

STRATEGIZING EFFICIENCY BRAND AND PEOPLE

ANNUAL REPORT 2025



RAK
CERAMICS



STRATEGIZING EFFICIENCY BRAND AND PEOPLE

RAK Ceramics (Bangladesh) Limited has evolved into a benchmark for innovation and operational distinction, strengthened by long-standing experience and continuous improvement. With this position, the Company remains steadfast in its pursuit of sustainable growth, driven by resilience, discipline and a resolute commitment to excellence. As we move into the year ahead, our focus remains on enhancing operational efficiency, consolidating brand leadership and advancing people-centric growth. Our ambition is to lead in business performance, elevate brand value and be recognised as the employer of choice in the industry.

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LUXURY That Stands the TEST OF TIME



INTRODUCTION



Balancing structural strength with sustained expansion, RAK Ceramics has reinforced its position the country's leading ceramics manufacturer.

Our progress is anchored in an uncompromising commitment to quality, continuous innovation and operational excellence. Backed by robust manufacturing infrastructure and a skilled workforce, we remain agile in responding to evolving market dynamics and consumer trends. This resilience enables us not navigate industry challenges and strengthen our competitive edge.

Annual Tiles Capacity mn sqm	Annual Sanitary ware Capacity mn pieces	Total Employees	Active Dealers	Revenue BDT mn	Gross Profit BDT mn	Gross Profit Margin
10.32	1.45	2,028	183	7,373.30	972.87	13.19%

ABOUT THIS REPORT

At RAK Ceramics (Bangladesh) Limited, financial year 2025 was one of strategic recalibration. Aligned to this, our report documents not just our performance but also the progress achieved under many challenging odds. It also shines a light on our transformation plan that we expect to progressively roll-out in 2026 and beyond.



Reporting Approach

The Integrated Annual Report 2025 serves as a concise and analytical document, offering insights into the strategic objectives, business model, future outlook, and ESG principles and impacts of RAK Ceramics (Bangladesh) Limited ("RAK Ceramics (Bangladesh)" or "RAK" or "the Company"). Aligned with the corporate business strategy, the report also addresses material issues that govern our capacity to deliver stakeholder value.



Scope and Boundary

The report presents information for the financial year ended 31 December 2025. Disclosures in this report comprise that of the core ceramics business of RAK Ceramics (Bangladesh) Limited, the flagship entity, as well as those of its subsidiary companies RAK Power Private Limited and RAK Security and Services (Private) Limited.



Frameworks

This report aligns to the principles of IFRS Foundation's Integrated Reporting Framework, showcasing information in a manner suitable for all stakeholders. The report preparation process has also been influenced by the following frameworks:

- International Financial Reporting Standards (IFRS)
- The Companies Act, 1994
- Regulations of Bangladesh Securities and Exchange Commission (BSEC)
- The Sustainable Development Goals (SDGs)
- Other applicable laws, rules and regulations



Report Control

- The report content has been reviewed by the Management under the guidance of the Managing Director, with governance oversight by the Board of Directors.



STRATEGIZING EFFICIENCY BRAND AND PEOPLE

Financial year 2025 was a period of disciplined recalibration for our organisation. Against a challenging operating environment marked by cost pressures, uncertain energy supply and demand moderation, the Company responded with clarity towards building structural competitiveness for sustainable performance recovery. In this regard, the theme Strategizing Efficiency, Brand and People reflects three conscious strategic levers formulated to strengthen structural resilience and long-term competitiveness across the enterprise.

Our efficiency initiatives are centred on operational optimisation, cost discipline and improved inventory and working capital management to protect margins and enhance productivity. Brand strategy is focused on portfolio refinement and premiumisation to augment value realisation and reinforce our market standing as a leader and pioneer in Bangladesh’s ceramics industry. At the same time, investment in people capability, leadership alignment and safety standards are aimed to build a stronger and more disciplined execution culture across the organisation.

Together, these pillars represent a cohesive transformation agenda to not just navigate cyclical volatility but to emerge more agile, resilient and structurally prepared for business recovery and performance delivery in the years to come.

Mapping our journey 2024 → 2026

2024 REALITY	2025 RESPONSE	2026 ASPIRATION
- Margin challenges - Demand softness - Low KPIs alignment	- Drive for cost and capacity optimisation - Product enrichment - Capability building and worker safety focus	- Building structural efficiency - Portfolio premiumisation - Performance and execution-oriented culture

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairperson
Abdallah Massaad

Managing Director
SAK Ekramuzzaman

Directors
Manoj Uttamrao Ahire
Pramod Kumar Chand
Wassim Moukahhal

Independent Director
Mohd. Shafiul Azam
Md. Obayed Ullah Al Masud

Chief Executive Officer
Sadhan Kumar Dey

Company Secretary
Muhammad Shahidul Islam FCS

General Manager- Finance & Accounts
Mohammad Samsul Arefin FCMA

AUDIT COMMITTEE

Chairperson
Mohd. Shafiul Azam

Members
Manoj Uttamrao Ahire
Pramod Kumar Chand
Wassim Moukahhal

Secretary
Muhammad Shahidul Islam FCS

Head of Internal Audit and Compliance
Md Shariful Islam ACCA

NOMINATION AND REMUNERATION COMMITTEE

Chairperson
Mohd. Shafiul Azam

Members
Pramod Kumar Chand
Wassim Moukahhal

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

Legal Advisor
Barrister Margub Kabir

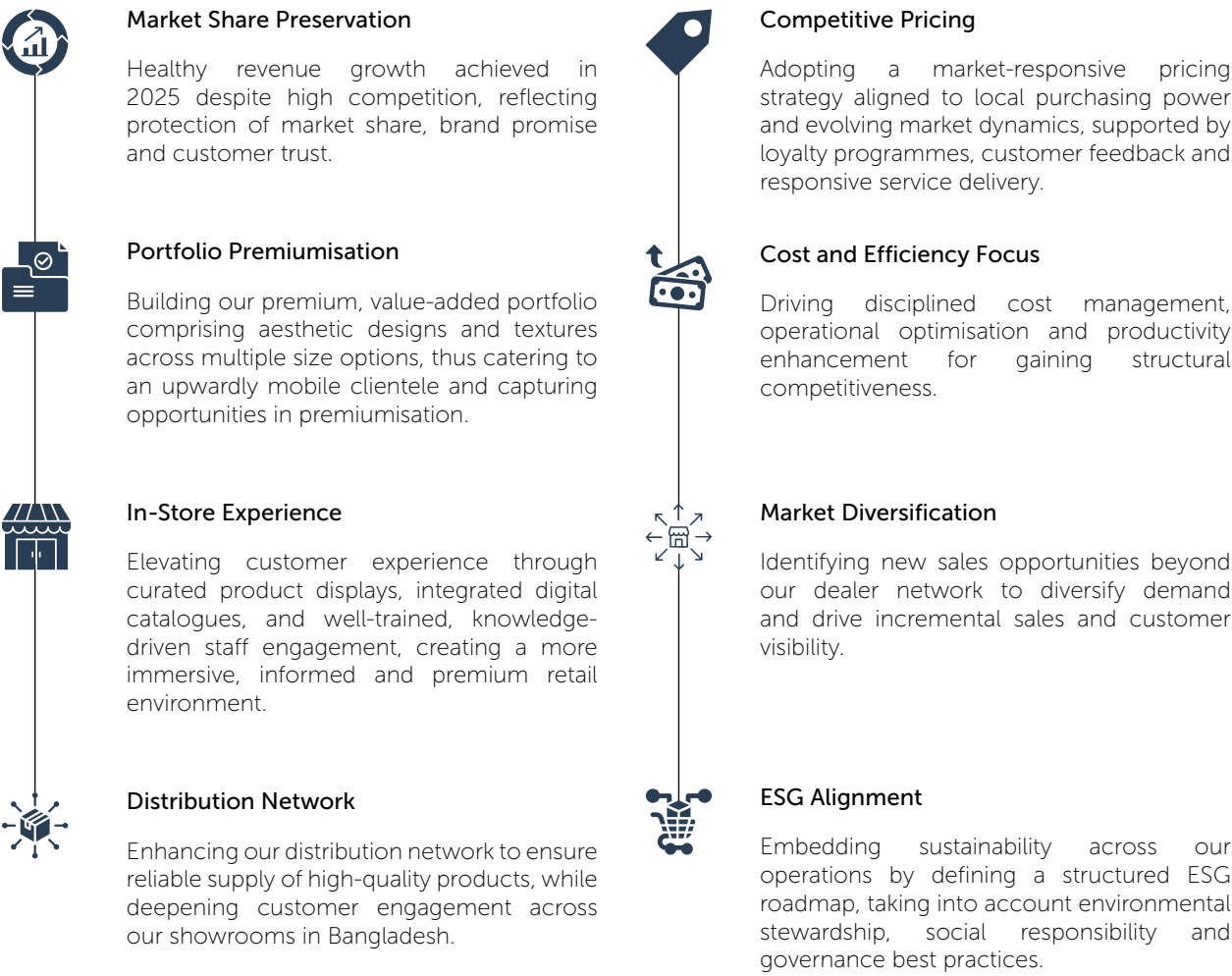
Registered Office
RAK Tower
(7th, 8th & 9th floor)
1/A Jasimuddin Avenue, Sector 3, Uttara Model Town
Dhaka 1230, Bangladesh.
Phone: +88 (02) 58957393, 58952303
Fax: +88 (02) 58957096

Factory
Dhanua, Sreepur,
Gazipur, Bangladesh

Website
www.rakceramics.com/bangladesh

OUR LONG-TERM VALUE PROPOSITION

RAK Ceramics’ value proposition is anchored on disciplined growth, operational execution and business goodwill that we will further build through a sustained focus on innovation, brand-building, manufacturing and market expansion that will build our competitiveness across industry cycles and unlock value for the Company and its stakeholders. Key levers of our long-term value proposition are described below:



What Differentiates Us

- Access to the global R&D platform of RAK Ceramics Group
- Wide portfolio spanning multiple SKUs under both tiles and sanitaryware
- Portfolio tilted towards customer purchasing power and market dynamics
- Strong distribution capabilities and brand recognition
- Robust and ongoing customer engagement through loyalty programs and post-sale service support
- Workforce stability through rewards and retention

FIVE KEY DECISIONS WE MADE IN 2025

A quick read of the section

The decisions we took worked together to enable:

1. Prioritisation of value over volume
2. Enhanced focus on design thinking and leadership
3. Operational maturity through asset de-bottlenecking
4. Institutional strength through governance and risk control
5. Responsible growth by embedding ESG into our operations

DECISION 1 - PORTFOLIO REPOSITIONING

What we Decided to do

We chose to lead the shift in the ceramics market by transforming our portfolio, surface technologies, design language and consumer engagement, positioning our range at the premium and aspirational end rather than competing just on volume.

Why this Mattered

Consumer expectations are evolving fast, while margin pressure in the mid-market continues to intensify. Remaining anchored to volume-led growth would have diluted brand equity and constrained long-term value creation. Hence, premiumisation was a strategic choice to protect relevance, pricing power and design leadership.

What this Required

This decision required sustained focus on design development, advanced surface finishes, premium SKU launches, showroom upgrades and deeper engagement with architects, real estate developers, interior designers and retail consumers.

Early Indicator: Premium and value-added SKUs increased to 48% of the portfolio.

Long-Term Value

In our focus on differentiation, we are building a brand with stronger margins, deeper customer loyalty and a more defensible market position, creating sustainable value beyond market cycles.

DECISION 2 - OPERATIONAL EFFICIENCY

What we Decided to do

We focused on improving operational efficiency and cost discipline across our manufacturing rather than pursuing aggressive capacity expansion. This was necessary amid high competition and an uncertain market environment.

Why this Mattered

Volatile energy prices, infrastructure constraints and fluctuating demand made capacity-led growth increasingly risk-prone. Hence, protecting margins and reliability became more critical than adding volume.

What this Required

This decision required process optimisation, kiln efficiency improvements, energy-use monitoring, maintenance discipline and workforce upskilling that are key internal factors that helped us navigate the challenging conditions.

DECISION 3 - DEEPENING ENGAGEMENT WITH DECISION-MAKERS

What we Decided to do

We pivoted beyond transactional sales by building early-stage engagement with architects, designers and real estate players, positioning us as a full-scale solutions provider catering to modern needs and requirements.

Why this Mattered

We find that influence over material selection occurs primarily at the design stage and not at the point of purchase. Hence, early engagement was critical to showcase brand differentiation and prevent commoditisation.

What this Required

This decision required stronger technical advisory capabilities, curated design resources and physical and digital platforms that supported collaboration rather than retail-only selling.

Early Indicators: Professional engagement initiatives conducted: 30.

Long-Term Value

Early specification builds durable demand, reduces price sensitivity and embeds RAK Ceramics into the built environment, positioning us as the preferred point of reference in the market.

DECISION 4 - STRENGTHENING GOVERNANCE, RISK CONTROL AND TALENT DEPTH

What we Decided to do

We bolstered our governance framework, risk discipline and people capabilities to strengthen the pillars of our long-term growth.

Why this Mattered

As the market leader, operational scale and stakeholder expectations demand higher levels of transparency, internal control and leadership continuity.

What this Required

This decision required clear accountability, enhanced internal controls, leadership development initiatives and talent planning.

Early Indicators

- Training hours per employee increased to 21,703 man-hour
- Governance and compliance assessments completed: 100%

Long-Term Value

Strong governance and talent depth will protect the organisation through market cycles and enable long-term consistency in growth trends.

DECISION 5 - SUSTAINABILITY AT THE CORE

What we Decided to do

We integrated sustainability into everyday manufacturing over treating it as a standalone compliance or reporting function.

Why this Mattered

Rising energy costs, regulatory scrutiny and customer expectations has made sustainability a business imperative. Treating it as peripheral would have limited both impact and accountability.

What this Required

This decision required sustained thrust on energy efficiency, water recycling, waste reduction and emissions monitoring.

Early Indicators

- Water recycled as a share of total usage reached 51.20%
- Waste reuse rate improved to 8.99%

Long-Term Value

Setting sustainability into our core manufacturing will strengthen operational resilience, regulatory readiness and brand credibility, ensuring relevance amidst more stringent sustainability criteria and ESG standards.

INSIDE THE FACTORY

Committed to Predictability and Performance

Our factory is not just a production hub but a center of operational excellence. Beyond making tiles and sanitaryware, we focus on predictability, efficiency, scale and reliability. Every improvement, system upgrade and process innovation ensures that our manufacturing runs as per expectations, delivering quality products aligned to our specifications.

Advanced Production Planning

We have implemented integrated production planning that allows us to anticipate demand, optimize machine usage and reduce bottlenecks. We try to link market planning with factory schedules, enabling improved inventory management and timely delivery across our showrooms.

Predictive Maintenance

Downtime impedes predictability and enforces business disruption. Our factories use modern predictive

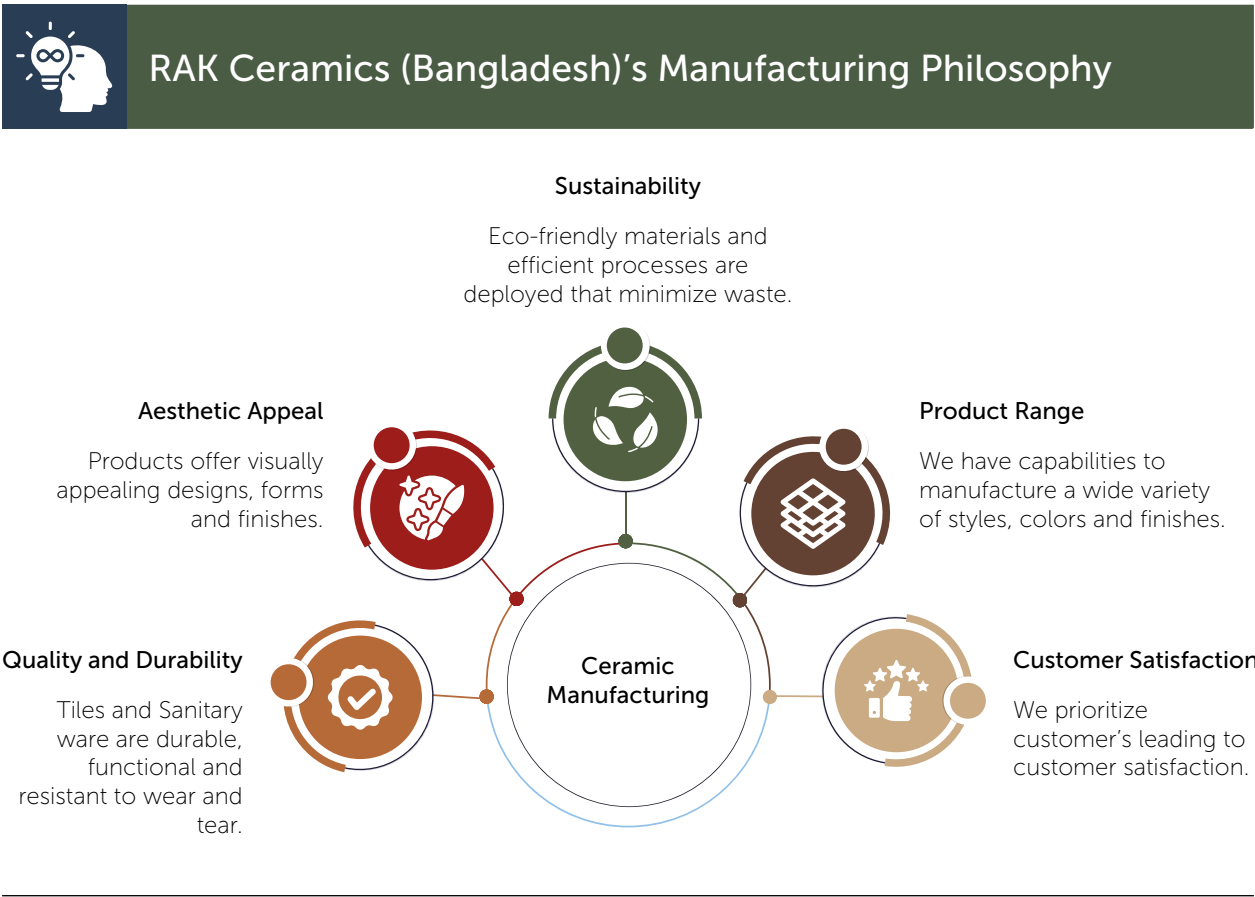
maintenance to detect potential failures before they occur. This approach has reduced unplanned stoppages and improved operational reliability.

Standardized Processes and Continuous Improvement

Consistency spawns from standardised workflows and continuous improvement. Through our cutting-edge methodologies we identify inefficiencies, eliminate variability and streamline operations, making production more predictable and yet flexible.

Skill Development

Our people are key to operational excellence. Regular training, ongoing skill-building and employee feedback ensure that our workforce can adapt quickly, maintain high operational standards and solve any production-related challenges.



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

CORE VALUES AND CODE OF CONDUCT

Our long-term success is linked to the success of our customers and business partners and to our ability to earn their trust and preference. We are committed to delivering high-quality interior solutions including ceramic tiles and sanitaryware that combine design excellence, functionality and durability, enhancing everyday living and creating spaces that inspire comfort, satisfaction and delight.

Purpose of the code of conduct

This Code is intended to direct officers, managers, and employees on areas of ethical risk, provide guidance to help them recognize and deal with ethical issues, and provide mechanisms to report unethical conduct. It aims to foster a culture of honesty and accountability, deter unethical behavior, and promote fair and accurate disclosure and financial reporting. Furthermore, it summarizes key issues and ethical standards the Company subscribes to and serves as a frame of reference against which to measure any activities.

Guiding principles

Employees are expected to be guided by the principles of Responsibility, Accountability, Integrity, Efficiency, Impartiality, and Discretion. They are expected to put the Company's interests ahead of personal or other interests, act honestly and legally, and avoid any conduct that could damage or risk the reputation or image of the Company. Additionally, employees must always discharge their workplace responsibilities within the scope of their engagement with due diligence and care.

Compliance, Rules and Regulation

All employees must be aware of and conduct themselves in accordance with the applicable laws, rules, and regulations in the jurisdictions where they reside or operate, making best efforts not to breach these provisions. Employees are not authorized to achieve any Company objective by violating any governmental laws, statutes, license requirements, or regulatory standards. They are also expected to prepare and file written reports with statutory or governmental agencies diligently, ensuring scheduled filings are checked in time and submitted with appropriate internal approvals.

Conflict of Interest

Each and every employee of the Company is expected to conduct his or her personal and business affairs in a manner such that neither a conflict, nor the appearance of a conflict, arises between those interests and the interests of the Company.

Corporate Commitment

While employed with RAK Ceramics, an employee requires prior approval from an authorized senior member of management to work for any other entity

either part-time or full-time. Employees shall not compete with the Company, nor shall they take personal advantage of business opportunities discovered during their employment unless the Company expressly waives its interest. Additionally, a separated employee who had access to proprietary information shall not compete with the company for up to two years from the separation date if a non-compete clause was in the employment contract.

Customer relation

It is the established policy of the Company to develop and foster fair, sustainable, and mutually beneficial relationships with its customers on an arm's length basis. The Company expects its employees to respect its customers, understand their needs, and contribute to satisfying those needs efficiently and effectively so that the interests of the Company and shareholders are not compromised.

Supplier and business associate relation

The Company's policy is to deal with its suppliers, sub-contractors, or business associates on an arm's length basis to maintain long-term trust based on objectivity, integrity, fairness, and honesty. Procurement decisions must be based on quality, service, price, and reputation, aligning with the needs of the Company. Employees are precluded from accepting payments from organizations seeking business relationships that would unduly influence their actions, and "kickbacks" or "bribes" intended to reward favorable buying decisions are strictly prohibited.

Accounting and others control

All employees are expected to adhere to established policies to record business operations and maintain financial and non-financial books and accounts that accurately and fairly reflect all transactions and assets. These records must conform to generally accepted accounting principles and applicable laws. No employee is to withhold or conceal information requested by, or furnish misleading information to, internal auditors, independent auditors, or Directors of the Company.

Public Communications

The Company adheres to communication and the dissemination of information as required under

applicable laws in a fair, diligent, and transparent manner. All such public communications must be made through authorized representatives of the Company. Unless authorized, an employee shall not disseminate information on behalf of the Company or interact with public media except in the ordinary course of business.

Confidential Information

The Company's continued success depends on the use of its proprietary confidential information and its non-disclosure to third parties, which includes trade secrets, business plans, product recipes, and non-published financial data. Employees have a duty of care not to disclose confidential information, and this obligation continues beyond the termination of employment. Furthermore, employees must use only official means of communication for business dealings and are restricted from using personal communication methods for transmitting business information unless expressly permitted.

Equal opportunities fair treatment

The Company strives to provide a workplace where all individuals have an equal opportunity to work, advance, and contribute to the Company's success without distinction or discrimination on grounds of age, race, color, gender, religion, national or social origin, or disability. To support this, employees are expected to maintain a high degree of professionalism, objectivity, fairness, courtesy, and sensitivity in their dealings with peers, subordinates, and superiors to ensure a safe and non-discriminatory working environment.

Insider trading

Employees are prohibited from dealing in, purchasing, or selling listed shares or other securities of the Company or its subsidiaries on the basis of potential share price sensitive information which is not yet public. All

employees are expected to familiarize themselves with the Company's insider trading policy and comply with all applicable laws, regulations, and procedures in this regard.

Environmental Commitment

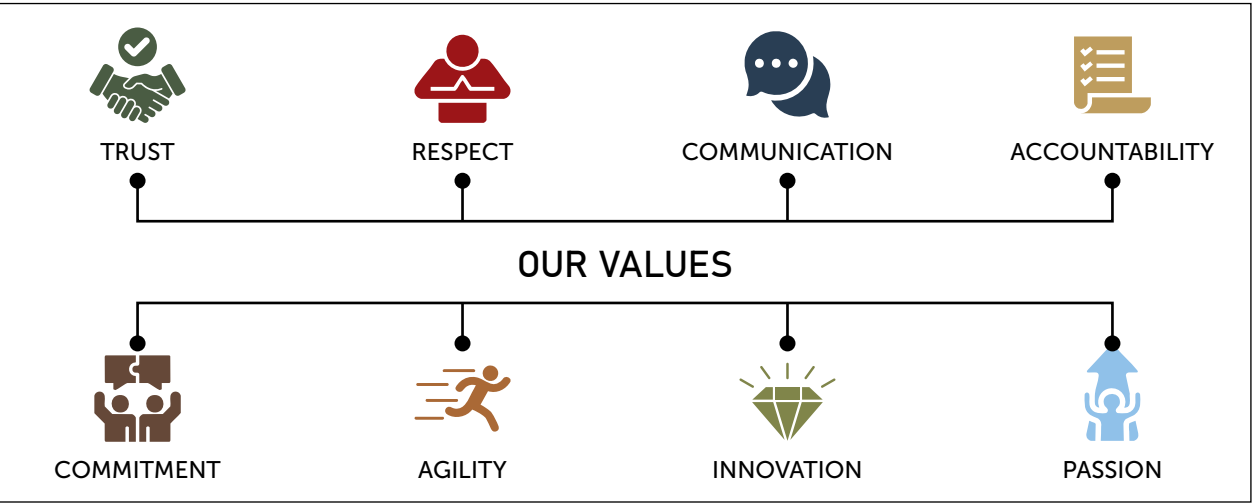
All employees are expected to be aware of the Company's commitment to contribute to sustainable business development with respect to environmental issues and its environmental policy statements. Employees are expected to monitor and adhere strictly to all applicable Federal, State, Municipal, and Local environmental laws and regulations that impact Company operations, including rules concerning emissions and environmental impacts.

Contributions to Community and Civil society

The Company has a longstanding commitment to be a good corporate citizen and a responsible neighbor to the communities in which it operates. Employees are encouraged to participate on their own time as contributing members of community, charitable, or voluntary organizations that create social value. However, such participation must remain independent, and employees should not act as representatives of the Company unless specifically authorized, while also considering any explicit or implied conflicts of interest.

Violations of the code

Violations of the Code are grounds for disciplinary actions, which can include a range of sanctions such as termination, suspension, and reduction of salary in accordance with applicable laws. Disciplinary action will be taken not only against individuals who authorize or participate directly in a violation but also against any employee who deliberately fails to report a violation, withholds relevant information, or managerial superiors whose inadequate leadership allowed the circumstances.



BUSINESS PROFILE

We at RAK Ceramics (Bangladesh) are building structural resilience through disciplined execution, brand relevance, portfolio enrichment, operational efficiency and cost control. Our leading market position, wide dealership network and strong customer feedback mechanisms sharpen our operating model to sustainably expand our business.



Overview

Incorporated in 1998, the Company has evolved into a leading ceramics brand for interior surface and sanitaryware solutions in Bangladesh. With a strong retail presence and customer-centric approach, we continuously align our offerings with emerging lifestyle and home and office-building trends, delivering quality and innovation that meet evolving consumer preferences.

Leveraging the strength of our global parentage alongside deep local expertise, we manufacture and market a diverse portfolio of mid-market and premium tiles and sanitaryware products. Our emphasis on design, functionality, durability and quality reinforces our competitive positioning in the market, supported by the regular introduction of innovative and value-added solutions.

For over more than two decades, our growth has been underpinned by robust manufacturing capabilities, a comprehensive product range, an extensive nationwide distribution network and strong brand engagement. These institutional strengths have enabled us to build enduring relationships with our customers and trade partners while continuing to deliver sustainable value to all other stakeholders.

At the heart of our operations is our commitment to sustainability. Through adopting ESG principles and ecofriendly manufacturing initiatives, we ensure that our business is in step with our environmental responsibility.

Our Competitive Positioning Best-in-Class Manufacturing

- Advanced Manufacturing: Our production units are equipped with modern machinery, technology and testing systems sourced from leading global and domestic suppliers, ensuring consistent quality and operational reliability.
- Flexible, Multi-Product Facilities: Our integrated manufacturing lines are capable of producing diverse product categories, sizes and customised formats, enabling portfolio agility.
- Strategic Location: Our plant is located in the industrial area of Gazipur which is just 60 km from Dhaka, thus giving us cost-effective access to the Dhaka metropolitan market and other key regional hubs.

Portfolio Construct

- Comprehensive Product Portfolio: Our diverse range of product offering is designed to address varying customer preferences, design aesthetics and functional requirements.
- Portfolio Flexibility: Our product range is balanced between premium value-added offerings and those aligned to meet the general purchasing power of customers and other market expectations.
- Global R&D Access: We have access to RAK Ceramics (Bangladesh)'s global R&D that has innovation hubs in Dubai and London, which shapes our product development and ensures our portfolio is active with fast-moving offerings.

Distribution Scale

- Extensive Market Presence: As many as 300 sales touchpoints of ours are located in strategic demand hubs across Bangladesh.
- Robust Channel Network: Our distribution ecosystem comprises 150 dealers and sub-dealers nationwide.
- Strong Retail Footprint: Our 40 exclusive dealer showrooms complement our 6 company-owned display centres.
- Network Expansion: Our ongoing expansion in underserved and high-potential regions will enhance market penetration and allow us to capture incremental demand.

Technology Incorporation

- Modern Shop-Floor Practices: We have adopted advanced technologies such as digital colour printing and circular recycling systems that enhance efficiency, sustainability and product quality.
- Precision Manufacturing: Our standardised processes ensure uniform quality and high-performance output across all production batches.
- Process Optimisation and Automation: Reduced manual intervention through improved automation has minimised unforced errors and strengthened precision, productivity and cost efficiency.

Quality Excellence

- Quality Assurance: Our production unit upholds rigorous best practices in quality, ensuring products meet demanding performance standards.
- Quality Governance: A specialised QA/QC department monitors quality at every stage of production - from raw material intake to finished goods release.
- Global Certifications and Compliance: Our adherence to internationally recognised standards, including quality management and environmental sustainability certifications, reinforces discipline in process control and environmental performance.

Resilient Revenue

- Diverse and Established Client Base: We have a broad spectrum of customers, including leading real estate developers, institutional buyers, architectural and design firms, as well as retail consumers.
- Balanced Growth Platform: Our diversified customer mix supports stable demand, reduces concentration risk and creates multiple avenues for sales expansion.

Workforce Strategy

- Leadership-Led Execution: Our skilled workforce is guided by experienced senior leadership, ensuring alignment between strategy, accountability and execution.
- Capability Building for Long-Term Resilience: Our structured training and upskilling initiatives are designed to enhance technical, operational and

managerial competencies in line with evolving business needs.

- Performance and Ownership Culture: Open and transparent organisational environment encourages collaboration, responsible decision-making and clear KPI-linked accountability.
- Workforce Stability and Trust: Our commitment to timely payroll fulfilment and employee obligations, sustains morale, continuity and organisational confidence, even in challenging conditions.
- Occupational Health and Safety: Our ongoing safety training and awareness-building on safe practices has reduced injuries and contributed to a safe workplace.

Responsible Business Practices

- ESG Framework: We are embedding Environmental, Social and Governance (ESG) considerations into operational processes, administrative decisions and strategic planning to enhance resilience and stakeholder trust.
- Regulatory Compliance and Ethical Conduct: We ensure strict adherence to applicable laws, listing regulations and internal Code of Conduct, aided by honest and upfront disclosure practices and anti-corruption safeguards.
- Environmental and Risk Stewardship: We focus on responsible resource utilisation and waste management to strengthen sustainability and operational accountability.

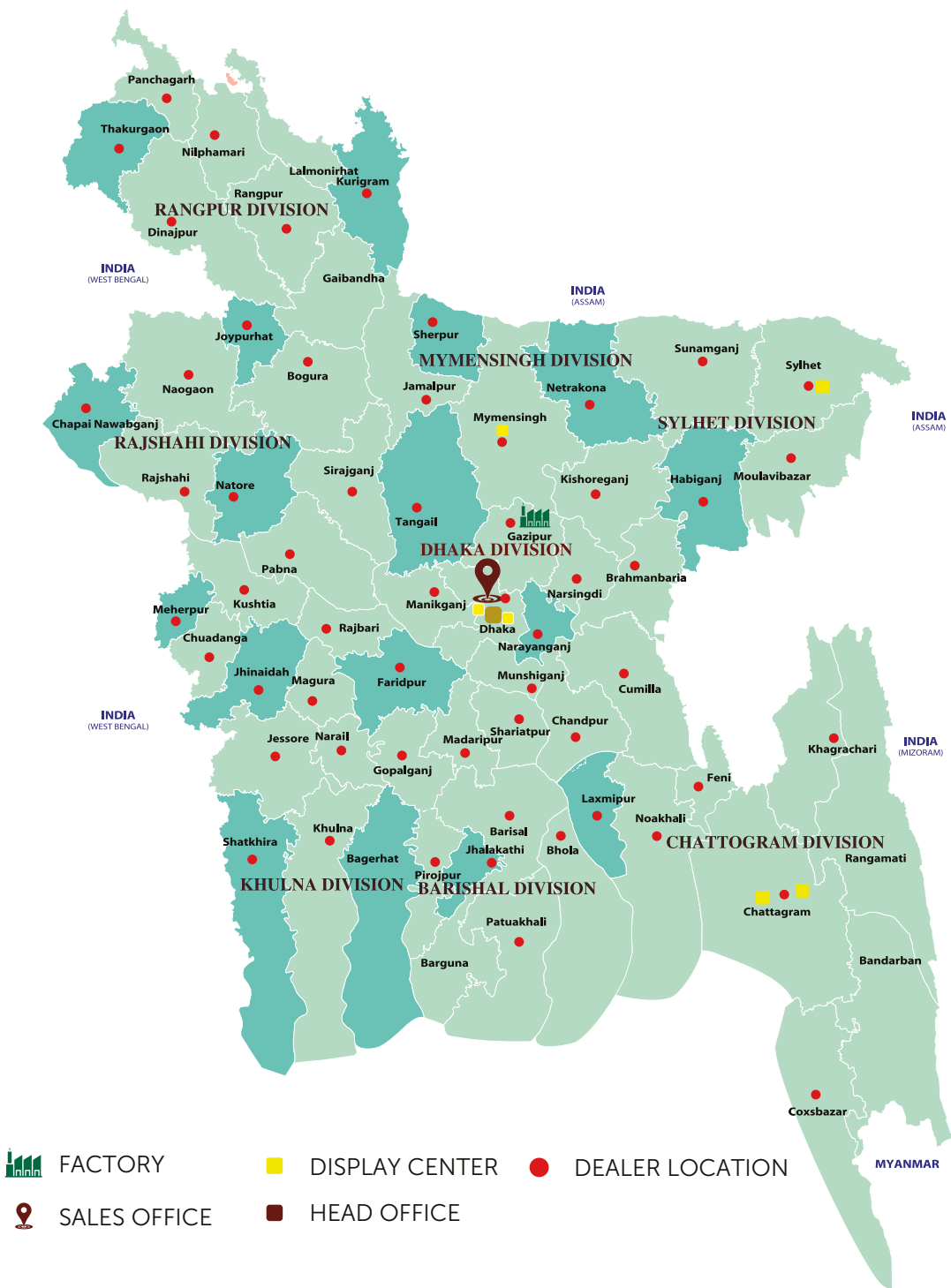
HOW WE SEEK TO GROW THE BUSINESS

Promote our Value-Added Offerings	Capitalize on the growing demand for premium tiles and sanitaryware solutions through our premium and aspirational brand positioning
Increase the Number of Retail Outlets	Deepen our pan-Bangladesh presence through retail outlets that enhance product interest, especially in underserved areas
Create a Stronger Market-Centric Team	Forge a team specialising in premium products curation, positioning, marketing and sales
Invest in Ongoing Portfolio Refresh through Global R&D Access and our own Expertise	Ensure our offerings have a new, modern and fresh appeal, enhancing the brand's recall around contemporariness and design
Optimise Manufacturing and Expand Capacity	Progressively expand our tiles and sanitaryware manufacturing capacity through de-bottlenecking and process improvements
Sustain a Loyal and Productive Workforce	Expand our training and upskilling programs and also ensure stronger emphasis on safe working practices



OUR PAN-BANGLADESH PRESENCE

RAK Ceramics maintains a strong pan-Bangladesh presence through a network of display centers and authorised dealers, supported by a dedicated sales office. This ensures broad market coverage across urban and emerging regions. Our distribution footprint enables timely product availability, effective demand fulfilment and closer engagement with our customers and trade partners. Supported by market activation and sales stimulation initiatives, the Company continues to strengthen brand visibility and capture market opportunities.



