	143,360,952
	106,963,214	143,360,952
Other receivables		
Accrued Interest	116,014	73,313
Other Receivable	28,667	-
	144,681	73,313
Cash equivalents	13,613,065	28,913,524
	13,613,065	28,913,524

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 31 December 2024.

Financial assets	Note	Classification under IFRS 9	Carrying amount	Carrying amount under IFRS 9	Impairment
Trade & other receivable-unrelated	10	Amortized cost	144,681	144,681	-
Trade & other receivable-related	10	Amortized cost	107,107,895	107,107,895	-
Cash at banks	13	Amortized cost	1,220,575	1,220,575	-

- i Trade and other receivables and due from related parties are classified at amortised cost. The Company’s receivables is with internal customer and therefore, no impairment provision on those receivables are required.
- ii Cash at banks are classified at amortised cost.
- iii Management is confident to recover all of its recoverable and cash at banks. Therefore, no impairment provision is required.

c) Ageing of receivables

	Amount in Taka	
	31-Dec-24	31-Dec-23
Not past due	35,855,946	53,004,667
0-90 days past due	71,107,268	90,356,285
	106,963,214	143,360,952

33.2 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 Taka	Contractual cash flows Taka	Within 12 months or less Taka	More than 12 months Taka
Trade and other payables	48,433,680	48,433,680	48,433,680	-
	48,433,680	48,433,680	48,433,680	-
	As at 31-Dec-2023			
	Carrying amount Taka	Contractual cash flows Taka	Within 12 months or less Taka	More than 12 months Taka
Trade and other payables	6,504,664	6,504,664	6,504,664	-
	6,504,664	6,504,664	6,504,664	-

33.3 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) Interest rate risk

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

Interest rate profile

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

	Amount in Taka	
	31-Dec-24	31-Dec-23
Fixed rate instruments		
Financial assets		
Investment in FDR	12,392,490	6,393,790
Cash at banks	1,220,575	22,519,734

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

	Amount in Taka		Amount in Taka	
	As at 31-Dec-24		As at 31-Dec-23	
	Carrying amount	Fair value	Carrying amount	Fair value
Held to maturity assets				
Investment in FDR	12,392,490	12,392,490	6,393,790	6,393,790
Loans and receivables				
Trade receivables	106,963,214	106,963,214	143,360,952	143,360,952
Other receivables	144,681	144,681	73,313	73,313
Cash equivalents	13,613,065	13,613,065	28,913,524	28,913,524
Available for sales financial assets				
Liabilities carried at amortised cost				
Trade and other payables	48,433,680	48,433,680	6,504,664	6,504,664

Accounting classification and fair value as at 31 December 2024 in respect of the separate financial statements does not vary significantly from the consolidated one.

Interest rates used for determining amortised cost

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

	31-Dec-24	31-Dec-23
Investment in FDR	2.50%-10.00%	2.50%-6.35%

34 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	Outstanding payable	Dividend Income
RAK Ceramics (Bangladesh) Limited	Parent Company	Unsecured	Nil	Current year	3,130,434	458,850,233	106,963,214	-	-
				Previous year	3,130,434	634,595,990	143,360,952	-	-
RAK Security & Services Pvt. Ltd	Fellow Subsidiary	Unsecured	Nil	Current year	1,367,673	-	-	108,668	20,000
				Previous year	1,217,204	-	-	71,645	20,000

34.1 Paid to Directors

During the year, Board meeting fees of Taka 46,000 was paid to the Directors, in the year 2023 it was Taka 37,000.

35	Number of employees	The number of employees engaged for the year who received total remuneration of Taka 96,000 and above per annum at reporting date was as follows;	
		31-Dec-24 Person	31-Dec-23 Person
	Number of employees	27	25
	None of receiving below Taka 8,000 per month.		
36	Calculation of Earnings per share (EPS)	31-Dec-24 Taka	31-Dec-23 Taka
	(a) Net Profit for the year	3,194,006	8,450,528
	(b) No. of ordinary equity shares	2,050,000	2,050,000
	(c) Weighted average no. of equity shares outstanding (Note 36.1)	2,050,000	2,050,000
	Earnings per share (EPS) for the year (a÷c)	1.56	4.12
	Diluted earnings per share for the year (a÷c)	1.56	4.12
36.1	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.		
	Outstanding shares	2,050,000	2,050,000
		2,050,000	2,050,000
36.2	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.		
36.3	Reason of deviation of earnings per share:		
	Sales decreased due to reduction of power generation because of low gas pressure of supply. Resulted EPS has been decreased from BDT 4.12 to BDT 1.56.		
37	Calculation of Net assets value per share		
	(a) Net assets value (Note 14 & 15)	284,980,223	281,786,217
	(b) Weighted average no. of equity shares outstanding (Note 36.1)	2,050,000	2,050,000
	Net assets value per share (a÷b)	139.01	137.46
38	Calculation of Net operating cash flow per share		
	(a) Net Cash flows from operating activities (Note 39)	81,473,123	(24,750,493)
	(b) Weighted average no. of equity shares outstanding (Note 36.1)	2,050,000	2,050,000
	Net operating cash flow per share (a÷b)	39.74	(12.07)
38.1	Reason of deviation of net operating cash flow per share:		
	Net operating cash flow per share increased from BDT-12.07 to BDT +39.74 due to reduction of supplier payments for the enhancement of payment control by the management.		
39	Reconciliation of operating cash flow:		
	Cash flows from operating activities		
	Profit before taxation	1,619,959	12,250,952
	Adjustment for:		
	Depreciation & Amortization	20,009,133	19,700,421
	Finance expenses	1,755,768	271,041
	Finance income	(1,527,190)	(1,297,056)
	Other income	(20,000)	(37,999)
	Operating profit before working capital changes	21,837,670	30,887,359
	Increase/decrease in trade and other receivable	36,326,370	(75,141,869)
	Increase/decrease in inventories	(4,962,596)	(14,983,312)
	Increase/decrease in trade and other payables	31,086,016	42,643,568
	Cash generated from operating activities	84,287,460	(16,594,254)
	Interest received from bank deposit	552,031	894,441
	Income tax paid	(3,366,368)	(9,050,680)
	Net cash (used in)/from operating activities	81,473,123	(24,750,493)

40	Contingent liabilities	There are contingent liabilities on account of unresolved disputed corporate tax assessment by the by the authority aggregating to Tk. 1,780,711 (31 December 2023 : Tk. 3,638,799) 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 letter of guarantee of Tk. 123,924,900 (31 December 2023: Tk. 60,437,900)
40	Events after the reporting priewood	
40.1	Declaration of dividend and date of Annual General Meeting (AGM)	
		The Board of Directors of RAK Power Pvt. Ltd. has decided in its meeting held on 27 January 2025 not to recommend any dividend for the year ended 31 December 2024 considering the Capital Expenditure. The Board of Director fixed the date of Annual General Meeting (AGM) on 22 March 2025.



RAK SECURITY AND SERVICES (PVT.) LTD.

REPORTS AND FINANCIAL STATEMENTS

RAK Security and Services is a subsidiary of RAK Ceramics (Bangladesh) Limited, which increased its stake from 35% to a commanding 99% in the firm. The firm is a trusted provider of manned guarding services, etc., ensuring safety and security across various industries. Built on strength, the company upholds the highest standards in security solutions with a well-trained workforce and a commitment to excellence.

DIRECTOR'S REPORT

RAK SECURITY AND SERVICES (PVT.) LTD.

Dear Shareholders,

The Board of Directors of RAK Security and Services (Pvt.) Ltd is pleased to present this Directors' Report, along with the audited financial statements of the Company for the year ended 31 December 2024, and the Auditors' Report thereon, for your valued consideration, approval and adoption.

The Directors' report has been prepared in compliance with Section 184 of the Companies Act 1994.

Principal activities

The principal activities of the company comprises the business of security guarding and facilities management that include cleaning services; termite, pest control and fumigation services; fire security services; and setting-up manpower technical training institutes for developing skilled workers for various fields, including construction and other public works. The company also provide pre-employment background verification and immigration and visa documentation verification services, among others.

Review of business

The company reported revenue of BDT 124.13 mn in 2024, against BDT 101.29 mn in 2023. Due to the revised and responsive business strategy taken by the management, income from labour services increasing by 22.55%, as compared to 2023. The Company's net profit after tax stood at BDT 11.13 mn, against BDT 3.68 mn in 2023.

Operating results

The operating results of the company for the year ended 2024 are as follows:

(Amount in BDT mn)

Particulars	2024	2023
Sales	124.13	101.29
Gross profit	42.62	28.67
Net profit after tax	11.13	3.68
Earnings Per Share (Absolute BDT)	1113.68	369.70
Net Operating Cash Flow Per Share (NOCFPS)	429.44	(31.02)
Net Asset Value (NAV)	38.42	29.58
Net Asset Value per share (Absolute BDT)	3871.72	2958.05

Reserves and Surplus

In 2024, retained earnings of the Company stood at BDT 37.72 mn against BDT 28.58 mn in 2023.

Dividend

The Board of Directors of RAK Security and Services is pleased to recommend cash dividend @ 200% cash of the paid-up capital of the Company for the year 2024. While recommending the dividend, the Board has considered the operational performance, business results, assets as at that date, and working capital requirements for the future. The Company paid cash dividend @200% of paid-up capital for the year 2023.

Auditors and audit report

M/s ACNABIN, Chartered Accountants (an independent member of BAKER TILLY INTERNATIONAL) shall retire at the 26th Annual General Meeting and, being eligible, have offered themselves for reappointment. The Board also recommended their re-appointment for the year 2025. Remuneration of the Auditor will be fixed by the shareholders at the 18th Annual General Meeting. Remuneration of the Auditor will be fixed by the shareholders at the 18th Annual General Meeting.

The statutory auditors of the Company have given reports on the financial statements of the Company for the year ended 31 December 2024. There is no qualification, reservation, adverse remark, comments, observations or disclaimer given by the statutory auditors in their reports.

Post Balance Sheet events

There were no material events or developments that have occurred after the balance sheet/reporting date, the non-disclosure of which could affect the ability of the users of these financial statements to make an appropriate evaluation.

Appreciation

The Board would like to take this opportunity to place on record its heartfelt appreciation to the Government authorities, shareholders, investors, bankers and employees for their continuous commitment, cooperation, confidence and support in enabling the company to attain its objectives.

For and on behalf of the Board of Directors,

(Abdallah Massaad)

Chairman

Date: January 27, 2025

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of RAK Security and Services (Pvt) Ltd.

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the company were audited by A. Qasem & Co. Chartered Accountants. The auditor’s report was unmodified, and the date of the auditor’s report was 29 January 2024.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

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

- a) We have obtained all the information and 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 company so far as it appeared from our examination of these books.
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dhaka, Bangladesh

Dated: 27 January 2025

ACNABIN Chartered Accountants

Firm’s Enlistment Number: CAF-001-012



Md. Rokonzaman FCA

Partner

Enrollment No.: 0739

DVC No.: 2501270739AS203796

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31-Dec-24 Taka	31-Dec-23 Taka
Assets			
Property, plant and equipment	4	3,410,639	3,159,330
Intangible assets	5	177,534	267,534
Right-of-use assets	6	3,030,587	3,838,743
Investment	7	1,275	1,275
Deferred tax asset	8	513,753	186,421
Total non-current assets		7,133,789	7,453,303
Trade and other receivables	9	33,151,207	21,212,544
Advance, deposit and prepayment	10	2,907,595	2,757,573
Advance income tax	11	31,378,084	28,454,531
Cash and cash equivalents	12	2,398,493	1,461,868
Total current assets		69,835,379	53,886,516
Total Assets		76,969,167	61,339,819
Equity and liabilities			
Equity			
Share capital	13	1,000,000	1,000,000
Retained earnings		37,717,264	28,580,458
Total equity		38,717,264	29,580,458
Non-current liabilities			
Lease liability	15	2,465,583	3,151,728
Total non-current liability		2,465,583	3,151,728
liabilities			
Trade & other payables	14	1,688,247	1,734,072
Lease liability	15	686,144	599,482
Provision for expenses	16	7,820,958	5,290,313
Provision for income tax	17	25,590,969	20,983,766
Total current liabilities		35,786,319	28,607,633
Total equity and liabilities		76,969,167	61,339,819

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


Pramod Kumar Chand
Director


SAK Ekramuzzaman
Director

As per our report of same date
ACNABIN Chartered Accountants
Firm's Enlistment Number: CAF-001-012

Dhaka, Bangladesh
Date: 27 January 2025


Md. Rokonuzzaman
Partner
Enrollment No.: 0739
DVC: 2501270739AS203796

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	31-Dec-24 Taka	31-Dec-23 Taka
Sales	19	124,138,792	101,293,151
Cost of service	20	(81,510,943)	(72,619,871)
Gross profit		42,627,849	28,673,280
Other income	21	63,599	5,994
Administrative expenses	22	(19,670,833)	(17,679,581)
Impairment loss on trade receivable	22.1	(975,616)	(105,074)
Marketing expenses	23	(6,349,225)	(4,515,133)
		(26,932,075)	(22,293,794)
Profit from operating activities		15,695,774	6,379,486
Finance income	24	73,839	47,635
Finance expenses	25	(352,937)	(106,135)
Net finance income/(expenses)		(279,098)	(58,500)
Profit before income tax		15,416,677	6,320,986
Income tax	26	(4,607,203)	(2,634,220)
Deferred tax	8	327,332	10,244
		(4,279,871)	(2,623,976)
Profit for the year		11,136,806	3,697,010
Other comprehensive income for the year		-	-
Total comprehensive income for the year		11,136,806	3,697,010
Basic earnings per share (par value Tk 100)	31	1,113.68	369.70

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


Pramod Kumar Chand
Director


SAK Ekramuzzaman
Director

As per our report of same date
ACNABIN Chartered Accountants
Firm's Enlistment Number: CAF-001-012

Dhaka, Bangladesh
Date: 27 January 2025


Md. Rokonuzzaman
Partner
Enrollment No.: 0739
DVC: 2501270739AS203796

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share Capital	Retained Earnings	Total
	Taka	Taka	Taka
	(Note-13)		
Balance as at 01 January 2024	1,000,000	28,580,458	29,580,458
Total comprehensive income for 2024			
Profit for the year	-	11,136,806	11,136,806
Other comprehensive income	-	-	-
Transaction with the shareholders			
Cash dividend (2023)	-	(2,000,000)	(2,000,000)
Balance as at 31 December 2024	1,000,000	37,717,264	38,717,264
Balance as at 01 January 2023	1,000,000	26,883,448	27,883,448
Total comprehensive income for 2023			
Profit for the year	-	3,697,010	3,697,010
Other comprehensive income	-	-	-
Transaction with the shareholders			
Cash dividend (2022)	-	(2,000,000)	(2,000,000)
Balance as at 31 December 2023	1,000,000	28,580,458	29,580,458

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	31-Dec-23 Taka	31-Dec-22 Taka
Cash flow from operating activities		
Cash received from customer and others	112,200,129	99,432,677
Cash paid to suppliers and employees	(105,055,941)	(97,056,328)
Cash generated from operating activities	7,144,188	2,376,349
Interest received from Bank	73,839	47,635
Payment of corporate income tax (Note-11)	(2,923,553)	(2,734,220)
Net cash (used in)/from operating activities	4,294,474	(310,235)
Cash flow from investing activities		
Acquisition of fixed assets (Note-4)	(469,031)	(334,150)
Sale of fixed assets	63,600	6,000
Dividend received	-	-
Net cash (used in)/from investing activities	(405,431)	(328,150)
Cash flow from financing activities		
Finance charge	(352,937)	(106,135)
Payment of lease liability	(599,482)	(140,772)
Dividend payment	(2,000,000)	(2,000,000)
Net cash (used in)/from financing activities	(2,952,419)	(2,246,907)
Net increase/(decrease) in cash and cash equivalents	936,623	(2,885,293)
Cash and cash equivalents as at 01 January	1,461,868	4,347,161
Cash and cash equivalents as at 31 December	2,398,493	1,461,868

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

1. Introduction

RAK Security and Services (Pvt.) Ltd. is a Private Company Limited by shares incorporated in Bangladesh on 21 December 2006 under the Companies Act XVIII of 1994.The registered office of the company is situated at RAK Tower (8th Floor), Plot No. 1/A, Jasimuddin Avenue, Sector No. 03, Uttara, Dhaka 1230.

1.1 Nature of Business

The main objects of the company is to carry on the business of security guarding, cleaning services, termite and pest control services, fumigation services and setting up manpower technical training establishments for creation of skilled workers in various fields of construction and public works. Pre-employment back ground verification and immigration & Visa documents verification services, fire safety services etc.

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 other applicable laws and regulations.

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 authorized for issue by the Board of Directors of the Company on 27 January 2025

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis.

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 judgments

The preparation of these financial statements in conformity with IFRSs requires management to make judgments, 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 recognized 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 judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are stated in the following notes:

Note 4Property, plant & equipment

Note 6Right of Use Asset (ROUA)

Note 8Deferred tax liability

Note 15 Employees benefit payable

Note 17 Lease Liability

Note 18 Provision for income tax

2.5 Reporting period

The financial period of the Company covers one year from 1 January to 31 December each year and is followed consistently.

2.6 Going concern

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

3. Significant accounting policies

3.1 Property, plant and equipment (PPE)

Depreciation is charged on the basis of straight line method. Depreciation continues to be charged on each item of property, plant, equipment & investment property until written down 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 property, plant and equipment are as under:

Category Category

Furniture & fixtures 10%

Tools & appliances 20%

Vehicles 20%

Office Equipment 10%

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

3.2 Intangible assets

Expenditure to acquire computer software (VAT) is capitalised. This is being amortised equally within a period of five years depending upon the tenure of accrual of benefits.

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

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.

3.3 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

Pre-payments are initially measured at cost. After initial recognition, pre-payments are carried at cost less charges to Statement of Profit or Loss and other Comprehensive Income.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank which are available for use by the Company without any restriction. There is an insignificant risk of changes in value of these current assets.

3.5 Employees' benefit schemes

The Company 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)

Define contribution plan is a post employment benefit plan under which the Company provides benefits to one or more employees. The recognised Employee 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 Company also makes equal contribution to the fund. These are administered by the Board of trustees. The contributions are invested separately from the Company's assets.

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

Defined Benefit Plan (Gratuity Fund)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plants 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 year of more than six months, salary of minimum 30 days, or salary of 45 days or 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 year of employment.

3.6 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-month ECLs: these are ECLs which result from possible default events within the 12 months after the reporting date; and
- 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 company 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 company 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 year over which the historical data will be collected, prevalent conditions and the company’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 company’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 28.1 (b).

3.7 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 company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return year lapses or a reasonable estimate can be made.

Based on the company assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the Company 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 company sells the services in separate transactions.

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

3.8 IFRS 16 Leases

Under this IFRS 16 guidance, 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 company’s financial statements is described below.

The company 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 year of time in exchange for consideration.

The company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the company has carried out an implementation project.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the company 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 company:

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 company 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 company 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 company’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 required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

3.9 As required by IFRS 9, an allowance for expected credit loss has been recognized on the finance lease receivables.

Provision for taxation

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

Corporate tax

Corporate income tax provision made at the rate of 27.50% on profit before tax or 0.6% of revenue or tax deduction at source whichever is higher as per section 163 (2) of ITO 1984 and 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 difference 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.

3.10 Earnings per share (EPS)

The Company calculates Earning per Share (EPS) in accordance with IAS 33: Earning per Share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income, and the computation of EPS is stated in related note.

3.10.1 Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

3.10.2 Previous year’s figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year’s presentation.

4 Property, plant and equipment

31-Dec-2024

Particulars	C O S T			D E P R E C I A T I O N					Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2024	Rate	Balance as at 01 Jan 2024	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024
Land	2,309,220	-	-	2,309,220	-	-	-	-	2,309,220
Furniture & fixtures	1,214,719	205,634	-	1,420,353	10%	678,091	105,912	-	784,003
Office equipment	1,600,080	168,775	-	1,768,855	10%	1,286,608	102,269	-	1,388,877
Tools & appliances	126,255	-	-	126,255	20%	126,248	-	-	126,248
Vehicles	2,389,725	94,622	322,000	2,162,347	20%	2,389,722	9,540	321,999	2,077,263
Total	7,639,999	469,031	322,000	7,787,030		4,480,669	217,721	321,999	4,376,391

31-Dec-2023

Particulars	C O S T			D E P R E C I A T I O N					Net book value as at 31 Dec 2023
	Balance as at 01 Jan 2023	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2023	Rate	Balance as at 01 Jan 2023	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2023
Land	2,309,220	-	-	2,309,220	-	-	-	-	2,309,220
Furniture & fixtures	895,319	334,150	14,750	1,214,719	10%	621,986	70,849	14,744	678,091
Office equipment	1,600,080	-	-	1,600,080	10%	1,177,145	109,463	-	1,286,608
Tools & appliances	126,255	-	-	126,255	20%	126,248	-	-	126,248
Vehicles	2,389,725	-	-	2,389,725	20%	2,389,722	-	-	2,389,722
Total	7,320,599	334,150	14,750	7,639,999		4,315,101	180,312	14,744	4,480,669

4.1 Disposal of Fixed Assets

31-Dec-2024

Name of Assets	Cost	Accumulated depreciation	Book value	Receipts against sale	Gain/ (Loss)
Vehicles	322,000	321,999	1	63,600	63,599
Total:	322,000	321,999	1	63,600	63,599

31-Dec-2023

Name of Assets	Cost	Accumulated depreciation	Book value	Receipts against sale	Gain/ (Loss)
Furniture & fixtures	14,750	14,744	6	6,000	5,994
Total:	14,750	14,744	6	6,000	5,994

5 Intangible assets

31-Dec-2024

Amounts in Taka

Particulars	COST			AMORTIZATION			Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Balance as at 31 Dec 2024	Balance as at 01 Jan 2024	Amortized during the year	Balance as at 31 Dec 2024	
Computer Software (VAT)	450,000	-	450,000	182,466	90,000	272,466	177,534
Total	450,000	-	450,000	182,466	90,000	272,466	177,534

31-Dec-2023

Amounts in Taka

Particulars	COST			AMORTIZATION			Net book value as at 31 Dec 2023
	Balance as at 01 Jan 2023	Addition during the year	Balance as at 31 Dec 2023	Balance as at 01 Jan 2023	Amortized during the year	Balance as at 31 Dec 2023	
Computer Software (VAT)	450,000	-	450,000	92,466	90,000	182,466	267,534
Total	450,000	-	450,000	92,466	90,000	182,466	267,534

6 Right-of-use assets

31-Dec-2024

Amounts in Taka

Particulars	COST			Balance as at 31 Dec 2024	DEPRECIATION				Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Sale/ disposal during the year		Balance as at 01 Jan 2024	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024	
Office building	4,040,783	-	-	4,040,783	202,039	808,157	-	1,010,196	3,030,587
Total	4,040,783	-	-	4,040,783	202,039	808,157	-	1,010,196	3,030,587

31-Dec-2023

Amounts in Taka

Particulars	COST			DEPRECIATION				Net book value as at 31 Dec 2023
	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	Charged during the year	Adjustment during the year	
Office building	-	4,040,783	-	4,040,783	-	202,039	-	3,838,743
Total	-	4,040,783	-	4,040,783	-	202,039	-	3,838,743

		31 Dec 2024 Taka	31 Dec 2023 Taka
7.	Investment		
	Investment in RAK Power Pvt. Ltd.	1,275	1,275
		1,275	1,275
8.	Deferred tax asset		
	Balance as at 1 January	186,421	176,177
	Deferred tax income/(expenses)	327,332	10,244
	Balance as at 31 December	513,753	186,421
		Carrying amount on the date of statement of financial position	Taxable/ (deductible) temporary difference
		Taka	Taka
	As at 31 December 2024		
	Property, plant & equipment (excluding land)	1,101,419	(295,576)
	Trade receivables	33,151,207	(1,451,477)
	Right of use assets	3,030,587	3,030,587
	Lease liability	(3,151,728)	(3,151,728)
			(1,868,193)
	Deferred tax asset (applying tax rate 27.50%)		(513,753)
	As at 31 December 2023		
	Property, plant & equipment (excluding land)	850,110	(233,075)
	Trade receivables	21,212,544	(475,861)
	Right of use assets	3,838,743	3,838,743
	Lease liability	(3,751,210)	(3,751,210)
			(621,403)
	Deferred tax asset (applying tax rate 30.00%)		(186,421)
9.	Trade and other Receivables		
	Trade receivables	34,602,684	21,688,405
		34,602,684	21,688,405
	Less: Provision of impairment loss on trade receivable:		
	Related parties	638,650	148,918
	Unrelated parties	812,827	326,943
		33,151,207	21,212,544
10.	Advance, deposit and prepayment		
	Imprest to employee	305,500	299,500
	Advance to suppliers	12,900	12,901
	Security deposit	172,000	172,000
	VAT deposit	2,147,385	2,030,039
	Insurance and others	269,811	243,133
		2,907,595	2,757,573