AWARD-WINNING EXCELLENCE

Ceramic Expo Bangladesh 2025
Best Mega Pavilion Award



Brand Award

SL No.	Position	Appreciation Year
1	1st Position	2017
2	1st Position	2018
3	2nd Position	2019
4	2nd Position	2020
5	2nd Position	2021
6	2nd Position	2022
7	2nd Position	2023
8	2nd Position	2024
9	3rd Position	2025



SL No.	Annual Report Year	Position	Appreciation Year
1	2015	3rd	2016
2	2016	1st	2017
3	2017	2nd	2018
4	2018	2nd	2019
5	2019	1st	2020
6	2020	3rd	2021
7	2021	1st	2022
8	2022	1st	2023
9	2023	2nd	2024



SL No.	Annual Report Year	Position	Appreciation Year
1	2010	1st	2011
2	2011	2nd	2012
3	2012	1st	2013
4	2015	1st	2016
5	2016	1st	2017
6	2017	Certificate of Merit	2018
7	2018	Certificate of Merit	2019
8	2020	2nd	2021
9	2021	Certificate of Merit	2022
10	2022	2nd	2023



SL No.	Annual Report Year	Position	Appreciation Year
1	2017	1st	2018
2	2018	3rd	2019
3	2019	2nd	2020
4	2020	2nd	2021
5	2021	2nd	2022
6	2022	2nd	2023
7	2023	2nd	2024



SL No.	Annual Report Year	Position	Appreciation Year
1	2010	Certificate of Merit	2011
2	2011	Certificate of Merit	2012
3	2012	Certificate of Merit	2013
4	2015	Certificate of Merit	2016
5	2016	Certificate of Merit	2017
6	2020	1st Runner up (Joint)	2021
7	2022	3rd	2023



DEALERS ENGAGEMENT PROGRAMS 2025



FLAGSHIP SHOWROOM



RAK CERAMICS (BANGLADESH) SIGNATURE BRANDS

Our diverse portfolio of iconic brands has made RAK Ceramics the most trusted name in Bangladesh. By providing high-quality solutions for every requirement and price point, we continue to lead the industry as the country's largest tile provider.

IMPERIAL
SILK

TERRAZZO
SERIES
FULL BODY VITRIFIED TILES

APOLLO
SERIES

ELEGANT
SLAB

PREMIJA
SERIES

SUGER
SERIES

vista
series

ROCKER
SERIES

Single Piece
WC

Wall Hung
WC

OUR INDUSTRY-LEADING SANITARY RANGE



RAK-Cloud Freestanding Wash Basin



Rak-Cloud WC Wall Hang Black



RAK-Cloud Counter Top Wash Basin Black



RAK-Sensation Freestanding Wash Basin



RAK-Sensation WC Back to Wall



RAK-Sensation WC Touchless Flushing



OUR ICONIC TILES MODELS



VISTA-1-HL



VISTA-3-HL



VISTA-3-DK



VISTA-1-DK



APOLLO-17



APOLLO-20



8GP-801



8GP-806



8GP-812



8GP-811



UNDERSTANDING OUR BUSINESS

A DEEP DIVE

ELEVATING LIFESTYLES FOR OVER TWO DECADES

In 1998, RAK Ceramics (Bangladesh) was incorporated as a UAE-Bangladesh joint venture (JV), marking the beginning of a long-term partnership rooted in global expertise and local commitment. Since inception, the Company has played a key role in supporting Bangladesh’s construction and real estate sectors.

Over the span of 28 years, RAK Ceramics has grown alongside the nation’s urban transformation, establishing itself as a leading, new-age provider of luxury surfaces and comprehensive bathroom solutions. Backed by international design standards and advanced manufacturing capabilities, the Company has delivered products that combine creativity, durability and innovation.

From its early foundations, the Company has evolved into a diversified, multi-product enterprise with a strong distribution network across the country. Today, it is recognised not only for the breadth of its tiles and sanitaryware portfolio but also for its commitment to quality, customer care and design-led living, creating spaces that reflect contemporary aspirations and modern lifestyles.

Strong Global Backing

RAK Ceramics (Bangladesh) is a part of RAK Ceramics PJSC (Group), among the largest ceramics company in the world. Specialising in ceramic and gres porcelain wall and floor tiles, sanitaryware, faucets and tableware, the Group has a capacity to produce 118 mn sqm of tiles, 5.7 mn pieces of sanitaryware, 26 mn pieces of porcelain tableware and 2.6 mn pieces of faucets per year across its 23 state-of-the-art plants located in the United Arab Emirates (UAE), India, Bangladesh and Europe.

Cutting-Edge Manufacturing

The Company commands a significant production footprint through its state-of-the-art manufacturing facility located in Gazipur, around 60 km from the capital city of Dhaka. Strategically positioned with strong logistical connectivity, the facility enables efficient nationwide distribution and timely market response

With an annual installed capacity of 10.32 million sqm of tiles and 1.45 million pieces of sanitaryware, the plant underscores the scale and operational strength of the Company. Production is powered by advanced SACMI technology, ensuring precision, consistent quality and adherence to global quality standards. The facility further integrates modern automation, rigorous quality control systems and process optimisation initiatives, enabling the delivery of high-performance products that meet design and durability expectations. Our strong manufacturing backbone reinforces cost competitiveness, operational efficiency and the ability to scale in line with demand dynamics.

Market Leadership Built on Brand Trust

The Company’s long-standing legacy and proven commitment to quality have helped establish a trusted name in the trade. Built over decades of consistent

performance, the brand enjoys strong recognition and credibility among homeowners, architects, developers and trade partners alike. The Company’s extensive and innovation-led product portfolio reflects a keen understanding of consumer preferences. With a wide range of digitally printed tiles and market-relevant sanitaryware solutions, the Company remains at the forefront of aesthetic and technological advancement, delivering differentiation in a competitive industry.

Strong and Well-Established Distribution

The Company has established a strong foothold in the Bangladeshi market, supported by an extensive distribution network. Customer demand is served through 40 exclusive dealers, including 6 company-owned, company-operated showrooms. Recognising that tile and sanitaryware purchases are inherently tactile and experience-driven, our outlets highlight an extensive product portfolio under one roof, enabling customers to directly view designs, textures and finishes showcased in a customer-friendly format. This integrated display enhances convenience while strengthening the overall buying experience of our customers.

The Company is committed to strengthening its brand equity by expanding its retail footprint and deepening market engagement through targeted events and strategic initiatives in key hubs. Looking ahead, our strategic priorities include safeguarding market share, enhancing operational efficiency, broadening our product lineup, securing and modernising our IT infrastructure, accelerating digital adoption, and enhancing production and process capabilities. We are focused on delivering best-in-class products that clearly differentiate us from competitors.

Going forward, our expansion initiatives remain on track. Over the past two years, we have successfully established

12 new showrooms, including a new display center in Chittagong, with 02 more under construction.

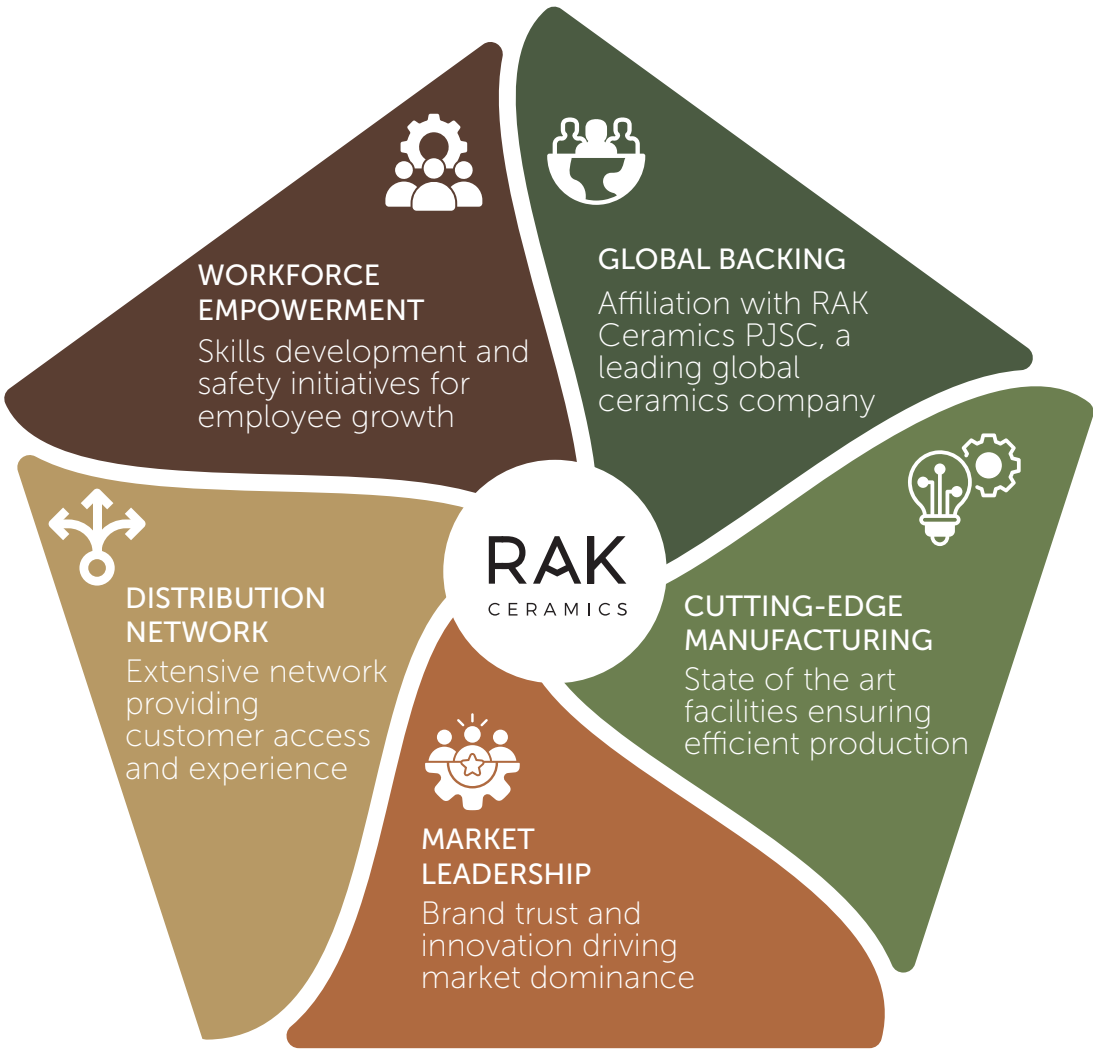
Empowering our Personnel Through Skills and Safety

Our workforce remains a key pillar of our success, driving operational excellence and innovation across the organisation. We are committed to workforce learning and capability enhancement through training programs, technical skill development initiatives and sales and

marketing workshops. Regular upskilling ensures our employees stay aligned to evolving technologies, quality benchmarks and industry best practices.

Safety remains a priority for us. We maintain strict safety criteria supported by awareness programs to foster attentiveness, care and vigilance. Routine safety drills, equipment training and risk assessment exercises are conducted to minimise workplace incidents and ensure a secure environment for all.

RAK CERAMICS’ BUSINESS PILLARS



IT SYSTEMS AND DIGITAL TRANSFORMATION

OPERATIONAL AGILITY THROUGH DIGITAL AND SMART SYSTEMS

In 2025, RAK Ceramics’ IT Department delivered several impact-led IT and digital transformation initiatives, enhancing operational performance and governance. Infrastructure upgrades, SAP process automation, network restructuring and deployment of integrated biometric and auction platforms significantly improved system uptime, process efficiency, data accuracy and cross-location connectivity. Further, these programs also reduced manual intervention, strengthened internal controls and accelerated decision-making through real-time visibility. Key initiatives of the year are as follows:

Upgrade of Time and Attendance System

As part of our infrastructure modernisation program, the BioTime Time and Attendance System was upgraded to next-generation hardware, Windows Server 2025 and BioTime version 9.0.1. The migration was executed without any glitches or service disruptions, resulting in enhanced system performance, strengthened security and improved operational reliability.

PABX Infrastructure Upgrade

PABX system upgrade between the Gazipur factory and UAE Head Office was successfully completed. Following detailed technical coordination, cross-location calling is now fully operational, ensuring seamless, stable and reliable communication between both locations.

Launch of RAK Auction Mart Application

RAK Auction Mart Application was successfully deployed, introducing a secure and transparent digital auction platform. The system enables online bid submission, automated winner declaration and SMS notifications. Designed for auctioning IT scrap, furniture, vehicles, spare parts and machinery, the platform enhances efficiency and process transparency.

Factory LAN Restructuring

The Gazipur factory LAN and camera network restructuring project was delivered successfully, establishing a structured fiber-based backbone for improved connectivity and system stability. The upgrade has boosted operational performance through faster network speeds, reduced latency and elimination of single points of failure. Furthermore, segregation of IP camera traffic has improved video performance and bandwidth efficiency. The new infrastructure supports availability of critical services while preparing the factory

for seamless future expansion.

Successful Rollout of MUDA/Scrap Generation Process in SAP

MUDA/scrap generation process in SAP was implemented successfully at the Gazipur plant, fully harmonised with the UAE plant workflows, in line with RAK Ceramics (Bangladesh)’s digital standardisation strategy. The automated process tracks scrap generation across key production stages including box feeder, kiln, powder preparation, glaze line, sorting, décor finishing and ETP, ensuring accurate material accounting, real-time inventory access and seamless integration with goods receipt and issue postings.

Automated Biometric Attendance System

A fully automated biometric attendance management system was implemented for RAK Security Services (subsidiary company), integrated with overtime calculation and payroll processing, thus eliminating manual intervention and strengthening process integrity. Rolled out as part of Group-wide digital transformation, the system standardises workforce management under a unified governance framework. It also reinforces ISO-aligned IT controls, data accuracy, access management and information security compliance, reflecting our focus on operational excellence and secure, auditable processes.

FUTURE OUTLOOK, 2026

In 2026, the IT Department will advance the Company’s digital and operational transformation agenda through the following key programs:

Share Management Application Development

Implementation of a dedicated Share Management System to automate and streamline business and data governance processes related to the Capital Market Stabilization Fund (CMSF) and Central Depository Bangladesh Limited (CDBL), enhancing accuracy, control and reporting efficiency.

Complaint Management System

Deployment of a digital platform for the tiles and sanitaryware divisions to track, manage and resolve customer complaints on an end-to-end basis, improving service responsiveness, transparency and customer satisfaction.

Salesforce Automation: POS Roll-Out

Launch of a mobile-based Secondary Order Management solution, enabling sales teams to capture retailer-level orders in real-time. The system will enhance demand visibility, improve market execution and accelerate order consolidation, while SAP integration will ensure billing and financial postings to ensure robust governance and control.

End of Service Benefits Process Roll-Out

Implementation of an integrated platform for automated, real-time calculation of employee end-of-service benefits, strengthening compliance, eliminating manual duplication and improving transparency across HR and Finance functions.

SAP S/4HANA Roll-Out – RAK Power & RAK Security Services

Deployment of a standardised SAP ERP platform aligned with Group governance to enable real-time data visibility, automated workflows and optimised financial and supply chain operations across subsidiary companies.

Salesforce Implementation

Roll-out of a cloud-based CRM platform to automate sales, service and marketing workflows, enhance customer engagement and deliver real-time reporting, while ensuring scalability for future growth.

Upcoming Project Update: SAP ESS & MSS Implementation

We are pleased to announce the upcoming implementation of SAP Employee Self-Service (ESS) and Manager Self-Service (MSS) within our SAP ERP environment. This initiative will empower employees to securely manage their personal and HR-related information through a user-friendly digital portal, while enabling managers to monitor, manage, and approve team activities in real time. The rollout is part of our ongoing digital transformation journey, aimed at improving efficiency, enhancing employee experience, and streamlining HR processes across the organization.



MANUFACTURING AND OPERATIONS

MAINTAINING MANUFACTURING STRENGTH

In a year marked by political instability and economic challenges, RAK Ceramics demonstrated operational discipline and manufacturing agility to pass through a tough period. Despite industry-wide energy uncertainties and demand fluctuations, the Company strengthened production stability, enhanced product innovation and reinforced its commitment to international quality standards across both tiles and sanitaryware divisions.

Tiles Division

The Company's tiles division navigated a challenging operating landscape for much of the year, particularly with energy supply constraints impacting production. However, a positive environment was observed towards the end of 2025, with more secure and predictable natural gas supplies that enabled stabilisation of production volumes, with improvement in plant utilisation and operational efficiencies. This has created forward momentum, positioning the division to carry operational confidence into 2026 too, with enhanced production planning and supply chain alignment.

Operational Discipline

The performance of the tiles division is anchored in disciplined operations and technology-led manufacturing excellence.

At the heart of the manufacturing plant is the advanced Italian SACMI technology, globally recognised for precision engineering and production consistency. This platform enables the division to manufacture high-quality ceramic and porcelain products with superior dimensional accuracy, refined surface finishes and consistent strength parameters, thus meeting international benchmarks while serving local market preferences. The integration of automation and process control systems has enhanced reliability, reduced variability and strengthened overall production at the Company.

Operational discipline is further reinforced by the team's ongoing focus on key performance levers. Throughout 2025, concerted efforts were directed towards minimising raw material and process waste, reengineering formulation parameters to optimise input-output ratios and identifying debottlenecking opportunities across critical production stages.

These initiatives improved throughput and yield, while supporting cost rationalisation. The result is a leaner, more agile manufacturing environment capable of sustaining quality leadership while protecting margins in a competitive market environment.

Efficiency and Sustainability

Located in Gazipur, our manufacturing facilities are equipped with critical infrastructure, including a water and power supply, along with effluent treatment plants,

ensuring seamless and efficient operations. The strategic proximity to the Chittagong port enables cost-effective sourcing of key imported raw materials, while the transportation network in the Gazipur industrial area supports timely and economic distribution across our widespread market footprint. These logistical strengths play a key role in driving market penetration and enhancing overall business outcomes.

OUTLOOK FOR 2026

Building on the momentum, the tiles division plans to:

- Launch larger-sized tiles to complement the overall portfolio and meet the rising demand for larger formats in residential and commercial projects
- Introduce 50-60 new SKUs every quarter, building on design leadership, improving range depth and ensuring faster response to evolving market trends
- Ensure continuous innovation to strengthen brand relevance while driving revenue growth through premiumisation and enhanced product mix

Sanitaryware Division

The sanitaryware division continued to focus on operational reliability, quality enhancement and cost control throughout 2025. Despite macroeconomic pressures and natural gas challenges, the division maintained production output while ensuring international quality standards that have come to define the RAK brand.

2025 Overview

Process optimisation initiatives were undertaken to improve yield, reduce waste and enhance kiln efficiency. These efforts have contributed to steady cost management and improved consistency in finished goods quality.

Consumer demand in Bangladesh is steadily shifting towards modern bathroom solutions that combine design, water efficiency, functionality and durability. In response, the division refined its product portfolio with contemporary designs and improved finishes aligned to international trends. The division launched 2 new products during the year in the aspirational and premium segments of the market.

Outlook for 2026

In 2026, the sanitaryware division will:

- Expand its portfolio by launching 2-3 new premium models in the water closet (WC) category, comprising design-forward products tailored to urban demand
- Enhance operational efficiency to further improve production
- Strengthen coordination between manufacturing, distribution and retail to ensure faster market responsiveness



SALES AND MARKETING

ENHANCING CUSTOMER ENGAGEMENT

In 2025, RAK Ceramics adopted a measured sales strategy in response to prevailing market conditions. While the year did not witness large campaigns, the Company prioritised focused engagement, channel strength and customer experience enhancement. This approach ensured marketing investment remained efficient while sustaining brand visibility and relevance across key market hubs.

An emphasis during the year was improving the in-store customer experience. Recognising that purchase decisions in tiles and sanitaryware are experiential, the Company worked closely with channel partners to elevate showroom decor, optimise product displays and create more immersive browsing environments. Showrooms were curated with a wide and inspiring range of designs, formats and finishes, allowing customers to visualise possibilities and confidently select products suited to their aesthetic and functional needs. This strengthened walk-in engagement and sustained retail conversion ratios.

The sales teams sharpened its focus on retail conversion through closer consultation with dealers and distributors.

Regular follow-ups, faster response times and improved stock availability played a role in translating enquiries into confirmed orders. The Company also deepened engagement with institutional customers such as developers, architects, etc., through relationship-driven interactions and solution-oriented discussions tailored to project requirements.

Overall, 2025 was a year of strengthening the fundamentals. The Company remained focused on enhancing showroom appeal, reinforcing channel partnerships and staying close to customers, building a more responsive sales ecosystem.

Product Innovation and Portfolio Expansion

A key highlight of the year was the introduction of new value-added, international-quality porcelain tiles, particularly in the increasingly popular 30x60 cm format for both wall and floor applications. These tiles have been designed to inspire creativity, combining aesthetic sophistication with durability and functional performance. Consistent trade outreach highlighting contemporary designs and globally-benchmarked finishes at accessible price points ensured encouraging market response.

Priorities for 2026

Following are the key priorities for the current year:

- Accelerate energy-efficiency and cost optimisation projects
- Expand omni-channel retail capabilities, blending showroom experience with digital catalogues and order tracking to increase reach and convenience
- Deepen dealer enablement through training and merchandising to raise retail conversions and reduce channel inventory
- Continually refine the product lineup with faster design-manufacture cycles to capitalise on value and premium market segments

OUR VALUE DELIVERY

DELIVERING VALUE BEYOND SURFACES!

At RAK Ceramics, value creation extends beyond financial performance. It is embedded in the tiles we produce, the bathroom spaces we help shape and in the relationships we nurture across our ecosystem. Our approach to value delivery is holistic, integrating operational excellence, brand strength, customer experience and disciplined governance into a cohesive growth model.

Value Through Design and Innovation

We create value by anticipating how people live, build and aspire. Our design-led portfolio of tiles and sanitaryware products reflect evolving consumer preferences for contemporary, functional and aesthetically-pleasing spaces. Leveraging our modern manufacturing and digital printing capabilities, we offer a differentiated range that combines durability with design excellence. Our ability to deliver global standards locally in Bangladesh ensures sustained relevance in a competitive market.

Value Through Operational Strength

Our manufacturing facility in the manufacturing area of Gazipur forms the backbone of our value chain. With large installed capacity and advanced SACMI technology, we maintain consistency in quality while optimizing costs. In fact, we are one of the lowest-cost ceramics producers in Bangladesh. Continuous improvement in automation, operational processes and digital systems enhance productivity, ensuring optimum resource use and minimum wastage. This operational discipline allows us to remain agile amid changing market conditions.

Value Through Market Reach and Relationships

A strong and well-established distribution and retail network enables us to stay close to our customers. Our exclusive dealer network and company-operated showrooms create immersive, tactile experiences that are critical in tile and sanitaryware purchasing decisions.

We strengthen brand loyalty and deepen market penetration by fostering long-term relationships with dealers, architects, developers and walk-in customers.

Value Through Digital Enablement and Governance

During the year, we accelerated our digital transformation journey, modernising infrastructure, enhancing SAP processes, strengthening cybersecurity and automating governance-driven platforms. These improved transparency, reduced manual intervention and enhanced real-time decision-making. Further, standardised systems across our subsidiary companies reinforced control, compliance and operational integrity.

Value Through People and Safety

Our workforce remains central to our value creation. Through continuous training, technical refinement and leadership development, we invest in human capital that drives innovation and performance. Simultaneously, stringent safety protocols and practices ensure a secure and responsible work environment. A culture grounded in accountability and care sustains long-term organisational resilience.

Sustainable Value for Stakeholders

We are committed to delivering sustainable returns for shareholders while creating meaningful value for our customers, employees and dealer-partners. Over time, we have positioned the Company for long-term performance by balancing growth initiatives with financial discipline, together with our focus on rolling-out our business restructuring plan in 2026.

As Bangladesh continues to urbanise and consumer aspirations evolve, we remain focused on delivering value that is enduring, measurable and impactful, transforming spaces while building a stronger and more resilient enterprise for the future.

VALUE DELIVERY FRAME

Our Foundations: Disciplined financial management and strategic investment.

Advanced Manufacturing: Gazipur facility powered by SACMI and other modern production technologies.

People and Expertise: Skilled workforce supported by continuous training.

Brand and Innovation: Global design capabilities and digital production systems.

Distribution: Large dealership network and company-operated showrooms.

Key Activities

- Design-led product innovation
- Efficient, technology-driven manufacturing
- Brand building and retail expansion
- Digital transformation and process automation
- Strong governance and compliance framework
- Workforce development and safety management

What we offer

Premium tiles and sanitaryware solutions

- Enhanced operational efficiency and system reliability
- Expanded market presence across Bangladesh
- Improved customer service and care
- Strengthened internal controls and data integrity

Value delivery

Customers: Superior quality, contemporary designs and trusted services

Shareholders: Sustainable growth, margin resilience and scalable operations

Employees: Skill enhancement, safe workplace and long-term career development

Market: Contribution to modern construction, design excellence and economic progress



WOOD

ART
COLLECTION
Gres Porcellanato

MODEL: 12GP WEST WOOD 1 NTRL
Available Sizes: 15X120CM
30X120CM
60X120CM

SCAN TO DOWNLOAD
THE LATEST CATALOGUE

RAK CERAMICS

RAKCERAMICS.COM

RAK LEADERSHIP



RAK Ceramics is guided by a legacy of strong leadership and principled governance. Our strategic clarity and disciplined execution enable us to respond to industry shifts with agility, while our ethical business practices safeguard stakeholder confidence. As we look ahead, we are reinforcing our growth trajectory through sustainability-driven initiatives and innovation-led differentiation. Combining a strong institutional foundation with a futuristic mindset, we continue to set higher benchmarks for responsibility, performance and industry excellence.



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Our forward strategy is built around strengthening resilience so that the business can perform more consistently across economic cycles.

Abdallah Massaad
Chairman

CHAIRMAN'S REPORT

Welcome shareholders and stakeholders to the Annual Report 2025 of RAK Ceramics (Bangladesh) Limited!

The year 2025 was a tough one, shaped by an industry that was both uncertain and constrained. While our financial performance did not meet expectations, the period brought valuable clarity on the structural changes required to strengthen the business over time.

During the full year period, external conditions remained challenging. Persistent gas shortages, rising input costs, intense competition and a subdued consumer backdrop challenged the market dynamics and placed pressure on margins. An uncertain political environment reduced government spending that further curtailed institutional demand. Together, these factors hindered capacity utilisation and increased costs at a time when pricing flexibility remained limited.

Towards the later part of the year, Management took a detailed assessment of the external disruptions, which was both necessary and constructive. This has enabled us to identify a few effective steps required to improve performance and safeguard our long-term interests.

Against this landscape, the Company achieved a commendable revenue growth of 10.55% to BDT 7,373.30 million in 2025, compared to BDT 6,669.51 million in 2024. Improvement in our topline performance reflects the resilience of our brand, capabilities of our people and continued demand for our products even in a slow market.

Though our strategy of cost control and efficiency improvement was fruitful, the scale and duration of the external disruptions weighed on our overall performance. As a result, net loss widened to BDT 395.93 million in 2025, compared to a net loss of BDT 27.33 million in the previous year. In response, Management's priority is to restore stability through a more intense market focus and execution discipline.

As stated earlier, impact assessment conducted this past year forms the foundation of a strategic restructuring and revitalisation plan that will be progressively rolled out in the

current year. This plan is designed to stabilise operations, strengthen financial fundamentals and position the Company for sustainable recovery. The Board remains engaged in overseeing the implementation and progress monitoring.

As we enter the new year, there are early indications that macroeconomic conditions may gradually improve. Following the national elections in February 2026, the prospect of a stable elected government will facilitate the resumption of infrastructure spending. Such expenditure plays a vital role in stimulating demand across construction-related industries and in restoring broader economic momentum. Political stability will also help attract foreign investment, further supporting economic activity. That said, the Board is cautious in its outlook. The timing and pace of recovery remains uncertain, and external risks, particularly relating to gas availability, persist.

Management focus remains on long-term sustainability, which includes maintaining prudent financial management, safeguarding liquidity, advancing our ESG commitments and ensuring that we remain well-positioned as conditions improve. Our forward strategy is built around strengthening resilience so that the business can perform more consistently across economic cycles.

I would like to express my appreciation to our employees for their commitment and perseverance. I also thank our shareholders for their trust and engagement. The Board remains committed to guiding the Company with transparency, discipline and an unwavering focus on unlocking long-term value.

Thank you.

Warm regards,

Abdallah Massaad
Chairman



Q & A WITH THE MANAGING DIRECTOR

Q: How would you describe the Company's performance in 2025?

2025 remained a challenging year, much like 2024, characterised by continuous external pressures such as gas constraints, elevated import costs, high interest rates and soft demand conditions. Despite this, we placed strong emphasis on sales stimulation and market activation, which enabled us to deliver revenue growth of 10.55% in 2025. This performance underscores the resilience of our brand, distribution strength and market relevance. I commend our people who have worked hard together to achieve this sales performance.

Q: Yet, profitability remained under pressure. What were the reasons?

While topline growth was encouraging, margin pressure intensified. Operating costs rose significantly, affecting COGS (cost of goods sold) up by 15.89% in the prior year. Consequently, gross profit declined by 15.17%, with gross margin contracting to 13.19%. Financial expenses also impacted performance, increasing by 42.65% as compared in 2024. This reflected both the high interest rate and foreign exchange rate. As a result, net loss widened to BDT 395.93 million for the year.

Q: What steps is the Management taking to address the situation?

We have initiated a structured transformation plan focused on operational stabilisation. The program prioritises cost efficiency, improved asset utilisation and tighter working capital management. At the same time, we are ensuring that our portfolio remains aligned with the country's purchasing power. The objective is clear, which is to restore stability and build resilience across market cycles.

Q: Where do you see opportunities for improvement?

Opportunities exist even in a constrained market. We are sharpening our focus on deeper channel penetration, disciplined pricing aligned to market dynamics, innovation-led offerings and enhancing in-store customer experience. Differentiation through quality and design remains central to strengthening our competitive position in a price-sensitive market.

Q: This leads us to the next question: How is the Company positioned in a market with limited purchasing power, while also responding to the rising premiumisation trend?

The Bangladesh market today reflects two parallel realities. On the one hand, purchasing power remains constrained across a large consumer segment. On the other, we are witnessing a clear premiumisation trend, particularly in urban centres where customers are increasingly prioritising design sophistication, larger formats and enhanced textures and finishes.

Our portfolio is structured to address both the dynamics. We offer products that cater to value-conscious segments without compromising on quality or durability. At the same time, leveraging our global R&D capabilities, we continue to launch premium designs, contemporary aesthetics and differentiated formats that align with evolving lifestyle aspirations. This positioning allows us to remain accessible across the broad market segment.

Q: How important is fair competition in the current industry landscape?

Fair competition is vital for the long-term sustainability of the ceramics industry. With around 30 players in the market, together with substantial imports into the country, a level playing field is essential to encourage compliance, responsible investment and healthy industry growth. We have always believed that competition should be driven by innovation, service excellence and efficiency, and not unsustainable pricing or non-compliant practices.

Q: What differentiates RAK Ceramics from its peers?

A key strength is our access to the global R&D platform of the RAK Ceramics Group. This provides continuous knowhow of international design expertise, advanced technology and product innovation and allows us to maintain a robust portfolio featuring product variety, contemporary aesthetics, consistent quality and diverse size offerings, enhancing our competitiveness in the market.

Q: How did the Company support its employees during the challenging period?

Despite the pressures, we made a decision to protect our workforce. There was not a single layoff during the year and salaries and other benefits were continued without interruption. Stability of our workforce is fundamental to business continuity.

In being an employer of choice, we focus on key levers such as training and upskilling initiatives. The other factor of occupational health and safety is a priority too, with monthly safety meetings and a safety recognition program reinforcing safe practices. These efforts have contributed to the elimination of many safety risks from the shopfloor. We are also committed to diversity and, where feasible, we prioritise female employment to foster a more inclusive workplace.

Q: What is your outlook for the current fiscal year?

Our focus remains on improving efficiency, reducing costs and enhancing capacity utilisation as part of our continuous improvement process. Securing stable energy supply through constructive government liaison will remain a key priority. With disciplined execution of our transformation plan, we are working towards regaining profitability in the current year.

SAK Ekramuzzaman
Managing Director



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 28 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.

Mr. Abdallah Massaad has recently been honored with two prestigious awards in 2024. He received the Gold Award for Thought Leader of the Year at the MENA Stevie Awards and was recognized as the "CEO of the Year – Private Sector" at the GCC GOV HR & Youth Awards. These accolades highlight his exceptional leadership, vision, and contributions

to the industry.

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. In 2023, 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.

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.



MANOJ UTTAMRAO AHIRE
Director

Manoj Ahire is a distinguished global finance and corporate strategy executive with over 34 years of experience spanning the Middle East, Asia, Europe, and the United States. He currently serves as Director of RAK Ceramics (Bangladesh) Limited, RAK Power Pvt. Ltd., RAK Ceramics India, and its subsidiaries, as well as KLUDI subsidiaries. He also holds key positions on the Audit Committee and Nomination & Remuneration Committee of RAK Ceramics (Bangladesh).

A seasoned leader in corporate finance, strategic investments, mergers and acquisitions, organizational restructuring, and governance, Mr. Manoj has been an integral part of the RAK Ceramics Group for over a decade, contributing to its growth as Group CFO and board member of multiple subsidiaries. His prior leadership roles include

strategic and financial positions with AHG, Raymonds, IDBI, Holcim, and Thyssenkrupp, reflecting deep and diversified expertise across industries and geographies.

Manoj is a Chartered Accountant (CA) and a Cost & Management Accountant (CMA), holding professional accreditations from India, Australia, the USA, and the UK, including CRISC (ISACA) and SAP FICO certification.

Additionally, Manoj is an evangelist for the startup ecosystem and serves as the Global Managing Partner and SEO of a VC fund, contributing to its mission of advancing innovation and entrepreneurship across global markets.

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 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 21 years of experience in private equity investments in the Middle East and Asia. He was a Managing Director of Samena Capital Investments

Limited in Dubai and previously 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 08 years as a lawyer. He is a career judge and has vast experiences on Civil and Criminal and Company Disputes on Bangladesh perspective.

MD. OBAYED ULLAH AL MASUD
Independent Director



Mr. Md. Obayed Ullah Al Masud is an Independent Director of RAK Ceramics (Bangladesh) Limited and also the Independent Director of subsidiary companies of RAK Ceramics (Bangladesh) Limited. He also serves as the Independent Director and Chairman of the Board of Directors and is a Member of the Executive Committee of Islami Bank Bangladesh PLC, the country's largest private commercial bank.

Mr. Masud is a graduate in Management and holds an MBA from the Institute of Business Administration (IBA), University of Dhaka where he was awarded a gold medal for academic excellence. He has participated in numerous local and international training programs on banking law, project management and supply chain management and has represented Bangladesh in professional engagements across Asia, the Middle East, the UK and the USA.

Mr. Md. Obayed Ullah Al Masud is a highly respected banking and corporate leader with over 40 years of extensive experience in the financial sector of Bangladesh. He began his banking career in 1983 at Agrani Bank PLC and progressed through various senior roles including Managing Director & CEO of three state owned banks namely Karmasangsthan Bank, Rupali Bank PLC and Sonali Bank PLC (the largest state-owned commercial bank of Bangladesh).

Mr. Masud's unwavering commitment to integrity, strategic growth, and capacity building continues to make a significant impact on Bangladesh's banking sector. His proven leadership in revitalizing underperforming institutions, driving sustainable growth, and contributing to national economic development has earned him widespread recognition and respect.



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. He 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.



MUHAMMAD SHAHIDUL ISLAM FCS
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 21 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.



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.



MIZANUR RAHMAN
Chief Marketing Officer

Mr. Mizanur Rahman is the Chief Marketing Officer (CMO) of RAK Ceramics (Bangladesh) Limited, having assumed the role on 8 February 2026. He brings over 27 years of leadership experience in sales and marketing, with a strong focus on the Building Materials industry, particularly Tiles and Sanitary Ware.

Before joining the Company, Mr. Rahman served as Vice President at RAK Ceramics (Bangladesh) Limited and held senior leadership positions at Stella, Abul Khair Group. He has extensive experience in business growth, market expansion, brand development, and export operations across GCC, SAARC, Africa, EPZs, and local markets.

Mr. Rahman holds an MBA from the University of Liberal Arts Bangladesh, a Master of Science in Agriculture and Economics and a Bachelor of Science in Agriculture (BSc of AG Economics – Hons.) from Bangladesh Agricultural University, Mymensingh.





MOHAMMAD RIYAD HOSSAIN
Chief Human Resources Officer

Mr. Mohammad Riyad Hossain joined as the Head of HR under HR & Admin Department at RAK Ceramics (Bangladesh) Limited on October 2025. On January, 2026, Mr. Hossain was promoted to the position of "Chief Human Resources Officer" (CHRO).

Mr. Hossain completed his MBA from North South University and brings with him over 25 years of extensive experience in Human Resource Leadership, having served as CHRO /Head of Human Resources / Director, People & Culture at several renowned multinational and local organizations. His career spans across diverse industries including FMCG, RMG & Textile, Building Materials (Cement, Ceramics, and Steel & Auto Bricks), and Shipping & Logistics & E-Commerce.

His expertise spans Strategic HR Management, Change Management, HR Transformation, Organizational Planning, Industrial Relations and Policy Development.

Mr. Hossain is a "Marshall Goldsmith Certified Leadership Assessor" and was recognized by the World HRD Congress (2019) as one of the "101 Most Influential Global HR Leaders".

He is also a Life Fellow of Bangladesh Society for Human Resources Management.



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 Lafarge Holcim Bangladesh. He is having more than 21 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, Scot work UK.



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 22 years of professional experience with renowned multinational companies namely Expo Lanka (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.



RANGA NAGESWARA RAO
Director, Tile Manufacturing

Mr. Ranga Nageswara Rao is a seasoned Director – Tiles at RAK Ceramics, one of the world's leading ceramics manufacturers, with over 22 years of industry experience. He specializes in production management, quality assurance, and process optimization, consistently implementing strategies that enhance productivity and profitability.

At RAK Ceramics, Mr. Nageswara has progressed through several key roles, driving significant improvements in production operations while collaborating closely with the production, maintenance, quality, and safety teams. His contributions to the "Magic Triangle" project and Manufacturing Excellence initiatives highlight his substantial impact on the organization.

Mr. Nageswara holds an MBA from Torrens University, Australia, and a Bachelor of Technology in Ceramics from the Indian Institute of Ceramics, Kolkata. He began his career in India, focusing on quality control and production supervision, which laid the foundation for his strong technical expertise. Now based in the UAE, Mr. Nageswara continues to lead initiatives that advance manufacturing excellence at RAK Ceramics Bangladesh.





VELAYUTHAM CHELLADURAI
Associate Director – Sanitaryware Manufacturing

Mr. Velayutham Chelladurai joined as the Deputy General Manager – Sanitaryware Manufacturing at RAK Ceramics (Bangladesh) Limited on 16 September 2025. His professional career spans over 32 years of comprehensive experience in the sanitaryware manufacturing sector.

Before joining RAK Ceramics (Bangladesh) Limited, Mr. Chelladurai built an extensive background in sanitaryware kiln operations with over 20 years of experience at Neycer India Ltd. and RAK Ceramics UAE. Additionally, he has over 12 years of experience in overall plant operations across Bangladesh, the UAE, and India within various sanitaryware manufacturing units of RAK Ceramics.

Mr. Chelladurai completed his graduation in Ceramics from the Institute of Ceramic Technology, Tamil Nadu, India, in 1993. He later earned a Master of Business Administration (with specialization in Project Management) from Jaipur National University, India, in 2022.



MD. SHARIFUL ISLAM
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. His professional career spans over 14 years of comprehensive experience in internal audit, internal control, corporate governance, financial and working capital management, and credit control across the manufacturing sector.

Before joining RAK Ceramics (Bangladesh) Limited, Mr. Shariful held leadership roles in finance and internal audit at Jenphar Bangladesh Ltd. and Unicorn, a subsidiary of LR Global Bangladesh Ltd.

Mr. Shariful completed 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 (CAT) qualification at FTMS, Malaysia.

OUR ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)



We regard Environmental, Social and Governance (ESG) principles as integral to long-term value creation. Our manufacturing processes are continuously optimised to enhance resource efficiency and reduce carbon intensity, reflecting responsible operations and production. Equally, we foster a safe, inclusive and empowering workplace, supported by robust governance frameworks that uphold transparency and accountability. Embedding sustainability into our DNA, we drive responsible growth while strengthening stakeholder trust as an industry pioneer.

OUR FOUNDATION FOR THE FUTURE (ESG)

Shaping a Responsible Future

At RAK Ceramics (Bangladesh), our Environmental, Social and Governance (ESG) principles form the foundation upon which long-term resilience and responsible growth are built. In a period of high tide, our ESG framework has guided disciplined decision-making, reinforced stakeholder trust and strengthened operational sustainability, enabling us to row the organisation towards safer shores. We recognise that enduring value creation depends not only on financial performance but also on how responsibly we manage resources, empower our people and uphold governance standards.

Environmental Responsibility

As a manufacturing organisation, environmental stewardship is central to our business administration. Energy efficiency, emissions control, waste reduction and responsible raw material consumption remain key operational priorities. During the year, we took many initiatives focused on optimising fuel consumption, improving production yields and reducing process waste. Investment in energy management systems and cleaner fuel alternatives reflected our commitment to lowering environmental impact while also improving cost efficiency.

Water management and effluent treatment processes continue to be monitored and enhanced to ensure regulatory compliance and minimise ecological footprint. We have two effluent treatment plants within our manufacturing premises that enable comprehensive waste water treatment before being used internally or

discharged. Embedding environmental considerations across our operational chain enables us to align sustainability objectives with operational performance.

Our environmental initiatives are designed not only to meet current standards but to anticipate evolving expectations in Bangladesh’s regulatory and business landscape.

Social Responsibility

Our people, partners and communities constitute the social backbone of our enterprise. We remain committed to providing a safe and inclusive work environment supported by ongoing training, performance development and health and safety standards. Continuous capability enhancement, particularly in manufacturing, retail and technical functions, ensure that our workforce remains agile and responsive to change.

Beyond our workforce, we maintain strong relationships with our dealers, contractors, architects and institutional clients across the country. Transparent communication, responsive customer service and ethical business conduct strengthen long-term partnerships. Furthermore, engagement with local communities around our operations is undertaken through responsible practices, reinforcing our role as a constructive corporate citizen.

Governance and Accountability

Strong governance underpins our ESG framework. Robust internal controls, risk management systems and compliance mechanisms ensure accountability across our operations. The Company adheres to prompt reporting standards, transparent financial oversight and disciplined decision-making. Senior leadership oversight of sustainability priorities ensures that ESG considerations are integrated into strategic planning.

On the value chain front, supplier selection and evaluation processes incorporate ethical and compliance criteria, promoting responsible sourcing and accountability. Through rigorous oversight, periodic audits and performance monitoring, we maintain integrity and safeguard stakeholder interests.

Looking Ahead

Our ESG agenda continues to evolve alongside market expectations and regulatory developments. In 2026, we will deepen our focus on energy optimisation, resource efficiency, digital monitoring systems and enhanced stakeholder engagement. Strengthening environmental stewardship, social responsibility and governance discipline in equal measure, RAK Ceramics (Bangladesh) is building a foundation that supports sustainable growth, operational resilience and enduring stakeholder confidence.

OUR ESG PILLARS



Energy Efficiency and Emissions Management

Optimising kiln operations, fuel mix and energy intensity to reduce carbon footprint while improving cost efficiency across manufacturing.



Responsible Raw Material Sourcing

Ensuring quality, compliance and environmental responsibility in the procurement of clay, feldspar, glazes and other key inputs.



Water Stewardship

Efficient water usage, recycling initiatives and monitoring of effluent treatment systems to minimise ecological impact.



Waste Reduction and Circular Practices

Continuous efforts to reduce production waste, improve yield and explore reuse of process materials.



Safe and Inclusive Workplace

Maintaining strong health and safety standards, training programs and inclusive workplace practices that prioritise employee wellbeing.



Talent Development and Capability Building

Enhancing technical, operational and sales skills among our workforce.



Customer Trust and Product Transparency

Providing accurate product information, responsive service mechanisms and structured feedback to strengthen customer relationships.



Ethical Supply Chain

Applying structured supplier selection, evaluation and grievance redressal to promote transparency, compliance and responsible sourcing.



Governance and Risk

Embedding established internal controls, financial discipline and risk management frameworks to safeguard stakeholder interests.



Community Engagement and Social Responsibility

Maintaining constructive engagement with local communities through responsible operations, dialogue and support initiatives aligned to local needs.



ESG Report

A separate ESG report has been attached to the back cover of this annual report.

SOCIAL CITIZENSHIP AT RAK CERAMICS (BANGLADESH)

At RAK Ceramics, social citizenship is rooted in the belief that sustainable business success is linked to the wellbeing of the communities in which we operate, especially proximate to our plants. As a responsible manufacturing organisation, we recognise that our role extends beyond production and distribution by contributing meaningfully to social development, fostering trust and supporting local progress in practical and responsive ways.

Our approach to community engagement is guided by relevance and need. We prioritise initiatives that address specific local requirements identified through ongoing dialogue and informal consultations with community representatives. This ensures that support is timely, purposeful and aligned with actual ground realities.

During the year, the Company extended need-based donations to support healthcare, education and social welfare initiatives within surrounding communities. Contributions included assistance to local institutions, medical support initiatives and community welfare programs, particularly in situations where immediate intervention was required.

Beyond financial contribution, our social citizenship focus emphasises responsible operational conduct. Maintaining safe manufacturing practices, environmental compliance and transparent communication with local stakeholders ensures that our presence remains constructive and respectful. Regular engagement with community members helps identify concerns early and address them proactively, reinforcing mutual trust.

Employee participation further strengthens our community connections. Encouraging a culture of awareness and responsibility among our workforce fosters shared ownership of social initiatives. Whether through voluntary involvement, awareness programs or participation in community events, our people contribute to building positive relationships beyond the workplace.

Looking ahead, the Company remains committed to strengthening its community engagement approach through assessment, transparency and responsiveness. As Bangladesh’s social and economic landscape evolves, we will continue to adapt our outreach initiatives to meet emerging needs while maintaining accountability and impact.



RAK CERAMICS (BANGLADESH): CORPORATE SOCIAL RESPONSIBILITY

At RAK Ceramics (Bangladesh) Limited, Corporate Social Responsibility (CSR) is embedded in the way we conduct our business.

As one of the country’s leading ceramics manufacturers, we recognise that our growth must be aligned with the well-being of the communities around us. Our CSR initiatives hence focus on creating meaningful, long-term impact through responsible operations, community engagement and targeted social contributions.

The Company regularly extends support through donations and contributions to local institutions, community organisations and individuals in need. Whether in times of social hardship, natural calamities or community development requirements, we strive to stand beside our stakeholders and play a constructive role in strengthening the social fabric of the areas in which we operate.

Environmental stewardship remains a key pillar of our citizenship approach. We maintain a focus on keeping our plant surroundings clean, green and pollution-free through waste management, emission control measures and regular environmental monitoring. Cleanliness drives and plantation initiatives are also undertaken to enhance the ecological balance in and around our operational zones.

Combining responsible manufacturing with community welfare efforts, RAK Ceramics reinforces its commitment to sustainable development. Importantly, our objective is not only to manufacture world-class products but also to contribute positively to society and ensure that progress is shared with the communities that support our journey.



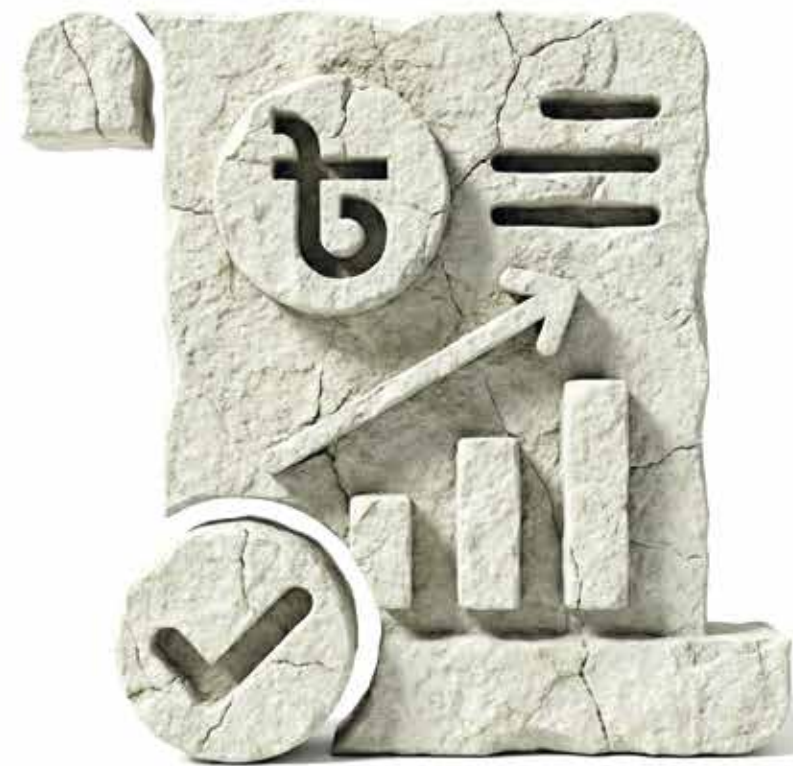
RAK-SENSATION
BACK TO WALL



RAKCERAMICS.COM

RAK
CERAMICS

OUR INTEGRATED REPORT AND DISCLOSURES



Our Integrated Annual Report 2025 reflects our pledge to ensure transparency, accountability and sustainable growth. It presents a comprehensive overview of our financial performance, ESG progress and operational achievements that define our strategic direction. Through responsible innovation and robust governance, we demonstrate our capacity to navigate a dynamic operating environment, strengthen stakeholder trust and create enduring value.



ABOUT OUR INTEGRATED REPORT

Our Integrated Report 2025 serves as our primary communication to our shareholders and the wider stakeholder community. It provides a transparent, balanced and strategic account of how we create, preserve and enhance value over time. Bringing together financial and non-financial information within a single, cohesive narrative, the Integrated Report reflects our commitment to accountability, clarity and long-term value creation.

Prepared in alignment with the globally recognised Integrated Reporting <IR> principles, the Integrated Report demonstrates how our strategy, governance, performance and future outlook are interconnected. It articulates how we respond to market dynamics, manage risks and allocate resources responsibly, while maintaining strong oversight and disciplined execution. This integrated approach ensures our stakeholders gain a holistic understanding of our business model and value creation journey.

At the heart of our reporting framework is our multi-capital model. We explain how we utilise and strengthen our capitals, namely Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural to drive sustainable growth. Actively managing these capitals has enabled us to enhance operational resilience, foster innovation, build trust-based relationships with our stakeholders and minimise environmental impacts.

The Integrated Report reflects our financial performance for the year 2025 and also our broader contribution to industry, communities and the environment. We remain focused on delivering enduring returns for our shareholders, while responsibly stewarding the capitals that underpin our long-term success. Through this Integrated Report, we reaffirm our commitment to sustainable value creation for all our stakeholders.

OUR INTEGRATED VALUE CHAIN

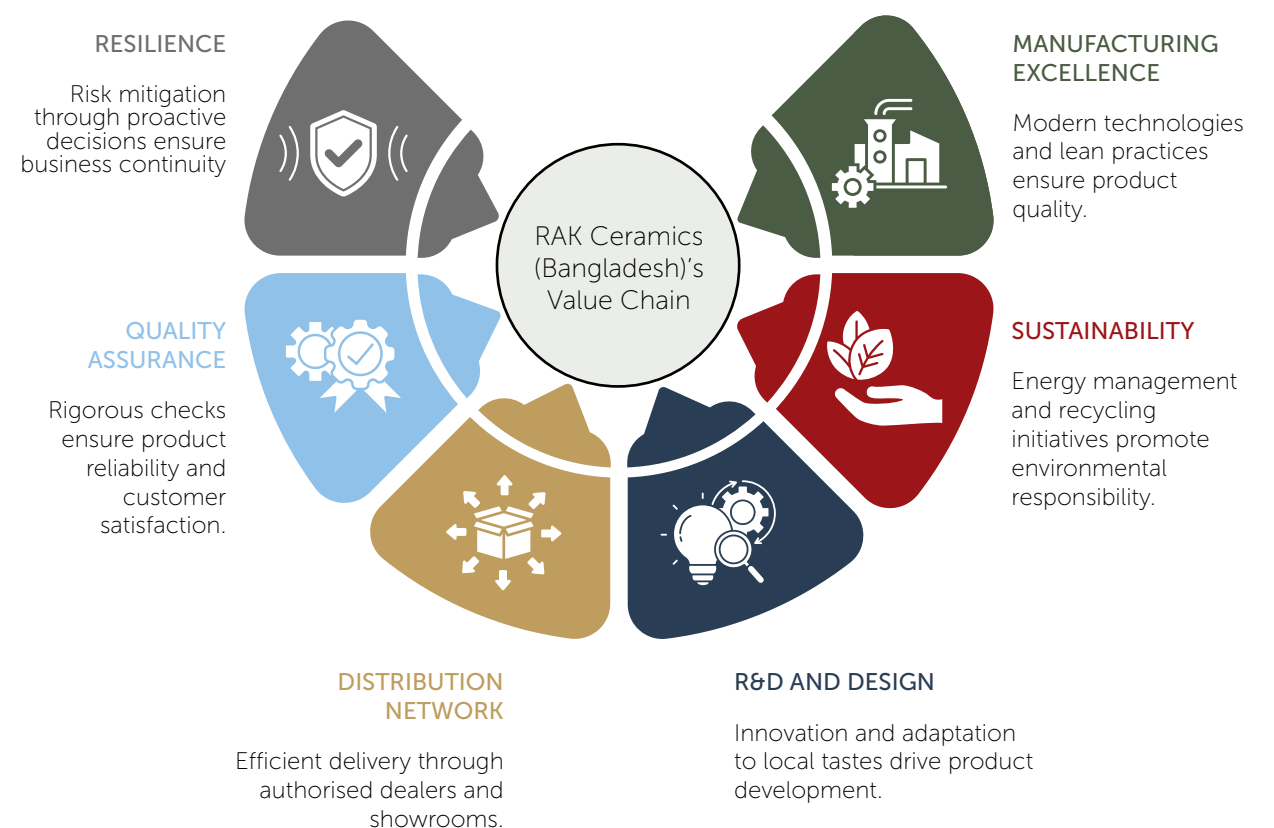
From source to showcase—our end-to-end value chain

Leveraging our Integrated Value Chain

At the heart of RAK Ceramics' value proposition is an integrated end-to-end value chain that converts carefully procured raw materials into attractive design-led products, delivered through a network of service-oriented showrooms and project channels. This integration spanning inbound procurement, manufacturing excellence, quality assurance, logistics, retail and distribution, and after-sales service is crafted to protect margins, accelerate time-to-market for new collections and ensure consistent quality for both retail customers and institutional clients.

Importantly, our integrated value chain helps secure critical inputs, harnesses manufacturing excellence, delivers distinctive customer experiences through showrooms and projects, and embeds sustainability to reduce long-term costs and risk. The integration enhances our competitiveness too and positions us to capture growth as the construction and housing markets improve, while also ensuring we meet the rising expectations for quality, service and responsible business practices.

Our Integrated Value Chain



Raw Material Procurement

Value does not begin at the showroom but begins at the source - in the careful selection of raw materials, in the science of formulation and in the discipline of process design. What sets us apart is the way each link of our value chain connects to the next, enabling us to operate as a well-organised system.

On the raw material procurement front, we leverage a mix of locally available and imported raw inputs, combined with the RAK Group’s centralised sourcing expertise, to manage input costs, quality and continuity. Central coordination of major commodity purchases such as clay, feldspar, etc., allow us to get scale benefits while local sourcing of other items helps shorten lead times. Further, our Group’s broader procurement practices and emphasis on resource efficiency means we benefit from negotiated terms, technical input on raw mix formulations and access to recycled and reprocessed materials, where viable, supporting both cost and sustainability goals.

Manufacturing and Process Excellence

Through modern production technologies, process automation and lean operational practices, we convert natural inputs into products defined by durability, precision, design and aesthetic excellence. Our continuous process of monitoring, yield optimisation and waste reduction ensure that efficiency is embedded in daily operations. Our manufacturing approach rests on consistent throughput, lean operations and technology adoption. Across the plants, investment in modern kilns, automation and process controls have been prioritised to reduce energy intensity and improve yields, enhance efficiency and enable cost savings.

For RAK Ceramics, this translates into tight quality control, reduced wastage and a product range that meets international standards for durability, quality and finish. Embedding lean principles into production planning also helps balance inventory against demand, thus enabling maintainable working capital cycle.

Sustainability and Energy Management

Over the years we have incorporated key aspects of sustainability into our value chain. The Company’s sustainability focus highlights initiatives such as energy management, recycling of natural raw materials and emissions reduction, all of which influence sourcing choices and capacity development in our workforce to identify areas of sustainability inclusion. Over time, these initiatives have optimised operating costs, notably through energy efficiency, and reduced exposure to regulatory or community risks while strengthening our credentials with architects, interior designers and large customers seeking green and credibility-enhancing solutions.

R&D, Product Development and Design Capability

A vibrant R&D and design function shortens the loop from concept to shelf. Leveraging Group R&D and pattern and print technologies, our Bangladesh product team adapts global collections to local tastes and project requirements. Some examples include large polished porcelain slabs for commercial projects or value-conscious tile ranges for residential and housing projects. This close coordination between design and production supports faster launch of trend-relevant collections and provides dealers and showrooms fresh propositions to stimulate retail conversions and convert footfalls into billing.

Distribution, Retail and Dealer Network

Forward integration is a strategic strength. Finished goods move through a structured distribution network, from Company warehouses to authorised dealers/sub-dealers to RAK showrooms and retail partners across Bangladesh. Our showroom expansion, part of the Group’s retail push of taking the RAK brand deeper into the market, gives our customers an immersive experience that includes curated displays, large format samples and expert consultation, all formulated to enhance conversion and average ticket value. Furthermore, centralised logistics planning reduces stockouts and improves project fulfilment, while dealer relationships allow deeper reach into regional demand centres.

Quality Assurance and After-Sales

Quality checks are embedded throughout the value chain, from raw material acceptance testing to inline kiln controls and final inspection before dispatch. Quality Control/Quality Assurance (QA/QC) is one of the major institutional strengths of the Group and the Company, with decades of experience, has robust capabilities that include an eye for detail.

After-sales support, warranty management and a responsive customer care function closes the service cycle, thus enhancing brand reputation and converting one-time buyers into repeat customers.

Resilience: Managing Risk and Volatility

Our integrated model improves resilience but does not eliminate exposure to macro-risks that, in the recent past, have included pressure from energy supply constraints and currency volatility which have impacted production and demand. In this regard, our integrated approach helps offset these risks through diversified sourcing, inventory optimisation, energy efficiency initiatives and flexible distribution. Close coordination with the Group’s procurement and operations teams further allows our Company to draw on wider resources during supply shocks and to adjust product mixes when demand patterns shift.

VALUE CREATED FOR STAKEHOLDERS

	For Customers	1. Consistent product quality 2. Wide range 3. Faster access to new designs
	For Dealers and Distributors	1. Reliable supply of products 2. Marketing and customer support 3. Product training
	For Small Businesses	1. Local sourcing of products and services that provide livelihood opportunities 2. Capacity building through sharing of insights and new business prospects
	For Government	1. Tax compliance 2. Compliance with statutory guidelines

SPOTLIGHT ON OUR SIX CAPITALS

Fortifying our Foundations through our Six Capitals

RAK Ceramics’ progress is shaped by its six capitals: Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural. Each of them play a role in driving innovation, preserving value and supporting performance. From maintaining financial strength and adopting advanced manufacturing practices, to empowering people, deepening stakeholder trust and caring for the environment, the Company integrates these elements into its overall business administration. Together, our six capitals are foundational and enable a more resilient enterprise.

FINANCIAL CAPITAL

RAK Ceramics’ Financial Capital is fundamental to its continued growth and operational strength. It underscores the Company’s resilience and strategic vision through consistent financial performance, sound investments, effective risk management and efficient capital deployment. This financial base empowers the Company to seize new opportunities, counter challenges, overcome loss periods and generate long-term value for stakeholders.

10.55% increase
in revenue to BDT
7,373.30 mn

MANUFACTURED CAPITAL

Central to RAK Ceramics (Bangladesh)’s operations is its Manufactured Capital, showcasing the Company’s focus on innovation and excellence. With state-of-the-art production facilities and advanced technologies, it ensures top-tier internationally-aligned product quality, operational efficiency and environmentally responsible practices. This robust manufacturing imprint drives continuous innovation, strengthens customer trust and ensures market goodwill.

27.38% output growth
achieved in tiles
production

HUMAN CAPITAL

People are at the core of RAK Ceramics (Bangladesh)’s success, with Human Capital serving as a powerful engine for innovation and operational excellence. The Company cultivates a culture of empowerment, inclusivity and continuous growth, enabling its people to contribute meaningfully and earn respectable livelihood. Ongoing initiatives in upskilling, technical training and competency development in sales, marketing and other customer-oriented functions strengthens our overall workforce capability, ensuring a skilled team with sound professional expertise. The Company’s Human Capital is also defined by employment provisions made to contractual employees.

Total 21,703+ man-
hours of training
provided in 2025

INTELLECTUAL CAPITAL

RAK leverages its Intellectual Capital as a key driver of innovation and growth. Anchored in the deep expertise of its workforce and supported by a robust technological backbone, it enables the Company to deliver cutting-edge solutions, respond swiftly to changing market dynamics and maintain a competitive edge in the market. Our Intellectual Capital is further defined by our ability to gauge consumer trends and convert these into fast-moving product solutions.

287 new tiles and 14
new sanitary ware
products launched in
the past 2 years

SOCIAL AND RELATIONSHIP CAPITAL

Strong relationships form the foundation of RAK Ceramics (Bangladesh)’s Social and Relationship Capital, built on the principles of inclusivity and integrity. The Company values its long-standing connections with customers, partners, investors, regulators and communities, viewing these relationships as essential to success. Fostering trust, transparency and mutual respect, we promotes collaboration that drives collective progress and shared value.

Reduced NO 0.0%/SO
20.0% and noise levels,
thus ensuring better
community living
around our plants

NATURAL CAPITAL

The Company upholds its environmental responsibility that guides the preservation of the natural world. Through all-round efforts to minimise energy and water usage, adopt eco-conscious practices and reduce carbon emissions, the Company supports the transition to a green industry.

Achieved 7.25%
reduction in electricity
consumption to
produce per sqm of
tiles

CAPITALS PERFORMANCE SCORECARD

A Consolidated View

Our Capitals Performance Scorecard provides a consolidated view of how RAK Ceramics creates, preserves and strengthens value across its six capitals. In 2025, while financial capital reflected pressure due to market conditions, performance across operational efficiency, people capability development, digital and IT upgrades and governance controls remained sound and in alignment to long-term value. The scorecard enables RAK Management to monitor key metrics and ensure that short-term adjustments do not dilute structural strength.



Capital Input-Financial Capital

Financial Capital remains a cornerstone of stability and long-term sustainability for RAK Ceramics (Bangladesh). In 2025, the Company operated with a disciplined financial framework to preserve liquidity, protect Balance Sheet strength and navigate a challenging environment with caution and prudence.

- Read more on page 67 of this annual report.

Outcomes

Key Metrics	2024	2025
Earnings before interest and tax (BDT mn)	51.62	-286.42
Operating cash flow (BDT mn)	207.63	4,826.33
Earnings per share (BDT)	-0.06	-0.93
Dividend paid (BDT mn)	428.01	428.29
Net debt-to-EBIDTA	1.48	3.25



Capital Input-Manufactured Capital

Our manufacturing footprint represents a strategic asset and we focus on continuous process optimisation, lean plant operations, automation, product consistency and wastage reduction. Maintenance discipline and energy management initiatives have strengthened operational reliability, even amidst external volatility. The emphasis has stayed on efficiency, product quality and capacity utilisation.

Outcomes

Key Metrics	2024	2025
Capex (BDT mn)	545.11	390.00
Depreciation and amortization (BDT mn)	531.06	533.46
Disposal of property, plant and equipment (BDT mn)	2.91	629.64
Tiles produced (mn sqm)	7.34	9.35
Sanitaryware produced (mn pcs)	0.92	0.89



Capital Input - Human Capital

Our people remain central to our operational stability and customer engagement. In 2025, emphasis was put on building a more capable and productive workforce while strengthening technical capabilities and frontline market responsiveness. Training initiatives focused on production and operations, and safety and safe practices.

Outcomes

Key Metrics	2024	2025
Recordable case rate (%)	8.33	9.58
No. of fatalities	00	00
Salaries and benefits (BDT mn)	1,085.08	1,111.78
Training hours	15,664	21,703
No. of safety training programs conducted	52	85



Capital Input - Intellectual Capital

RAK Ceramics benefits from access to global design trends, technical expertise and product development capabilities of the Group headquartered in the UAE and having a manufacturing and R&D footprint all over the world. Our local teams translate the insights into product collections suited to Bangladesh's residential and institutional markets. Continuous improvement in formulation, design adaptation and process refinement has also enhanced our competitiveness.

Outcomes

Key Metrics	2024	2025
No. of patents held with BSTI	53	56
Investment in R&D (BDT mn)	15.01	12.09
No. of new designs produced – Tiles	110	186
No. of new designs produced – Sanitary ware	10	3



Capital Input - Social and Relationship Capital

A nationwide dealer network, institutional partnerships and customer-facing showrooms form the backbone of our market presence. Even in a slow environment, we enhanced engagement with retailers, contractors and developers through closer collaboration and improved service. Furthermore, we also focused on community relationship by contributing to local causes, and also contributed to employee welfare programs.

Outcomes

Key Metrics	2024	2025
Paid to govt. exchequer (BDT mn)	3,003.46	3,281.45
Spending on social causes – Donations (BDT mn)	2.33	3.09
Spending on staff welfare – Child birth (BDT mn)	0.54	0.28
Spending on staff welfare – Medical (BDT mn)	2.54	0.49
Spending on staff welfare – Education (BDT mn)	0.27	0.00





Capital Input - Natural Capital

Energy efficiency, waste elimination and responsible resource use are our operational priorities. Optimisation of raw material consumption, reduction of production waste and improved energy management practices have contributed to improved efficiency metrics that have contributed to better environmental management. We have always viewed natural capital stewardship as a strategic imperative and a compliance requirement.

Outcomes

Key Metrics	2024	2025
Effluent treatment plant	2	2
Natural gas use (MMBTU)	0.83	0.97
Captive energy produced (kWh)	40.51	48.11
Natural clay used (tons)	17,125.30	207,978.90

Way forward

In 2026, RAK Ceramics will strengthen its six capitals framework with sharper alignment between discipline and growth. Financial capital will remain anchored in prudence, including tighter working capital cycle, disciplined capex prioritisation and enhanced cost savings. At the same time, selective investment in automation and IT will enhance operational and business administration efficiency. The focus will be on capacity utilisation and debottlenecking.

Human capital and intellectual capital will increasingly converge as a leaner organisational structure will be complemented by deeper technical capability, cross-functional collaboration and stronger frontline empowerment. Training will prioritise production

excellence, safety culture and business management. Access to Group-level design insights and product innovation will be further localised for Bangladesh's evolving market segments, shortening the distance between development and launch.

Social and relationship capital will be reinforced through closer dealer engagement, improved in-store experience and stronger project servicing. Digital touchpoints through online catalogues and organised feedback will deepen our understanding of market requirements and expectations. In parallel, stewardship of natural capital will accelerate through enhanced energy management, waste reduction and resource optimisation, even as we focus on the most suitable and responsible use of our key natural resources such as natural gas and clay.

FINANCIAL CAPITAL

Bolstering our Financial Foundations

Financial capital remains our foundation for stability and progress. In a persistently soft and challenging market over the last few years, financial strength has enabled the Company to maintain operational continuity, protect margins and continue to invest in plant upgrades and IT/digital development. Over time and in accordance to the market conditions, the Company has prioritised careful working capital management and cost control to preserve financial liquidity for meeting day-to-day needs, as well as ensuring that it invests for the future.

During the past few years, the Company has focused on strengthening its core by optimising plant efficiency, enhancing showroom productivity and refining product mix to align to market realities. This approach has sustained liquidity while enabling targeted investments in automation, energy optimisation and customer experience.

A resilient financial foundation has positioned RAK to respond well to a possible market upturn that is in sight with the return of political stability that will improve customer and trade confidence.

Sales Growth

The Company achieved a healthy 10.55% increase in sales to BDT 7,373.30 mn during the year, accomplished due to higher offtake, premium products and strategic pricing discipline. The sales growth is encouraging and has created a foundation to set higher sales targets for the current year.

Gross Profit

The Company's gross profit moderated to BDT 972.87 mn in 2025, down from BDT 1,146.82 mn in the previous year.

This was on account of cost pressures that impelled cost of goods sold (COGS) to rise to BDT 6,400.43 mn during the year, up 15.89% over the previous year. Consequently, the Company's gross profit margin declined to 13.19%, as against 17.19% in 2024. Management is focused on margin recovery as per its budget plan of 2026.

Finance Expenses

The Company's finance expenses rose to BDT 267.39 mn in 2025, up from BDT 187.44 mn in 2024. This is attributed to a high interest rate regime that pushed loan interest expenses high during the year. In addition, the Company also faced a higher foreign exchange loss due to continued devaluation of BDT against the US\$ in 2025.

Cost Discipline

Cost discipline remained a key Management priority, with continuous efforts made towards improving operational efficiency across all business functions. During 2025, we focused on expense optimisation initiatives to bring variable cost structures to align to prevailing market conditions. We also identified opportunities to streamline overhead costs during the year. Even as we drove all-round efficiency improvement measures, we maintained our commitment to meeting all financial obligations promptly and in a responsible manner.

Cash Management

We uphold rigorous discipline in cash management, ensuring liquidity remains aligned with operational needs. This approach is reflected in a stable net operating capital cycle maintained within a controlled range over recent years. Our focus on structured working capital management and proactive inventory and receivables management has helped preserve Balance Sheet strength.



7,373.30

Revenue (BDT mn), 2025



10.55%

Revenue Growth on
Annual Basis



13.19%

Gross Profit Margin



MANUFACTURED CAPITAL

Our Operational Backbone

RAK Ceramics derives its operational strength from a disciplined and automation-enabled manufacturing base that prioritises consistency, efficiency and quality. Our production facilities are structured to support precision-driven processes, combining modern equipment, automation and rigorous quality controls to ensure reliable output across product lines in the tiles and sanitaryware segments. Operational planning and maintenance discipline remains central to sustaining throughput stability in a dynamic environment.

Equally important is our commitment to responsible manufacturing. Input-output optimisation, energy management and waste reduction are woven into plant-level practices, underpinning environmental stewardship alongside operational management. Through this approach, we ensure that our manufactured capital not only supports current performance but also helps prepare the ground for sustainable growth.

The Company's manufacturing facilities are in Gazipur, an industrial hub located on the outskirts of Dhaka. This location enables easy access to the Dhaka market. The location is also beneficial for us to efficiently serve our dealer network in the rest of the country.

Overview

Manufactured capital at RAK Ceramics represents our operational backbone that enables the Company to deliver high-quality ceramic tiles, sanitaryware and solutions in a competitive manner. As the local entity of one of the world's largest ceramics manufacturers, RAK Ceramics (Bangladesh) benefits from both global scale and domestic market focus, positioning its manufacturing operations as a strategic differentiator in the ceramics sector.

RAK Ceramics' manufacturing footprint is anchored on tech-capable facilities designed to produce a broad range of gres porcelain and ceramic wall and floor tiles, alongside high-quality and value-oriented bathroom products and sanitaryware. These facilities are part of the RAK Group's global network that spans the UAE, India, Bangladesh and Europe, collectively boasting a capacity to deliver over 118 mn sqm of tiles annually. Within Bangladesh, our scale of 10.32 mn sqm of annual tiles production capacity and 1.45 mn pcs of annual sanitaryware manufacturing capacity enables the Company to meet diverse market requirements, from aspirational residential projects to large commercial and institutional developments. The integration of production planning with market demand allows for operational flexibility while keeping inventory under check.

A key strength of the Company's manufactured footprint

is alignment with modern production and international quality compliance standards. The Company has established robust quality management systems across its value chain, with certifications such as ISO 9001 and ISO 14001, reflecting both product quality and ecological responsibility. These certifications are backed by established in-line quality controls that monitor consistency from raw material intake through to final dispatch. This approach ensures products not only meet domestic requirements but also conform to international standards, a critical edge for our brand credibility and customer trust.

During the year, we continued to focus on boosting manufacturing efficiency through optimisation and equipment upgrades, reflecting Group-wide priorities. Energy management initiatives, process automation and investment in effluent treatment are examples of how manufacturing operations are evolving to balance performance with sustainability commitments.