11.	Advance income tax														
	Balance as at 01 January	28,454,531	25,720,311												
	Add: Paid during the year	2,923,553	2,734,220												
	Balance as at 31 December	31,378,084	28,454,531												
11.1	Year wise closing balance														
	Year - 2024	2,923,553	-												
	Year - 2023	2,634,220	2,634,220												
	Year - 2022	2,306,839	2,306,839												
	Year - 2021	2,299,603	2,299,603												
	Year - 2020	1,452,103	1,452,103												
	Year - 2019	1,386,968	1,386,968												
	Year - 2018	2,075,180	1,975,180												
	Year - 2017	7,767,254	7,767,254												
	Year - 2016	4,215,121	4,215,121												
	Year - 2015	4,317,243	4,317,243												
		31,378,084	28,354,531												
12.	Cash and cash equivalents														
	Cash in hand	689,566	470,351												
	Cash at banks														
	DBBL (current account 117.110.4311)	537,812	726,442												
	DBBL (SND account 117.120.311)	990,889	83,894												
	Dhaka Bank Ltd. (current account 204.100.19318)	180,226	181,181												
		2,398,493	1,461,868												
13.	Share capital														
	Authorized capital:														
	1,000,000 Ordinary shares of Tk. 100 each	100,000,000	100,000,000												
	Issued, subscribed, called and paid up capital:														
	10,000 Ordinary shares of Tk. 100 each	1,000,000	1,000,000												
	Particulars of share-holdings are as follows:														
	<table><tr><th>Name of shareholders:</th><th>No. of shares</th><th>Value per share</th></tr><tr><td>RAK Ceramics (Bangladesh) Ltd.</td><td>9,900</td><td>100</td></tr><tr><td>RAK Power Pvt. Ltd</td><td>100</td><td>100</td></tr><tr><td>Total</td><td>10,000</td><td></td></tr></table>	Name of shareholders:	No. of shares	Value per share	RAK Ceramics (Bangladesh) Ltd.	9,900	100	RAK Power Pvt. Ltd	100	100	Total	10,000			
Name of shareholders:	No. of shares	Value per share													
RAK Ceramics (Bangladesh) Ltd.	9,900	100													
RAK Power Pvt. Ltd	100	100													
Total	10,000														
		990,000	990,000												
		10,000	10,000												
		1,000,000	1,000,000												
14.	Trade and other payables														
	Advance from customers	1,135,842	1,156,562												
	Payable to employee	465,740	494,603												
	Tax deducted at source	68,000	59,500												
	VAT deducted at source	18,665	23,406												
		1,688,247	1,734,072												
15.	Lease liability														
	Non-current														
	Lease liability	3,151,728	3,751,210												
	Less: Current portion of lease liability	686,144	599,482												
		2,465,583	3,151,728												
	Current														
	Current portion of lease liability	686,144	599,482												

2024

Lease liability schedule

Particulars	"Balance as on Jan 01, 2024"	Addition	Payment	"Interest expenses"	Decrease in lease liability	Closing balance as on Dec 31, 2024
Office Building	3,751,210	-	939,789	340,307	599,482	3,151,728
	3,751,210	-	939,789	340,307	599,482	3,151,728

2023

Lease liability schedule

Particulars	"Balance as on Jan 01, 2023"	Addition	Payment	"Interest expenses"	Decrease in lease liability	Closing balance as on Dec 31, 2023
Office Building	-	3,891,983	234,947	94,175	140,772	3,751,210
	-	3,891,983	234,947	94,175	140,772	3,751,210

		31 Dec 2024 Taka	31 Dec 2023 Taka
16.	Provision for expenses		
	Staff cost	6,953,402	4,143,909
	Audit fees	110,000	110,000
	Legal and professional charges	95,000	25,000
	Utilities bill	27,800	23,000
	Temporary labour	634,756	988,404
		7,820,958	5,290,313
17.	Provision for income tax		
	Balance as at 01 January	20,983,766	18,349,546
	Add: Provision made during the year	4,607,203	2,634,220
	Balance as at 31 December	25,590,969	20,983,766
17.1	Year wise closing balance		
	Year 2024	4,607,203	-
	Year 2023	2,634,220	2,634,220
	Year 2022	985,390	985,390
	Year 2021	443,191	443,191
	Year 2018	1,202,131	1,202,131
	Year 2017	7,767,254	7,767,254
	Year 2016	4,215,122	4,215,122
	Year 2015	3,736,458	3,736,458
		25,590,969	20,983,766

18. Employees' benefit payable

	31 December 2024		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 01 January	-	-	-
Add: Provision made during the year	4,624,714	1,863,535	6,488,249
	4,624,714	1,863,535	6,488,249
Less: Payment made during the year	4,624,714	1,863,535	6,488,249
Balance as at 31 December	-	-	-

Forfeited amount of provident fund amounting to BDT. 448,454 for the year 2024 has been adjusted with provision and payment.

31 December 2023		
	Provident fund Taka	Gratuity fund Taka
Balance as at 01 January	-	-
Add: Provision made during the year	4,677,317	1,766,399
	4,677,317	1,766,399
Less: Payment made during the year	4,677,317	1,766,399
Balance as at 31 December	-	-
Forfeited amount of provident fund amounting to BDT. 152,171 for the year 2023 has been adjusted with provision and payment.		
19.	31-Dec-2024 Taka	31-Dec-2023 Taka
Sales		
Gross receipts from services	140,024,220	111,891,962
Less: Value added tax (VAT)	15,885,428	10,598,811
	124,138,792	101,293,151
20. Cost of service		
Direct wages (Note-20.1)	75,628,106	68,531,571
Security Training expenses (Note-20.2)	196,030	230,920
Other direct expenses (Note-20.3)	975,807	1,677,360
Verification expenses (Note-20.4)	4,711,000	2,180,020
	81,510,943	72,619,871
20.1 Direct wages		
Salary and wages	55,964,415	50,156,034
Overtime	12,239,661	11,387,567
Bonus	4,001,537	3,642,131
Employer's contribution to provident fund	1,491,058	1,691,178
Gratuity	1,424,091	1,356,868
Group Life Insurance	507,344	297,793
	75,628,106	68,531,571
20.2 Security training expenses		
Staff welfare	196,030	230,920
	196,030	230,920
20.3 Other direct expenses		
Uniform expenses	967,057	1,056,088
Bicycle expenses	8,750	9,000
Gardening expenses	-	612,272
	975,807	1,677,360
20.4 Verification expenses		
Staff cost	2,188,357	1,248,034
Special service allowance	2,475,845	898,905
Mobile bill	46,798	33,081
	4,711,000	2,180,020
21. Other income		
Gain on sale of assets (Note-4.1)	63,599	5,994
	63,599	5,994
22. Administrative expenses		
Staff cost (22.2)	12,871,864	11,554,050
Rent, rates and taxes	2,125,128	2,365,252
Telephone and postage	637,969	429,374
Repair and maintenance	1,408,299	1,286,109
Electricity, gas and water	383,267	360,475
Depreciation	217,721	180,312
Amortization	90,000	90,000
Depreciation on right of use assets	808,157	202,039

	31-Dec-2024 Taka	31-Dec-2023 Taka
Vehicle repair & maintenance	432,600	497,971
Legal and professional fees	590,800	548,049
Other expenses	105,029	165,949
	19,670,833	17,679,581
Rent, rates and taxes includes rent expenses for short term lease for BDT. 1,752,320 and related government levis wherever applicable. Details of the short term lease is shown in note no 27. No low value item exists at the reporting year.		
22.1 Impairment loss on trade receivable		
Related parties	429,271	32,594
Unrelated parties	546,345	72,480
	975,616	105,074
New classification of financial assets shown in note 28.1(b).		
22.2 Staff cost		
Salary	9,093,079	8,624,895
Bonus	763,022	763,022
Staff welfare	1,311,162	758,561
Employer's contribution to provident fund	461,412	452,775
Gratuity	339,596	324,586
Conveyance	895,937	623,221
Group Life Insurance	7,656	6,990
	12,871,864	11,554,050
23. Marketing expenses		
Staff cost (23.1)	2,869,382	2,489,408
Conveyance	1,736,560	643,071
Telephone and Telex Expenses	15,409	15,522
Promotional expenses	1,727,874	1,367,132
	6,349,225	4,515,133
23.1 Staff cost		
Salary	2,411,080	2,037,794
Bonus	218,300	202,350
Employer's contribution to provident fund	135,660	118,620
Gratuity fund	99,848	84,945
Group Life Insurance	4,494	45,699
	2,869,382	2,489,408
24. Finance income		
Interest on bank account (SND)	73,839	47,635
	73,839	47,635
25. Financial expenses		
Interest expenses against lease liability	340,307	94,175
Bank charges	12,630	11,960
	352,937	106,135
26. Income tax expenses		
Accounting profit (PBT as per Statement of Profit & Loss)	15,416,677	6,320,986
Add: Accounting Depreciation of Fixed Assets	217,721	180,312
Add: Amortization expenses	90,000	90,000
Add: Depreciation on Right of Use Assets (ROUA)	808,157	202,039
Add: Interest on Lease liability	340,307	94,175
Add: Impairment loss on trade receivable	975,616	-
	17,848,477	6,887,512
Less: Tax base depreciation of Fixed Assets	155,222	148,964
Less: Rent expenses	939,789	234,947

	31-Dec-2024 Taka	31-Dec-2023 Taka
Taxable profit	16,753,466	6,503,601
Less: Dividend income	-	-
Taxable profit after dividend income	16,753,466	6,503,601
Tax calculation @ 27.50% and 30% on business income	4,607,203	1,951,080
Tax calculation @ 20% on dividend income	-	-
Tax Payable as per current tax rate	4,607,203	1,951,080
TAX Deduction at Source	2,923,553	2,634,220
Minimum Tax as per ITA 163(5) 0.6% of Gross Receipts	840,145	607,759
Current Tax Liability whichever is higher ITA Section 163 (2)	4,607,203	2,634,220

26.1 Reconciliation of effective tax rate

	31 December 2024		31 December 2023	
	%	Taka	%	Taka
Profit before tax		15,416,677		6,320,986
Current tax expenses	30%	4,607,203	42%	2,634,220
Deferred tax expenses/(income)	-2%	(327,332)	0%	(10,244)
Total tax expenses	28%	4,279,871	42%	2,623,976
Expected income tax using applicable tax rate	28%	4,239,586	30%	1,896,296
Tax on non-deductible expenses	2%	367,617	12%	737,924
Effective current tax	30%	4,607,203	42%	2,634,220
Effective deferred tax	-2%	(327,332)	0%	(10,244)
	28%	4,279,871	42%	2,623,976

27. Short term lease expenses

Nature of the lease	Lease term	Allocation	Rent payment	Rent payment
Rented accommodation	<1 year	Admin	1,752,320	1,659,701
			1,752,320	1,659,701

28 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

28.1 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. Accounts receivable are mainly related to local receivables. The Company’s exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of local customers. The Company has established receivable department to minimise credit risk involving collection of local receivables. 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		Amount in Taka	
	As at Dec 31 2024	As at Dec 31 2023	As at Dec 31 2024	As at Dec 31 2023
Trade receivables				
Customer-Local	-	-	33,151,207	21,212,544
	-	-	33,151,207	21,212,544
Cash equivalents	-	-	1,708,927	991,517

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 31 December 2024.