Operational resilience has also been strengthened through maintenance discipline and production planning that anticipates fluctuations in demand and input cost pressures. Embedding lean practices and real-time tracking into manufacturing workflows, the Company enhances asset reliability, minimises downtime and safeguards throughput capacity. Integration with centralised procurement and quality processes under the Group umbrella further enhances consistency, ensuring that Bangladesh operations benefit from shared expertise and high technical standards.

Tiles Manufacturing

During the year, tiles manufacturing enabled the Company to produce and unveil new sizes and thicknesses for its product range, thus helping redefine modern design standards. Further, a range of porcelain tiles and slabs were also manufactured, enabling alignment with the latest design trends and professional needs. Over the year, the manufacturing team has made notable strides in technical product manufacturing, including enhancements in thickness. Additionally, multiple surface finishes manufactured at the plant have provided diverse aesthetic and functional solutions to the market.

The Company's overall annual tiles manufacturing capacity stands at 10.32 mn sqm and it produced 9.35 mn sqm during the year under review, thus registering a capacity utilisation of 90.60%.

Sanitaryware Manufacturing

Sanitaryware manufacturing team has advanced RAK Ceramics (Bangladesh)'s commitment to innovation and excellence in sanitaryware. The team has consistently

contributed to achieving breakthroughs in engineering processes for WCs that have led to reduction in material and energy consumption while delivering aesthetically refined offerings.

Further, aligned to market dynamics, sanitaryware manufacturing has also enabled the remodelling of existing products to align to the latest advancements, such as rimless flush technology and other comfort factors to ensure superior functionality and user experience.

Expanding design versatility, the plant has also helped

in unveiling new colours for various collections, adding fresh aesthetic choices for modern interiors. With a relentless focus on innovation, sustainability and design excellence, the year 2025 marked another milestone in the Company's journey to redefine the standards of modern bathroom solutions.

The Company's annual sanitaryware manufacturing capacity stands at 1.45 mn pcs and it produced 0.89 mn pcs during the year, registering a capacity utilisation of 61.25%. As the market recovers, the Division expects to ramp-up production and capacity utilisation in the current year.



HUMAN CAPITAL

Fostering a People-First Organisation

Leaner and More Agile Workforce

At RAK Ceramics (Bangladesh), we continue to advance a lean and agile workforce model aligned to our strategic priorities and evolving business requirements. The focus is on enhancing efficiency, responsiveness and performance while maintaining operational strength. Furthermore, strategic workforce assessments are conducted to identify role overlaps, capability gaps and optimization opportunities in line with business objectives. Roles are also being re-designed around skills, measurable outcomes and value creation, supported by clear accountability frameworks to eliminate duplication and improve productivity.

Workforce planning is closely integrated with business strategy, enabling faster talent deployment and more informed resource decisions. Talent mobility is encouraged through internal re-deployment, upskilling and reskilling initiatives to ensure the availability of critical capabilities.

Flexible workforce models, including project-based and hybrid resourcing approaches, enhance scalability and responsiveness. Organizational layers are streamlined to accelerate decision-making, while technology-driven HR automation and workforce analytics have helped improve planning accuracy and productivity.

Besides, performance management systems have been bolstered to reinforce accountability and a high-performance culture. Leadership capability development and well-planned change management initiatives have further supported organizational agility. Through these measures, the organization has optimised cost structures while preserving performance, continuity and long-term competitiveness.

Total manpower

During the year, the organization maintained an average workforce of 2,028 employees, comprising 1,711 permanent employees of RAK Ceramics (Bangladesh) and 317 employees of subsidiaries. The Company had a total strength of 2,117 employees during the previous year.

Employee Motivation, Safety, Growth and Retention

The Company has implemented several initiatives to strengthen employee engagement, wellbeing and long-term retention across all levels. These are discussed below:

Motivation and Engagement

The organization maintains performance-linked recognition and reward programs to acknowledge individual and team contributions. Transparent communication channels between leadership and blue-collar employees foster trust and alignment. Employee facilities meet and, in some cases even exceed, statutory requirements, while all payroll and statutory dues are disbursed accurately and on time.

Employees are encouraged to participate in decision-making processes, reinforcing ownership and engagement. Formal grievance handling systems and adequate feedback mechanisms ensure concerns are addressed constructively and promptly.

Safety and Wellbeing

A strong safety culture remains a priority for the Company. Robust workplace safety policies are implemented in line with statutory and industry norms, supported by periodic audits and regulatory compliance reviews. Furthermore, regular safety training programs and emergency response drills enhance preparedness and reduce operational risks.

Health awareness initiatives, provision of modern equipment and appropriate personal protective equipment (PPE) and organization-wide safety campaigns, including Safety Week observances, reinforce safety consciousness. Moreover, recognition initiatives such as Safety Hero awards acknowledge exemplary safety performance and is a means of encouragement for the whole organisation.

Growth & Career Development

Clear career pathways and planned internal mobility programs support professional progression. Further, continuous training, leadership development and skill enhancement initiatives are aligned with organizational needs. High-potential employees benefit from coaching and mentoring programs, while internal talent movement initiatives enable long-term career development and succession readiness.

Retention

Compensation benchmarking ensures market competitiveness and internal equity. Periodic employee engagement surveys and organised exit interview analyses help identify improvement areas. Importantly, the Company promotes work-life balance and comprehensive employee support systems. Our commitment to diversity, equity and inclusion foster a respectful workplace culture that enhances overall employee experience and retention.

Inclusion and Female Participation

The Company is committed to building a diverse, equitable and inclusive workplace grounded in merit, respect and equal opportunity. Fair and transparent recruitment, promotion and development processes are supported by equal opportunity and non-discrimination policies. A safe, respectful and harassment-free work environment remains a key priority.

Women employees currently represent around 4% of the total workforce, contributing across administrative, technical, operational and leadership roles. The Company continues to implement targeted initiatives to enhance female participation, particularly in operational and leadership functions, aligned with its long-term diversity objectives.

Key HR Initiatives for the Year

During the year 2025, people initiatives focused on strengthening organizational capabilities, engagement and workforce sustainability. Key priorities are mentioned below:

- Enhancing performance management systems to improve goal alignment and execution discipline
- Expanding the ambit of learning, leadership development and succession planning programs
- Strengthening employee engagement and retention
- Further digitizing HR processes and expanding workforce analytics capabilities
- Advancing diversity, inclusion and workplace safety standards
- Building talent pipeline for critical roles to ensure continuity and growth

Learning, Development and Skilling Initiatives

To enhance productivity and operational efficiency, the organization systematically implements Learning & Development (L&D) programs focused on technical capability, safety, leadership and behavioural excellence.

Technical and functional training programs are delivered across shop-floor employees, supervisors, engineers and Head Office personnel to strengthen job-specific

competencies and reduce process inefficiencies. During the year, programs covered sales and product knowledge, public and government relations processes, taxation, legal and IFRS training, labour law compliance, IT security awareness, quality management principles and SKU management for senior leadership.

Safety and compliance training remained a major focus. In 2025, 85 safety training and awareness programs were conducted, representing a 63.5% increase over the previous year. Total training touched 21,703.25 man-hours, reflecting a 37.8% YoY increase, with 90% coverage of factory employees. Moreover, leadership and supervisory development programs enhanced decision-making, conflict resolution, stress management, situational leadership and productivity oversight capabilities.

Cross-functional and multi-skilling initiatives were also organised during the year that improved workforce flexibility and manpower utilization, including training in advanced Excel, project management and presentation skills. Structured on-the-job training and refresher programs reinforced standard operating procedures and strengthened task efficiency.

Behavioural and soft-skill development programs focused on communication, teamwork, professional ethics, workplace hygiene and problem-solving, enhancing collaboration and our ability to collectively achieve results.

People Outlook for 2026

In 2026, the Company will continue to strengthen its people strategy to support business agility, operational excellence and long-term growth. The focus will be on building a future-ready workforce through enhanced leadership development, targeted upskilling and strategic talent pipeline for critical roles. Digital HR transformation and data-driven workforce planning will improve efficiency and decision-making, while continued emphasis on employee engagement, safety and wellbeing, and inclusion will reinforce a supportive and performance-oriented culture. The Company also aims to sustain talent retention and elevate organizational capabilities in alignment with its performance improvement and growth aspirations for the year.



2,028

Total Employees



18.56%

Annual Turnover Rate



INTELLECTUAL CAPITAL

Balancing Precision with Craftsmanship

Our Knowledge-Driven Edge

At RAK Ceramics, intellectual capital is a strategic enabler that shapes how we innovate, operate and compete. It encompasses the expertise of our people, the strength of our systems, access to global design intelligence and the technical knowledge embedded in our processes. Drawing on the wider Group's research capabilities and product development platforms, we translate international trends and technological advancements into solutions tailored to Bangladesh's residential and institutional markets.

Our approach blends technical precision with creative design and craftsmanship. From formulation improvements and surface innovations to evolving aesthetic collections, knowledge is actively converted into market-ready outcomes. Close coordination between design, production and sales functions ensures that insights flow seamlessly across the value chain, shortening development cycles and enhancing responsiveness to customer preferences.

Research and Development (R&D)

We continue to strengthen our R&D capabilities across manufacturing units with a focus on innovation, product excellence and sustainability. Key advancements include the development of high-value ceramic tile designs, a range of precision-led technical products, improved finishes for enhanced functionality and efficient process formulations to curb costs. These efforts reflect the Company's commitment to continuous improvement and customer-centricity. During the year, the Company's investment in R&D stood at BDT 12.09 mn.

Leading in Product Quality

RAK Ceramics (Bangladesh) is ISO-certified, maintaining high standards for quality and environmental management. It is certified for ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System). The Company's products also comply to the ISO 13006:2012 standard for tiles and utilizes Bureau Veritas (BV) certification for auditing

Product Innovation and Patents

Product innovation remains central to RAK Ceramics' intellectual capital. During the year, the Company strengthened its intellectual property through patent registrations with the BSTI (Bangladesh Standards and Testing Institution), reinforcing a commitment to protecting proprietary designs, formulations and process advancements. Reflecting sustained efforts to formalise innovation and safeguard competitive differentiation.

In 2025, the Company continued to align its product lineup to market developments, unveiling 186 new tiles and 3 new sanitaryware products during the year. This reflects the Company's robust innovation and product launch cycle.

Regulatory Compliance and Product Safety

No penalties or actions were issued by regulatory bodies related to product safety, service delivery, or cybersecurity during the reporting period. The absence of recurring product recalls and regulatory infractions reaffirms the Company's commitment to regulatory compliance, customer engagement and responsible product development.

SOCIAL AND RELATIONSHIP CAPITAL

Forging Bonds, Creating Impact

Shared Value Creation

RAK fosters strong and enduring relationships with its customers, suppliers, employees and communities through ongoing engagements and interactions. Some of these include vendor meetings, employee forums, customer feedback and capacity-building initiatives. These form the basis of the Company's approach to social and relationship capital. Prioritizing collaboration, trust and mutual respect, the Company goes beyond transactional dealings to nurture connections that contribute to shared long-term progress.

Our Customers

At RAK Ceramics (Bangladesh), meaningful customer engagement is central to long-term value. We build trust not only through product quality but through every interaction, from the showroom experience to after-sales service. Our presence across showrooms, authorised dealer networks and digital platforms enables us to stay closely connected with both retail customers and institutional clients.

We actively engage through physical stores, our website, social media channels, professional networks and customer service touchpoints to ensure clear communication and continuous engagement. The objective is not merely to fulfil expectations but to elevate the customer experience through product range, advisory support and service reliability.

Customer Engagement & Feedback

A multi-channel communication framework allows us to capture and respond to customer feedback efficiently. Inputs are received through dealers, showrooms, digital platforms and helpline. Dedicated CRM supports timely logging, tracking and resolution of concerns, with quick turnaround timelines to ensure responsiveness. Customer feedback is integrated into product refinement, showroom enhancement and service training.

Suppliers

Our procurement plays a key role in ensuring operational continuity and cost discipline. The department oversees sourcing of raw materials, packaging inputs and capital equipment, following thorough evaluations and analysis. Supplier selection is guided by commercial competitiveness, technical compliance, quality consistency and sustainability considerations.

Responsible Sourcing

The Company promotes responsible sourcing through defined supplier expectations aligned with ethical, environmental and quality standards. Vendor onboarding and periodic assessments encourage compliance with responsible business practices, supporting transparency across the supply chain.

Product Transparency and Education

RAK Ceramics ensures easy access to comprehensive product information across digital platforms, brochures, catalogues and showrooms. Experience centres and trained advisors support customers in understanding product specifications, installation guidance and maintenance requirements. Awareness-led content, advisory support and responsive service channels enhance informed decision-making and build brand credibility.

Communities

We maintain constructive engagement with local communities surrounding our operations. Through ongoing dialogue and need-based assessments, we seek to understand and address local concerns. Community engagement initiatives focus on supporting wellbeing, safety awareness and responsible environmental practices.



186

New Tiles SKUs launched in 2025



3

New Sanitaryware SKUs launched in 2025



3,281.45 BDT mn

Govt. Exchequer Contribution in 2025



3.09 BDT mn

Contribution to social causes in 2025



NATURAL CAPITAL

Harmonising Business with Ecological Considerations

Preserving our Environment

RAK approaches natural capital as a shared responsibility, one that calls for accountability and respect for the environment. The Company is focused on enhancing its operations aligned to ecological considerations, focusing on water conservation, energy-efficiency and waste management to progressively reduce environmental impact. Each of our initiatives reflect a commitment to harmony between industry and nature, ensuring that progress goes hand-in-hand with natural considerations.

Sustainability at RAK

Sustainability and responsible management of natural capital are increasingly central to RAK Ceramics' long-

term competitiveness. As a resource-intensive business, the Company recognises that energy, water and clay are natural raw material inputs but that must be managed efficiently and responsibly. Optimising consumption, improving mix, reducing waste and enhancing utilisation directly support environmental preservation. Beyond compliance, sustainability is an enabler of growth. Continuous improvements in energy management, waste reduction and responsible sourcing practices contribute to operational efficiency while reinforcing the Company's commitment to responsible manufacturing. Protecting natural capital will ensure that future growth remains viable, competitive and aligned to evolving stakeholder expectations.



0.40 mn m³

Water consumption against production of Tiles
9.35 sqm and Sanitary Ware 0.89 mn pieces in
year 2025



0.35 mn m³

Water consumption against production of Tiles
7.34 sqm and Sanitary Ware 0.92 mn pieces in
year 2024



OUR VALUE-GENERATIVE BUSINESS MODEL

EXTERNAL FACTORS

- Stable political environment post elections
- Resumption of government and private capex cycle
- Government thrust on infrastructure development
- Favourable demographics
- Return of consumer confidence

OUR SIX CAPITALS

FINANCIAL

HUMAN

MANUFACTURED

INTELLECTUAL

SOCIAL AND RELATIONSHIP

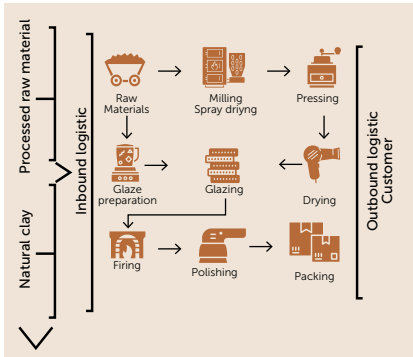
NATURAL

OUR OFFERINGS

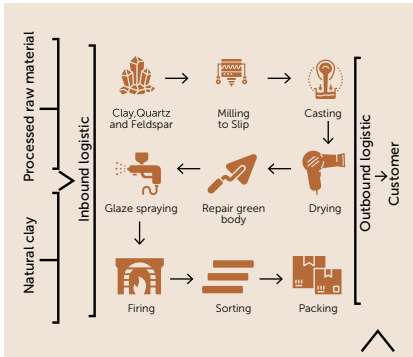
Tiles

Sanitaryware & Bath Fittings

Tiles Production Process



Sanitary Ware Production Process



MEETING STAKEHOLDER EXPECTATIONS

- Demonstrated resilience and performance strength in a challenging industry
- Strong commitment to transparency, compliance, tax obligation and industry best practices
- Deepened customer engagement via showroom experience, dealer collaboration and responsive service
- Maintained prudent financial discipline, supporting liquidity and Balance Sheet stability
- Leveraged strategically positioned manufacturing to drive operational efficiency and product quality

- Continued investment in employee capability development, technical training and safety enhancement
- Achieved key progress across ESG priorities, integrating sustainability into core operations
- Sustained track record of responsible growth and shareholder returns
- Experienced Management guided by an eminent Board

KEY INSTITUTIONAL STRENGTHS

Integrated Manufacturing

Disciplined Financial Management

Trusted Dealer Network

Strong Governance Framework

Large and Diversified Product Portfolio

Key SDGs Impacted



STAKEHOLDER VALUE CREATION

Delivering reliable quality, design-led products and responsive service

Ensuring supply consistency, productive engagement, product training and marketing support

Providing a safe and supportive workplace, including skill development and performance-driven growth opportunities

Maintaining transparent procurement practices, timely payments and long-term partnerships built on mutual trust

Operating responsibly while extending need-based support in key societal initiatives

Driving disciplined financial management, operational efficiency and sustainable shareholder returns through resilient and responsible growth

BUILDING MOMENTUM

Focused on Regaining Performance

2025 was a key period for RAK Ceramics (Bangladesh). In an operating environment shaped by cautious consumer sentiment, limited pricing power and erratic energy availability, the Company has increasingly focused on performance recovery. Rather than waiting for market conditions to turn fully, the Company has adopted a focused and disciplined approach to rebuilding momentum. The year was about strengthening the core for transformation towards building structural competencies for resilience across market cycles.

At the heart of this renewed momentum focus is a restructuring plan designed to restore agility, accountability and profitability in the current year and beyond. The objective is to sharpen organisational KPIs, optimise resources and realign key business functions towards expected performance outcomes.

Operational Realignment

Beginning in 2026 and extending into the years ahead, our focus on operational realignment will serve as a key pillar of our performance recovery. The Company will progressively re-energise production planning to align more closely to consumer demand patterns with the objective of improving product-market expectations, optimising plant production and improving working capital cycle. A sharper focus will be laid on cost discipline across procurement, utilities and logistics, supported by monitoring of input usage and systematic wastage reduction. We will focus our manufacturing processes on enhancing throughput, consistency and output to drive better equipment utilisation and achieve manpower productivity improvements.

Commercial Focus and Market Discipline

Commercial emphasis will be deepened to reinforce accountability and profitability. The sales function will be further streamlined, with clearly defined channel responsibilities supported by transparent performance metrics.

Marketing investment will be directed towards strengthening in-store engagement and enriching the customer experience across our showroom network. We will also unveil new product lineups in the premium and aspirational categories and will focus on awareness creation. Furthermore, enhanced merchandising, curated product displays and focused retail staff training will aim to improve walk-in conversions and increase average ticket values. The strategic emphasis will remain on higher productivity from existing network and ensuring we reinforce our choice among customers from a portfolio perspective straddling tiles, sanitaryware as well as bathroom solutions.

Financial Prudence and Capital Efficiency

As part of our future roadmap, financial recalibration will be reinforced through more strict capital allocation, wherein investment decisions will be aligned to strategic priorities and measurable impact. Non-essential expenditures will continue to be rationalised, while regular cost review mechanisms will enhance ongoing efficiency.

Internal reporting systems will be further strengthened to provide real-time visibility into cost movement, margin performance and working capital position. Enhanced financial transparency will support faster, data-driven decisions and reduce operational risks.

Liquidity preservation and disciplined spending will remain key matters, ensuring resilience against short-term volatility while maintaining flexibility to pursue strategic growth opportunities as market conditions improve.

Organisational Agility and Culture

RAK Management will continue building a performance and KPI-driven culture, characterised by accountability, agility and ownership. Clear role definitions, streamlined reporting and empowered teams will enhance responsiveness and execution.

Training and development initiatives will be expanded to strengthen both technical capabilities, commercial acumen and safety practices. Employees will be encouraged to adopt a value-creation mindset, emphasising cost consciousness, operational excellence and customer-centric thinking. Open communication will remain integral to aligning strategy with execution and organisational cohesion.

Strengthening the Foundation for Sustainable Recovery

While early 2026 has marked a level of stabilisation, we anticipate this momentum to continue throughout the year. Building on our pillars of operational discipline, inventory management and commercial controls, we expect gradual performance recovery and stronger cash flow generation.

As RAK Ceramics (Bangladesh) enters the next phase of its journey, the emphasis will be on operational excellence and return to profitability. With strengthened internal foundations and a future-facing execution roadmap, the Company is positioning itself to regain performance and build an enduring competitive advantage.

RISK MANAGEMENT & ENVIRONMENTAL CONTROL



Built on a strong operational foundation, RAK Ceramics sustains excellence through prudent financial management and disciplined capital allocation. Revenue resilience is supported by volume output, market reach and ongoing efficiency enhancements. Looking ahead, we are focused on scalable growth, leveraging innovation, sustainability and customer-centric solutions to deepen our market presence. Independent audit processes reaffirm our transparency and adherence to best practices, bolstering investor confidence.

RISK MANAGEMENT AND CONTROL

Risks, Opportunities and Internal Control

RAK Ceramics (Bangladesh) operates within a defined enterprise risk management framework that is designed to identify, assess and mitigate both internal and external risk exposures. The framework integrates operational oversight, financial discipline, compliance monitoring and market intelligence to ensure risk awareness remains embedded within strategic decision-making.

Competitive pressure from the unorganised and lower-cost tile manufacturers is addressed through sustained focus on product quality, design differentiation and manufacturing efficiency. Leveraging its strong distribution footprint and brand credibility, the Company competes on quality, reliability and service standards rather than price alone. Continuous market research and trend analysis enable calibrated product development, reducing exposure to product obsolescence and shifting consumer preferences.

Brand reputation is safeguarded through consistent product performance, ongoing dealer engagement and responsive post-sales support. Substitution risks are mitigated by aligning product formats, finishes and pricing tiers with evolving urban housing trends and premiumisation dynamics.

Operational risks, particularly energy sensitivity, working capital exposure and supply chain disruptions, are addressed through disciplined cost monitoring, internal control systems, periodic audits and scenario-based planning. This rounded risk approach strengthens resilience, protects margins and preserves long-term stakeholder confidence in the business.

Strengthening our Internal Controls

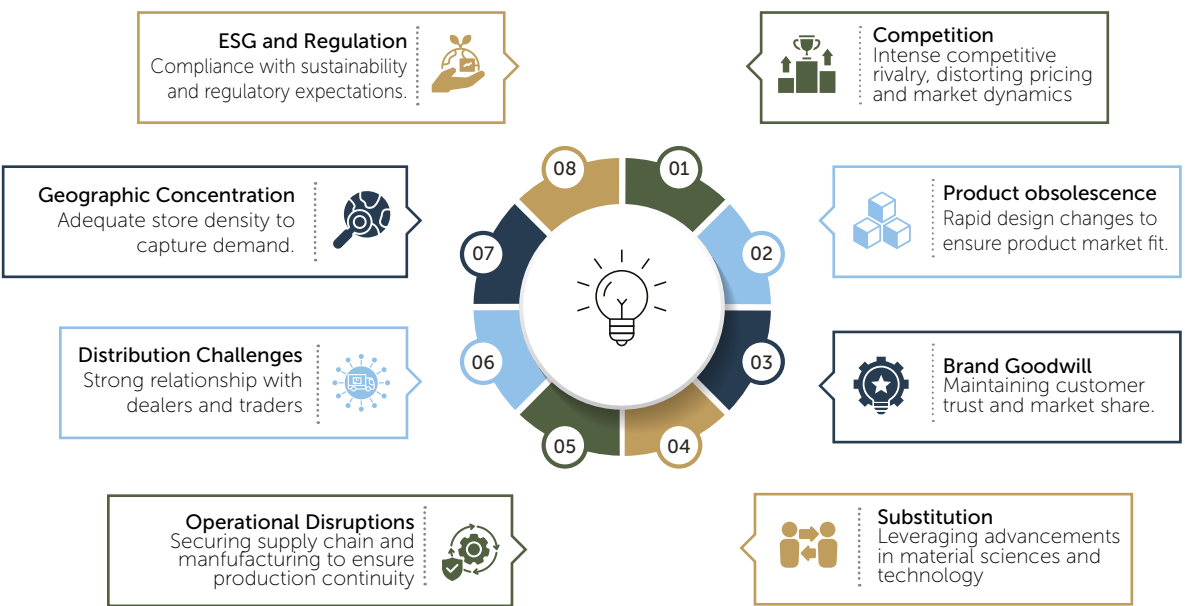
RAK Ceramics maintains a robust internal control framework designed to ensure operational security, financial accuracy and regulatory compliance across all organisation functions. The control environment is built on clear policies, standard operating procedures, delegated authority levels and segregation of duties as per KPIs. This framework ensures that key business processes such as procurement, production, sales and finance operate within approved parameters and established risk tolerance.

Internal controls are bolstered through periodic internal audits, compliance reviews and Management oversight. Independent evaluations assess the effectiveness of financial reporting, inventory management, energy use and statutory compliance. Findings are reviewed by the Management and, where relevant, the Board or Audit Committee to ensure timely actions and continuous strengthening of control systems.

Given the energy and working capital-sensitive nature of the ceramics industry, emphasis is put on cost discipline, credit risk and liquidity management, inventory optimisation and safeguarding of assets. Data-linked reporting, performance overview and regular variance analysis enable timely detection of any deviations and support proper decision-making. Through this integrated control environment, the Company ringfences stakeholder interests, preserves financial stability and creates the foundation for long-term growth.

Key Risks and Mitigation

Risk Description	Risk Mitigation
Competition: The tile and sanitaryware sector witnesses massive competition from both organised and unorganised players as well as imported products, especially from China. Price-based competition and market saturation, particularly in traditional segments and within metro areas, pose a challenge to growth.	Our strategic focus on value-added, design-led and quality-centric product categories enable us to differentiate ourselves in a crowded market. Further, we offer a wide product range in different sizes that also creates competitive differentiation. We have also sustained market excitement by launching new products at regular intervals, drawing on the design specialisation of our parent company RAK. As part of market outreach, we are in constant engagement with dealers and the trade that enables us to stay in front of our customers at all times.
Product Obsolescence: Rapidly changing consumer preferences and design trends may render existing products outdated, affecting sales.	We invest continuously in R&D and design innovation, especially drawing on the specialist capabilities of our parent RAK that has global R&D hubs in Dubai and London. Our focus on modern SKUs in premium designs and finishes and also across various size specifications create fast-moving products that are aligned to consumer choice, while also inspiring their vision and creativity. This helps protect the business from risk associated with outdated products.
Brand and trade goodwill: Brand equity is crucial for our premium positioning and for retaining market share in a largely fragmented market. A dilution in customer or trade perception may affect our revenues and business sustainability.	We create brand recall through immersive customer experiences, product innovation and effective after-sales engagement. Further, our global heritage and longstanding presence in the Bangladeshi market has created a strong reputation that is our key intangible asset. While customers walk into our showrooms on the strength of the RAK brand, they purchase from us on the basis of our demonstrated product lineup and rich showroom experience. Further, we offer significant customer choice under one-roof that is a big draw for our customers.
Substitution: Emergence of new surface materials or alternatives to traditional tiles and sanitaryware may disrupt category demand.	We monitor emerging trends and material innovations and align our product roadmap to meet market needs. Our key strength in design-to-market launch helps us to effectively capture consumer trends for specific varieties or types. Besides, we also ensure that our product lineup is up-to-date with customer expectations. Particularly, our Premija, Terrazzo and slab collection of ceramic tiles are aligned to modern customer tastes, while our High Tech Porcelain tiles collection demonstrate our success in bringing to the market a versatile product range that is manufactured leveraging the most advanced and innovative technology in the sector.



Risk Description	Risk Mitigation
Operational: Unexpected disruptions in supply chain, manufacturing or human resources may impact productivity and financial outcomes.	We have an established manufacturing process with the modern SACMI production technology at the core that enables product manufacturing as per our high standards of specifications and expectations. The process is mature and enables operations within the desired input-output ratios and with high quality consistency. We also have a large pool of experienced workers who have many years of experience in ceramics manufacturing. Besides, we have a relatively secure supply chain that enables timely procurement within desired cost expectations. We also engage in bulk and long-term procurement that further adds to supply chain security.
Distribution: Any disruption in our network or dealer relations may impair product availability and market standing.	With over 300 touchpoints, 160 channel partners and 40 exclusive stores, our distribution footprint remains sizeable in Bangladesh, ensuring strong customer outreach and service depth. We undertake regular assessment of our distribution chain to identify areas of weakness and take corrective steps accordingly. We also organise ongoing dealer and trade engagement initiatives and incentivisation programs that help sustain our long-term relations.
Geographic Concentration: Overdependence on specific regions could make revenues vulnerable to economic downturns.	Bangladesh is a relatively small nation in terms of geographic size that in itself reduces concentration risks. The sector however faces high competition in metropolitan centres that are key hubs where most of the industry sales take place. Hence, we have significant retail density in these areas that enable customer visibility. We also undertake strategic expansion in areas that exhibit future growth potential which enables us to create new demand and growth opportunities for the business.
ESG and Regulations: There is an increasing trend towards sustainability, compliance and environment-related matters and we must ensure alignment to keep up with regulatory and institutional expectations.	The Company is aware of its environmental, societal, workforce and regulatory responsibilities and has worked steadily on these fronts over the years, well before ESG came into prominence. In 2025, the Company continued to make strides in environmental management, achieving success in key metrics such as emissions and carbon management, water reuse and recycling, reduction in NOx and SOx emission, etc. Furthermore, it has also achieved sound progress in workforce health and safety, with occupational safety programs increasing 2.3-fold during the year and training on safety and safe practices rising to over 21,703 man-hours during the year. As an institution of pride, RAK Ceramics takes its governance obligation seriously and manages its business administration in alignment with the country's laws and regulations. The Company also upholds its tax obligations.

RISK GOVERNANCE AND MANAGEMENT FRAMEWORK

Risk Management Framework and Risk Management & Control Environment

Risk Governance and Management

In a business sector marked by evolving consumer preferences, currency fluctuations, energy volatility, regulatory changes and intensifying competition, risk governance is a strategic capability and a defensive function. For us, risk management is embedded into the way the Company plans, operates and allocates capital. Our risk governance and management framework is formulated to protect enterprise value while enabling sustainable growth, ensuring that opportunities are pursued with clarity and discipline.

Governance Structure and Oversight

Risk oversight begins at the Board level, which retains final responsibility for ensuring that key risks are identified, assessed and appropriately managed. The Board, supported by the Board Audit Committee, periodically reviews the risk landscape, evaluates the effectiveness of

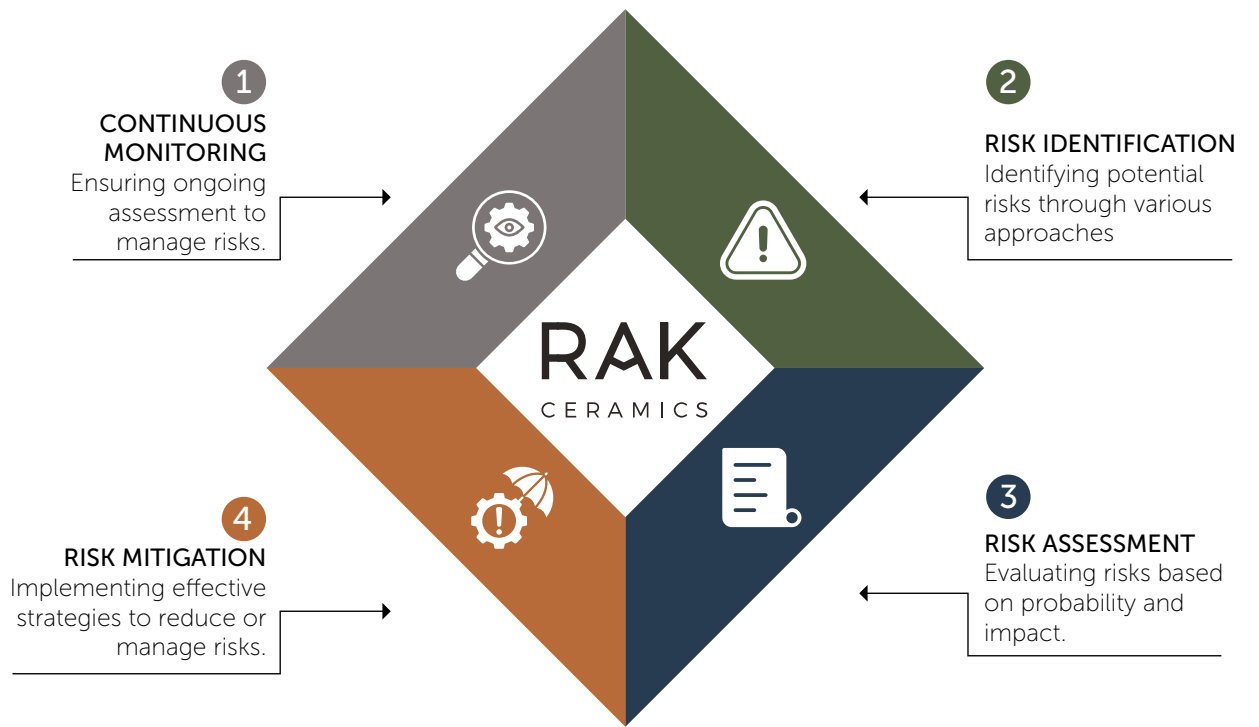
mitigation initiatives and ensures affiliation between risk appetite and strategic priorities. This is central to value creation for all stakeholders.

Senior management plays a key role in operationalising this oversight. Through review meetings and cross-department collaboration, risks are monitored as connected variables that can influence production, supply chain efficiency, sales momentum, financial stability and eventually brand equity. This layered governance model ensures that accountability is defined while maintaining transparency across functions.

Enterprise Risk Management Framework

The Company's Enterprise Risk Management Framework follows an organised enterprise-wide approach to identifying, assessing and mitigating risks. It integrates strategic, operational, financial and compliance risks in a unified way.

RAK CERAMICS (BANGALDESH)'S Enterprise Risk Management Framework



Risk Identification

Risks are identified through multiple channels such as management workshops, operational reviews, audit findings, market intelligence and regulatory updates. These include:

- Strategic risks: Market slowdown, pricing pressure, premiumisation shifts
- Operational risks: Production disruptions, energy supply variability, logistics bottlenecks
- Financial risks: Currency volatility, credit exposure, liquidity management
- Compliance risks: Environmental regulations, tax laws, labour codes
- Reputational risks: Brand perception, customer service gaps, trade goodwill

The Company recognises that operational continuity and cost efficiency are particularly critical, given the capital-intensive nature of ceramics manufacturing and high dependence on energy whose supply is within government control.

Risk Assessment and Prioritisation

Identified risks are evaluated based on probability and potential impact. A risk matrix allows Management to classify risks as high, medium or low priority. This prioritisation ensures that high-impact areas such as gas price volatility or supply chain disruptions receive proactive planning. It also ensures that emerging risks, including evolving consumer demand for premium products or ESG compliance expectations, are monitored on an ongoing basis.

Risk Mitigation and Response

Mitigation strategies are embedded within operational planning. For example:

- Diversification of sourcing, advanced planning and adequate stocking reduces raw material dependency
- Preventive maintenance minimises downtime and ensures uninterrupted operations with high predictability
- Credit control mechanisms mitigate receivable risk
- Continuous product innovation addresses consumer preference and market competitiveness
- Insurance coverage protects against unforeseen events

Importantly, the Company does not aim to eliminate all risk but to manage it within defined tolerance levels, aligned with its long-term objectives.

Continuous Monitoring and Reporting

Risk management is an ongoing process at the Company. Periodic reviews allow Management to reassess exposures in light of market developments. Key risk indicators are monitored alongside financial and operational performance metrics, enabling early intervention, where required.

Risk Management and Control Environment

A strong ERM framework is effective only when supported by a robust control environment. RAK Ceramics maintains a robust system of internal controls backed by disciplined processes designed to ensure accuracy, transparency and accountability, while also helping bring to light any discrepancies or deviations.

Internal Controls and Financial Discipline

The Company operates within well-defined delegation of authority, ensuring that approvals, expenditures and other commitments are appropriately authorised. Segregation of duties minimises the risk of fraud or error, particularly in procurement, inventory management and financial reporting. Financial controls include periodic reconciliations, budgetary oversight and variance analysis. These mechanisms ensure that deviations from planned performance are identified promptly and corrective action is initiated.