Financial assets	Note	Classification under IFRS 9	Carrying amount under	Carrying amount under IFRS 9	Impairment
Trade & other receivable-related	9	Amortized cost	11,067,410	10,428,760	638,650
Trade & other receivable-unrelated	9	Amortized cost	23,535,274	22,722,447	812,827
Cash at banks	12	Amortized cost	1,708,927	1,708,927	

- i The above table provides information ECLs upto 31 December 2024. Impairment provision upto 31 Dec 2023 was Tk. 475,861 and provision made during the year is Tk. 975,616.
- ii Trade and other receivables that are classified at amortised cost.
- iii Cash at banks that are classified at amortised cost. Impairment loss allowance has not been considered on bank balance because business is confident to recover the full amount from the bank.

c) Aging of receivables

	Amount in Taka	
	As at Dec 31 2024	As at Dec 31 2023
The aging of trade receivables:		
Current (not due)	13,150,785	9,376,104
Overdue by 0 - 90 days	17,659,241	7,571,417
Overdue by 91 - 180 days	1,870,674	3,705,637
Overdue by 180 - 365 days	455,076	263,016
More than 365 days	15,432	296,370
	33,151,207	21,212,544

28.2 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 December 31, 2024			
	Carrying amount Taka	Contractual cash flows Taka	Within 12 months or less Taka	More than 12 months Taka
Trade and other payables	1,688,247	1,688,247	1,688,247	-
	1,688,247	1,688,247	1,688,247	-
	As at December 31, 2023			
	Carrying amount Taka	Contractual cash flows Taka	Within 12 months or less Taka	More than 12 months Taka
Trade and other payables	1,734,072	1,734,072	1,734,072	-
	1,734,072	1,734,072	1,734,072	-

29. Related party disclosure under IAS-24

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

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Year	Purchase / Service	Sales of goods / Services	Outstanding Receivables	Amounts in Taka	
								Dividend income	
RAK Ceramics (Bangladesh) Ltd.	Parent Company	Unsecured	Nil	Current year	-	52,643,878	10,306,699	-	-
RAK Power Pvt. Ltd.	Fellow Subsidiary	Unsecured	Nil	Previous year	-	49,689,349	6,538,753	-	-
				Current year	-	1,367,673	108,668	-	-
Mohammed Trading	Other related party	Unsecured	Nil	Previous year	-	1,217,204	71,645	-	-
				Current year	-	1,219,500	227,700	-	-
Kansai Nerolac Paints (BD) Ltd.	Other related Party	Unsecured	Nil	Previous year	-	1,089,000	108,900	-	-
				Current year	-	10,958,778	2,919,058	-	-
SAK Consumer Products Ltd.	Other related Party	Unsecured	Nil	Previous year	-	10,533,444	1,951,936	-	-
				Current year	-	2,650,082	1,683,555	-	-
Rakeen Development Pvt. Limited	Other related party	Unsecured	Nil	Previous year	-	2,232,074	1,265,082	-	-
				Current year	-	-	287,447	-	-
Star Ceramics Pvt. Limited	Other related party	Unsecured	Nil	Previous year	-	63,000	287,447	-	-
				Current year	-	1,929,840	615,831	-	-
Kea Printing and Packaging Ind.	Other related party	Unsecured	Nil	Previous year	-	2,733,429	955,365	-	-
				Current year	-	783,842	366,334	-	-
				Previous year	-	763,593	280,428	-	-

29.1 Paid to Directors

During the year, Board meeting fees of Taka 4,800 was paid to the board members for attending the Board meetings.

30. Number of employees

The number of employees engaged for the year who received total remuneration of Taka 96,000 and above per annum at reporting date was as follows.

	31 Dec 2024	31 Dec 2023
Number of employees	301	327

None of receiving below Taka 8,000 per month.

31. Calculation of earnings per share (EPS)

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

Earnings attributable to the ordinary shareholders

(a) Profit for the year

(b) No. of ordinary equity shares

(c) Weighted average no. of equity shares outstanding (Note 31.1)

Earnings per share (EPS) for the year (a/c)

Diluted earnings per share for the year (a/c)

31.1 Weighted average number of ordinary shares

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

	31 Dec 2024	31 Dec 2023
Outstanding shares	10,000	10,000
	10,000	10,000

31.2 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 these year.

31.3 Reason of deviation of earnings per share:

Though there was increase in the revenue of the company as compared to previous year, which resulted increase of earning per share for the year.

32 Calculation of Net assets value per share

(a) Net assets value

(b) Weighted average no. of ordinary shares (Note 31.1)

Net assets value per share

33 Calculation of Net operating cash flow per share

(a) Net cash flows from operating activities

(b) Weighted average no. of ordinary shares (Note 31.1)

Net operating cash flow per share (a/b)

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

The company registered improvement in cash inflows from customers due to enhanced control on customer credit as compared to previous year, which resulted increase of net operating cash flow per share.

	31 Dec 2024	31 Dec 2023
	Taka	Taka
34 Reconciliation of operating cash flow:		
Cash flows from operating activities		
Profit before taxation	15,416,677	6,320,986
adjustment for:		
Depreciation & Amortization	1,115,878	472,351
Finance expenses	352,937	106,135
Finance income	(73,839)	(47,635)

Other income	
Operating profit before working capital changes	
Increase/decrease in trade and other receivable	
Increase/decrease in trade and other payable	
Cash generated from operating activities	
Interest received from bank deposit	
Income tax paid	
Net cash (used in)/from operating activities	

31 Dec 2024	31 Dec 2023
Taka	Taka
(63,599)	(5,994)
16,748,053	6,845,843
(11,938,663)	(1,860,474)
2,334,798	(2,609,020)
7,144,188	2,376,349
73,839	47,635
(2,923,553)	(2,734,220)
4,294,474	(310,235)

35 Events after the reporting date

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

The Board of Directors of RAK Security and Services (Pvt.) Ltd, at its meeting held on January 27, 2025, has unanimously recommended cash dividend @ 200% of the paid up capital of the company for the year ended on 31 December 2024 equivalent to BDT. 20,00,000/= to be distributed as cash dividend among shareholders. The dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting(AGM) of the Company on 22 March 2025.

STATEMENT PURSUANT TO SECTION 186(1)(E) OF THE COMPANIES ACT 1994

Name of the subsidiary	RAK Power Pvt. Ltd.	R.A.K. Security and Services (Pvt.) Ltd.
Name of the holding company	RAK Ceramics (Bangladesh) Limited	RAK Ceramics (Bangladesh) Limited
Holding Company’s interest	2,049,990 ordinary shares of Tk.100 each fully paid up	9,900 ordinary shares of Tk.100 each fully paid up
Extent of holding	99.99%	99.00%
The ‘financial year’ of the subsidiary company ended on	December 31, 2024	December 31, 2024
Net aggregate amount of the subsidiary company’s profits/(losses) dealt with in the holding company’s accounts	Taka 608.75 mn	Taka 28.00 mn
For the subsidiary’s aforesaid financial year	Nil	Taka 2.00 mn
For the previous financial years since it became subsidiary	Taka 608.75 mn	Taka 26.00 mn
Net aggregate amount of the subsidiary company’s profits/(losses) not dealt with in the holding company’s accounts	Taka 119.00	Nil
For the subsidiary’s aforesaid financial year	Nil	Nil
For the previous financial years since it became subsidiary	Taka 119.00	Nil
Changes, if any, in the holding company’s interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	No such changes	No such changes
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	No material changes	No material changes

GLOSSARY

- **Accounts payable** - Accounts payable represents incurred expenses the company expects to pay within one year. It is recorded as part of current liabilities on the balance sheet.
- **Accounts receivable** - Accounts receivable represents uncollected revenues the company expects to receive within one year. It is recorded as part of current assets on the balance sheet.
- **Accrual accounting system** - Under this system, revenues are recorded when earned and expenses are recorded when incurred. Therefore, earned revenues may include sales on credit for which you have yet to receive cash and expenses may include bills that you have not yet paid. This method is used when preparing the income statement and balance sheet.
- **Accumulated depreciation**- The cumulative depreciation of an asset to the date of the current financial year.
- **Accumulated profits**- The amount of past years profit not paid in dividends. Sometimes referred to as retained profit. In contrast, losses from previous years not absorbed by past years profit are accumulated losses.
- **Annual report**- A report published yearly by all publicly-held companies that details the financial condition of the company and includes the balance sheet, income statement, cash flow statement, and other relevant information.
- **Asset revaluation**- The application of an accounting policy choice, whereby the monetary measure of the asset is the amount for which it could be exchanged between knowledgeable, willing parties in an arms-length transaction.
- **Assets** - The value of everything a company uses to conduct business, such as cash, equipment, land, inventories, office equipment, and money owed to the company by customers and clients.
- Assets Items of value which the company can trade or use in its business.
- **Balance sheet**- A financial statement that gives a snapshot of a company's financial situation at a particular point in time and lists its different assets, liabilities, and owners' equity.
- **Cash basis of accounting**- A method of accounting where only actual cash inflows and cash outflows are recorded, i.e. when payment is received or made. This method is used when preparing the cash flow statement.
- **Cash flow statement**- A financial statement that records a company's actual cash inflows and cash outflows over a defined period of time. It includes three sections: operating cash flow, investing cash flow, and financing cash flow.
- **Contingent liabilities**- A potential liability dependent

on uncertain future events which are beyond the control of the company.

- **Contributed capital**- Money invested in a company by its owners/shareholders. Reported as part of owners' equity on the balance sheet.
- **Corporate social responsibility report**- A report on how the company manages its business processes to produce an overall positive impact
- **Cost of goods sold**- Also known as Cost of Sales, this represents all the expenses directly related to the making and storing of a company's goods, such as raw materials, warehousing, and direct labor costs. Doesn't exist for service companies.
- **Cost of sales**- Also known as Cost of Goods Sold, this represents all the expenses directly related to the making and storing of a company's goods, such as raw materials, warehousing, and direct labor costs. Doesn't exist for service companies.
- **Current assets**- Assets the company plans to convert to cash, sell, or use during the coming year, including cash, accounts receivable, and inventory on hand.
- **Current assets**- Cash and cash equivalents and assets which are expected to be turned into cash in the next year.
- **Current liabilities** - Amounts which the company is obliged to pay to others in the next year.
- **Depreciation** - A method used to account for the diminishing value of an asset over the time it is used and to match profit with the expenses it took to generate that profit. Registered as a non-cash expense.
- **Direct method**- A method of arriving at net operating cash flow by adjusting each item on the income statement from the accrual basis of accounting to the cash basis of accounting.
- **DSE listing rules** - Listing rules govern the admission of companies to the official list of listed companies, quotation of their shares, suspension of those shares from quotation and removal of companies from the official list. The listing rules also govern disclosure and some aspects of a listed company's conduct.
- **EBIT (Earnings before interest and taxes)**- Amount calculated by subtracting cost of goods sold and operating expenses from revenue on the income statement. Also called operating earnings.
- **Emphasis of matter**- A paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial report that, in the auditor's judgement, is of such importance that it is fundamental to users' understanding of the financial report.
- **Employee benefits** - Represent benefits offered to employees of the company and can include short-

term (e.g. salaries and wages), long-term (e.g. long service leave), post-employment benefits (retirement benefits) and termination benefits.

- **Equity** - Total assets less total liabilities; includes share capital, reserves and accumulated profit Expenses, the costs of deriving revenue.
- **Expenses** - Different costs, such as cost of goods sold, operating expenses, and interest expense, incurred during the normal operation of a business.
- **Financing cash flow**- Cash received or paid from borrowing money or paying back investors, creditors, and shareholders. The third part of calculating net cash flow on the cash flow statement.
- **Fixed assets**- Assets that the company does not plan to turn into cash within one year or that would take longer than one year to convert, including property, plants, machinery, and patents.
- **Gross profit**- An item included on the income statement of production companies, calculated by deducting cost of goods sold from revenues/sales generated from those goods. It is used as a rough estimate of the company's profitability.
- **Income statement**- A financial statement that specifies the financial results of a business over a defined period of time and lists the revenue, expenses, and net income of the business. Also referred to as the profit-and-loss statement, or P&L statement.
- **Income tax**- Tax levied by the government for income and part of the expenses deducted from revenues when arriving at net income on the income statement.
- **Indirect method**- A method of arriving at net operating cash flow by adjusting the net income on the income statement for non-cash revenues and expenses. Also called the reconciliation method.
- **Interest expense**- Represents all interest paid by the company for loans it incurred and is part of the expenses deducted from revenues in the process of arriving at net income on the income statement.
- **Investing cash flow**- Cash used for investing in long-term assets, such as equipment or equity securities, and cash received from the sale of such investments. The second part of calculating net cash flow on the cash flow statement.
- **Investor relations**- The section on a company's website under which you can find the company's financial statements.
- Key management personnel Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that company.
- **Liabilities** - Debts a company owes to its creditors and lenders. Liabilities Amounts which the company is obliged to pay to others.
- **Liquidity** - The case with which assets and liabilities may be converted into cash.

- **Listed company**- A company which is publicly listed on a securities exchange like the Dhaka Stock Exchange.
- **Long-term liabilities**- The flip side of fixed assets, this represents money the company needs to pay back in one or more years. It includes long-term bank loans, mortgages, and bonds.
- **Modified opinion** - The auditor may issue a modified opinion, being a qualified opinion, an adverse opinion or a disclaimer of opinion.
- **Net loss**- The bottom line of the income statement. The negative profit (loss) left after all expenses have been deducted from revenues. If expenses are smaller than revenues than we will refer to it as net profit.
- **Net profit**- The bottom line of the income statement. The profit left after all expenses have been deducted from revenues. If expenses are larger than revenues, then we refer to it as net loss.
- **Operating cash flow**- The first section of the cash flow statement, which includes cash generated by and required for the daily operations of a business.
- **Operating earnings**- earnings left after subtracting the cost of goods sold and operating expenses from a company's revenues on the income statement. Also called EBIT (Earnings Before Interest and Taxes).
- **Operating expenses**- All costs incurred in operating the business that are not directly related to the production and storage of a company's goods. They include administrative salaries, research and development expenses, rents, and marketing costs. These cost are included in the expense section of the income statement.
- **Owners' equity**- Owners' equity equals all assets minus all liabilities and represents the part of the company owned by its shareholders. It generally includes contributed capital and retained earnings.
- **P&L statement** - A financial statement that specifies the financial results of a business over a defined period of time and lists the revenue, expenses, and net income of the business. Also referred to as the income statement or the profit- and-loss statement.
- **Profit margin**- An indicator of profitability. It is calculated by dividing the company's net income by its revenue for the same period. The higher the margin the more profitable a company is.
- Profit Surplus of revenues and other income over expenses.
- **Profit-and-loss statement**- A financial statement that specifies the financial results of a business over a defined period of time and lists the revenue, expenses, and net income of the business. Also referred to as the income statement or the P&L statement.
- Remuneration of directors or executives will typically include all or some of cash salary, shares or share options, superannuation, annual and long service leave.
- Reporting period - The period that the financial

- statements cover. This will typically be one year (e.g. the year ended 31st December 2023) but can be shorter or longer in certain circumstances.

•

Reserves surpluses arising from (for example) revaluations of certain assets.

•

Retained earnings- Money reinvested into the company after all dividends are paid. Reported as part of owners' equity on the balance sheet.

•

Revenue earnings arising in the ordinary activities of the company. Fees from the rendering of services are examples of revenue, as is revenue from the sale of goods.

•

Revenues- Money generated by the company by selling its products or services to customers, before deducting any expenses. It includes only revenues associated with the company's main operations and is sometimes referred to as sales.

•

SEC- Securities and Exchange Commission, a Bangladesh Governmental agency established by the Act to enforce all federal securities laws and protect investors from fraud in the securities markets.

•

Share option - A contract that gives the holder of the option the right, but not the obligation, to subscribe to the company's shares at a fixed or determinable price for a specified period of time.

•

Share- based payment arrangement - An arrangement between the company and another party (including an employee) that entitles the other party, on satisfying any conditions specific to the arrangement, to shares or share options of the company, or cash or other assets of the company that are based on the price of those shares or share options.

•

Sustainability report- A report that provides information about the company's performance towards the goal of sustainable development.
- NOTICE OF THE

26th ANNUAL GENERAL MEETING
- Notice is hereby given that the 26th Annual General Meeting (AGM) of RAK Ceramics (Bangladesh) Limited will be held on Saturday, March 22, 2025 at 11:00 am (Bangladesh Time). Pursuant to the Bangladesh Securities and Exchange Commission's Directives No. BSEC/CMRRCD/2009-193/08 dated March 10, 2021 and further BSEC Letter No. BSEC/ICAD/SRIC/2024/318/87 dated March 27, 2024; the AGM will be held virtually by using digital platform through the following link <https://agmbd.live/RAKCERAMICS2025> to transact the following businesses:
- AGENDA
1.

To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2024, together with the reports of the Auditor and the Directors.

2.

To declare dividend for the year ended 31 December 2024.

3.

To elect/re-elect Director(s) of the Company.

4.

To appoint/re-appoint Independent Director of the Company.

5.

To re-appoint the Managing Director of the Company.

6.

To appoint the Statutory Auditors of the Company for the year 2025 and fix their remuneration.

7.

To appoint the Compliance Auditors of the Company for the year 2025 for compliance certification on corporate governance and fix their remuneration.

8.

To approve of entering into contract for sale or purchase of goods and materials with Mohammed Trading amounting to 10% (ten percent) or above of the revenue for the immediate preceding financial year.

9.

To consider issuance of corporate guarantee covering credit facilities of RAK Power Pvt. Ltd. from Al-Arafah Islami Bank PLC for an amount of BDT 393 mn for financing to purchase of two 4.3 MW gensets.
-
- Dhaka, Bangladesh
Date: February 27, 2025
- QR code for Digital platform of AGM
- Notes:
1.

The shareholders whose name appeared in the Share/Depository Register as on the 'Record Date' (i.e. February 17, 2025), are eligible to participate in the 26th AGM and receive the dividend.

2.

The Board unanimously recommended dividend @ 10% in cash of the paid up capital of the Company for the year 2024.

3.

Mr. Abdallah Massaad will retire by rotation in the 26th AGM and being eligible, offer himself for re-election as director of the Company.

4.

The Company has obtained consent from the BSEC for appointment of Mr. Md. Obayed Ullah Al Masud as an Independent Director of the Company. As per recommendation of the Nomination and Remuneration Committee, the Board proposed to re-appoint of Mr. Mohd. Shafiul Azam as an Independent Director for a further 01 (one) more tenure (i.e. 03 years).

5.

The Board proposed to re-appointment of Mr. SAK Ekramuzzaman as the Managing Director of the Company for a further period of 3 (three) years.

6.

In order to comply with the BSEC notification No. BSEC/CMRRCD/2009-193/10/Admin/118 dated March 22, 2021; the Board of Directors has recommended to enter into contract for sale or purchase of goods and materials with Mohammed Trading [Owner is Managing Director of RAK Ceramics (Bangladesh) Limited] amounting to 10% (ten percent) or above of the revenue for the immediate preceding financial year subject to approval of the shareholders.

7.

The Board of Directors of the Company proposed to issue a corporate guarantee in favor of Al-Arafah Islami Bank PLC on behalf of its subsidiary, RAK Power Pvt. Ltd., for a credit facility of BDT 393 million financing to purchase of two 4.3 MW gensets.

8.

A shareholder entitled to attend and vote at the AGM may appoint a proxy to attend and vote in his/her behalf (such a proxy shall be a shareholder of the Company). The Proxy Form, duly filled, signed and stamped of BDT 100/- must be sent through email to the Company at sharedepartment.bgd@rakceramics.com not later than 48 hours before the time fixed for the meeting.

9.

As per Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018; soft copy of Annual Report of the Company along with Attendance Slip, Proxy Form and the notice will be forwarded to all the shareholders of their respective email address available with us. These will also be available on the Company's website at www.rakceramics.com/bangladesh. The shareholders may also collect the annual report of the Company from the Company's Share Department at Registered Office in person.

10.

Shareholders are requested to submit through mail to the Company at sharedepartment.bgd@rakceramics.com on or before March 12, 2025, their written option to receive dividend in the form available in Company's website www.rakceramics.com/bangladesh. If the shareholder fails to submit such option within the stipulated time, the dividend will be paid off as deemed appropriate by the Company.

11.

The concern stock broker, merchant banker and portfolio manager are requested to submit through mail to the Company at sharedepartment.bgd@rakceramics.com on or before March 12, 2025; the statement (Excel format) along with detail of their margin client or customer who has debit balance or margin loan, who are entitled to receive cash dividend of the Company for the year ended December 31, 2024. The statement should include shareholder's name, BO ID number, client-wise shareholding position, gross dividend receivable, applicable tax rate, net dividend receivable etc. along with the Consolidated Customers' Bank Account number, routing number and contact person

12.

The shareholders will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging in to the system, the shareholders need to put their 16 digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link <https://agmbd.live/RAKCERAMICS2025>.

13.

Shareholders are requested to log in to the system prior to the meeting start time of 11:00 am (Bangladesh Time) on 22 March 2025. The webcast will start at 10.45 am on March 22, 2025. Please contact +8801730058055 and +8801730055355 for any technical difficulties in accessing the virtual meeting.

14.

Detail log in process has been sent through email to respective shareholder's mail ID available in their BO Account maintained with the Depository. The detailed procedures to participate in the virtual meeting along with link are also available in the Company's website www.rakceramics.com/bangladesh
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RAK Ceramics (Bangladesh) Limited

RAK Tower (7th, 8th & 9th floor), 1/A Jasimuddin Avenue, Sector-3, Uttara Model Town, Dhaka-1230

Proxy Form

I/We

of

.....being a shareholder of RAK Ceramics (Bangladesh) Limited, do hereby appoint
Mr./Ms.....of.....as my/

our proxy to attend and vote on my/our behalf at the 26th Annual General Meeting (AGM) of RAK Ceramics (Bangladesh) Limited will be held on Saturday, March 22, 2025 at 11:00 am (Bangladesh Time) at Pursuant to the Bangladesh Securities and Exchange Commission's Directives No. BSEC/CMRRCD/2009-193/08 dated March 10, 2021 and further BSEC Letter No. BSEC/ICAD/SRIC/2024/318/87 dated March 27, 2024; the ensuing 26th AGM of the Company will be conducted virtually by using digital platform through the following link <https://agmbd.live/RAKCERAMICS2025> as witness my/our hand this.....day of 2025.

Revenue
Stamp of
Tk. 100/-

.....
(Signature of Proxy)

Signature of the Shareholder (s)

[illegible][illegible]

No. of Shares held:

No. of Shares held:

Notes:

1. A shareholder entitled to attend and vote in the AGM may appoint a Proxy to attend and vote on his/her behalf.
2. The Proxy Form, duly filed and stamped must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting.
3. Signature of the shareholder must be in accordance with the Specimen Signature recorded with the Company.
4. As per Article of Association of the Company, no person shall act as a proxy unless he himself is a shareholder of the Company.

(Authorized Signature)
RAK Ceramics (Bangladesh) Limited

Signature Verified



RAK Ceramics (Bangladesh) Limited

RAK Tower (7th, 8th & 9th floor), 1/A Jasimuddin Avenue, Sector-3, Uttara Model Town, Dhaka-1230.

Attendance Slip

Our proxy to attend and vote on my/our behalf at the 26th Annual General Meeting (AGM) of RAK Ceramics (Bangladesh) Limited will be held on Saturday, March 22, 2025 at 11:00 am (Bangladesh Time) at Pursuant to the Bangladesh Securities and Exchange Commission's Directives No. BSEC/CMRRCD/2009-193/08 dated March 10, 2021 and further BSEC Letter No. BSEC/ICAD/SRIC/2024/318/87 dated March 27, 2024; the ensuing 26th AGM of the Company will be conducted virtually by using digital platform through the following link <https://aqmbd.live/RAKCERAMICS2025>

Name of the Shareholder (s)/Proxy:

[illegible][illegible]

No. of Shares held by Shareholder:

No. of Shares held by Proxy holder:

Signature of the Shareholder(s) Proxy



RAK Ceramics (Bangladesh) Limited

RAK Tower (7th, 8th & 9th floor), 1/A Jasimuddin Avenue, Sector-3, Uttara Model Town, Dhaka-1230.

Option for Receiving Dividend

I/We
.....of.....
.....

being a shareholder of RAK Ceramics (Bangladesh) Limited, do hereby exercise my/our option to receive dividend in the following manner [please tick (√) in the applicable box]:

- ☐ a) In the form of Dividend Warrant
- ☐ b) Through online transfer to my/our bank account recorded with the Company

Information of the Shareholder (s):

BO ID No.

Mobile number:

.....
Signature Verified by

.....
Signature of the Shareholder (s)

.....
Authorized Signatory of the Company

Notes:

1. The form, duly completed, must be deposited at the Registered Office of the Company on or before March 12, 2025.
2. Signature of the shareholder(s) must be in accordance with the specimen signature recorded with the Company.
3. Number of shares, bank account details and address shall be considered final as provided by CDBL on record date, i.e. February 17, 2025.
4. Applicable service charge, if any, shall be borne by the shareholder(s) in case of payment of dividend through online transfer to the shareholder(s) bank account, as per BSEC notification.

ESG REPORT 2024



EMPOWERING SUSTAINABILITY
THROUGH ESG COMMITMENT

RAK
CERAMICS



EMPOWERING SUSTAINABILITY THROUGH ESG COMMITMENT

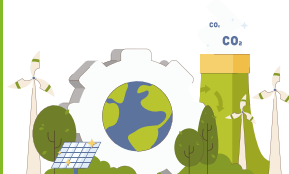
At RAK Ceramics (Bangladesh) Limited, we are dedicated to minimizing our environmental footprint through responsible resource management and waste reduction, fostering a safe and inclusive workplace, and upholding strong ethical standards. We aim to provide clear and comprehensive information to our investors, employees, customers, and the wider community about our sustainability initiatives and progress.