Operational Control Systems

In our operations, standard operating procedures guide product formulation and quality, and operational safety and efficiency. Preventive maintenance and quality assurance protocols reduce the risk of defects, wastages and downtime. Both our tiles and sanitaryware divisions are headed by senior experienced professionals who contribute to manufacturing sustenance while also ensuring that teams focus on identifying all opportunities to enhance manufacturing excellence, expand efficiency and save costs.

Compliance and Ethical Framework

Our control environment is reinforced by adherence to regulatory standards and internal Code of Conduct. Policies governing environmental compliance, workplace safety and ethical business practices are communicated across all levels of the organisation.

Periodic internal audits evaluate compliance with established policies and recommend enhancements where necessary. Findings are discussed by the Management and, if found necessary, are taken to the Board Audit Committee for further discussion, thus reinforcing overall transparency and accountability.

Technology Integration

Technology integration remains a key pillar of the risk management and control environment. In 2025, many initiatives were taken in this regard such as successful restructuring of the factory LAN and camera network across the plant that established a robust fibre-optic backbone, enhancing system reliability, speed and security. Eliminating single points of failure and segregating IP camera traffic, the Company strengthened network resilience, reduced latency and improved bandwidth efficiency. This upgrade safeguards operational continuity and critical data flows.

Further reinforcing governance and control discipline, RAK Security Service Pvt. Ltd. (subsidiary company) deployed a fully automated biometric Attendance Management System integrated with overtime computation and payroll processing, thus eliminating manual intervention and strengthening payroll integrity. In parallel, the Bangladesh plant implemented the MUDA/Scrap generation process in SAP, harmonised with UAE workflows, enabling automated scrap tracking across production stages with real-time inventory updates and seamless financial postings.

Building a Risk-Aware Culture

Beyond processes and policies, effective risk governance depends on culture. The Company promotes risk awareness across managerial and operational levels, encouraging employees to escalate issues proactively rather than as an afterthought. Cross-functional communication ensures that risks identified in one department are visible across the organisation. This partnership-based approach has evolved risk management from a compliance exercise into a shared organisational responsibility.

Strategic Alignment with Long-Term Value

The Company's risk governance and management framework is aligned with its broader objective of long-term value creation. Balancing prudence with opportunity, the organisation safeguards financial resilience while positioning itself to capture growth in key market segments, including premium and specialised products.

In a dynamic economic landscape, the Company's disciplined yet agile risk management approach strengthens stakeholder confidence. It reassures investors, partners, customers and employees that risks are neither ignored nor feared but understood, measured and managed with clarity and far-sightedness.



RISK MANAGEMENT METHODOLOGY AND DISCLOSURE OF RISK REPORTING

Integrated Risk Governance and Oversight

Risk management is often described in matrices, controls and dashboards. At RAK Ceramics, however, risk is viewed through a more practical lens, it being considered as the discipline of staying alert while moving forward. In a manufacturing business where energy intensity, capital investment and market competition intersect daily, risk management must be dynamic, visible and embedded into decision-making and not confined to policy manuals.

Risk Intelligence

The Company has moved beyond viewing risk registration as an annual exercise. Instead, risk monitoring operates as an intelligence system. Every major function, from production, supply chain, sales and finance, to HR and IT contributes to a continuously evolving understanding of risk and exposure.

Operational data flows in real-time. Production efficiency, fuel consumption, scrap generation, debtor ageing, inventory cycles and working capital metrics are monitored through systems. These data points are not only performance indicators; they are early warning signals. A spike in downtime is not just an operational issue, it is a risk trigger. A slowdown in receivable collection is not merely a finance concern but a liquidity exposure indicator. This shift from reactive correction to predictive awareness is what will progressively define the Company's risk monitoring philosophy.

Risk Grounded in Business Reality

At the Company, risk management is designed around business practicality. The methodology follows four stages: anticipate, evaluate, act and review.

- **Anticipate**

The anticipation phase focuses on horizon scanning. Management actively evaluates macroeconomic indicators, energy pricing trends, foreign exchange volatility, customer sector momentum and regulatory updates. At the plant level, supervisors assess equipment reliability, maintenance schedules and process bottlenecks. Rather than limiting risk identification to known categories, the Company encourages cross-functional dialogue. For example,

a shift towards premium product demand may affect raw material sourcing, pricing structures and working capital. Recognising such linkages early enhances preparedness.

- **Evaluate**

Once identified, risks are evaluated not only on likelihood and impact but also on velocity, including how quickly the risk could materialise, recoverability and how easily the organisation can respond. For instance, energy price volatility may have high impact but moderate velocity, IT system disruption may have immediate velocity but controlled recovery mechanisms and market demand slowdown may evolve gradually but require structural adjustments. This evaluation method ensures that management does not rely solely on static probability-impact, but considers operational responsiveness as a whole.

- **Act**

Mitigation strategies are embedded directly into operational planning. Preventive maintenance reduces mechanical failure risk, supplier diversification lowers procurement concentration risk, credit approval controls reduce counterparty exposure and insurance safeguards physical assets and business continuity. Importantly, risk ownership is clearly assigned. Each significant risk has a designated functional head responsible for monitoring the mitigation progress. This accountability ensures that risk mitigation is response-oriented.

- **Review**

The review stage is continuous. Ongoing performance reviews, quarterly financial assessments and internal audit findings all help contribute to strengthening our risk cycle. This approach ensures agility in a rapidly changing business environment.

Independent Assurance

The internal audit function plays a vital role in validating control effectiveness. Periodic audits evaluate procurement processes, payroll systems, inventory management and compliance frameworks. Findings are reported to the Management and the Board Audit Committee, strengthening governance transparency. This independent oversight reinforces confidence that risk controls operate as designed.

External Disclosure

In the Annual Report, the Company discloses principal risks and uncertainties transparently, outlining both potential impact and mitigation measures. The disclosure framework aims to balance prudence with confidence, acknowledging challenges while demonstrating control readiness. Stakeholders are provided with clear visibility into risks related to energy dependence, market competition, macroeconomic shifts and ESG/regulatory compliance.

Risk Management as Strategic Enabler

At its core, the Company's approach recognises that risk is inseparable from growth. Entering new product

segments, expanding capacity or investing in digital transformation involves uncertainty. The objective is not to eliminate risk but to pursue opportunity within disciplined boundaries. Combining structured methodology, data-driven monitoring, cultural awareness and transparent reporting, RAK Ceramics ensures that risk management remains aligned with strategic ambition. It transforms risk governance from a defensive safeguard into a proactive enabler of sustainable growth and performance.

In 2025, this balanced approach continued to reinforce resilience, protect stakeholder value and position the Company to navigate volatility, while creating the foundations for a better future.



PESTEL ANALYSIS

Scanning our External Environment

The year 2025 unfolded against an uncertain and sluggish macroeconomic backdrop marked by inflationary pressures, currency adjustments, tighter liquidity and structural energy constraints. For an energy-intensive and price-sensitive industry like ceramics, these dynamics were key in shaping the performance of RAK Ceramics during the year.



P POLITICAL AND POLICY ENVIRONMENT Bangladesh continues to prioritise infrastructure development, housing expansion and industrialisation under long-term national growth plans. Public infrastructure spending, urban expansion corridors and export-oriented industrialisation remain structural demand drivers for tiles and sanitaryware. However, regulatory oversight around environmental compliance, energy allocation and governance remains to be tightened to create a more level playing field.	Key Monitorables for RAK: • Policy continuity and infrastructure spending by the new elected government • Energy supply reliability and pricing • Construction and real estate sentiment and investment • Regulatory and compliance environment
E ECONOMIC LANDSCAPE The macroeconomic environment in 2025 has been defined by persistent inflationary pressure impacting construction input costs, currency volatility affecting imported raw materials and energy inputs, tighter liquidity conditions in the banking system and slow real estate and infrastructure expansion. In a market with limited pricing power, cost escalation cannot always be passed through to consumers. Simultaneously, urban upper middle-income segments continue to show a gradual shift towards premium design and branded offerings.	Key Monitorables for RAK: • Liquidity conditions and interest rates • Currency and inflation stability • Return of customer confidence • Consumer purchasing power
S SOCIAL AND DEMOGRAPHIC SHIFTS Bangladesh's rapid urbanisation continues to lay a thrust on housing demand. Consumers are increasingly becoming design-conscious, brand-aware, quality-oriented and influenced by showroom experience. At the same time, workforce expectations are evolving too, as safety culture, skill enhancement and employment stability are now central to retention in industrial sectors.	Key Monitorables for RAK: • Pace of urbanisation and housing demand • Growth of upper-middle income segments driving premiumisation trend • Affordability sensitivity, especially in mid-market segment • Digital influence on purchase decisions • Showroom enhancement and customer experience • Workforce and skills availability • Safety and wellbeing expectations
T TECHNOLOGICAL AND INDUSTRY DYNAMICS The ceramics industry remains highly energy-intensive and process-driven. Efficiency in kiln technology, automation and production optimisation directly impacts competitiveness. Furthermore, robust IT and digital systems are a prerequisite for confident decision-making and secure business operations.	Key Monitorables for RAK: • Kiln efficiency and energy usage • Capacity utilisation levels • Production yield and rejection • Digital integration among the business, global headquarters and supply chain • New product development • Cybersecurity
E ENVIRONMENTAL AND ENERGY CHALLENGES Energy security remains a critical operational challenges in Bangladesh's ceramics industry. Gas supply constraints, energy price adjustments and power reliability challenges have amplified cost volatility. Simultaneously, stakeholder expectations around sustainable manufacturing are rising too.	Key Monitorables for RAK: • Fuel consumption and efficiency improvements • Feasibility of alternative energy adoption • Water usage and recycling • Waste generation and re-utilisation • Environmental compliance and ESG reporting • Climate change risks
L LEGAL AND COMPLIANCE The compliance landscape is evolving with greater labour and safety enforcement, increased environmental/ESG reporting expectations and scrutiny of corporate governance. Regulators and institutional lenders now evaluate governance more rigorously.	Key Monitorables for RAK: • Evolving environmental regulations • Industrial safety and labour laws • Corporate governance and disclosure requirements • Taxation policy • Import/export trade regulations



SWOT ANALYSIS

LEVERAGING OUR STRENGTHS TO RECOVER PERFORMANCE

STRENGTH IDENTIFIED	 LEVERAING OUR STRENGTH 
• Strong brand equity and customer trust • Manufacturing Excellence • International Standard Product Quality • Pan-Bangladesh Distribution • Governance and Compliance • International Legacy	• Expand showroom-led experience to deepen premium positioning while showcasing our range to a broader customer base • Focus on production optimisation through efficiency improvements, cost savings, etc. • Leverage Italian SACMI tile technology that comprises advanced, automated machinery and integrated systems for tiles production, ensuring maximum quality, flexibility and efficiency • Strengthen dealer and customer engagement to enhance retail momentum while also creating awareness of our new products that we launch on a regular basis • Strong adherence to statutory and tax compliance, thus maintaining institutional credibility and market standing • Draw strength from the global heritage of the RAK brand, reflecting international standards of quality and design excellence that helps elevate brand trust and industry goodwill

CAPTURING OPPORTUNITIES THROUGH DECISIVE INITIATIVES

OPPORTUNITY IDENTIFIED	 KEY INITIATIVE 
• Premiumisation trend • Shift to Branded Products • Institutional Sales • ESG Differentiation • Expansion of local manufacturing capacity • Digital marketing and distribution	• Launched differentiated designs and larger formats especially targeting urban affluent consumers • Enhanced brand communication and showroom experience, while ensuring competitive pricing • Resumption of government spending on infrastructure and construction work together with pick up in private capex bodes well for the building materials industry • Work on implementing our ESG initiatives that will further add to our market credibility

ADDRESSING WEAKNESS THROUGH DISCIPLINE APPROACH

WEAKNESS IDENTIFIED	 OUR APPROACH 
• Erratic and Unstable Gas Supply • Limited Pricing Power • Working Capital Challenges • Currency Exposure • Dependency on imported raw materials • Profitability volatility	• Enhance monitoring of energy intensity, implementing efficiency upgrades, exploring viable alternatives and ensuring ongoing government liaison • Tighten cost controls, optimise portfolio towards premium products and create initiatives that align with general purchasing power of customers and market dynamics • Strengthen credit discipline, more closely track dealer performance and consumer trends and take tactical working capital decisions to ensure production continuity • Improve procurement planning and inventory optimisation, while exploring process improvements to enhance input-output ratio

MANAGING THREATS WITH RESILIENCE AND ADAPTABILITY

THREAT IDENTIFIED	 OUR APPROACH 
• Uncertainty in Energy Supply • Uneven Market Recovery • Regulatory Action • Competition • Raw material cost volatility • Macro economic uncertainty and inflation pressure	• Enhance government discussions, especially in the scenario of political stability to ensure continuous gas supplies • Balance product portfolio to cater to all segments of customers, especially the affluent and aspirational segments • We have demonstrated strong compliance through our effective internal control and reporting mechanisms, thus enabling us to address any new or unanticipated regulation from a position of strength • We strive for differentiation through portfolio quality and range, together with pricing aligned to market dynamics

OUR CUSTOMER SERVICE PROCESS

TOUCHING LIVES THROUGH THOUGHTFUL SERVICE

At RAK Ceramics, customer service is not a function but a commitment that begins long before a purchase and continues well beyond product installation. In a category where design decisions are physical, personal and long-term, trust becomes as important as product quality. Our customer service philosophy is rooted in responsiveness, reliability and customer care.

Experience-Driven Approach

An experience-driven approach to selecting tiles and sanitaryware moves beyond merely viewing products in a catalog, treating the process as a tactile, and emotional journey crucial for creating functional, long-term living spaces. Customers want to see, touch and compare finishes before making a decision that will shape their homes and commercial spaces for years to come. In this regard, our exclusive dealer network and company-operated showrooms are designed to deliver an immersive experience, supported by trained personnel who guide them through product specifications, design options and practical considerations. Ensuring product availability, technical clarity and design guidance at the point of engagement, we reduce uncertainty and strengthen confidence in the buying journey, which is the starting point of our customer service process.

Structured Complaint Resolution and Post-Sales Support

We recognise that effective service is tested not when everything goes right, but when it does not. During the year, we augmented our customer resolution process to ensure timely tracking and transparent resolution of concerns.

Digital Enablement for Faster Response

As part of our digital transformation roadmap, we are progressively integrating technology into our customer service processes. Automated tracking mechanisms,

centralised data availability and coordinated communication between sales, distribution and operations have improved our service responsiveness. These enhancements have allowed us to monitor key service metrics more effectively, identify improvement areas and maintain service standards across our customer footprint.

Building Long-Term Relations

Our service model extends beyond issue resolution. We effectively engage with architects, developers, retailers and institutional clients to provide technical assistance, product education and project-level coordination. Deepened engagement strengthens relationships and reinforces brand credibility in both retail and project segments. Furthermore, customer feedback is treated as a strategic asset. Insights gathered through dealer interactions and service channels inform product refinement, quality control improvements and portfolio expansion decisions.

Culture of Accountability

Behind every service promise is a culture of ownership. Cross-functional coordination between manufacturing, sales, logistics and IT ensures that service commitments are supported by operational capability. Clear performance benchmarks and internal monitoring mechanisms reinforce accountability and continuous improvement.

Delivering Confidence, Not Just Products

In 2025, our customer service initiatives have strengthened brand trust, enhanced transparency and improved operational coordination. Combining key processes with human responsiveness, we continue to deliver not just surfaces, but confidence, reliability and enduring value to our customers.

MARKET ENVIRONMENT AND OPPORTUNITY

STRUCTURALLY WELL-PLACED FOR LONG-TERM GROWTH

Global Ceramic Tiles Market

The global ceramic tiles market, which was valued at \$248.82 billion in 2025, is projected to witness steady growth, reaching \$261.15 billion in 2026 and thereafter rising to \$322.4 billion by 2030.

This growth, which represents a CAGR of 7.2% over the forecast period (2025-33), will be primarily fuelled by the rapid urbanisation, increased infrastructure development and a growing demand from consumers for both aesthetically attractive and durable materials. Furthermore, advances in manufacturing technologies, particularly digital printing, have expanded the scope of design possibilities and product quality, while sustainability trends are prompting the shift to ecofriendly tile options.

As the global population continues to rise and more people migrate to cities and metropolitan areas, market growth will be inevitably propelled. According to the United Nations Population Division (UNDP), the world's population is projected to reach 9.5 billion by 2050, with urban areas representing around 66% of this number. Rapid urbanisation is set to drive demand for top-tier flooring solutions, with evolving consumer preferences focusing on hygiene, comfort and modern living spaces.

The ceramic tiles market in the Asia-Pacific, driven by countries like India and China, is growing rapidly too. By 2050, it is expected that more than half of the world's urban population will live in urban Asia, leading to the largest workforce concentration in a single region. Moreover, e-commerce is helping make ceramic tiles more accessible, giving a further fillip to market growth. Even with challenges like changing raw material prices and competition from alternative flooring solutions, the ceramic tiles industry worldwide is on track for steady growth.

The global sanitaryware and bath fittings market is burgeoning, with an estimated value of \$57.28 billion by 2025, expected to rise to \$79.93 billion by 2030, registering a growth rate of 6.9%. This expansion is being led by urban growth, evolving consumer preferences and enhanced focus on sustainability. To meet these demands, manufacturers are focusing on water-saving products and greener production methods, in line with global environmental expectations.

Technology is quietly reshaping the industry too. Bath fittings that do not need a tactile touch, toilets that use less water and surfaces that fight-off germs are no longer luxuries but key consumer expectations. Particularly, in commercial spaces, smart sanitaryware is becoming standard. At the same time, improved manufacturing techniques mean less waste and more value.

Bangladesh Ceramic Tiles Sector

The Bangladesh Ceramics Tiles Market is experiencing substantial growth, driven by increasing construction activity and growing demand for aesthetic and durable building materials. As of 2024, the market was valued at about \$1 billion and is projected to expand at a 13.41% CAGR over the forecast period of 2024-32, reaching a size of around \$2.74 billion by 2032. This near 3-fold growth reflects the positive impact of the real estate sector, which will fuel demand for high-quality ceramic tiles in both residential and commercial projects.

Several key factors are driving the market's expansion. The surge in urbanization and infrastructure development, coupled with growing preference for modern and stylish interiors, is contributing to the increased use of ceramic tiles. Additionally, advancements in manufacturing technologies and the availability of a wide range of designs and finishes are enhancing product appeal among consumers, especially those in the affluent category. Integration of innovative production techniques with eco-friendly materials will also play a role in supporting market growth.

Regionally, the market is predominantly driven by urban centres, with a good chunk of demand spawning from construction and renovation activities. A stable government elected after the national elections of February 2026 bodes well for long-term infrastructure development, including housing projects, with the government also showing intent on resumption of foreign capital flows into the country.

As Bangladesh continues to develop, demand for high-quality and diverse ceramic tiles is expected to rise, presenting substantial opportunities for growth and innovation.

Key growth drivers

RAK Ceramics is well positioned to capture a multi-year upcycle driven by structural demand in Bangladesh. Macroeconomic indicators point to a gradual recovery in growth and improved macro stability as political transitions settle, which would support higher consumer confidence and renewed investment in housing and commercial projects. Additionally, improved remittance,

\$2.5 BILLION
Projected Bangladesh Ceramics
Market by 2030



steady export performance and resumption of public infrastructure spending will lift project activity across urban, semi-urban and rural markets, representing positive tailwinds for building materials demand.

Tiles:

Demand for ceramic and porcelain tiles is being reshaped by two visible trends that favour RAK Ceramics (Bangladesh)'s value-added strategy. First, rapid urbanisation and rising household income is boosting the share of formal housing and renovation activity, where consumers prefer larger formats, premium finishes and internationally-benchmarked products. Second, the commercial and retail real estate pipeline, including malls, offices and hospitality refurbishment projects, continue to require resilient, design-led tiles that combine aesthetics with durability and low maintenance, precisely the space RAK Ceramics (Bangladesh)'s new

30x60 porcelain and other larger format launches target. The Company will monetise these trends through SKU breadth, specifications-led sales to developers and architects, and targeted project marketing that use larger-format and value-added technical SKUs.

Sanitary ware:

Opportunity sits at the intersection of product modernisation and efficiency demand. As households and developers prioritise water-efficient fittings, hygienic surfaces and contemporary bathroom designs, there is scope to upsell mid-to-premium sanitary products, smart basins and water-saving fittings. Furthermore, institutional demand from multi-unit housing, hotels and other public projects offer high-volume, repeatable contracts, where reliability, lead times and after-sales service drive supplier selection.



Macro drivers	Market implications	RAK Ceramics' strategic moves
- Urbanisation and housing demand - Infrastructure and office projects - Remittance flows - Return of consumer confidence - Post-election stability and policy clarity	- Tiles: Demand for large formats, premium products and faster SKU rotation - Sanitaryware: Demand for efficient fittings, institutional project pick up and design-led solutions	- Rapid SKU launches across premium varieties, larger formats and design aesthetics - Dedicated retail and institutional outreach - Production stability for lead-time advantages - Demand capture through well-spread dealer network

STRATEGY AND RESOURCE ALLOCATION

Strategic Pillars



Relentless Cost and Margin Discipline

With limited industry pricing power, margin protection became an imperative. Resource allocation was directed towards energy efficiency, yield optimisation, procurement discipline and working capital management. Every operational lever was evaluated through a cost lens.

Objective: Protect earnings first through structural efficiency and then through strategic pricing.



Energy Resilience as a Key Priority

Amidst irregular gas supplies, we focused on operational continuity through efficiency and supply stability. Furthermore, management intensified monitoring of metrics and prioritised process improvements. We also ensured continued government liaison to solve the gas crisis facing the industry.

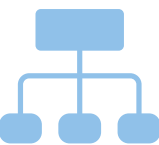
Objective: Reduce vulnerability to tariff and supply shocks.



Product Integrity with Selective Premiumisation

RAK strengthened its core promise of quality, toughness and durability while advancing in higher-value segments. Portfolio was focused on design differentiation and product mix as per market capacity and customer expectations.

Objective: Improve value realisation without diluting affordability.



Channel Discipline

Focused on measured footprint expansion based on consumer trends. Expansion was also governed by sales activation in areas not served by us.

Objective: Drive efficiency across our showrooms by ensuring sales conversions and customer relationships.



Governance and ESG

We are embedding compliance, safety and sustainability into our operational frameworks. Governance has remained a strategic strength that has enabled us to earn market credibility.

Objective: Strengthen institutional trust and operational continuity.

Capital Allocation Framework

Capital deployment in 2025 followed three broad directives:

- Preserve balance sheet strength
- Invest in efficiency-enhancing upgrades
- Avoid speculative capacity expansion

Capex remained selective and productivity-driven and liquidity preservation and risk sensitivity guided financial decision-making throughout the year.

Strategic Positioning Going Forward

We enter the new year with a focus on performance recovery and restored business momentum. The following key drivers will aid this focus:

- Tighter cost structure
- Strengthened energy efficiency oversight
- Improved channel discipline
- Reinforced governance credibility

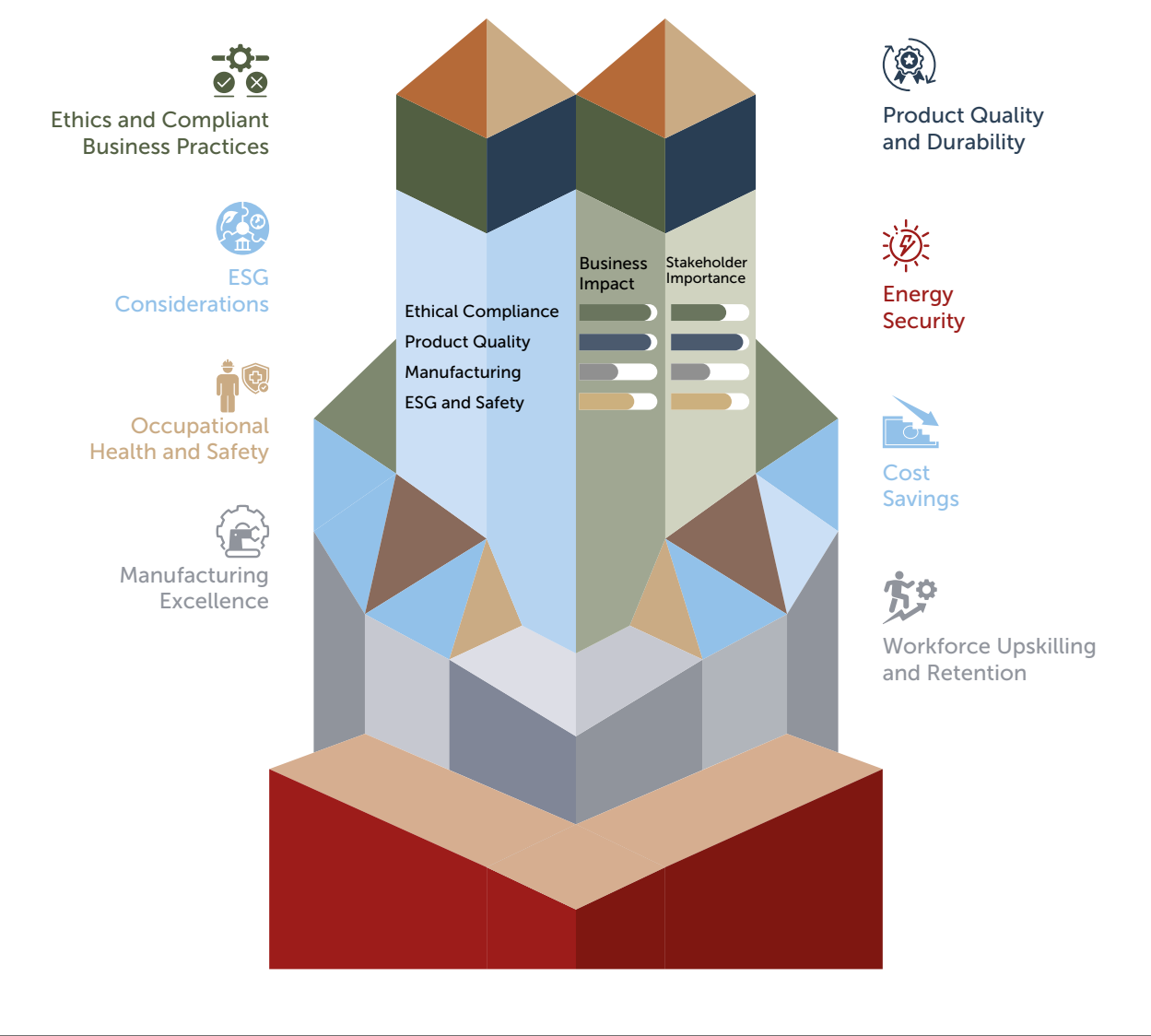
MATERIAL MATTERS

MATERIALITY ASSESSMENT – DEFINING STAKEHOLDER PRIORITIES FOR IMPACT CREATION

Continuing our efforts in sustainable and responsible growth, we engage with stakeholders on an ongoing basis. Through this, we have identified relevant issues or matters material to our stakeholders in their expectation of value creation. These topics are critical to the Company as well, guiding our sustainability strategy and shaping key business decisions. These further help the Company manage risks, capitalise on opportunities and remain aligned with stakeholder expectations.

Material Topics

The Company has identified the following material topics, aligning with its business goals and sustainability plans.



RAK Ceramics’ materiality assessment enables alignment between stakeholder expectations and long-term business priorities. In current material evaluation, the process reaffirmed that product quality, durability, and ethical business conduct remain central to sustained brand strength and market leadership. These themes continue to anchor stakeholder trust in RAK.

The assessment also highlighted the increasing prominence of ESG considerations and occupational health and safety, reflecting heightened stakeholder awareness and regulatory expectations. Simultaneously, energy security and cost savings emerged as key resilience drivers in a volatile operating environment. Furthermore, manufacturing excellence and workforce capability development through upskilling were recognised as essential enablers supporting productivity, efficiency and future readiness.



Strategic Imperatives

- Product Quality and Durability
- Ethics and Compliant Business Practices

These represent foundational pillars of our brand equity, market credibility, regulatory confidence and long-term value protection.



Stakeholder Trust

- ESG Considerations
- Occupational Health and Safety

Strong external expectations continue to elevate sustainability and workforce safety. These areas directly impact customer trust, workforce morale and responsible growth.



Business Resilience

- Energy Security
- Cost Savings

Given industry cost pressures and energy volatility, these matters are critical to operational continuity, margin protection and competitive positioning.



Operational Capability Enablers

- Manufacturing Excellence
- Workforce Upskilling and Retention

These topics support productivity, quality consistency, innovation and long-term capability building across our organisation.

Contribution to the SDGs

The United Nations adopted the Sustainable Development Goals (SDGs) in 2015, with the objectives of the goals expected to be achieved by 2030. The 17 SDGs are integrated, balancing social, economic and environmental sustainability. Our Company’s sustainability focus is aligned to the SDGs. Each initiative and action are mapped across the relevant SDGs, ensuring our small, yet meaningful contribution to the goals.

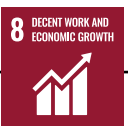
Product Quality and Durability



Energy Security



Cost Savings



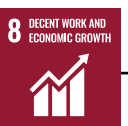
Manufacturing Excellence



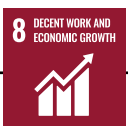
ESG Considerations



Ethics and Compliant Business Practices



Occupational Health and Safety



Workforce Upskilling and Retention



STAKEHOLDER ENGAGEMENT

BUILDING TRUST TO ACHIEVE SUCCESS TOGETHER WITH OUR STAKEHOLDERS

Recognising stakeholder engagement as fundamental to sustainable value creation, RAK Ceramics places emphasis on cultivating enduring relationships built on trust, accountability and transparency. The Company engages with customers, employees, channel partners, suppliers, regulators and communities through dialogue, transparent communication and responsive feedback.

Fostering open engagement and collaborative partnerships, the Company strengthens stakeholder confidence while reinforcing operational resilience across the business. Continuous interaction enables the Company to anticipate evolving expectations, respond effectively to emerging challenges and align its strategic priorities with long-term market realities.

Stakeholder Engagement and Materiality Alignment

Stakeholder Group	Primary Engagement Modes	What They Expect	2025 Impact
CUSTOMERS	• Showrooms • Dealer meets • Digital platform • After-sales service • Feedback mechanisms	• Product Quality and Durability • Cost Savings • ESG Considerations	• Strengthened brand trust • Premium market positioning • Improved retail experience • Enhanced product-market alignment
EMPLOYEES	• Townhalls • Safety trainings • Training programmes • Performance reviews	• Occupational Health and Safety • Workforce Upskilling and Retention • Ethics and Compliant Business Practices	• Improved safety metrics • Stronger retention • Enhanced technical capability • Productivity gains
DEALERS AND CHANNEL PARTNERS	• Conferences • Trade engagement • Field visits • Sales analysis and trends mapping	• Cost Savings • Manufacturing Excellence • Product Quality	• Consistent quality delivery across the market • Sharing of sales and customer insights
SUPPLIERS AND SERVICE PROVIDERS	Vendor audits, procurement reviews, compliance assessments	• Energy Security • ESG Approach • Ethics and Compliant Business Practices	• Strengthened supply chain resilience • Improved compliance standards • Enhanced cost efficiency
REGULATORS AND GOVERNMENT BODIES	Regulatory filings, inspections, industry representation	• ESG Approach • Energy Security • Ethics and Compliant Business Practices	• Sustained regulatory confidence • Operational continuity • Strengthened governance credibility
LENDERS AND FINANCIAL INSTITUTIONS	Financial disclosures, performance reviews, governance reporting	• Cost Discipline • Energy Security • Governance Practices	• Improved credit confidence • Enhanced capital access • Reinforced risk management
COMMUNITIES	CSR and environmental initiatives, local engagement	• ESG Approach • Occupational Health and Safety	• Strengthened license to operate • Improved environmental accountability • Community goodwill

GRIEVANCE REDRESSAL

AT RAK CERAMICS (BANGLADESH)

At RAK Ceramics (Bangladesh), an effective grievance redress mechanism is fundamental to sustaining stakeholder trust and long-term value. It reassures employees, customers, suppliers and community partners that their concerns are heard, respected and addressed with fairness and transparency. Providing an accessible and confidential platform for resolution, the Company mitigates risk, strengthens governance and ensures trust-based dealings, while also reinforcing a commitment to ethical conduct, accountability and responsible corporate citizenship. Over time, a robust grievance framework deepens stakeholder confidence and strengthens the foundation for sustainable growth.



Overview

At our Company, establishing a comprehensive and effective stakeholder grievance redress framework is of paramount importance. As a listed entity, the Company operates within a stringent regulatory environment and complies with the requirements of regulators, including the maintenance of a transparent and responsive grievance redress mechanism.

Importantly, timely and fair resolution of concerns enable us to preserve the trust and goodwill of our diverse stakeholder groups comprising investors, customers, employees and regulatory authorities and others. Furthermore, a well-functioning grievance system bolsters our commitment to transparency, accountability and responsible corporate conduct, further strengthening investor confidence and institutional credibility.

As part of our dedicated shareholder services, we emphasise protecting and promoting shareholder rights. Throughout 2025, the Company maintained communication with shareholders and addressed matters relating to shareholding issues, non-receipt of annual reports and dividend-related concerns with diligence and responsiveness, ensuring satisfactory response and resolution.

To further facilitate shareholder participation, a Proxy Form is circulated along with the Annual Report, enabling shareholders to appoint a representative to attend and vote on their behalf at the Annual General Meeting (AGM), should they be unable to attend in person. This helps ensure effective participation in Company affairs. We also ensure consistent and transparent communication by disseminating periodic updates on quarterly and annual performance, as well as other material developments, hence fostering an informed and engaged shareholder community.



Addressing Stakeholder Concerns

At the Company, grievances are addressed through a process-led and stakeholder-specific approach to ensure prompt, fair and transparent resolution.

Employees: Concerns relating to workplace practices, safety, compensation or conduct are channeled through supervisors, HR or designated grievance officers. Furthermore, matters are reviewed confidentially, investigated where necessary and resolved within set timelines, with safeguards against retaliation.

Shareholders and Investors: Queries regarding shares, dividends, Annual Reports or corporate disclosures are handled through the Company Secretary's office and the Share Department team. Issues are acknowledged promptly and resolved in compliance with norms, with

continuous communication until closure.

Customers: Product or service-related complaints are addressed through the sales and customer service teams. Each complaint is logged, evaluated and resolved on a timely basis through corrective action, replacement support or technical assistance, ensuring preservation of our brand image and customer fulfillment.

Suppliers and Business Partners: Commercial or operational concerns are managed through the procurement and finance departments, ensuring transparent dialogue, documentation-based review and mutually agreeable resolution, aligned with contractual terms.

Community and Regulatory Bodies: Environmental or community-related concerns are handled through the administration and compliance teams. The Company engages constructively with local authorities and community representatives, ensuring alignment to environmental standards and responsible operational practices.





Redress Mechanism

We are attentive and proactive in ensuring the timely resolution of investor concerns. A well-laid out and responsive grievance framework is in place to ensure that every complaint is acknowledged, reviewed and addressed with diligence and efficiency. Shareholders are provided with multiple accessible channels through which they can formally lodge their grievance or concern, enabling prompt action and transparent communication until satisfactory resolution.

Step 1: Lodging of Complaint

Investors may submit their complaints through the prescribed channels or directly via the designated email address: shahidul.islam@rakceramics.com, ensuring convenient and accessible communication.

Step 2: Acknowledgement

Upon receipt, the complaint is promptly acknowledged and forwarded to the designated complaint officer or to the relevant department for review and necessary action within defined timelines.

Step 3: Investigation

Each complaint is examined through a fair and impartial investigation process. This may involve engaging with concerned parties, reviewing relevant records and documentation, and conducting appropriate assessment to establish the facts of the matter.

Step 4: Ongoing Communication

Throughout the process, an open communication channel is maintained with the investor to provide updates on the progress of the complaint, reflecting our commitment to transparency and responsiveness.

Step 5: Resolution

Based on the findings of the investigation, appropriate corrective measures are taken to resolve the matter in a just, fair and satisfactory manner.

Step 6: Closure

A complaint is formally closed only after a mutually acceptable resolution has been reached and duly communicated to the concerned investor.

Feedback and Continuous Improvement

Post-resolution feedback is actively sought to evaluate the effectiveness of our grievance handling process and to strengthen continuous improvement efforts aimed at enhancing stakeholder satisfaction.