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the Chairman



environment

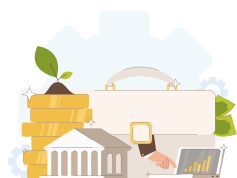


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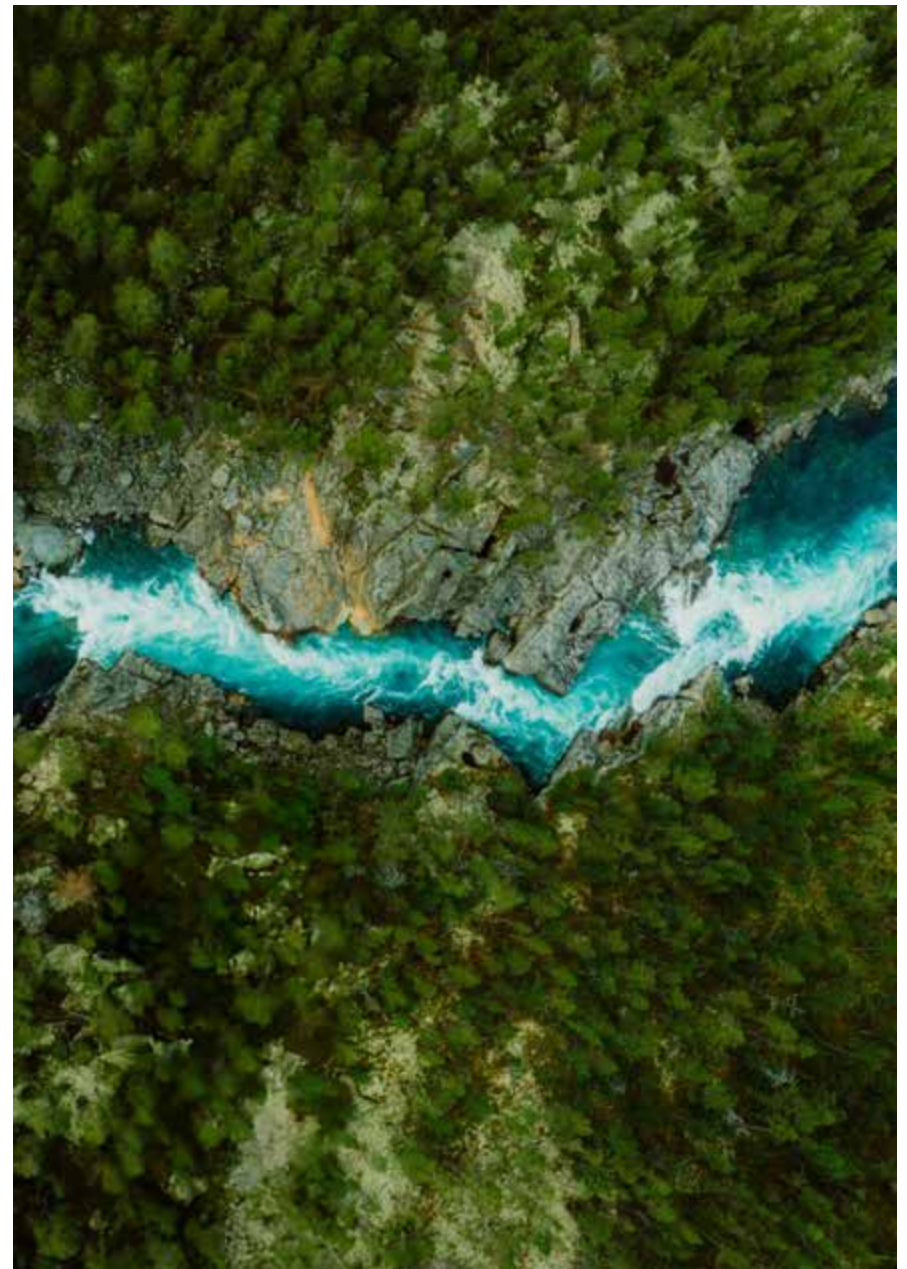
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MESSAGE FROM THE CHAIRMAN



Abdallah Massaad
Chairman

LEADING SUSTAINABLE GROWTH WITH RESPONSIBLE ESG MANAGEMENT

I am happy to present a progress update on our environmental, social and governance ("ESG") parameters for the year 2024, while also highlighting our future initiatives and course of action.

The importance of sustainability in the ceramics industry is equally relevant for Bangladesh as it is elsewhere in the world. The industry accounts for a percentage of greenhouse gas emissions, resource consumption and waste generation. The good news is that by embracing sustainable practices, we can reduce our carbon footprint and protect the planet's resources for future generations.

As a company that has pioneered the ceramics industry of Bangladesh, we understand the importance of sustainability in meeting the fundamental requirements of society. We were practicing the broad tenets of ESG even before they came into vogue, focusing on responsible stewardship of the business by aligning operational excellence with environmental sustainability.

Our success is rooted in our core values and practices and we have earned our customer's trust by delivering tangible results and exceeding their aspirations. This has been made possible with us adopting practices with a long-term view and in consideration of the needs of all stakeholders, including the planet.

We are proud to have expanded our reach and are excited to develop tiles

and sanitaryware that are an important part of the building products industry that enhance space aesthetics for a wide range of homebuyers and others. During stakeholder discussions, we received valuable inputs from investors, channel partners, vendors and employees, which enabled us to identify our focus areas as defined in our material matters.

Environmental progress for climate action and energy security will remain a high priority for us in the coming years. As we navigate through challenging times accentuated by deep geopolitical concerns and slowing global growth, we understand the need to continuously reinvent ourselves to leave a sustainable legacy for future generations.

We firmly believe in creating a sustainable world for people to live their dreams and we will continue to make efforts in this direction in a committed manner.

On behalf of our company, I wish to thank all our stakeholders for their trust and support.

Best wishes,

Abdallah Massaad
Chairman



SAK Ekramuzzaman
Managing Director

MESSAGE FROM THE MANAGING DIRECTOR

HARNESSING ESG PRINCIPLES FOR SHARED VALUE CREATION

As we embark on an era of transformation and growth, we are proud to report that our organisation has navigated through the challenging times and held the business steady amidst the uncertainties. We believe that a closer alignment to ESG principles is not just about good business but about adaptability and resilience too that lends credence to long-term sustainability.

Through our unwavering commitment to innovation and strategic planning, we have achieved success, having created value for the whole ecosystem associated with us. Be it our customers, investors, employees or society, we have strived to serve each of their needs and expectations to the best of our ability.

As we look to the future, we recognise that sustainable development is a key priority. We are committed to prioritising climate protection, energy management, health and safety, human rights, ethics, integrity and corporate governance, as well as customer engagement. Through these focus levers, we aim to not only deliver results but also to make a positive impact on the environment and the community.

In our efforts to promote inclusivity and diversity, we are proud to have a number of women working in our organisation. We keep our employee

interests at the front of our decisions, ensuring amicable industrial relations.

At the forefront of all our initiatives is our commitment to sustainability and we have successfully utilised conservation practices and initiatives across all facets of our organisation. Moving forward, we will implement our learnings to further reduce our carbon footprint and promote a more sustainable future anchored on shared value creation. We believe our focus on ESG principles will be our guiding light in all our endeavours.

As we reflect on our progress, we remain mindful of the complexities and will work hard to create strategies that enable us to overcome the challenges in our path of sustainable value creation.

I express my gratitude to our employees, customers, partners, financiers and statutory authorities for their continued support and we look forward to achieving continued success together in the future.

Sincerely,

SAK Ekramuzzaman
Managing Director

EXECUTIVE SUMMARY

A Foundation for the Future

RAK Ceramics (Bangladesh) is one of Bangladesh's largest and most admired and trusted ceramics company. With over 25 years of industry experience, the company has demonstrated strong brand presence and customer loyalty. Over the past five years, it has achieved significant sales milestones in both tiles and sanitaryware, reflecting its continued growth and market leadership. This achievement can also be attributed to the company's foundational principles of transparency, quality and a strong customer-centric approach.

The company's portfolio comprises an impressive range of ceramic and vitrified tiles and sanitaryware and accessories that are distinguished by their quality, durability and functionality.

The data disclosed in this report is based on company-wide environmental, social and governance indicators. Material areas are further evaluated based on their impacts on the economy, environment, people and human rights.

Throughout the reporting period, multiple initiatives were taken that showcase the company's unwavering dedication to sustainable practices. One standout area is the company's continued focus on energy conservation and optimisation that has enabled it to focus on its carbon footprint too, thus easing the environmental impact of its operations.

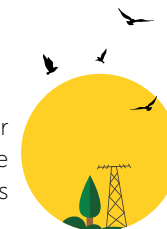
On the social front too, the company upholds an unwavering commitment to cultivating diversity and inclusivity within its workforce. The emphasis is also on training and awareness-building to reduce safety incidents and ensure occupational health and safety. The company continues to align to the mission of zero work-related injuries, fostering a safe and nurturing workplace and invoking cooperation from employees and workers.

Going into the future, our ESG commitments will further strengthen, propelling the company towards resilience and sustainable performance. We are geared to set and accomplish our internal targets in the forthcoming years, driving progress and shared value creation.

CERTIFICATIONS

Shaping a Better Tomorrow

At RAK Ceramics, we are committed to empowering progress for a better future. In line with this philosophy, we ensure responsible operational control that has been endorsed by the company's certifications as we uphold best practices across our organisation.



QMS ISO 9001:2015
(Validity: 17th July 2027)



EMS ISO 14001:2015



Renewed Environmental
Clearance Certificate



NOC For use of
underground water

ESG PRIORITIES

Delivering on our ESG Intent

RAK Ceramics is committed to sustainable development, working on ESG priorities related to its business and the context of Bangladesh's development needs. The company's track record of 25 years and its ability to serve new regions and meet the expectations of all stakeholders go hand-in-hand with the incorporation of sustainability in the various aspects of its operations, from manufacturing to the product portfolio and also in the culture of the organisation.



Through its ESG initiatives, RAK Ceramics also contributes to the achievement of the United Nations Sustainable Development Goals (SDGs), which reflect the priorities of society in aspects such as the fight against inequality, the depletion of resources and climate change.

We reaffirm our commitment to carrying out actions aimed at all-round business viability, as reflected in our sustainability value drivers.

RAK's Sustainability Value Drivers



environment



social



governance

- Environment management
- Water recycling and reuse
- Process optimisation
- Energy conservation
- GHG emissions
- Clean air
- Lifecycle assessment
- Decarbonisation and low-energy operations
- Air quality
- Waste management
- Green plantation initiatives

- Occupational health and safety
- Employee engagement
- Performance appraisal and retention
- Mission of zero accidents
- People, diversity and inclusion
- Labour practices and human rights
- Jobs creation
- Supply chain and sourcing
- Social uplift activities

- ESG governance
- Board diversity and quality
- Ethics and integrity
- Governance and compliance
- Shareholder relations
- Disclosure practices
- Risk governance

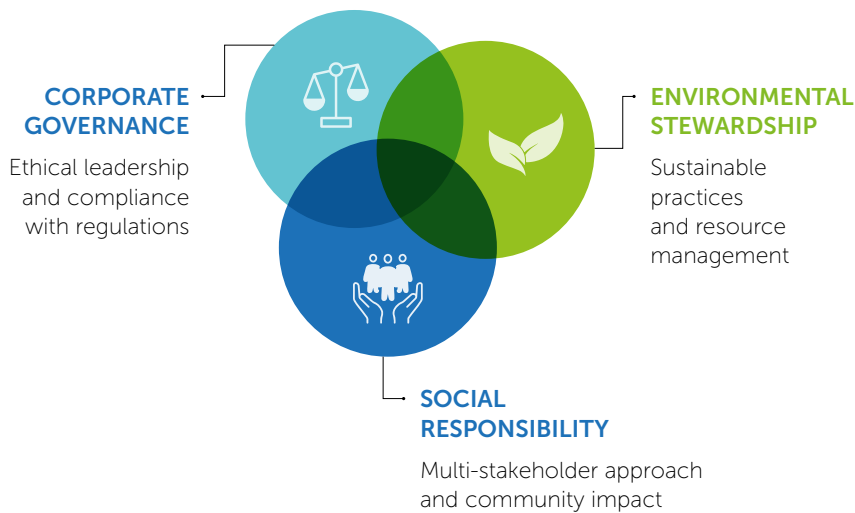
RAK's Sustainability Value Drivers



OUR ESG JOURNEY

At RAK Ceramics, we continue to move forward on our journey of excellence in ESG while strengthening our position in the trade and marketplace. This has enabled us to create value through ESG by managing risks, enhancing resilience and making a meaningful impact in our business ecosystem.