The Company's Annual Report, along with quarterly and annual financial statements and other material disclosures, is published and made available on the corporate website (<https://www.rakceramics.com/bangladesh/en-bd/>) immediately upon publication, ensuring timely and transparent access to information for all stakeholders.

Shareholder Communication – Maintaining Meaningful Dialogue and Engagement

We are committed to maintaining consistent, transparent and proactive engagement with our shareholders. Clear and timely communication forms the bedrock of our relationship with the investment community and reinforces trust in our governance processes and practices.

To ensure comprehensive disclosure and accessibility of information, we publish all Price Sensitive Information (PSI) in leading national newspapers and reputed online news portals, while simultaneously uploading the same on our corporate website. These disclosures are also formally submitted to the stock exchanges for publication on their platform, ensuring regulatory compliance and timely access to information.

We further improve shareholder engagement by issuing press releases on significant corporate developments, dispatching notices of Annual General Meetings (or Extraordinary General Meetings if they are called), and circulating the Annual Report to shareholders each year. Quarterly and annual financial statements are also published in newspapers to promote transparency and trust.

In addition, we organise general meetings to facilitate direct interaction with shareholders and increasingly leverage electronic and digital communication channels to broaden outreach, enhance convenience and ensure that our shareholders remain informed and connected to the Company.

STAKEHOLDER REDRESS CHANNELS



Email address:
shareddepartment.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.

Shareholder complaints/queries can be dispatched 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 CERAMICS

A NEW ERA IN HYGIENE

TOUCHLESS FLUSHING

SUPER HYGIENIC

RIMLESS TECHNOLOGY

EASY TO CLEAN

WATER SAVING

COMFORTABLE HEIGHT

3L

6L

RAK CERAMICS LAUNCHES BANGLADESH'S FIRST SENSATION WATER CLOSET

RAK PERFORMANCE UPDATE



In 2025, RAK Ceramics demonstrated resilience amidst a tough operating environment marked by cost pressures and soft demand. Through disciplined cost management, focused market activation and all-round efficiency improvements, the Company sustained stable revenue momentum. Emphasis on product innovation, distribution strength and brand positioning augmented our competitive standing, laying a foundation for growth in the coming year.

UPDATE ON OUR PERFORMANCE

The year 2025 remained challenging for economies and businesses, both globally and within Bangladesh. Tough conditions persisted for RAK Ceramics (Bangladesh) too, which the Company sought to tide over through inherent resilience, innovation and disciplined execution, enabling it to move forward despite persistent headwinds. Amid major natural gas constraints, elevated import costs, high interest rates and cautious consumer sentiment, we continued to build on past progress and demonstrated notable strength across our operations.

The Company achieved a 10.55% growth in revenue for the full year 2025, with total sales rising to BDT 7,373.30 million, up from BDT 6,669.51 million in the previous year. Cost pressures forced a decline in gross profit margin to 13.19% in 2025, down from 17.19% in the prior year. Despite revenue growth, the Company reported a net loss of BDT 395.93 million in 2025. This compares to a smaller net loss in 2024, reflecting ongoing cost pressures, elevated finance expenses and prolonged disruption in natural gas supply during the year.

As stated earlier, the ceramics industry navigated a demanding environment during the year. Energy shortages, inflation-driven raw material costs and currency volatility exerted sustained pressure on input prices, while subdued construction and trade activity affected volume growth. In this volatile landscape, the Company remained steadfast in cementing its pioneering position in the ceramics industry, sustaining its focus on long-term value and prudent financial management.

In this regard, the Company continued investing in the modernization and technological upgradation of its manufacturing facilities. The installation of advanced machinery enhanced production efficiency, improved product quality and supported higher-value offerings. Increased operational scale enabled overhead cost control, productivity gains and better cost optimisation, strengthening the organisation's competitive edge in a highly competitive marketplace.

Serving the evolving needs of the Bangladeshi market remains central to our strategy. With the nation advancing in infrastructure, urban housing and lifestyle aspirations, consumer preferences are steadily shifting towards premium, designer and large-format tiles. Recognising this transition, the Company has accelerated the premiumisation of its portfolio, aligning product innovation with changing tastes, while supporting margin resilience. Further, the Company has also expanded its offering in the large value-conscious segment, unveiling products



- Flywheel**
Continuous improvement cycle
- Revenue Growth**
10.55% increase in 2025
- Profit Margin**
13.19% gross profit
- Efficiency Gains**
Technology upgrades enhances operations
- Portfolio Expansion**
Premium and value offerings
- Market Leadership**
Brand equity and distribution

that meet the price expectations of a dynamic and aspirational consumer segment.

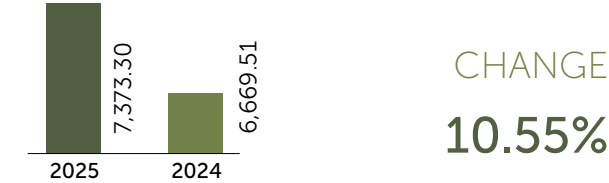
Over more than two-and-a-half decades, RAK Ceramics has translated its vision into sustained market leadership. This achievement is particularly noteworthy given the presence of around 30 domestic manufacturers and continued imports, especially from China. Despite intense competition and pricing pressure, the Company has retained its brand strength, expansive distribution footprint and strong customer recall. Over the years, the Company has been successful in building brand desirability at scale, stimulating market growth, especially in high-demand regions.

Throughout its journey, the Company has confronted multiple operational and macroeconomic challenges. However, with disciplined execution, operational agility, deep resilience to withstand pressures and a committed workforce, the Company has consistently navigated uncertainties while staying aligned with its strategic long-term objectives and ambitions.

Looking ahead, we remain cautiously optimistic. Signs of gradual stabilisation in input costs and improving demand fundamentals offer encouragement. With Bangladesh's continued infrastructure expansion and rising urbanization, we believe significant growth opportunities lie ahead. RAK Ceramics remains confident in its ability to strengthen its leadership position and progress alongside the nation's economic advancement.

FINANCIAL PERFORMANCE 2025

Particulars	Year -2025	Year -2024	Change %
Sales	7,373.30	6,669.51	10.55



Sales increased by 10.55% to BDT 7,373.30 mn in 2025 from BDT 6,669.51 mn in 2024.

Particulars	Year-2025	Year-2024	Change %
Gross Profit	972.87	1,146.82	-15.17



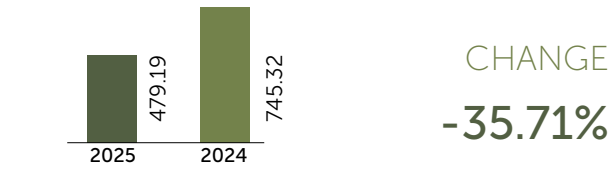
Gross profit decreased by 15.17 % to BDT 972.87 mn in 2025 from BDT 1,146.82 mn in 2024.

Particulars	Year-2025	Year-2024	Change %
PAT	-395.93	-27.33	-1,348.70



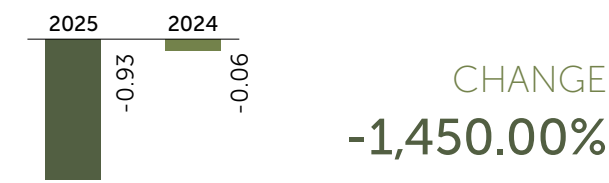
Profit after tax decreased by 1,348.70% to BDT -395.93 mn in 2025 from BDT 27.33 mn in 2024.

Particulars	Year-2025	Year-2024	Change %
EBTDA	479.19	745.32	-35.71



EBITDA decreased by 35.71% to BDT 479.19 mn in 2025 from BDT 745.32 mn in 2024.

Particulars	Year-2025	Year-2024	Change %
EPS (Absolute BDT)	-0.93	-0.06	-1,450.00



EPS decreased by 1,450.00% to BDT -0.93 per share in 2025 from BDT -0.06 in 2024.

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 increased by 10.55% 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.

Operating profit:

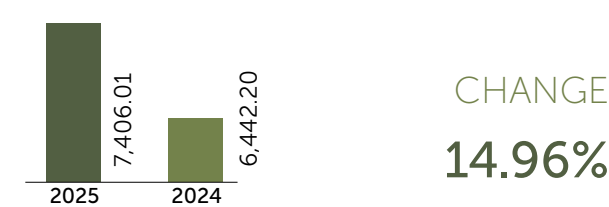
Particulars	Year-2025	Year-2024	Change %
Operating Profit	-32.71	227.31	-114.39



Net operating profit decreased by 114.39% to BDT -32.71 mn in 2025 from BDT 227.31 mn in 2024.

Operating expenses:

Particulars	Year-2025	Year-2024	Change %
Operating expenses	7,406.01	6,442.20	14.96



The Company's operating expenses (operating, marketing and administrative) increased by 14.96% to BDT 7,406.01 mn in 2025 from BDT 6,442.20 mn in 2024.

Operating cost matrix:

Particulars	Year-2025		Year -2024		Increase/ (Decrease) (%)
	Amount (BDT mn)	Proportion of sales (%)	Amount (BDT mn)	Proportion of sales (%)	
Cost of Goods Sold	6,400.43	86.81	5,522.69	82.81	15.89
Marketing Expenses	627.06	8.50	571.80	8.57	9.66
Administrative Expenses	347.51	4.71	357.70	5.36	-2.85

Administrative expenses:

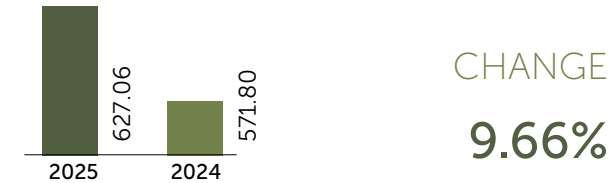
Particulars	Year-2025	Year-2024	Change %
Administrative expenses	347.51	357.70	-2.85



Administrative expenses decreased by 2.85% to BDT 347.51 mn in 2025 from BDT 357.70 mn was in 2024.

Marketing expenses:

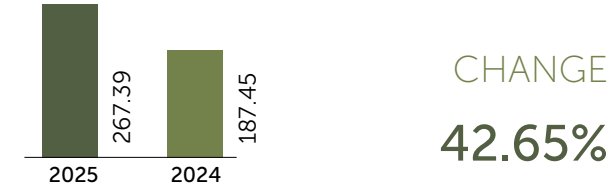
Particulars	Year-2025	Year-2024	Change %
Marketing expenses	627.06	571.80	9.66



Marketing expenses increased by 9.66% to BDT 627.06 mn in 2025 from BDT 571.80 mn was in 2024.

Financial expenses:

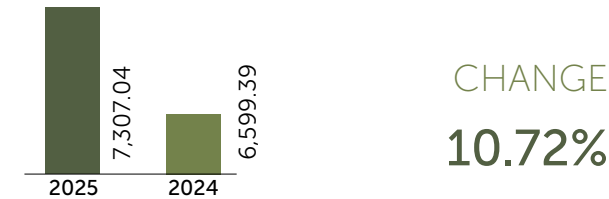
Particulars	Year-2025	Year-2024	Change %
Financial expenses	267.39	187.45	42.65



Interest expenses against loan increased by BDT 67.30 mn and foreign exchange loss increased by BDT 13.15 mn.

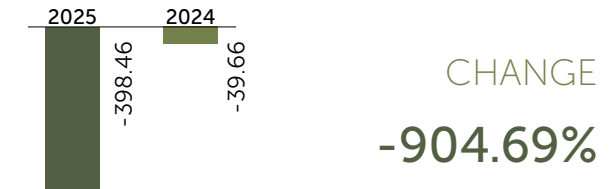
RAK CERAMICS:

Particulars	Year-2025	Year-2024	Change %
Revenue	7,307.04	6,599.39	10.72



Revenues increased by 10.72% to BDT 7,307.04 mn in 2025 from BDT 6,599.39 mn in 2024.

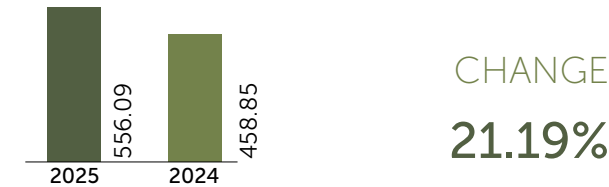
Particulars	Year-2025	Year-2024	Change %
PAT	-398.46	-39.66	-904.69



Profit after tax decrease by 904.69% to BDT -398.46 mn in 2025 from BDT -39.66 mn in 2024.

RAK POWER:

Particulars	Year-2025	Year-2024	Change %
Revenue	556.09	458.85	21.19



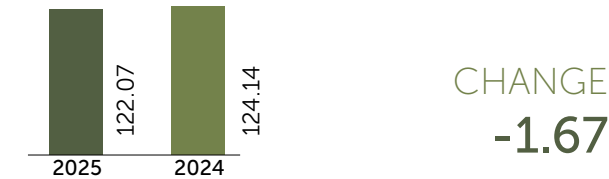
Particulars	Year-2025	Year-2024	Change %
PAT	-2.81	3.19	-188.09



Profit after tax decrease by 188.09% to BDT -2.81 mn in 2025 from BDT 3.19 mn in 2024, with increase in sales to the extent of 21.19% to BDT 556.09 mn in 2025 from BDT 458.85 mn in 2024.

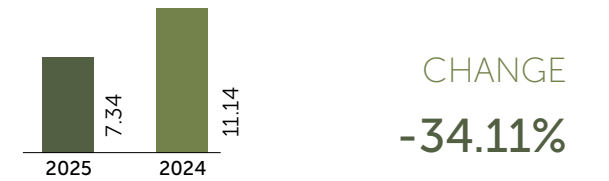
RAK SECURITY:

Particulars	Year-2025	Year-2024	Change %
Revenue	122.07	124.14	-1.67



Profit after tax:

Particulars	Year-2025	Year-2024	Change %
PAT	7.34	11.14	-34.11



Profit after tax decreased by 34.11% to BDT 7.34 mn in 2025 from BDT 11.14 mn in 2024 with decrease in revenue to BDT 122.07 mn in 2025 from BDT 124.14 mn in 2024.



ANALYSIS OF THE BALANCE SHEET 2025

Shareholders’ fund:

Particulars	Year-2025	Year-2024	Change %
Share capital	4,279.69	4,279.69	—
Share premium	1,473.65	1,473.65	—
Retained earnings	795.04	1,618.94	-50.89
Shareholders’ fund	6,548.38	7,372.27	-11.18

Shareholders’ fund decreased by 11.18 % to BDT 6,548.38 mn in 2025, from BDT 7,372.28 mn in 2024.

Non-current assets:

Fixed assets additions:

During the year 2025, the total additions to the fixed assets, including subsidiary companies, was BDT 390.21 mn. The major additions to the fixed assets were Plant & machinery, building and office equipment etc.

Intangible assets:

During the year 2025, total addition to the intangible assets was BDT 2.99 mn. The major addition to intangible were software and license.

Capital work-in-progress:

The Company invested BDT 101.12 mn in heavy equipment mainly in its ceramics plant, which is expected to be commissioned in the coming year.

Current assets:

Inventory:

Particulars	Year-2025	Year-2024	Change %
Finished goods	1,224.58	998.15	22.68
Raw materials	929.54	1,007.05	-7.70
Stores and consumables spares	1,084.31	1,094.07	3.36
Work-in-process	66.44	182.15	-63.52
Goods-in-transit	343.54	197.47	73.97
Total Inventory	3,648.41	3,433.89	6.25

Inventory comprises finished goods of BDT 1,224.58 mn, raw materials of BDT 929.54 mn, stores and consumables spares of BDT 1,084.31 mn, work-in-process of BDT 66.44 mn and goods- in- transit of BDT 343.54 mn. The Company has a policy of maintaining adequate inventory of key inputs to ensure uninterrupted operations.

Trade and other receivables:

Particulars	Year-2025	Year-2024	Change %
Trade receivable	2,645.94	2,758.90	-4.09
Other receivables	1.00	0.82	21.95
Trade and other receivables	2,646.94	2,759.72	-4.09

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

Asset composition:

Particulars	Year-2025		Year-2024		Increase/ (Decrease) (%)
	Amount (BDT mn)	Proportion of assets (%)	Amount (BDT mn)	Proportion of assets (%)	
Non-Current assets	4,345.29	38.62	4,535.49	39.50	-4.19
Current assets	6,906.08	61.38	6,945.06	60.49	-0.56
Total	11,251.37	100.00	11,480.55	100.00	-2.00

Cash and bank balance:

Particulars	Year-2025	Year-2024	Change %
Cash in hand	1.30	4.28	-69.63
Cash at bank	301.29	419.89	-28.25
Total	302.59	424.17	-28.6

Cash and bank balances include cash in hand of BDT 1.30 mn, balances in bank accounts of BDT 160.99 mn and fixed deposits of BDT 140.30 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 21.90 (as on 31 December 2025, DSE) resulting in a market capitalization of BDT 9,373 mn.

Non-current borrowings:

Non-current borrowings in this year BDT 340.71 mn.

Current borrowings:

Offshore financing is the only factor of current borrowings BDT 1,518.50.

Current Liabilities:

Particulars	Year-2025	Year-2024	Change %
Current Liabilities	4,296.01	3,603.18	19.23

Current liabilities increased by 19.23% to BDT 4,296.01 mn in 2025 from BDT 3,603.18 mn in 2024.



ANALYSIS OF CASH FLOWS:

Cash flow from operating activities:

Operating cash flow increased by 105.33% to BDT 426.33 mn in 2025 from BDT 207.63 mn in 2024 mainly due to increase in cash receipt from customer. Resulted net operating cash flow per share increased to BDT 1.00 in 2025 from BDT 0.49 in 2024.

Cash flow from investing activities:

Net cash used in investing activities decreased by 55.06% to BDT 209.60 mn in 2025 from BDT 446.39 mn in 2024 due to less outflow of cash for acquisition of Property, Plant and equipment and more cash generated from interest income.

Cash flow from financing activities:

Net cash used in financing activities increased by 112.60% to (338.53) mn in 2025 from BDT 159.23 mn in 2024 due to increase in finance charge and repayment of term loan.



HORIZONTAL & VERTICAL ANALYSIS

Horizontal	2025	2024	2023	2022	2021
Statement of profit or loss and other comprehensive income					
Net revenue from contracts with customers	11%	-15%	5%	9%	30%
Gross profit	-15%	-41%	-1%	-3%	74%
Operating profit	-114%	-75%	-10%	-15%	168%
Profit before tax	-655%	-94%	-8%	-23%	158%
Profit after tax	-1349%	-104%	-8%	-26%	191%
Earning per share	-1349%	-104%	-8%	-26%	190%
Statement of financial position					
Total non-current asset	-4%	0%	15%	18%	-9%
Total current asset	-1%	-2%	9%	-1%	21%
Total asset	-2%	-1%	11%	4%	12%
Share capital	0%	0%	0%	0%	0%
Retained earning	-51%	-22%	10%	8%	38%
Total equity attributable to owner of the company	-11%	-6%	2%	2%	7%
Total non-current liability	-19%	10%	279%	-16%	-28%
Total current liability	19%	2%	15%	7%	20%
Total liability	14%	3%	19%	6%	18%
Total equity and liability	-2%	-1%	11%	4%	12%

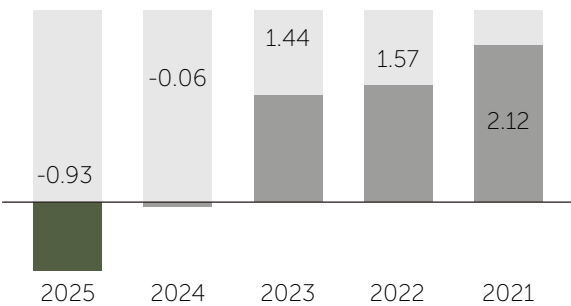
Vertical	2025	2024	2023	2022	2021
Statement of profit or loss and other comprehensive income					
Net revenue from contracts with customers	100%	100%	100%	100%	100%
Gross profit	13%	17%	25%	26%	30%
Operating profit	0%	3%	11%	13%	17%
Profit before tax	-4%	1%	10%	12%	17%
Profit after tax	-5%	0%	8%	9%	13%
Statement of financial position					
Total non-current asset	39%	29%	28%	27%	24%
Total current asset	61%	71%	72%	73%	76%
Total asset	100%	100%	100%	100%	100%
Share capital	51%	36%	36%	40%	41%
Retained earning	7%	10%	13%	13%	12%
Total equity attributable to owner of the company	58%	46%	49%	52%	54%
Total non-current liability	4%	6%	3%	1%	1%
Total current liability	38%	50%	48%	47%	45%
Total liability	42%	54%	51%	48%	46%
Total equity and liability	100%	100%	100%	100%	100%



CORPORATE PERFORMANCE 2025

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.

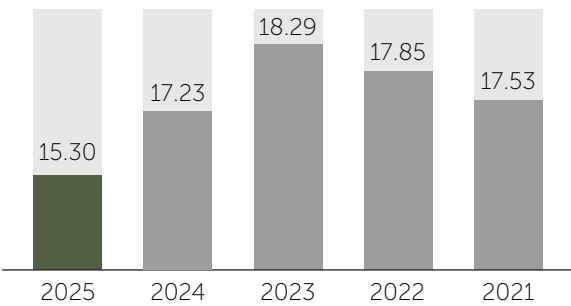
Performance EPS



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.

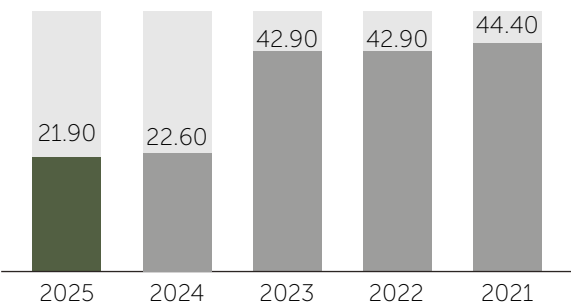
Performance NAV Per Share



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.

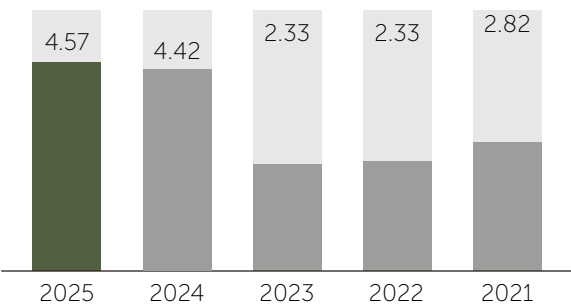
Performance Stock Performance



Observation: The stock performance has been changed due to Various macroeconomic factor 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.

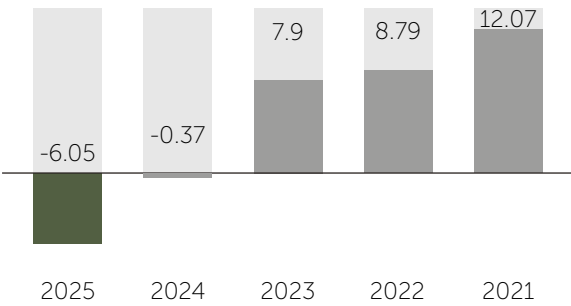
Performance Dividend Yield (%)



Observation: The Board recommended dividend @ 10% in cash to the general shareholders only (excluding the sponsors and directors) for the year 2025. Market value per share declined from 22.60 to 21.90 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.

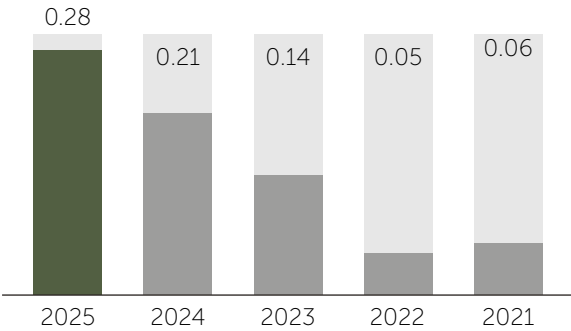
Performance Return on Shareholders' Funds (%)



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.

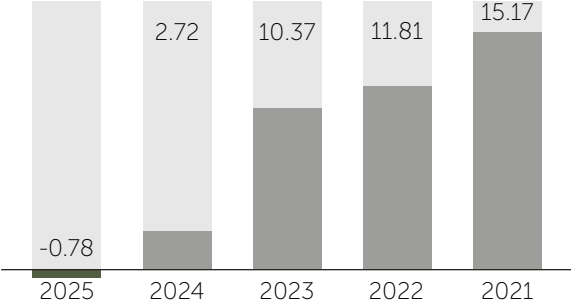
Performance Debt Equity Ratio



Observation: Debt Equity Ratio is increased due to increase of borrowings as well as decrease in equity.

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.

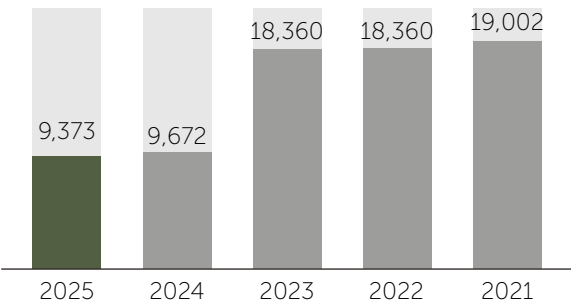
Performance ROCE (%)



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

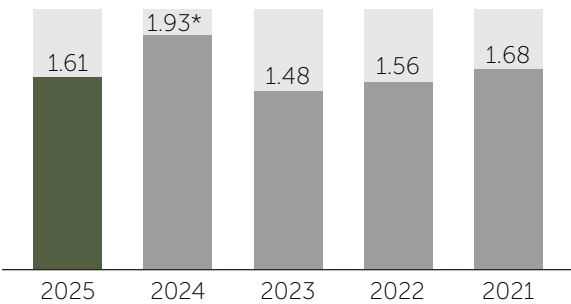


Observation: Market price of shares has influence the market capitalization adversely.



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.

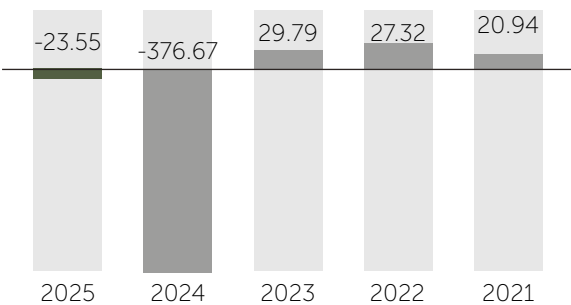
Performance
Current Ratio



Observation: Current Ratio decreased due to increase in borrowing 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

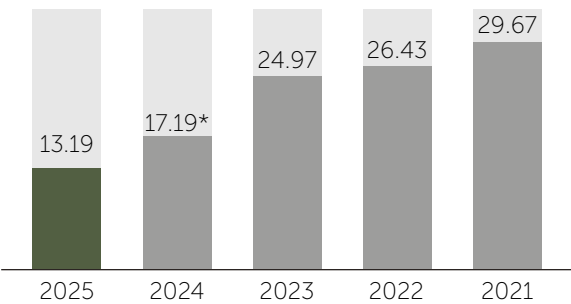


Observation: Due to negative EPS, PE ratio has impacted in proportion.

* Restated figure

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.

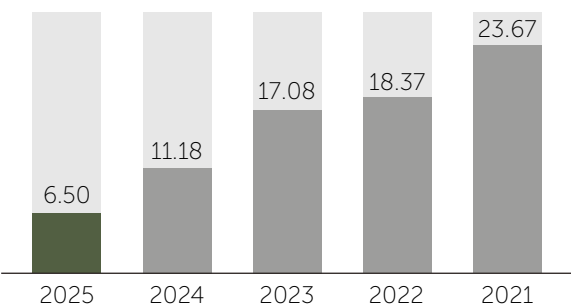
Performance
Gross Profit Margin (%)



Observation: Gross profit margin is decreased due to inadequate gas pressure, reduced the production as well as sales.

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
EBITDA (%)



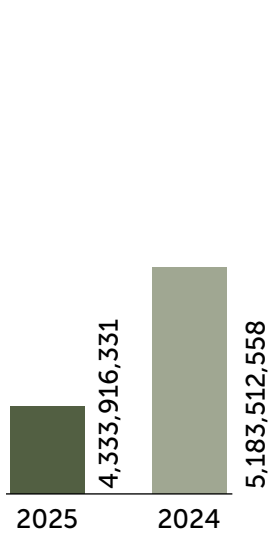
Observation: A lower gross margin caused a decrease in all other margin parameters.

VALUE-ADDED STATEMENT

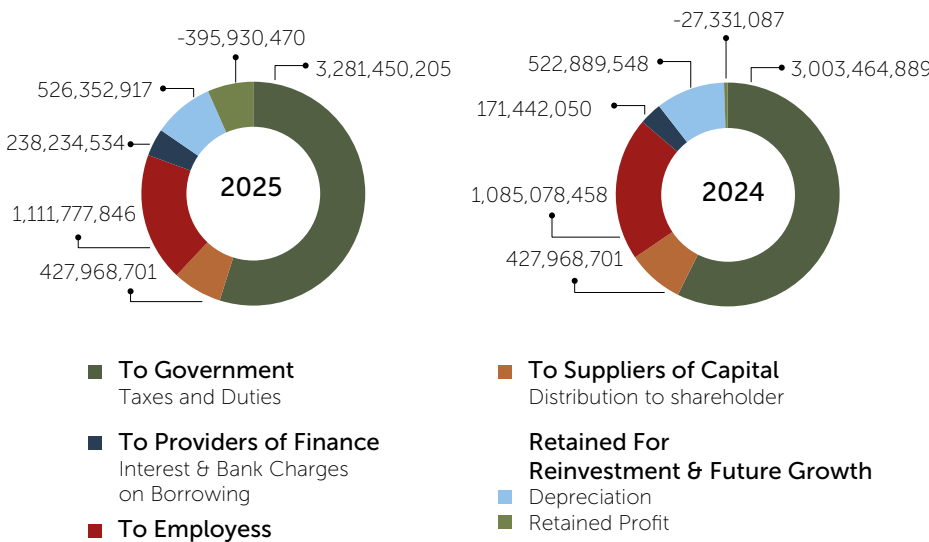
Particulars	31-Dec-2025 Taka	%	31-Dec-2024 Taka	%
Revenue	10,960,997,799		10,135,491,764	
Other Income	14,741,366		13,782,489	
Less : Paid to suppliers for materials and services	6,641,822,834		4,965,761,694	
Value Added	4,333,916,331	100	5,183,512,558	100
Distribution of Value Added				
To Government				
Income Taxes, Duties and Value Added Tax	3,281,450,205	75.74	3,003,464,889	57.94
To Suppliers of Capital				
Distribution to shareholder	427,968,701	-9.88	427,968,701	8.26
To Employees				
Wages, Salaries, bonus, commissions, pensions and other benefits	1,111,777,846	25.63	1,085,078,458	20.93
To Providers of Finance				
Interest & Bank Charges on Borrowing	238,234,534	5.50	171,442,050	3.31
Retained For Reinvestment & Future Growth				
Depreciation	526,352,917	12.15	522,889,548	10.09
Retained Profit	(395,930,470)	-9.14	(27,331,087)	-0.53
Total Distribution	4,333,916,331	100	5,183,512,558	100

VALUE-ADDED STATEMENT

Value Added

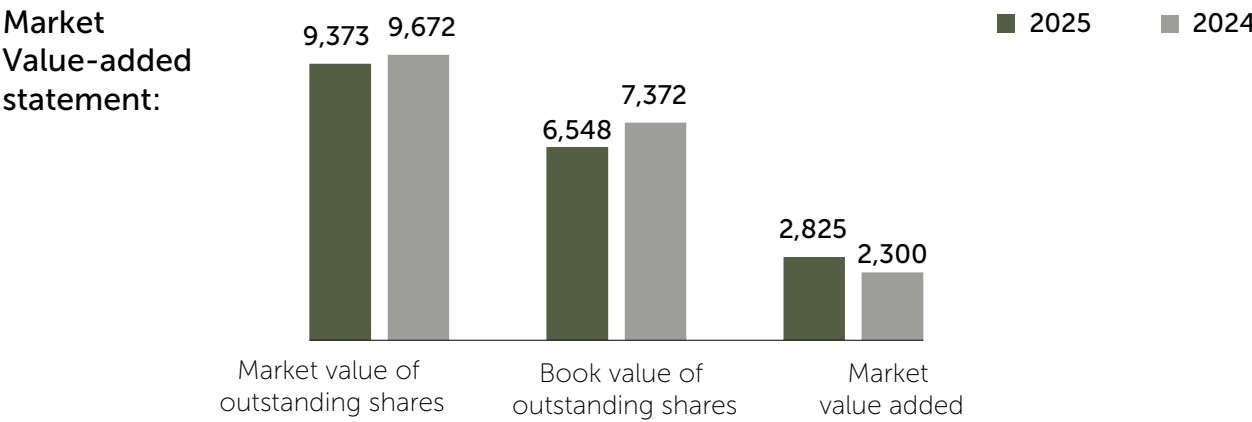


Distribution of Value added



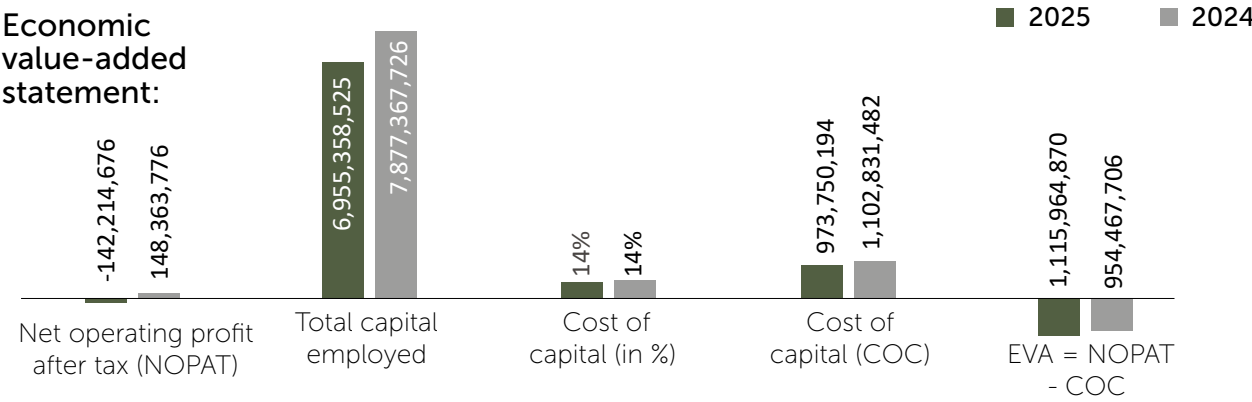
MARKET VALUE-ADDED STATEMENT:

Particulars	Amount in Taka	
	2025	2024
Market value of outstanding shares	9,373	9,672
Book value of outstanding shares	6,548	7,372
Market value added	2,825	2,300



ECONOMIC VALUE-ADDED STATEMENT:

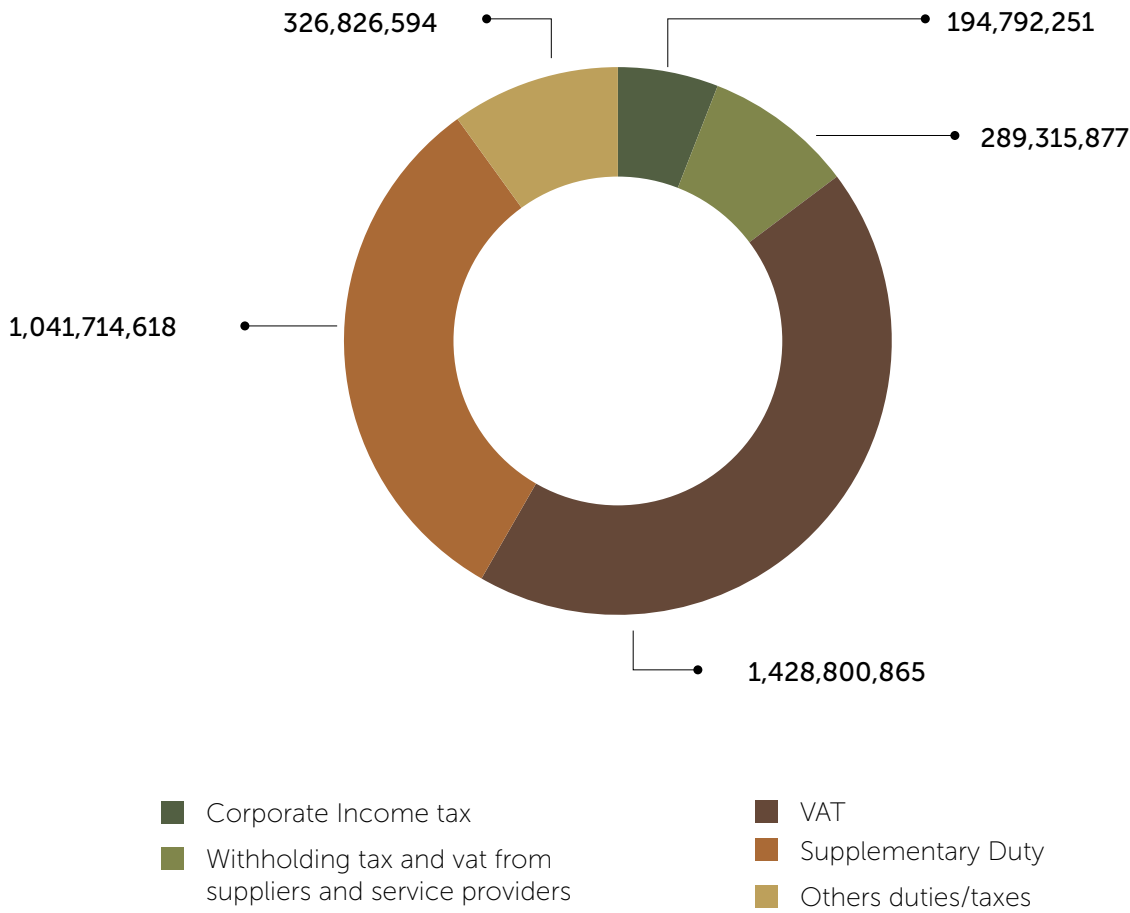
Particulars	Amount in Taka	
	2025	2024
Net operating profit after tax (NOPAT)	-142,214,676	148,363,776
Total capital employed	6,955,358,525	7,877,367,726
Cost of capital (in %)	14%	14%
Cost of capital (COC)	973,750,194	1,102,831,482
EVA = NOPAT - COC	-1,115,964,870	(954,467,706)



CONTRIBUTION TO NATIONAL EXCHEQUER FOR THE YEAR 2025

Serial No.	Particulars	Total-2025
1	Corporate Income tax	194,792,251
2	Withholding tax and vat from suppliers and service providers	289,315,877
3	VAT	1,428,800,865
4	Supplementary Duty	1,041,714,618
5	Others duties/taxes	326,826,594
	Total Contribution to National Exchequer	3,281,450,205

CONTRIBUTION TO NATIONAL EXCHEQUER





BUSINESS SEGMENT DASHBOARD

The business segment dashboard provides a concise overview of the performance, operational scale and strategic direction of our Tiles and Sanitaryware divisions. It highlights key indicators that reflect market presence, portfolio strength, distribution reach and growth momentum, offering stakeholders a snapshot of how each segment contributes to our overall value creation.



Market Presence and Positioning

- Established multinational brand in Bangladesh with operations serving both residential and commercial sectors
- Recognised locally for premium tiles and sanitaryware as part of a RAK Group’s global product portfolio



Competitive Landscape

- Operates in a competitive Bangladeshi ceramics market alongside local and global players, with the RAK brand differentiated by international heritage and product breadth
- As an MNC tiles brand in the local market, the division leverages global design trends and manufacturing know-how



Distribution and Customer Reach

- Wide retail footprint with multiple showrooms and dealer points across Bangladesh, including flagship showroom for both tiles and sanitaryware in Dhaka
- Strong engagement with interior designers, architects and construction professionals through bespoke offerings



Strategic Growth Drivers

- Brand strength and recognition from being part of a global ceramics leader that has 23 state-of-the-art plants and a presence in 150 countries worldwide
- Product innovation across tiles and sanitaryware aligned with urbanisation and rising consumer aspirations for curated home and office improvement solutions
- Increasing demand for design-centric, durable and premium solutions among Bangladesh’s growing middle-class homeowners
- Rising trend of premiumisation among upwardly mobile customers



Product Portfolio

- Tiles:** Comprehensive range of ceramic and porcelain tiles across various designs, finishes and sizes tailored to local tastes and requirements
- Sanitaryware and Bathroom Solutions:** High-quality fittings including washbasins, bidets, toilets and modern other bathroom fittings and accessories



Operational Footprint

- Local presence with manufacturing and commercial operations in Bangladesh, supporting delivery of global quality products to the domestic market



TILES DIVISION

STEADY GROWTH ACHIEVED THROUGH PRODUCT DIVERSITY AND MARKET EXPANSION

We hold a commanding position in Bangladesh’s tiles market, backed by an extensive product portfolio and stringent quality standards. Our focus remains on delivering functional solutions that cater to everyday needs while steadily transitioning towards a more design-driven and premium product lineup in response to evolving customer preferences.

Driven by innovation, availability and brand trust, alongside competitive pricing and high commitment to quality, we have laid a strong foundation for sustained business growth and market leadership in a dynamic, fast-evolving segment.



Product Basket

Ceramic Tiles

Wall tiles, floor tiles, high-performance tiles

Gres Porcelain (Vitrified Tiles)

Wall tiles, floor tiles



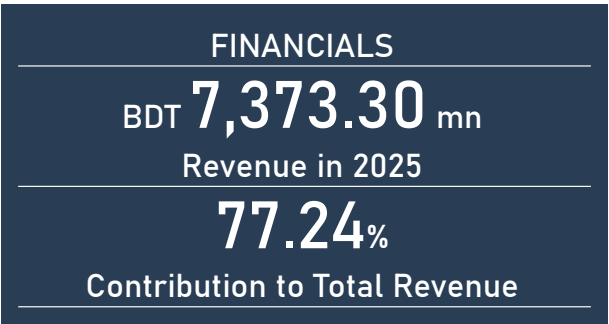
Our Ethos

- Fuelling design imagination and creativity through an expansive portfolio of tiles
- Offering a large product variety across a vast catalogue comprising differentiated and design-led offerings
- Focus on cost-effective production and regional relevance
- Emphasis on capacity growth through equipment and process optimisation



Highlights for 2025

- Focused on premium range that aligned to design and style-led expectations and preferences of customers



- Launched new innovative products such as VISTA, APOLLO,
- Enabled strategic price calibration for adjusting to market dynamics
- Attained sales growth of around 12.50% compared to last year



Outlook for 2026

We are focusing on crafting a more distinctive and broad-ranged product portfolio with captivating designs that measure up to shifting customer tastes and preferences, ensuring innovation, style and relevance. We will achieve this through deeper in-house R&D and through accessing global R&D of our parent.

SANITARYWARE DIVISION

APPEALING PRODUCTS DESIGNED FOR CONTEMPORARY LIVING AND LIFESTYLES

As part of our strategic agenda to expand our building materials portfolio, we have established a strong presence in the sanitaryware segment. This expansion aligns with our long-term vision of an integrated solutions provider for both residential and commercial construction.

Building on our growing footprint in the organised sanitaryware market, we offer a comprehensive range of products that combine functionality, durability and aesthetic appeal. Our collections are thoughtfully engineered for contemporary living, incorporating features such as easy maintenance, enhanced surface strength and versatile design options. As the segment continues to evolve, we have strengthened brand visibility and are steadily broadening our distribution reach across Bangladesh.



Product Basket

Sanitaryware

Water closets, wash basins, urinals, seat covers, cisterns

Bath fittings

Bathroom accessories such as bathtubs, shower trays, tower rails and allied accessories

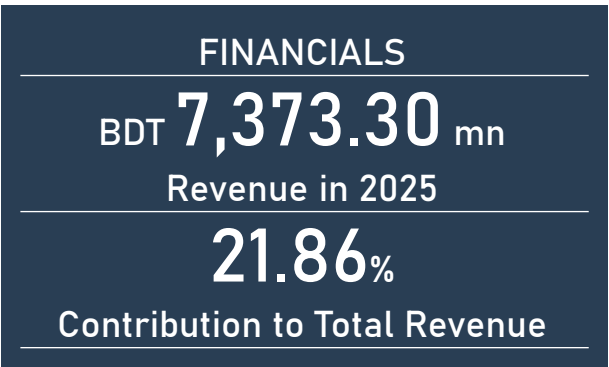


Our Ethos

- Brand prioritisation and consistent market expansion amid intense competition
- Creating thoughtfully designed, functional and durable sanitaryware solutions that reflect our ethos of innovation, excellence and attention to detail
- In-house manufacturing that enhances cost competitiveness and quality assurance
- Stringent quality control norms and procedures across the process chain, meeting the demanding requirements of our customers

Highlights for 2025

- Launched new innovative products such as CLOUD and HARMONY back to wall water closet,
- Showcased latest sanitaryware solutions within key industry events, reinforcing product positioning and industry presence



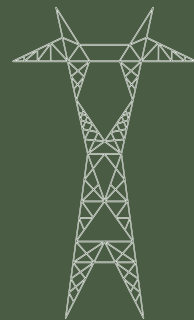
- Despite macroeconomic headwinds, the division maintained positive topline performance, highlighting execution focus amid steady demand.

Outlook for 2026

In 2026, the sanitaryware market is expected to continue its regular expansion, reflecting favourable urbanisation, infrastructure development and consumer preference for modern, high-quality bathroom solutions. Within this backdrop, our sanitaryware division will focus on strengthening distribution, enhancing product quality and design appeal, and leveraging strategic partnerships to build deeper market penetration and improved customer engagement across key regions.

RAK POWER PVT. LTD.

INSTALLED CAPACITY



INSTALLED CAPACITY
10.30MW

Highlights, 2025

- Power plant capacity was available in excess of 66% of installed capacity during the year 2024 generated power was supplied to meet captive requirements of the parent company, RAK Ceramics (Bangladesh) Limited

Road Map-2026

- From the first quarter of 2026, an additional 4.3 MW power plant will be commissioned and brought into operation.
- The existing 3 MW power plant will be retained as a backup facility.
- Following this addition, the total installed power generation capacity will increase to 14.6 MW.
- The enhanced capacity and backup support are expected to improve operational performance, efficiency, and reliability.

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, 2025

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

Roadmap, 2026

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

Segment Reporting 2025

(Amount in Taka mn)

Particulars	RAK Ceramics (Taka mn)	RAK Power (Taka mn)	RAK Security (Taka mn)	Adjustment	Entity Total
Sales	7,307.04	565.09	122.07	-611.90	7,373.30
Gross Profit	953.52	36.03	34.42	-51.10	972.87
Profit before Tax	-298.76	2.57	11.77	-2.00	-286.42
Profit after Tax	-398.46	-2.81	7.34	-2.00	-395.93

COMPLIANCE WITH CONFORMANCE



RAK Ceramics (Bangladesh) Limited is committed to maintaining the highest standards of compliance and governance in all areas of its operations. We also remain committed to ethical business conduct, transparency, and accountability to its shareholders and stakeholders. Our continuous monitoring and timely disclosures have been maintained to uphold investor confidence and regulatory conformity, reinforcing the Company's reputation as a responsible and compliant corporate entity.

DIRECTORS' REPORT

RAK CERAMICS (BANGLADESH) LIMITED

Dear Shareholders,

Assalamu Alaikum!

On behalf of the Board of Directors and on my own behalf I take the privilege to welcome you all at the 27th Annual General Meeting of RAK Ceramics (Bangladesh) Limited and present before you the Directors' Report, along with the audited financial statements of the Company for the year ended 31 December 2025, 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) Limited is one of the country's largest and most prominent brands in the tiles and sanitary-ware industry. The Company is engaged in the manufacturing and marketing of a comprehensive range of ceramic wall and floor tiles, sanitary-ware products, and complete bathroom solutions. Over its nearly three-decade journey, the Company has consistently introduced industry-leading designs, patterns, and finishes for wall and floor tiles, including borders and corner solutions. These products have been widely accepted by customers and have established benchmarks within their respective categories.

Furthermore, many of RAK Ceramics' product models are developed with modular designs, offering customers greater flexibility and a wide range of choices to suit varying space requirements, aesthetic preferences, and budget considerations.

Industry outlook and possible future developments

Details about this section are discussed in the 'Industry outlook and possible future developments' report on page 133 and 'Management discussion and analysis' report on page 130 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 pages 120 and 204 of this Annual Report.

Financial results

The Company reported consolidated sales of BDT 7,373.30 mn in 2025, vs. BDT 6,669.51 mn reported in 2024 and consolidated gross profit/(loss) of BDT 972.87 mn in 2025 against BDT 1,146.82 mn reported in 2024. The Company's consolidated net profit/(loss) stood at BDT (395.93) mn in 2025 against BDT (27.33) mn in 2024.

Details of operational results are discussed in the 'Financial Performance 2025' on page 105 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 2025 and recommend the following appropriations:

(Amount in Taka mn)		
Particulars	2025	2024
Profit before tax	(286.42)	51.62
Less: Provision for tax	109.51	78.95
Profit after tax*	(395.93)	(27.33)
Add: Un-appropriated profit brought forward	1618.94	2074.24
Profit available for distribution	1223.01	2046.91
Less: Appropriation of dividend	427.47	427.97
Un-appropriated profit C/F	795.04	1618.94

*Profit 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 128 of this annual report.

Reserves and surplus

In 2025, retained earnings of the Company stood at BDT 795.04 mn, against BDT 1618.94. mn in 2024.

Dividend

The Board of Directors is pleased to recommended dividend @ 10% in cash to the general shareholders only (excluding the sponsors and directors) for the year 2025. The quantity of shares held by the sponsors and directors is 308,482,421 (i.e. 72.08%); who will not be entitled to such recommended dividend. The amount of recommended dividend payable to the general shareholders is BDT 119,486,280/- against their total shareholdings of 119,486,280 shares (i.e. 27.92%). 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 2024. 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 2021 in cash and stock to CMSF in due time.

The summary of the transferred dividend are disclosed in 'Annexure-2' on page 128 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 2025, the Company, including its subsidiaries, contributed a total sum of BDT 3,281.45 mn to the national exchequer. Details about the contribution to the national exchequer during the year is discussed in the 'Contribution to National Exchequer for the year 2025' section on page 117 of this Annual Report.

Extraordinary gain or loss

There were no extraordinary activities during the year 2025 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. During the year ended 2025, the Company achieved revenue growth of 10.56%, increasing from BDT 6,669.51 million to BDT 7,373.30 million. This growth was primarily driven by increased production supported by uninterrupted LNG support from July'25 onward, which subsequently led to higher market sales. Despite the increase in revenue, the gross profit margin declined from 17.19% to 13.19%, mainly due to higher manufacturing costs arising from increased throughput costs. The margin was further impacted by unabsorbed fixed costs incurred up to June'25 due to disruptions of gas supply, higher finance expenses due to the requirement of bank borrowings for financing in working capital and increased in provision / write-offs of aged inventory. Consequently, the net loss after tax increased significantly, rising from BDT 27.33 million to BDT 395.93 million. As a result, earnings per share (EPS) deteriorated from BDT (0.06) to BDT (0.93) compared to the previous year.

On the other hand, in addition to the revenue growth, the Company achieved improved trade receivable collections, supported by a strengthened credit control framework and successful re-negotiation and extension of payment terms with vendors wherever feasible. Consequently,

net operating cash flow per share improved significantly, increasing from BDT 0.49 to BDT 1.00.

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 pages 80 and 198 of this Annual Report.

Auditors and audit report

M/s ACNABIN (An independent member of BAKER TALLY INTERNATIONAL), Chartered Accountants, the statutory auditors of the Company will retire at the 27th Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment. The Board also recommends their re-appointment for the year 2026. 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 2025, 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 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 120 and 204 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 203 of this Annual Report.

Corporate social responsibility

The Company understands its responsibility towards social welfare and contributed an amount of BDT 3.09 mn during the year 2025. Details of the Company’s CSR/ Donation activities during the year is discussed in the ‘Corporate Social Responsibilities’ section on page 55 of this Annual Report and in ‘Community Welfare’ on page 27 of the separate ESG 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 1,711 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, leave encashment and group life insurance, etc. Further, the Company has also established a “Workers Profit Participation Fund and Welfare Fund (WPPF)”.

Board of Directors

The Board of Directors of the Company comprises with Seven (07) members including two Independent Directors. The appointment of female Independent Director is currently in progress (application submitted to the BSEC for consent). Names and profiles, including the nature of expertise in specific functional areas, membership of the committee, other engagement on other company of the Directors are indicated in the ‘Directors’ Profile’ on page 42 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. Wassim Moukahhal will retire from his office as Director by rotation at the 27th 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.

Mr. Manoj Uttamrao Ahire, who was appointed by the Board on October 29, 2025 as an Additional Director will retire from his office as Director at the 27th Annual General Meeting and being eligible, offers himself for re-election in accordance with the terms of Article 99 of the Articles of Association of the Company.

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 four (04) times during the year 2025. The number of Board meetings held and the attendance of each Director during the year is disclosed in ‘Annexure-3’ on page 129 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 129 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 130 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, 2025 duly signed by the CEO and CFO is included on page 158 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 03.04.2025 in consideration of its audited financial up to 31st December 2024, and others relevant quantitative as well as qualitative information up to the date of rating declaration:

Long Term Rating = “AA” (Double A 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 156 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 140 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 has been included on page 144 and the corporate governance compliance certificate, has been included on page 143 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 157 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: February 03, 2026

KEY OPERATING AND FINANCIAL DATA OF PRECEDING FIVE YEARS

Amounts in BDT

Particulars	2025	2024	2023	2022	2021
Sales	7,373,301,644	6,669,514,820	7,819,322,342	7,453,465,494	6,851,136,685
Cost of sales	6,400,430,704	5,522,694,023	5,867,007,657	5,483,544,470	4,818,277,683
Gross profit	972,870,940	1,146,820,797	1,952,314,685	1,969,921,024	2,032,859,002
Administration expenses	379,583,768	349,742,488	454,988,709	395,990,271	389,439,450
Marketing and selling expenses	627,057,964	571,796,625	638,875,955	623,919,697	523,744,007
Net profit/(Loss) before financial expenses	(33,770,792)	225,281,684	858,450,021	950,011,056	1,119,675,545
Financial expense	267,393,678	187,446,441	71,214,646	109,274,503	10,390,323
Other income*	14,741,366	13,782,489	30,904,720	48,912,314	44,817,259
Net profit before taxation	(286,423,104)	51,617,732	818,140,095	889,648,867	1,154,102,481
Income tax expenses	109,507,367	78,948,819	199,752,088	218,063,252	248,916,594
Non-controlling interest	-	16	41	118	204
Net profit/(Loss) after taxation	(395,930,470)	(27,331,087)	618,388,007	671,585,615	905,185,887

ANNEXURE-2

THE SUMMERY OF UNCLAIMED OR UNDISTRIBUTED OR UNSETTLED DIVIDEND IN CASH TRANSFERRED TO CAPITAL MARKET STABILIZATION FUND (CMSF) ARE AS FOLLOWS:

Year	Dividend declared	Net dividend	Dividend distributed till 31 Dec 2025	Fund Transferred to CMSF
2010	345,110,250	284,911,953	274,257,528	10,654,425
2011	379,621,275	314,238,730	306,565,331	7,673,399
2012	417,583,403	390,238,653	386,535,373	3,703,280
2013	459,341,744	428,648,499	426,108,408	2,540,090
2014	842,126,528	781,471,863	776,464,072	5,007,791
2015	842,126,528	780,467,078	776,773,479	3,693,599
2016	673,701,222	624,956,133	620,752,883	4,203,250
2017	353,693,141	326,416,889	324,757,456	1,659,433
2018	389,062,456	359,173,553	357,227,075	1,946,478
2019	641,953,052	592,923,428	588,305,450	4,617,978
2020	427,968,701	395,221,049	392,713,129	2,507,921
2021	534,960,876	495,837,543	493,232,694	2,604,848

THE NUMBER OF BOARD MEETINGS AND THE ATTENDANCE BY EACH DIRECTORS DURING THE YEAR 2025

Name of Directors	Position	Number of meetings held while a member	Number of meetings attended
Mr. Abdallah Massaad (Nominee of RAK Ceramics PJSC, UAE)	Chairman	4	4
Mr. SAK Ekramuzzaman	Managing Director	4	4
Mr. Pramod Kumar Chand (Nominee of RAK Ceramics PJSC, UAE)	Director	4	4
Mr. Wassim Moukahhal (Nominee of RAK Ceramics PJSC, UAE)	Director	4	3
Mr. Manoj Uttamrao Ahire (Nominee of RAK Ceramics PJSC, UAE)	Director	-	- (Appointed on 29 October 2025)
Mr. Mohd. Shafiul Azam	Independent Director	4	4
Mr. Md. Obayed Ullah Al Masud	Independent Director	4	3

ANNEXURE-4

SHAREHOLDING PATTERN

The pattern of Shareholding as on 31 December 2025

a) Parent/Subsidiary companies and other related parties

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

b) Directors 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
Manoj Uttamrao Ahire (Nominee of RAK Ceramics PJSC, UAE)	Director	16
Mohd. Shafiul Azam	Independent Director	Nil
Md. Obayed Ullah Al Masud	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

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

Name	Status/Position	No. of Shares held
Md. Mahbubul Haque	General Manager - SCM	Nil
Md. Rasheduzzaman	General Manager – Sales & Marketing	Nil
Mohammed Shamsuddin	Assistant General Manager – VAT and Taxation, Finance and Accounts	Nil
Mir Sifuzzaman	Assistant General Manager - Import Payable & Treasury, Finance & Accounts	Nil
Bellagubba Durga Malleswara Rao Paparao	Manager – Kiln, Tiles	Nil

d) 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 in 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 169 of this annual report.

Comparative analysis of financial performance and position of the Company

Comparative financial data of preceding five years are given below:

(Amount in Taka mn)

Particulars	2025	2024	2023	2024	2023
Sales	7,373.30	6669.51	7,819.32	7,453.47	6,851.14
Gross Profit	972.87	1150.23	1,952.34	1,969.92	2,032.86
Net Profit After Tax	395.93)	(27.33)	618.39	671.59	905.19
Earnings Per Share (Absolute BDT)	0.93)	(0.06)	1.44	1.57	2.12
Net Operating Cash Flow	426.33	207.63	319.85	619.42	582.86
Net Asset Value (NAV)	6,548.37	7,372.27	7,827.58	7637.15	7,500.53
Net Asset Value Per Share	15.30	17.23	18.29	17.85	17.53

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 2025" on page 104 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
1	RAK Ceramics (Bangladesh) Limited	Tiles and sanitary ware	A	2010	2010	December 31st
2	Fu-Wang Ceramic Industry Limited	Tiles	B	1998	1998	June 30th
3	Monno Ceramic Industries Limited	Tableware	A	1883	1995	June 30th
4	Shinepukur Ceramics Limited	Tableware	B	2008	2008	June 30th
5	Standard Ceramic Industries Ltd.	Tableware	B	1996	1996	June 30th

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 169 of this annual report.

b) Financial scenario of ceramics companies in Bangladesh:

Particulars	For the year ended 31 December- 2025	For the year ended 30 June 2025		
	RAK Ceramics (Bangladesh) Limited	Fu-Wang Ceramic Industry Limited	Monno Ceramic Industries Limited	Shinepukur Ceramics Limited
Sales	7373.30	1,080.31	348.84	96.29
Gross Profit	972.87	282.64	83.77	96.04)
Net profit/Loss after tax	(395.93))	67.48	8.12	148.72)
NOCF Per Share (Absolute BDT)	1.00	2.42)	5.44)	8.94)
Net Asset Value per share (Absolute BDT)	15.30	12.00	80.14	37.84)
Earnings per Share (Absolute BDT)	(0.93)	0.11	0.22	23.02)

Economic Scenario: Bangladesh and Global

Bangladesh:

Bangladesh's economy is at a critical juncture, transitioning from a possible economic meltdown towards substantial macroeconomic stabilisation and laying the foundations for renewed growth. The recent national elections in February 2026 has brought an elected government to power, paving the way for policy and economic certainty. This is bound to usher a positive sentiment, enabling a return of investor and consumer confidence, while restarting public and private sector capex.

Bangladesh remains one of South Asia's fast growing economies, driven historically by strong export performance, especially in ready-made garments (RMG), remittances and rising domestic consumption. However, growth momentum has softened recently amidst structural challenges, post-pandemic adjustments and the recent political uncertainty. The economy has faced a persistent inflationary burden, weak investment climate and pressure on tax revenue, which have weighed on both private sector confidence and fiscal space.

External vulnerabilities such as a modest current account deficit (CAD) and financial sector fragilities pose further challenges to the economic outlook and growth. Nevertheless, Bangladesh is on track to graduate from the United Nations list of least developed countries in 2026, a milestone that underscores its medium-term growth trajectory despite these headwinds.

In FY2025 (ending June 2025), Bangladesh's GDP growth slowed relative to the previous years, given the political uncertainty and tepid consumption environment. Provisional estimates point to real growth of around 3.7-4.0%, a noticeable deceleration from the roughly 4.2 percent recorded in FY2024 and well below the rates seen earlier in the decade, when annual growth often exceeded 6-7 percent. This slowdown reflects subdued investment, supply

chain disruptions during the political transition period and tighter credit conditions, dampening industrial and services activity. Some private data sources report a 3.97 percent expansion in GDP for the full year 2025.

Looking ahead into FY2026, most international institutions anticipate a rebound in economic growth as disruptions ease and policy responses take effect. The International Monetary Fund (IMF) projects that real GDP growth will pick up to around 4.7 percent in FY2026, contingent on reforms to deepen tax revenue mobilisation and strengthen financial sector health. Similarly, government and planning ministry outlooks, as well as independent forecasts point to growth in the 4.7-5.5 percent range. Some estimates, including Bangladesh Bank projections, even suggest growth could exceed 5 percent if consumption and export demand recovers more robustly.

Despite this, significant challenges remain. Inflation is expected to stay elevated through FY2026 before easing gradually, which could erode real wages and constrain household spending. Diversification beyond garments



and a strategic push towards higher-value manufacturing and digital services will be critical for sustaining mid-term growth. Macroeconomic policy will also need to balance prudent fiscal management with strategic investment in infrastructure, human capital and institutional reforms to broaden the growth base and create quality jobs for a young workforce.

The United States (US) recently recalibrated its tariff regime on Bangladeshi exports after a period of heightened trade friction. In early 2025, the US had imposed steep reciprocal tariffs on Bangladesh, similar to other countries of the world, initially signalling levies as high as around 37% on imports, targeting the country's crucial RMG sector amidst broader tariff policy shifts. These higher duties, designed to address perceived trade imbalances under US policy, posed a significant risk to Bangladesh's export-led growth, given that RMG/apparel account for the vast majority of the country's exports to the US market and underpins jobs for millions.

However, in February 2026, in a major tariff respite, Bangladesh and the US signed a bilateral trade agreement that reduces the reciprocal tariff rate to 19% and establishes a mechanism for zero tariffs on specified volumes of textile and apparel goods that use US-sourced cotton or man-made fibre (MMF) inputs. This new structure is intended to provide more predictable market access for Bangladeshi exporters while linking preferential tariff benefits to increased use of US inputs. The pact also covers broader market access issues that will ease some of the headwinds the RMG sector faced under the earlier high tariff environment.

On balance, Bangladesh's economic narrative for FY2026 is one of a potential temporary deceleration followed by cautious recovery, with growth softening to sub-4% levels in FY2025 before rebounding towards 4.7-5.5 percent in FY2026 under current projections. Structural reforms, improved investor confidence and successful navigation of inflationary dynamics will be key to Bangladesh steering back towards its long-term growth potential.

Global:

The global economy is projected to grow at around 3-3.2 percent in 2025, reflecting modest momentum amidst ongoing uncertainty in trade and investment.

According to the IMF and other multilateral analyses, this pace represents a slight moderation from earlier years and continues a trend of sub-pre-pandemic growth rates, as advanced economies expand slowly and emerging markets navigate uneven demand and fiscal constraints. Growth into 2026 is expected to remain broadly steady or inch up slightly to about 3.1-3.3 percent, though these projections come with significant downside risks tied to policy uncertainty and geopolitical developments.

One of the most disruptive dynamics influencing global trade and output during this period has been the re-emergence of US tariff actions and broader protectionist measures. Renewed tariff impositions on major trading partners by the US have injected volatility into supply chains, driven up input costs for exporters and manufacturers, and dampened



business confidence across sectors.

Trade policy uncertainty, coupled with geopolitical tensions, especially between major powers, has weighed on investment decisions and business hiring plans in several regions. Institutions like the OECD have highlighted that these forces are curbing trade and investment, acting as a drag on near-term global growth.

Geopolitical friction beyond trade policy such as continued tensions in East Europe and political polarisation in key economies has also contributed to risk aversion across financial markets. Conflict-related uncertainties has elevate commodity price volatility and constrained cross-border capital flows, particularly in emerging markets with heavy external debt burdens. At the same time, some economies have shown resilience, benefitting from strong internal demand, innovation-led investment in sectors like artificial intelligence (AI) and strategic supply chain reorientation towards regional partners.

Despite the headwinds, there are notable silver linings in the global outlook too. Many developing economies continue to outperform, supported by robust consumption growth and services sector expansion, while structural reforms in several countries are improving the business climate. Technological adoption, especially in digital infrastructure and green energy, offers a buffer against slower traditional growth drivers and could underpin a gradual acceleration in productivity over the mid-term. Additionally, some regions have successfully diversified export markets and strengthened domestic demand, helping to offset external shocks and underlining the resilience of parts of the world economy.

Risks and concerns

Details of risks and concerns facing the Company are discussed in detail in the "Risk management and control" on pages 80 and 198 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: 03 February 2026

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS

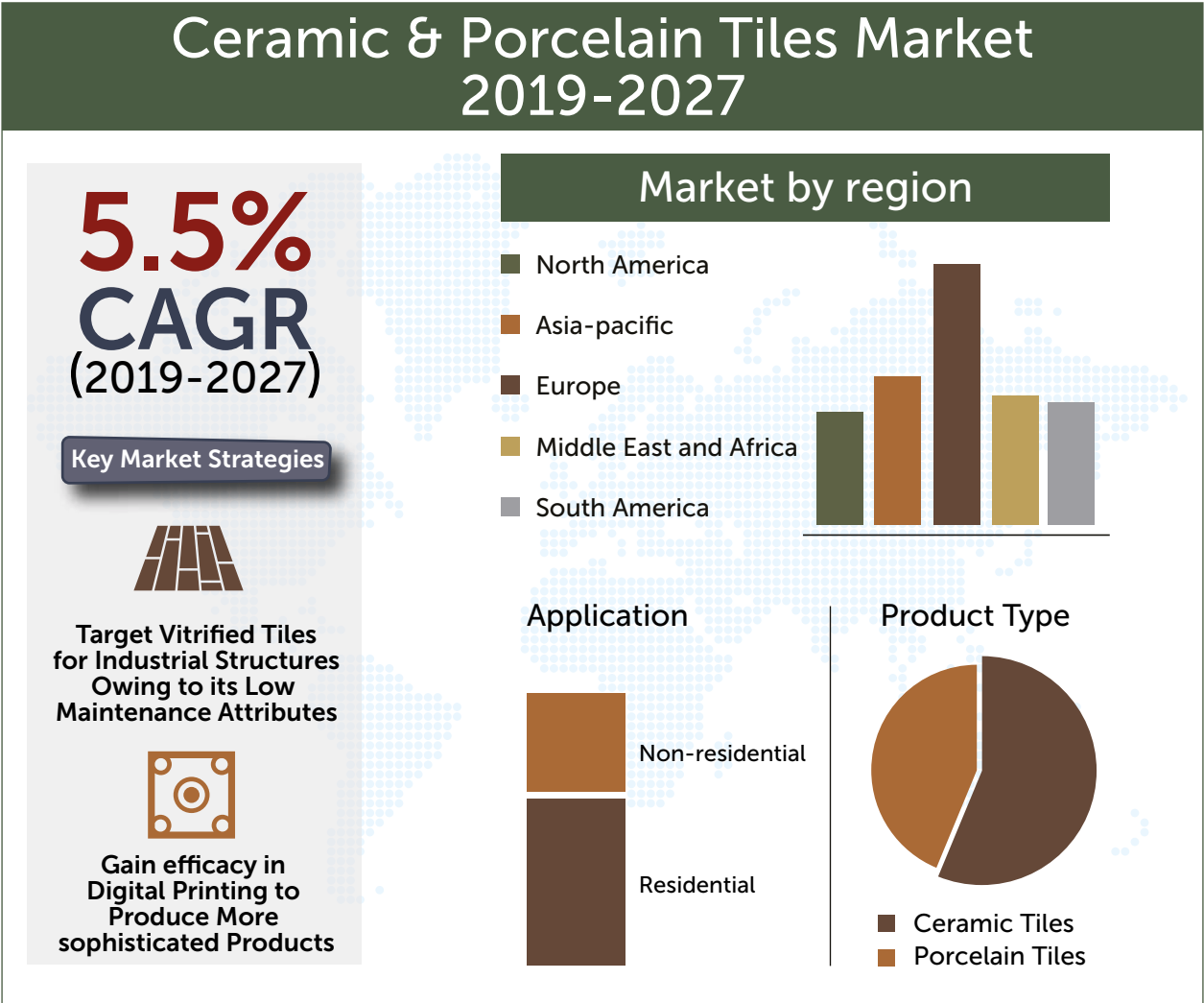
Global Ceramics Industry

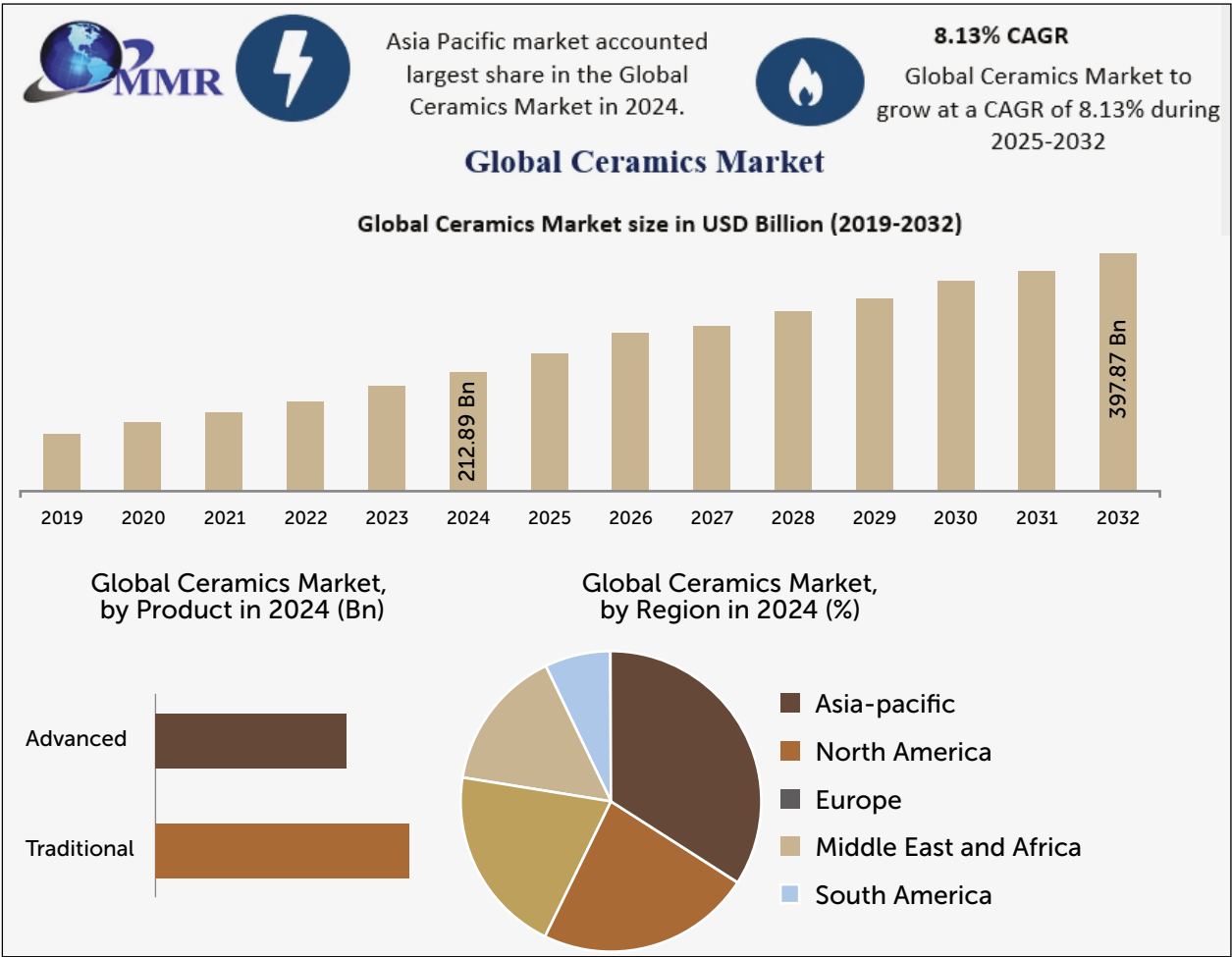
The global ceramics industry continues to be a substantial and fast-evolving industrial segment, encompassing traditional ceramics used in building, construction and households as well as advanced technical ceramics used across high-performance industrial applications.