COMMITMENT TO ESG



ENVIRONMENTAL STEWARDSHIP



RAK Ceramics (Bangladesh) is a responsible organisation that strives to create a positive impact on the planet through its business and operations. One of our main goals is to be an environmental steward for the communities and ecosystems we operate within.

- Abdallah Massaad, Chairman



SDG contribution



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Environmental audits in past 2 years

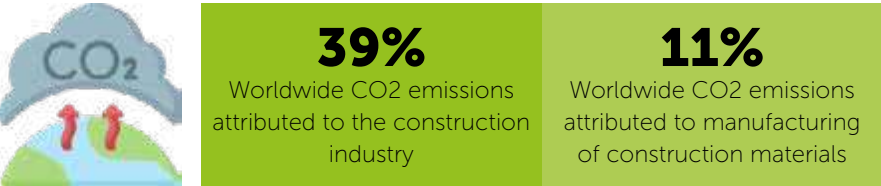


Committed to our Humble Efforts in Planet Conservation

Overview

The lifecycle footprint of a building is substantial, considering the extensive resource use and subsequent environmental consequences. With the world already surpassing pre-industrial levels by over one degree, the task of limiting the temperature increase to 1.5 degrees is proving to be a significant challenge without intervention. The real estate, construction and building material sectors are particularly vulnerable to heightened regulatory compliances and reputational risks stemming from climate change, resource scarcity, unplanned urbanisation, pollution and income inequality. There is an urgent need therefore to minimize and reverse the adverse impact of development.

At RAK Ceramics (Bangladesh), our environmental sustainability initiatives are strategically targetted to address these challenges. While our measures are still evolving in respect to the needs of our customers and our operating context, we remain committed to achieving resource efficiency, utilising responsibly-sourced materials and respecting the natural environment. Additionally, we employ various technological interventions too to actively reduce our environmental impact.



Source: <https://www.azom.com/article.aspx?ArticleID=22544>



Environmental Responsibility

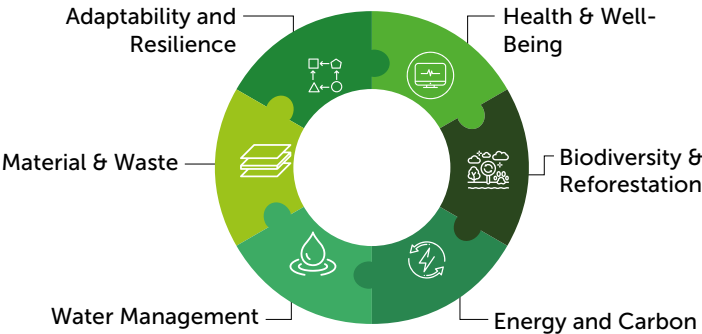
As a responsible, company, we believe in corporate stewardship of the environment. We nurture a culture of conservation that emphasises meticulous monitoring of resources and encourages innovation that aids in reducing the dependence on natural resources. We strive to use technology in this journey of resource conservation and we are also inspiring our supply chain to do the same. This is our way of reducing the life cycle adverse environmental impact of our products.

Our manufacturing facility is certified under the ISO 14001:2015 (Environment Management System), a renewed environmental certificate and an NOC for underground water use, attesting to our responsible resource management and stewardship practices. We conduct regular surveillance for re-certifications, as required.

In addition to this external certification, we also carry out internal examination and testing of our environment management system on a periodic basis to ensure continual improvement. While our business scenario was highly challenging in 2024, we continued to show emphasis on all-round environmental management - registering achievements while also remaining unproductive in some areas. Nevertheless, we are committed to continuous improvement and for us environmental management is not a destination but a journey of progress.

Sustainable Practices

RAK's Comprehensive Environmental Sustainability Strategy



Key focus areas



Health & well-being:

To prioritise health and well-being of our employees and communities by ensuring a safe area around our plants through controlling emissions and guarding air pollution.



Biodiversity & reforestation:

To value the importance of preserving the green environment and planting native tree species to build back the green cover.



Energy & carbon:

To incorporate energy-efficient systems and technology to lower our carbon footprint.



Water management:

Efficient water management is a top priority and we ensure harvesting and reuse systems and water-efficient fixtures to conserve water resources.



Material & waste:

To adopt responsible material sourcing and waste management, prioritising the use of eco-friendly and sustainable materials while implementing waste recycling initiatives.



Adaptability & resilience:

To adopt future adaptability and resilience by designing our operations with a long-term perspective, integrating sustainable materials and ensuring lifecycle assessment.

Sustainability is not just a choice but a responsibility we uphold. Through our commitment to our core areas of focus, we shape a more sustainable future for our stakeholders and the planet, leaving a lasting positive impact.

a) Energy Management

Energy is a vital aspect of our operations. We are committed to measuring, managing and optimising our energy consumption, in line our objective to reduce our organisation’s carbon footprint. We have implemented several processes and measures in energy management and are focused on making progress every day.

Energy-efficiency measures

We have a dedicated R&D setup that enables us to engage in process and shop-floor innovation and optimisation measures to optimise energy consumption as much as possible. This is all the more important from a national perspective as conservation of natural gas (NG) is a critical requirement in light of depletion of gas reserves in the country and the need for energy diversification to support sustained

production and industrialisation that are vital for the economy.

During the year in report, we ensured machinery renovation and refurbishment through modernisation and also replaced some old machinery with imported new and more efficient machinery. This boosted our production efficiency. We also achieved heat recovery from K-1 to HD-1, which resulted in energy savings.

Few of the other measures we undertook include:

- Reliance on captive power to help reduce natural gas consumption
 - Re-use of recovered hot air enabling thermal energy savings
 - Installation of Variable Frequency Drive (VFD) for energy savings
 - Employee awareness sessions
- Factory and office lighting management through efficient light fixtures
 - Process optimisation
 - Raw material resource blend optimisation
 - Use of energy-efficient equipment

Key stats

Parameter	2023	2024
Natural gas (m3)	2,77,55,361	2,33,71,981
Diesel (Litres)	3,16,877	2,86,712
Electricity consumption (kWh)	4,84,15,162	4,28,92,207
Electricity generation (kWh)	4,86,86,160	4,11,72,620

Going forward, we will continue to take steps to enhance energy-efficiency and ensure operational excellence across our manufacturing establishment.

b) Emissions and Air Management

Measuring air emissions and other environmental pollutants through our operations help ensure compliance with applicable regulations. At our office and plant site, we use DG sets for power back-up and this could be a potential source of air emissions. However, our DG sets are placed in an enclosed designated area as per specifications. Emissions include particulate matter, oxides of sulphur (SOx), oxides of nitrogen (NOx), etc.

Greenhouse gases (GHGs) comprising carbon dioxide, methane and nitrous oxide are released into the earth’s atmosphere when carbon-based fuels are combusted, contributing to climate change. GHG emissions fall into one of three categories: Scope 1, Scope 2, or Scope 3. As per the indicated Greenhouse Gas Protocol:

- **Scope 1** emissions are any GHGs directly emitted from sources controlled or owned by an organisation
- **Scope 2** emissions are those that result from purchased electricity
- **Scope 3** emissions encompass any GHG produced by the organisation but not directly owned or controlled by it.

There are multiple solutions we have adopted that help reduce emissions across all scopes through the deployment of best practices and other initiatives that are a result of our longstanding experience in the business. Carbon footprint reduction is an organisation-wide effort and our teams have focused on curtailing emissions through various ways, including by switching physical events with virtual as much as possible.

With reduction in tiles and sanitaryware (SW) production, our NOx/SOx emissions have reduced YoY in 2024 too, which nevertheless represents our initiatives in emission management. Over the future, we will take a closer look at our Scope 1, 2, and 3 emissions in detail and chart a strategy for setting targets and commensurate initiatives.

Key stats

Parameter	2023	2024
SOx (µm/m³)	34	22
NOx (µm/m³)	28	16

c) Resource Management, Alternate Materials and Recycling

Proficient and ideal utilisation of assets and materials are essential to our operations. The manufacturing industry is highly resource intensive and we are mindful of the impact we create.

Our endeavour is to utilise raw materials and resources that are safe and highlight responsible procurement. We look for locally available resources as much as possible to reduce embodied energy. Resource efficiency of manpower is also considered based on the elements of productivity.

In a major development of the year, we switched from plastics to eco-friendly materials, while keeping our brand image intact. We also placed emphasis on sustainability-focused (LEED-

certified) products. Further, as part of our localisation efforts, we commenced procurement of local potash replacing it with imported potash in body formulations without compromising on end-product quality.

Some of the other initiatives taken include:

- ETP, green scrap, fired tile and sanitary crush utilisation in body formulation, ensuring zero disposal
- Reduction of in-process wastage with concurrent focus on re-utilisation of produced wastage
- Thickness equalization to 9 mm that aided resource conservation
- Reuse of lube oil to the extent possible

Key stats

Parameter	2023	2024
Used oil (Lube oil) (Litres)	13,578	12,313
% of recycled raw materials used	14%	15%

d) Water & Effluents

Water is a vital shared resource, especially in manufacturing activities, and its usage must be managed carefully to minimise environmental impacts. We prioritise water conservation as a crucial step towards environmental sustainability and strive to be a

responsible corporate safeguarding the importance of planetary resources.

Water recycling and reuse play a role in manufacturing for reasons such as conserving freshwater resources, cost-saving, environmental sustainability,

fostering positive community relations, enhancing drought resilience and ensuring compliance with regulations. We thus prioritise water recycling and reuse, with our practices certified and endorsed by regulatory authorities that have provided us with an NOC for underground water use.

We have implemented measures to reduce water consumption, including:

- Installing water-efficient plumbing fixtures
- Storing and re-using rainwater for plantation applications
- Using an Effluent Treatment Plant (ETP) to treat wastewater and reusing it for domestic applications

These measures have contributed to responsible water management and environmental sustainability across our organisation.

Key stats

Parameter	2023	2024
Water consumption (m3)	3,74,047	3,49,867
ETP-treated water (Lakh litres)	1,589	1,313

e) Reforestation & Biodiversity

We prioritise ecosystem integration to avoid negative impacts on any life forms associated with the land. We engage in tree plantation and green cover enhancement activities as a prerequisite to ensure our operations take into account the needs of the planet and surrounding communities.

Tree plantation

Environmental preservation and sustainability are of core importance to us. To restore the green cover and re-balance the ecosystem, we engage in tree plantation activities. This approach allows us to expand the green cover and contribute to ecosystem conservation.

Our tree plantation efforts align with our sustainability goals, recognising the multiple benefits trees offer, including mitigating the heat island effect, supporting biodiversity and providing shade and fresh air. By engaging in tree plantation, we augment nature and green spaces, demonstrating our commitment to responsible practices

and preserving nature for the well-being of adjacent communities.

World Environment Day 2024

As part of our commitment to the environment and our natural surroundings, we take effort to ensure harmony between the natural built environments. We thus observed World Environment Day 2024 with the inspiring slogan of "Our land. Our future. We are #Generation Restoration". The theme comprised land restoration, desertification and drought resilience. We organised various tree plantation and awareness-building activities, engaging over 1,400 employees and others in this endeavour.



“করবো ভূমি পুনরুদ্ধার, রুখবো মরুময়তা
অর্জন করতে হবে মোদের খরা সহনশীলতা”



SOCIAL RESPONSIBILITY



RAK Ceramics (Bangladesh) is committed to upholding social equity and human rights. Our employees and workers are at the core of our business—promoting their rights and wellbeing is a duty that we conduct and strive to fulfill. We also engage with our suppliers and customers to jointly perform better on sustainability.

- **SAK Ekramuzzaman,**
Managing Director



SDG contribution



1,085 mn
Employee wages (BDT)



Upholding our Social Responsibility

Overview

We acknowledge the pivotal role that our employees play in driving our strategic goals that ensure we remain at the forefront of the industry. Our workforce is responsible for delivering high-quality products and services and ensuring the long-term success of our business. We strongly believe in investing in the well-being and professional growth of our employees.

We are committed to creating a work environment that fosters employee engagement, satisfaction and retention. Our dedication to supporting our employees with empathetic and pragmatic strategies enables them to perform at their best. We cultivate future leaders by creating a culture of learning, collaboration and innovation. We further lay focus on the health and safety of our employees and our initiatives reflect our commitment to employee well-being.





Our Employees, our Key Asset

A diverse and inclusive workforce is essential for achieving our ESG and sustainability goals. We are committed to providing equal opportunity and creating an environment where everyone feels valued and respected. We make conscious efforts to maintain a safe and supportive environment for our workforce across our office and showroom sites.

We believe in creating a supportive work environment that encourages growth, learning and equal opportunities for all employees. As we continue to expand our operations, we remain committed to attracting and retaining top talent while promoting gender diversity in our workforce.

In the fiscal year 2024, we had a total of 1,791 employees. Gender diversity has largely remained consistent with about 2.2 percent of our factory workforce comprising female employees.

a) Occupational Health and Safety

Health and safety are of paramount importance. We ensure that our employees and workers have access to a safe and healthy workplace. All our people and workers are expected to adhere to our safety standards and mandated to equip themselves with personal protective equipment (PPE). Still, we conduct regular shop-floor training and awareness-building sessions as well as uphold the importance of specific days dedicated to safety.

- We observed “World Day for Safety and Health at Work 2024”, engaging 600 people in training activities, etc.
- We celebrated “Safety Week 2024” and provided extensive training to employees during the course of the week
- We organised a fire drill in 2024 that saw participation of 400 people, including our female employees
- We arranged half-yearly Fire Safety Training by FSCD, covering the requirements of BLR, 2015, Clause 55-10 (10) of getting at least 18 percent of our workforce trained and certified in firefighting, first-aid and rescue training by FSCD. The key objective of the training was to raise awareness on workplace fire hazards

and acting safely in the event of an emergency fire situation, including selecting and using the correct fire extinguishers

Worker participation is crucial for effective occupational health and safety. Empowering workers through information, training and involvement in decision-making enhances their contribution. The company engages workers through consultations, discussions and meetings, encouraging feedback.

Key stats

Parameter	2023	2024
Safety trainings	63	52
Safety training in manhours	8,134	15,748
Lost Time Injury Rate (LTIR, %)	3.79	4.95
Safety initiatives	513	460
Unsafe acts & conditions closure rate (%)	57.52	65.72

b) Employee Engagement

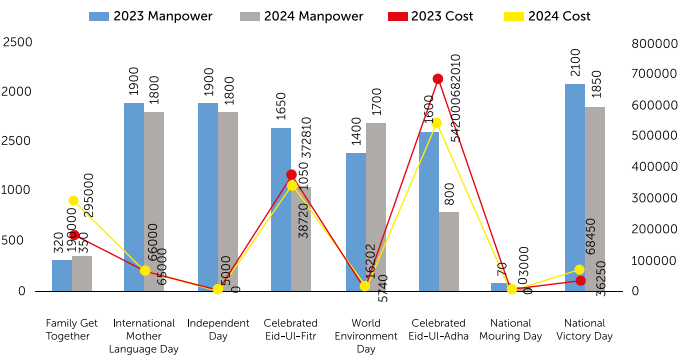
Employee engagement activities help build the culture in the organisation and fosters trust and transparency among employees. Through such engagements, employees feel cared for and take pride in identifying with the organisation. It also helps improve employee retention. We organise several programs for our employees, which include celebrations and other fun engagement activities.

Employee benefits serve as a key indicator of our commitment to our workforce. We believe that the nature and quality of benefits provided play a role in employee retention and are instrumental in achieving our organisation’s business objectives. By offering attractive and meaningful benefits, we demonstrate our investment in the well-being and satisfaction of our employees, fostering a strong and motivated team that contributes to our collective success.

We organised many employee engagement programs in the year 2024:

- Family get-together
- Eid-ul-Azha celebrations
- International Mother Language Day observance
- World Environment Day observance
- Independence Day celebrations
- National Mourning Day observance
- Eid-ul-Fitr celebrations
- National Victory Day observance

Employee engagement programs, 2024



c) Employee turnover

We are committed to retaining our employees and promoting a healthy and stable work environment. However, employee turnover is an inevitable aspect of any organisation and we strive to maintain a balance between retaining our employees and providing opportunities for their growth. To retain top talent and enhance employee satisfaction, we implement strategies such as competitive compensation, career development opportunities and a positive work environment. These efforts align with our sustainability objectives.

Despite competition in the industry, we have been able to retain our talent and control attrition. Efforts to further reduce attrition have been initiated which would reflect in the subsequent years.

Key stats

Parameter	2023	2024
Employee turnover (%)	8.80	13.70

d) Diversity and Inclusion

Diversity and inclusion are fundamental to our organisational commitment. Embracing diversity in all aspects fosters a culture of innovation, creativity and equal opportunity. We promote diversity and inclusion, ensuring fair representation and equal treatment and creating an inclusive workplace. This fosters collaboration, enhances employee well-being and drives sustainable business performance.

e) Community Engagement and CSR

At the core of our business lies our commitment to positively impact the planet and its people.

We engage in corporate social responsibility (CSR) to drive positive change and sustainable development. We partner with various organisations to undertake projects, including empowering vulnerable communities, healthcare support and promoting environmental sustainability. These have led to improved healthcare access, enhanced education opportunities and environmental conservation. Complying with regulations and upholding ethical CSR practices, we make a positive impact on society and contribute to a better future through collective efforts.

Going forward, we are committed to transforming lives through sustainable support systems, focusing on providing an uplift opportunity for fence-line communities, etc.

Key stats

Parameter	2023	2024
CSR expenses (BDT mn)	4.79	2.33

f) Supply chain

Our focus is to enable our value chain partners to perform well on sustainability, while we follow a robust due-diligence process during supplier onboarding. Our procurement emphasis is based on price, quality, availability and localisation. In dealing with our supply chain, we address topics such as business integrity, fair competition, responsible sourcing, etc. We also focus on enabling suppliers to improve the sustainability of their own operations, thus improving our overall supply chain sustainability performance.

CORPORATE GOVERNANCE



We are committed to maintaining a corporate culture that respects the principles aimed at promoting, protecting and supporting the ethical conduct of the business. We focus on our policies and procedures that support sustainable operations of the business and have a multi-stakeholder approach that strengthens our commitment to create value for all.

- SAK Ekramuzzaman,
Managing Director



SDG contribution



5

Members
on the
Board



Integrity and a Culture of Compliance

Overview

RAK Ceramics (Bangladesh) believes in good governance as foundational of sustainable growth. We follow best practices in both ESG and general management of our concern. We always look forward to strengthening our policies and procedures for better governance outcomes. Our management of the business is rooted in ethics and integrity that underpins our longstanding commitment of following the highest corporate compliance and regulatory standards, including total compliance with applicable legal provisions.

We have a solid track record extending 25 years, supported over the years by our corporate governance principles and standards. Listed on the Dhaka Stock Exchange since the year 2010, the company adheres to the stock market and security (BSEC) legislations. This ensures that the company's decisions strengthen its position over time and generate value for all stakeholders, including investors.

As part of our commitment to ethics and compliance, we believe in responsible business conduct. We recognise that ethical conduct and compliance are not merely regulatory obligations, but foundational pillars of our ethos and

long-term viability. As a testament of our dedication to maintaining high standards of integrity and transparency, we have implemented policies and procedures that govern all aspects of our operations.

Our commitment extends beyond adherence to legal requirements, aiming to foster a culture of honesty and ethical behaviour that influences every decision we make.

Our Board and leadership are compliant with corporate regulations - both internal and external - and this is an affirmation of the company's policy of strict compliance with all legal and statutory requirements.

a) Code of Conduct

The key constituents of ethical business principles are enshrined in our Code of Conduct.

The Code of Conduct applies to all our Directors and management personnel. It defines how we win with integrity and it is our roadmap for making good decisions that will serve us well over the long-term. The code defines the values and principles upon which we operate our business, compete in the marketplace and serve our customers. Our Code of Conduct

thus guides decision-making which leads to harmonised governance and responsible stewardship. The Code of Conduct is available on our corporate website.

Further, the company proactively monitors changes in policy as well as any forthcoming legislation. A range of policies and procedures have been adopted, as required, to be formulated under the relevant regulations, which are reviewed and updated in a timely manner.

b) Whistleblower Mechanism

We have a whistleblower mechanism which enables Directors and employees to report concerns with reliable evidence about unethical behaviour, actual or suspected fraud, or violation of policies to the Audit Committee/ Company Secretary. All complaints lodged under the purview of this policy and the action taken thereon are reported to the Board of Directors.

c) Dignity and Human Rights

We are committed to conducting the business in an ethical and responsible manner, including by carrying out our business activities in a way that respects and supports the protection of human rights through elimination of discrimination in employment, prohibition of child and forced labour and eradication of harassment in the workplace.

We value the dignity of every employee, regardless of gender or rank, and we expect that all employees behave responsibly at every level. Ensuring a safe and welcoming work environment is a fundamental part of the company's employment policy.

In addition to the existing whistleblower mechanism, we also have a grievance redressal mechanism for all employees and workers, giving them an accessible and fair platform to articulate and resolve their grievances with a proviso that malafide grievances designed to defame any employee/worker will attract disciplinary action. We have a similar grievance redressal system for our investors too, enabling them a platform to voice their issue/s with our focus on quick and satisfactory resolution.

d) Board, ESG Governance and Oversight

At the apex of the company, the Board of Directors of RAK Ceramics (Bangladesh) defines the company strategy, approves the annual budget and reviews the operational performance and results for which the management team is responsible, and ensures compliance with all applicable regulations and legislations.

During 2024, the Board comprised 5 Directors, all eminent individuals with a long business career and diverse experience in large organisational management. The Directors' strong experience enable them to understand and manage the main risks and trends related to the company's business for better decision-making and stewardship.

We have 2 Board Committees that assist the Board in discharging its duties. These include:



- **Audit Committee**
The terms of reference of the Audit Committee have been determined by the Board, as per the Corporate Governance Code, 2018 (CG Code, 2018) of Bangladesh Securities and Exchange Commission, dated June 03, 2018.



- **Nomination and Remuneration Committee (NRC)**
The terms of reference of the NRC have been determined by the Board, as per the Corporate Governance Code, 2018 (CG Code 2018) of Bangladesh Securities and Exchange Commission, dated June 03, 2018 and amended on November 20, 2023.

Our governance framework adheres to best practices by incorporating ESG considerations into our business decisions. This approach ensures that ESG performance monitoring and decision-making are integrated at various organisational levels. The Directors provide strategic guidance for our sustainability initiatives.

Further embedding ESG aspects and risk management, an enterprise risk management framework has been established within the company. This is designed to empower employees to report any identified risks, escalating these concerns through the organisational hierarchy. The risk management framework and system enables the assessment, prioritisation, escalation and management of risks.

Strategies for managing significant risks, including those related to climate and other business sustainability/environmental issues, are discussed by the leadership. The Board reviews and approves strategic priorities, action plans and risk mitigation strategies. The company's business plan includes guidelines that promote a sustainable business model and foundational strategies for long-term value creation.

In view of the considerable challenges of 2024, the Board's focus gravitated on further resilience-building and business continuity. Risk identification and management are important aspects of this new approach.

We are committed to follow good corporate governance practices, which include having professional Directors on the Board, adopting pragmatic policies, effective systems and procedures, and subjecting business processes to audits and checks compliant with the required standards.

e) Disclosure Practices

We take care of all the disclosure requirements as mandated by BSEC and other regulators, including financial position/performance of the company, shareholding pattern, corporate governance, as well as event-based disclosures, including material developments in the business, by way of announcements to the stock exchange and dependent on the company's judgment with respect to materiality. The additional disclosures as required by BSEC for a listed company are made through the Annual Report of the company which is the most important communication with shareholders and investors.

f) Economic Impact

As a manufacturing concern, we have a vital role in economic growth at the local, regional and national levels. We contribute to this impact through various means, including creating employment opportunities, both directly and indirectly, generating spending in the economy, contributing to tax revenues, boosting property (asset) value and facilitating wealth creation.

Detailed information on our financial performance and audited financial statements is made available in this Annual Report.

Key Stats		(BDT in mn)
Parameter	2023	2024
Employee wages and benefits	1,141.75	1,085.08
Payments to suppliers	5,621.55	4,965.76
Payments to government	3,293.64	3,003.46
CSR expenditure	4.79	2.33
Dividend to shareholders	427.97	427.97



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