According to recent market research estimates, the overall global ceramics market was valued at around US\$ 248-263 billion in 2024 and is expected to maintain steady expansion over the next decade, with projections indicating it could reach a size of approximately US\$ 359-430 billion by the early 2030s, growing at a compound annual growth rate (CAGR) of roughly 5-5.5% during the forecast period. This broad category includes most of the major building materials including tiles, sanitaryware and other structural ceramics.

Globally, within the broader ceramics industry, specialised segments are showing robust growth dynamics. For example, the global ceramic tiles market, a major component of traditional ceramics, is separately estimated to be in the range of roughly US\$ 130-215 billion in the mid-2020s and is forecast to grow substantially through the end of the decade, driven by rapid urbanisation, construction activity and renovation demand. At the same time, advanced ceramics used in industrial, aerospace and medical applications are expanding rapidly too, with some forecasts projecting this segment alone could exceed US\$ 150 billion by the early 2030s as technological adoption increases. Across regions, the Asia-Pacific remains dominant in production and consumption, thanks to large infrastructure markets and growing manufacturing centres.

Global ceramics market at a glance





The Future of Ceramics

The global ceramics industry is entering a transformative phase, driven by innovation, sustainability and ESG priorities, and shifting regional demand patterns, with increasing customer sophistication on the one hand and a large segment of the low-income population coming to the middle-income segment, driving aspirational demand. Furthermore, as construction technologies evolve and consumer expectations rise, ceramics are increasingly valued not only for their durability and aesthetics, but also for their performance, efficiency and environmental compatibility.

Key Trends Shaping the Future

Technological advancements:

Ongoing investments in advanced manufacturing technologies such as digital printing, large-format tiles production, enhanced vitrification processes and even nano-coatings are significantly improving product durability,

scratch resistance, water absorption and design versatility. These innovations are making ceramics more competitive against alternative materials in both residential and commercial applications.

Sustainability and green manufacturing:

Environmental responsibility is becoming central to ceramics production. Manufacturers are focusing on energy-efficient kilns, waste heat recovery systems, water recycling, carbon sequestration and the use of eco-friendly raw materials. Further, growing regulatory oversight and consumer awareness are accelerating the adoption of greener production and distribution practices.

Premiumisation and design innovation:

Demand for designer, modular and large-format tiles is rising, particularly in urban housing and commercial spaces. Consumers are increasingly seeking aesthetic customisation, textured finishes and smart and easy maintenance surfaces, driving the value-added product segments.

Regional Growth Momentum:

Emerging economies, especially within the Asia-Pacific region, including Bangladesh, are expected to remain key contributors to global demand, supported by infrastructure expansion, rising disposable incomes, rapid urbanisation and demographic evolution.

Asia-Pacific: A Global Ceramics Hub

The Asia-Pacific region currently accounts for the largest share of the global ceramic tiles market and is projected to maintain its leadership position in the coming years. As the world's leading producer and consumer of ceramic tiles, the region benefits from strong construction activity, expanding real estate development and supportive industrial policies.

Countries such as India, China and Japan continue to witness significant investments in housing, commercial infrastructure and urban redevelopment. Rapid industrialisation and favourable production economics provide cost advantages, while large and growing middle-class populations are driving demand for improved housing standards. The regional ceramic tiles market is projected to expand at a CAGR of 5%+ during the mid-term period (2024-2027), supported by sustained construction demand and product innovation.

Key Market Segments

By Product Type:

- Glazed tiles
- Porcelain (vitrified) tiles
- Scratch-resistant and technical tiles
- Specialty and designer tiles

By Application:

- Floor tiles
- Wall tiles
- Exterior and specialty installations

By End-User:

- Residential (new construction and refurbishment)
- Commercial and institutional projects

Overall, the future of ceramics is underpinned by innovation, sustainability and strong regional demand drivers, positioning the industry as a resilient and evolving pillar of the global construction and building materials ecosystem.

Importance of the Ceramics Market in Bangladesh

The ceramics industry plays a vital role in Bangladesh's construction and infrastructure ecosystem, serving as a key supplier of essential building materials such as tiles and sanitaryware. As urbanisation accelerates and infrastructure development/redevelopment expands across the country, ceramic products have become indispensable in residential, commercial and industrial projects. From high-rise apartments in Dhaka to rural housing initiatives, ceramics contribute significantly to contemporary construction standards, hygiene and aesthetic value.

The ceramics sector is closely aligned to the country's growing housing demand. With a rising middle-class, increasing urban migration and emphasis on planned

urban development, demand for quality flooring, wall tiles and sanitaryware solutions continues to expand. Ceramic products are no longer viewed as luxury items but as standard components of safe, durable and visually appealing housing and office spaces, reinforcing their importance within the country's real estate and infrastructure growth story.

Beyond construction, the ceramics market is a meaningful contributor to employment and industrial development. The industry supports thousands of direct jobs in manufacturing plants, engineering, quality control and administration, while also creating indirect employment through distribution networks, logistics, retail outlets and allied services. As a capital-intensive, yet labour-engaging industry, it strengthens the country's manufacturing base and promotes skill development in technical and operational roles.

The ceramics sector contributes to export earnings too and enhances Bangladesh's industrial reputation in international markets. Maintaining quality standards and investing in modern technology, local manufacturers are gradually expanding their footprint beyond domestic demand. As a result, the ceramics industry stands not only as a cornerstone of the nation's building materials supply chain but also as an important driver of economic resilience and sustainable industrial growth.

Bangladesh Ceramics Market Overview

The ceramics industry in Bangladesh has evolved into one of the country's key manufacturing sectors, producing tiles, sanitaryware and other related products. Local manufacturers now meet a large portion of domestic demand, underlining the sector's maturity and role in import substitution, while also attesting to domestic supply chain strength. However, the country imports tiles too, especially from China and India, comprising products such as polished porcelain, floor and wall tiles, and also specialised outdoor or large slab tiles.

Market estimates indicate that the ceramics and tiles sector in Bangladesh is valued at about US\$ 1 billion. Some estimates also peg the market at around US\$ 900 million. The ceramic tiles segment alone was valued at around USD 882 million and is projected to grow rapidly at double-digit rates of 13%+ CAGR through to 2027, driven by expanding construction demand and also demand for home/office renovation.

Demand for ceramics in Bangladesh is primarily supported by urbanisation and housing growth. As urban populations expand and incomes rise, the preference for durable, hygienic and aesthetically pleasing materials in both residential and commercial buildings has surged. Modern construction projects increasingly favour ceramic tiles for flooring and walls, and sanitaryware products for bathrooms, replacing older materials and driving robust market expansion.

Another key driver is infrastructure and real estate development, with public and private investment in housing, commercial complexes and institutional buildings creating steady demand for ceramic solutions. Beyond domestic consumption, the industry also contributes to export earnings, shipping products to a few countries and helping diversify export earnings.

AUDIT COMMITTEE REPORT

It is a matter of great privilege to place before the shareholders the Report of the Audit Committee for the year ended 2025. 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 four (Non-Executive Director) 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
- Manoj Uttamrao Ahire (Appointed as member on 29, October 2025)
- 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 2025, 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 2025, comprise the following:

Name of directors	Position	Number of meetings held during 2025	Number of meetings attended
Mohd. Shafiul Azam	Chairman	04	04
Wassim Moukahhal	Member	04	04
Pramod Kumar Chand	Member	04	04
Manoj Uttamrao Ahire	Member	0	0
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, 2025 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 2026.

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: February 03, 2025



NOMINATION AND REMUNERATION COMMITTEE REPORT

We are pleased to present the Report of the Nomination and Remuneration Committee for the year 2025. 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:

- (1) NRC shall be independent and responsible or accountable to the Board and to shareholders
- (2) NRC shall oversee, among others, the following matters and make a report with recommendations to the Board:
 - (a) 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:
 - (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to steward the Company successfully;

- (ii) The alignment of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (iii) 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;
- (b) Devising a policy on the Board's diversity, taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- (c) 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;
- (d) Formulating the criteria for evaluation of performance of Independent Directors of the Board;
- (e) Identifying the Company's needs for employees at different levels and determining their selection, transfer or replacement and promotion criteria;
- (f) Developing, recommending and reviewing annually the Company's human resources and training policies; and
- g) 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 2025:

- 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 2025, the NRC held two 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 2025 is given below:

Name of directors	Position	Number of meetings held during 2025	Number of meetings attended
Mohd. Shafiul Azam	Chairman	02	02
Wassim Moukahhal	Member	02	02
Pramod Kumar Chand	Member	02	02
Muhammad Shahidul Islam	Secretary	02	02

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: February 03, 2026



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 seven members including two Independent Director. The appointment of the female Independent Director is under process. 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 28 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 19 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 13 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 TALLY INTERNATIONAL), Chartered Accountants was the statutory auditors of the Company for the year 2025. 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 information systems design and implementation;
- (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 partners or employees of M/s ACNABIN Chartered Accountants 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 on the page 154 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 128 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 143 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, 2025. 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 subject to compliance in the remarks column in Annexure-C;
- (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



J. Aktar

Jasmin Akter, FCS
Managing Partner

Place : Dhaka, Bangladesh
Dated : February 03, 2026

RAK CERAMICS (BANGLADESH) LIMITED

For the year ended 31st December 2025

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 7 members including two Independent Director. The appointment of female Independent Director is under process.
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;	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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;	✓		
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;	✓		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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;	✓		
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;	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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
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;	✓		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.	✓		
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

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.	✓		
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;	✓		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.	✓		
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;	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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
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;	✓		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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);	✓		
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)(ii)	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;	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.	✓		
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

Neash Homes (1st, 4th & 5th Floor), 87/4, Segun Bagicha, Dhaka-1000, Bangladesh
Tel: 88-02-953 9991-3, Fax: 88-02-953 9995, E-mail: info@craibd.com Web: www.craibd.com

First ISO 9001:2015 Certified Credit Rating Company in Bangladesh Operating Since 1992

Setting global standard at national level

April 24, 2025

CRISL/Com/ 1910/25

Managing Director

RAK Ceramics (Bangladesh) Limited

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

Uttara Model Town, Dhaka-1230

Fax: 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 24.04.2025 in consideration of its audited financials up to 31st December, 2024 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	24.04.2025	23.04.2026

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


Md. Asiful Haq
Chief Rating Officer

BAPLC CERTIFICATE



DECLARATION BY CEO AND CFO

Date: February 03, 2026

The Board of Directors

RAK Ceramics (Bangladesh) Limited

Subject: Declaration on Financial Statement for the year ended 31 December 2025.

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 2025 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 2025 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,



(Mohammad Samsul Arefin)
General Manager - Finance & Accounts



(Sadhan Kumar Dey)
Chief Executive Officer

RAK CERAMICS (BANGLADESH) CONSOLIDATED FINANCIAL STATEMENTS



Ensuring long-term resilience requires a proactive approach to enterprise risk. We continuously strengthen controls across raw material sourcing, emissions management, workplace safety and regulatory compliance to ringfence operational continuity. Beyond mitigation, we invest in sustainable technologies, including energy-efficient kilns and waste minimisation initiatives, to reduce our environmental impacts and enhance efficiency. Integrating compliance with innovation, we convert potential risks into strategic growth possibilities, laying the foundation for sustainable stewardship.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of RAK Ceramics (Bangladesh) Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of RAK Ceramics (Bangladesh) Ltd. ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, 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 24 to the consolidated financial statements	
The Group generates revenue from contracts with customers for the sale of goods and services. During the year, the Group recorded total revenue of BDT 7,373,301,644 representing an increase of 10.56% compared to the previous year. Management applies judgment in assessing the appropriateness of revenue recognition, particularly in relation to the collectability of receivables from customers, considering the prevailing and evolving national economic conditions. Revenue is measured net of discounts, dealers' commissions, Value Added Tax (VAT), and Supplementary Duty (SD). The determination and calculation of discounts and dealers' commissions involve complexity and, in certain cases, require the application of management judgment.	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 discounts 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.
Credit risk and impairment on trade receivables	
Refer note no. 3.10, 3.14(ii), 10.1 and 35.1 to the consolidated financial statements	

Key Audit Matters	How our audit addressed the Key Audit Matters
Ongoing national economic uncertainties continue to place certain customers under financial pressure, which may increase the risk of default in the settlement of trade receivables. A significant portion of the Group's trade receivables relates to a single customer, which is also a related party, as disclosed in Note 37 to the consolidated financial statements. The recoverability of these receivables requires the application of significant management judgment in assessing the probability of default and expected credit losses over the remaining life of the receivables. Given the magnitude of trade receivables and the level of judgment involved in determining the allowance for impairment, there is a risk of material misstatement in the measurement of impairment losses on trade receivables.	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.
Tax and regulatory matters	
Refer note no. 23 and 43 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, Value Added Tax (VAT), customs duty and others. 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. These uncertainties inherently affect the amount and timing of potential outflows with respect to the tax provisions and contingent liabilities. Furthermore, this year the advance taxes paid by the Company has been netted off against the current tax provision and the comparative figures are also changed accordingly.	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 requested and obtained formal confirmations from the external legal 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.

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: 03 February 2026

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



Md. Rokonzaman, FCA
Partner
Enrollment No.: 0739
DVC: 2602030739AS129526



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 Taka	2024 Taka
Assets			
Property, plant and equipment	4	3,537,987,262	3,652,438,357
Investment property	5	502,346,491	502,568,410
Right-of-use assets	6	97,233,126	84,763,259
Intangible assets	7	5,788,218	9,908,534
Capital work-in-progress	8	101,123,591	270,280,122
Deferred tax asset	16	100,814,031	15,529,147
Total non-current assets		4,345,292,719	4,535,487,829
Inventories	9	3,648,419,775	3,433,881,493
Trade and other receivables	10	2,646,937,998	2,759,727,260
Advances, deposits and prepayments	11	308,123,899	327,282,842
Cash and cash equivalents	12	302,596,176	424,164,546
Total current assets		6,906,077,848	6,945,056,141
Total assets		11,251,370,567	11,480,543,970
Equity			
Share capital	13	4,279,687,010	4,279,687,010
Share premium	14	1,473,647,979	1,473,647,979
Retained earnings	15	795,039,083	1,618,936,861
Equity attributable to equity holders of the company		6,548,374,072	7,372,271,850
Non-controlling interests		-	1,393
Total equity		6,548,374,072	7,372,273,243
Liabilities			
Borrowings	18	340,711,140	448,674,859
Lease liability	19	66,273,313	56,419,623
Total non-current liabilities		406,984,453	505,094,482
Borrowings	18	1,518,503,061	1,077,462,673
Lease liability	19	20,033,887	15,400,824
Trade and other payables	20	1,989,743,582	1,732,957,184
Unclaimed dividend payable	21	7,757,382	8,076,342
Accrued expenses	22	326,348,575	331,183,843
Current income tax liabilities	23	433,625,555	438,095,379
Total current liabilities		4,296,012,042	3,603,176,245
Total liabilities		4,702,996,495	4,108,270,727
Total equity and liabilities		11,251,370,567	11,480,543,970

The accompanying notes are an integral part of these financial statements

As per our report of same date.

ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012

Abdallah Massaad
Chairman

SAK Ekramuzzaman
Managing Director

Pramod Kumar Chand
Director

Md. Rokonuzzaman, FCA
Partner
Enrollment No.: 0739
Dated: 03 Feb 2026
DVC: 2602030739AS129526

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 2025

	Notes	2025 Taka	2024 Taka
Sales	24	7,373,301,644	6,669,514,820
Cost of sales	25	(6,400,430,704)	(5,522,694,023)
Gross profit/(loss)		972,870,940	1,146,820,797
Other income	26	934,782	120,858
Administrative expenses	27	(347,509,294)	(357,698,527)
Impairment loss on trade receivables	27.1	(31,945,773)	9,866,092
Marketing and selling expenses	28	(627,057,964)	(571,796,625)
		(1,005,578,249)	(919,508,202)
Profit/(loss) from operating activities		(32,707,309)	227,312,595
Finance income	29	13,806,585	13,661,631
Finance expenses	30	(267,393,678)	(187,446,441)
Net finance income/(expenses)		(253,587,093)	(173,784,810)
Profit/(loss) before contribution to workers' profit participation and welfare fund		(286,294,402)	53,527,785
Contribution to workers' profit participation and welfare fund	31	(128,701)	(1,910,053)
Profit/(loss) before income tax		(286,423,103)	51,617,732
Income tax expense			
Current tax	32	(194,792,251)	(143,818,653)
Deferred tax	16	85,284,884	64,869,834
		(109,507,367)	(78,948,819)
Profit/(loss) after tax for the year		(395,930,470)	(27,331,087)
Other comprehensive income		-	-
Total comprehensive income for the year		(395,930,470)	(27,331,087)
Profit/(loss) attributable to:			
Equity holders of the company		(395,930,470)	(27,331,103)
Non-controlling interests		-	16
Profit/(loss) after tax for the year		(395,930,470)	(27,331,087)
Basic earnings per share (Par value TK 10)	39	(0.93)	(0.06)

The accompanying notes are an integral part of these financial statements

As per our report of same date.

ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012

Abdallah Massaad
Chairman

SAK Ekramuzzaman
Managing Director

Pramod Kumar Chand
Director

Md. Rokonuzzaman, FCA
Partner
Enrollment No.: 0739
Dated: 03 Feb 2026
DVC: 2602030739AS129526

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 2025

	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 - 13)	(Note - 14)	(Note - 15)			
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
Balance as at 01 January 2025	4,279,687,010	1,473,647,979	1,618,936,861	7,372,271,850	1,393	7,372,273,243
Total comprehensive income for 2025						
Profit/(loss) for the year	-	-	(395,930,470)	(395,930,470)	-	(395,930,470)
Prior year adjustment	-	-	1,393	1,393	(1,393)	-
Transactions with the shareholders:						
Cash dividend (2024)	-	-	(427,968,701)	(427,968,701)	-	(427,968,701)
Balance as at 31 December 2025	4,279,687,010	1,473,647,979	795,039,083	6,548,374,072	-	6,548,374,072

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 2025

	2025 Taka	2024 Taka
Cash flows from operating activities		
Cash receipts from customers	7,486,296,782	6,390,683,459
Cash payments to suppliers and employees	(6,865,346,239)	(5,981,467,720)
Cash generated from operating activities	620,950,543	409,215,739
Interest received from bank deposits	4,639,848	6,448,879
Income tax paid (note - 23)	(199,262,075)	(208,034,130)
Net cash (used in)/from operating activities (note-42)	426,328,316	207,630,488
Cash flows from investing activities		
Acquisition of property, plant and equipment	(221,055,004)	(459,942,252)
Sale of property, plant and equipment (note-5.3)	5,484,500	205,804
Interest received from FDR	8,960,861	7,307,213
Intangible assets	(2,985,941)	(13,959,436)
Net cash (used in)/from investing activities	(209,595,584)	(466,388,671)
Cash flows from financing activities		
Finance charges	(226,991,834)	(146,415,754)
Avail/(repayment) of term loan	(90,870,022)	185,068,925
Avail/(repayment) of short-term loan	423,946,692	243,556,780
Payment of lease liability	(16,331,803)	(13,427,149)
Dividend paid	(428,287,661)	(428,014,859)
Net cash (used in)/from financing activities	(338,534,628)	(159,232,057)
Effect of exchange rate changes in cash and cash equivalents	233,526	155,449
Net increase/(decrease) in cash and cash equivalents	(121,568,370)	(417,834,791)
Cash and cash equivalents as at 01 January	424,164,546	841,999,337
Cash and cash equivalents as at 31 December (Note 12)	302,596,176	424,164,546

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 2025

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.

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

RAK Power Pvt. Limited 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. Limited is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Power Pvt. Limited 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. Limited subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015.The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Power (Pvt.) Ltd. on 20 October 2015

RAK Security and Services (Pvt.) Ltd.

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

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Security & Services (Pvt.) Limited from 35% to 99.00% through purchase of 6,400 number of ordinary shares of BDT 100 each in consideration of BDT 2,875 per share totaling to BDT 18,687,500 only from all the other shareholders of RAK Security & Services (Pvt.) Limited subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Security and Services (Pvt.) Ltd. on 20 October 2015.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and the Securities and Exchange Rules 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 03 February 2026

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 16	Deferred tax liability/Assets
Note 17	Employees benefit payable
Note 19	Lease liability
Note 23	Current income tax liabilities
Note 27.1	Impairment on trade receivable

2.5 Reporting period

The financial period of the Company covers one year from 1 January to 31 December each year and is followed consistently.

2.6 Going concern

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

3 Significant accounting policies

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

3.1 Basis of consolidation

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

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



Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

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

b) Cash and cash equivalents

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

3.3 Financial liabilities

a) Trade & other payables

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

b) Borrowings

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

3.4 Share capital

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

3.5 Property, plant and equipment

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

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

3.5.1 Depreciation on property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis 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 year 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 2025".

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. 35.1 (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 2025.

Current tax assets and liabilities are offset only if certain criteria are met.



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 2020.

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 2024 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

Particulars	COST				Rate (%)	DEPRECIATION				Net book value as at 31 Dec 2025
	Balance as at 01 Jan 2025	Addition during the year	Sale/ disposal retirement/ during the year	Balance as at 31 Dec 2025		Balance as at 01 Jan 2025	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2025	
Land	1,249,421,336	-	-	1,249,421,336	-	-	-	-	-	1,249,421,336
Factory building	1,136,388,301	39,424,708	-	1,175,813,009	5-7	678,935,802	47,200,034	-	726,135,836	449,677,173
Office and accommodation building	598,487,167	17,224,830	-	615,711,997	5	293,301,979	33,188,242	-	326,490,221	289,221,776
Plant and machinery	6,524,974,245	268,298,881	(457,156,310)	6,336,116,816	10	5,007,310,085	372,059,258	(453,073,600)	4,926,295,743	1,409,821,073
Mobile plant	138,679,618	25,754,001	(4,879,012)	159,554,607	10-20	111,377,467	11,681,309	(4,835,684)	118,223,092	41,331,515
Electrical installation	242,830,147	11,798,141	(153,929,967)	100,698,321	10	234,314,100	6,478,988	(153,929,955)	86,863,133	13,835,188
Gas pipeline	86,055,003	12,436,168	-	98,491,171	10	76,252,317	4,597,504	-	80,849,821	17,641,350
Furniture and fixtures	52,298,909	4,235,527	(1,553,843)	54,980,593	10-34	42,675,216	4,408,145	(1,553,292)	45,530,069	9,450,524
Office equipment	66,050,659	6,924,300	(4,927,784)	68,047,175	10-34	56,688,764	6,718,035	(4,847,631)	58,559,168	9,488,007
Communication equipment	19,417,128	422,587	(3,524,996)	16,314,719	10-34	17,030,737	1,881,572	(3,444,080)	15,468,229	846,490
Tools and appliances	23,993,385	3,370,316	(2,732,934)	24,630,767	10-34	16,508,154	4,303,969	(2,732,927)	18,079,196	6,551,571
Vehicles	130,108,437	322,075	(934,931)	129,495,581	10	81,871,357	7,595,855	(672,889)	88,794,322	40,701,258
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	10,272,335,347	390,211,534	(629,639,777)	10,032,907,104		6,619,896,990	500,112,910	(625,090,059)	6,494,919,842	3,537,987,262



2024		COST				Rate (%)	DEPRECIATION				Amount in Taka	
Particulars	Balance as at 01 Jan 2024	Addition during the year	Sale/ disposal retirement/ 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 at 31 Dec 2024	Net book value as at 31 Dec 2024		
Land	1,245,765,336	3,656,000	-	1,249,421,336	-	-	-	-	1,249,421,336			
Factory building	1,060,536,702	75,851,599	-	1,136,388,301	5-7	45,317,633	-	678,935,802	457,452,499			
Office and accommodation building	547,535,896	50,951,271	-	598,487,167	5	30,893,373	-	293,301,979	305,185,188			
Plant and machinery	6,128,916,486	396,057,759	-	6,524,974,245	10	4,632,014,362	375,295,723	5,007,310,085	1,517,664,160			
Mobile plant	138,912,181	1,606,278	(1,838,841)	138,679,618	10-20	102,907,119	10,172,149	(1,701,801)	111,377,467			
Electrical installation	242,630,147	200,000	-	242,830,147	10	228,029,443	6,284,657	-	234,314,100			
Gas pipeline	81,794,702	4,260,301	-	86,055,003	10	72,192,068	4,060,249	-	76,252,317			
Furniture and fixtures	49,888,956	2,478,914	(68,961)	52,298,909	10-34	37,566,353	5,176,728	(67,865)	42,675,216			
Office equipment	61,436,306	4,984,683	(370,330)	66,050,659	10-34	48,444,736	8,590,649	(346,621)	56,688,764			
Communication equipment	18,905,385	552,056	(40,313)	19,417,128	10-34	14,015,165	3,055,885	(40,313)	17,030,737			
Tools and appliances	23,217,260	776,125	-	23,993,385	10-34	12,469,584	4,038,570	-	16,508,154			
Vehicles	126,957,651	3,737,386	(586,600)	130,108,437	10	73,743,920	8,625,994	(498,557)	81,871,357			
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012			
Total	9,730,128,020	545,112,372	(2,905,045)	10,272,335,347		6,121,040,537	501,511,610	(2,655,157)	6,619,896,990	3,652,438,357		

5 Investment Property

2025	Particulars	COST				Rate (%)	DEPRECIATION				Net book value as at 31 Dec 2025
		Balance as at 01 Jan 2025	Addition during the year	Sale/ Transfer during the year	Balance as at 31 Dec 2025		Balance as at 01 Jan 2025	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2025	
	Land ¹	500,571,750	-	-	500,571,750	-	-	-	-	500,571,750	
	Office building ²	4,432,737	-	-	4,432,737	5%	221,918	-	2,657,996	1,774,741	
	Total	505,004,487	-	-	505,004,487		221,918	-	2,657,996	502,346,491	

2024	COST					Rate (%)	DEPRECIATION			Amount in Taka	
Particulars	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 at 31 Dec 2024	Net book value as at 31 Dec 2024
Land ¹	500,571,750	-	-	500,571,750			-	-	-	-	500,571,750
Office building ²	4,432,737	-	-	4,432,737	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

- 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.



		2025 Taka	2024 Taka
5.1	Depreciation		
	Property, plant and equipment (Note 4)	500,112,910	501,511,610
	Investment Property (Note 5)	221,918	221,918
		500,334,828	501,733,528
5.2	Allocation of Depreciation		
	Cost of sales (Note 25)	455,100,729	456,634,291
	Administrative expenses (Note 5.2.1)	31,514,621	36,064,895
	Marketing & selling expenses (Note 28)	13,719,478	9,034,342
		500,334,828	501,733,528
5.2.1	Administrative Depreciation		
	Depreciation on property, plant & equipment (Note 27)	31,292,703	35,842,977
	Depreciation on investment property (Note 27)	221,918	221,918
		31,514,621	36,064,895

5.3 Disposal of property, plant and equipment

2025

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Mobile plant	4,879,012	4,835,684	43,328	791,500	748,172
Plant and machinery	457,156,310	453,073,600	4,082,710	4,500,000	417,290
Office equipment	4,927,784	4,847,631	80,153	-	(80,153)
Furniture & fixtures	1,553,843	1,553,292	551	-	(551)
Vehicles	934,931	672,889	262,042	193,000	(69,042)
Communication equipment	3,524,996	3,444,080	80,916	-	(80,916)
Tools and appliances	2,732,934	2,732,927	7	-	(7)
Electrical installation	153,929,967	153,929,955	12	-	(12)
Total	629,639,777	625,090,059	4,549,718	5,484,500	934,782

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)

6 Right-of-use assets

2025

Particulars	COST				DEPRECIATION				Net book value as at 31 Dec 2025
	Balance as at 01 Jan 2025	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2025	Balance as at 01 Jan 2025	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2025	
Display center	89,768,706	37,885,839	(19,105,116)	108,549,429	31,968,420	17,776,417	(17,636,294)	32,108,543	76,440,886
Accommodation building	2,351,946	905,250	(760,644)	2,496,552	836,328	1,013,519	(760,644)	1,089,203	1,407,349
Warehouse	28,687,412	944,546	-	29,631,958	8,128,100	5,890,652	-	14,018,751	15,613,206
Office Building	6,517,391	221,143	-	6,738,534	1,629,348	1,337,501	-	2,966,849	3,771,685
Total	127,325,455	39,956,778	(19,865,760)	147,416,473	42,562,196	26,018,089	(18,396,938)	50,183,347	97,233,126
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	Balance as at 01 Jan 2024	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024	
Display center	65,545,374	31,159,038	(6,935,706)	89,768,706	25,668,522	13,235,604	(6,935,706)	31,968,420	57,800,286
Accommodation building	1,564,105	1,592,894	(805,053)	2,351,946	761,925	879,456	(805,053)	836,328	1,515,618
Warehouse	30,567,554	-	(1,880,142)	28,687,412	2,612,579	5,737,482	(221,961)	8,128,100	20,559,312
Office Building	6,517,391	-	-	6,517,391	325,870	1,303,478	-	1,629,348	4,888,043
Total	104,194,424	32,751,932	(9,620,901)	127,325,455	29,368,896	21,156,020	(7,962,720)	42,562,196	84,763,259

6.1 Allocation of depreciation

Administrative expenses (Note 27)	2,182,934
Marketing & Selling expenses (Note 28)	18,973,086
	21,156,020

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

2025

Particulars	Lease liability	Right-of-use assets	Gain/(loss)
Display	1,358,837	1,468,822	(109,985)
Total	1,358,837	1,468,822	(109,985)

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

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

2025

2025

Particulars	COST				DEPRECIATION			Net book value as at 31 Dec 2025
	Balance as at 01 Jan 2025	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2025	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2025	
License	44,150,049	2,245,691	(6,356,465)	40,039,275	6,446,888	(6,388,371)	35,467,003	4,572,272
Computer Software	13,361,680	740,250	-	14,101,930	659,369	31,906	12,885,984	1,215,946
Total	57,511,729	2,985,941	(6,356,465)	54,141,205	7,106,257	(6,356,465)	48,352,987	5,788,218

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	Charged during the year	Adjustment during the year	
License	31,037,913	13,112,136	-	44,150,049	7,805,747	-	8,741,563
Computer Software	12,514,380	847,300	-	13,361,680	364,107	-	1,166,971
Total	43,552,293	13,959,436	-	57,511,729	8,169,854	-	9,908,534

8

Capital Work-in-Progress

Balance as at 1 January
Add: Addition during the year (note 8.1)

Less: Transfer to property, plant & equipment during the year (note 8.2)
Balance as at 31 December

8.1

Addition during the year

Building
Plant & machinery
Others

8.2

Items transferred from capital work in progress to property, plant & equipment

Office building
Electrical installation
Factory Building
Plant & machinery
Tools and appliances
Gas pipe line
Furniture & fixture
Others

9

Inventories

Raw materials
Less : Provision for slow moving & obsolete inventories
Less: Write off for obsolete raw materials

Stores and consumables spares and packing
Less: Write off for stores and spares
Less: Provision for slow moving & obsolete inventories

Finished goods (net of net realizable value adjustment) *
Less : Provision for slow moving & obsolete inventories

Work-in-process
Goods-in-transit

*Finished goods exclude provision of net realizable value BDT. 35,545,659.

10

Trade and other receivables

Trade receivables (Note 10.1)

Accrued interest (Note 10.2)
Other receivable

	2025 Taka	2024 Taka
	270,280,122	355,450,242
	157,182,184	407,114,026
	427,462,306	762,564,267
	326,338,715	492,284,146
	101,123,591	270,280,122
	53,778,501	57,436,303
	97,136,580	330,502,547
	6,267,103	19,175,176
	157,182,184	407,114,026
	2,422,718	47,574,413
	11,768,486	-
	38,471,890	73,368,203
	262,131,913	371,169,587
	1,929,151	140,274
	9,453,773	-
	160,784	-
	-	31,670
	326,338,715	492,284,146
	1,037,506,360	1,048,787,830
	86,801,376	41,734,296
	21,164,947	-
	929,540,037	1,007,053,534
	1,138,767,943	1,060,409,506
	1,834,502	10,715,325
	52,619,836	625,854
	1,084,313,605	1,049,068,327
	1,262,570,361	1,024,820,406
	37,990,515	26,671,277
	1,224,579,846	998,149,129
	66,443,012	182,145,428
	343,543,276	197,465,075
	3,648,419,775	3,433,881,493
	2,645,938,454	2,758,904,924
	2,645,938,454	2,758,904,924
	999,544	793,669
	-	28,667
	2,646,937,998	2,759,727,260



		2025 Taka	2024 Taka
10.1	Trade receivables		
	Receivables from local sales	2,694,265,549	2,746,646,498
	Receivables from export sales	2,790,727	31,430,475
		2,697,056,276	2,778,076,973
	Less: Provision of impairment loss on trade receivable:		
	Unrelated parties	33,493,510	10,928,124
	Related parties	17,624,312	8,243,925
		2,645,938,454	2,758,904,924
10.2	Accrued interest		
	Interest accrued on Fixed Deposit Receipt	999,544	793,669
		999,544	793,669
11	Advance, deposit and prepayments		
	Advances:		
	Employees	351,000	305,500
	Purchase of land and others	1,393,583	4,134,422
	Suppliers against materials and services	89,510,612	106,121,769
		91,255,195	110,561,691
	Security and other deposits:		
	Titas gas	100,531,900	100,041,650
	Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
	VAT and Supplementary duty (Note-11.1)	1,894,762	2,147,385
	Deposited with income tax authority	89,783,545	89,783,545
	Deposited with VAT authority	11,804,770	10,280,108
	Display center and others	4,908,900	2,826,000
	Other deposits	1,553,226	1,553,226
		212,432,103	208,586,914
	Prepayments:		
	Insurance and others	4,436,601	8,134,237
		308,123,899	327,282,842
11.1	Supplementary duty & VAT		
	Balance as at 1 January	2,147,385	2,030,039
	Add: Treasury deposit for SD & VAT purpose	17,390,853	16,002,773
		19,538,238	18,032,813
	Less: SD & VAT on sales	17,643,476	15,885,428
	Balance as at 31 December	1,894,762	2,147,385
	The above amount represents RAK Security and Services (Pvt) Ltd.		
12	Cash and cash equivalents		
	Cash in hand	1,301,586	4,277,517
	Cash at banks		
	Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	60,603	61,398
	BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	8,705,074	80,189,680
	Citibank N.A. (current account - G0100001200262018 - BDT)	122,292	130,592

	2025 Taka	2024 Taka
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	4,717,228	3,275,522
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	3,013,350	2,593,768
Standard Chartered Bank (Margin money account)	1,968,575	1,968,575
Midland Bank Ltd. (Margin money account)	595,629	4,776,108
United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	3,248,315	8,772,253
Al Arafa Islami Bank Ltd. (SND account - 0171220002646, 0171220002657 - BDT)	2,592,848	752,779
South East Bank Ltd. (Current account - 11100008546 - BDT)	475,281	2,770,037
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	125,253	126,403
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-311,117-120.2550 - BDT)	15,166,086	8,155,175
Pubali Bank Ltd. (CD account 4709901003543, 4709901003539 - BDT)	107,191	108,846
Prime Bank Ltd. (SND - 2125316004690 - BDT)	568,181	1,667,155
Janata Bank Ltd. (SND 0100258556318 - BDT)	101,927	100,484
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	9,772,416	17,711,823
Dhaka Bank Ltd (SND - 102.150.274- BDT))	15,367,260	119,023,981
Pubali Bank Ltd. (SND account 47091012000483 - BDT)	48,348	48,858
Dhaka Bank Ltd (CD - 204100000019318- BDT))	726,722	180,226
Commercial Bank of Ceylon (SND-2817000777 - BDT)	1,000	6,258,295
Commercial Bank of Ceylon (ERQ-1806012366 - USD)	3,914,393	927,803
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	245,676	239,226
Midland Bank Ltd. (SND 0006-10700000015, 0006-10600000043 - BDT)	65,894,706	35,740,330
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	51,140	98,105
Eastern Bank Ltd. (Margin Money account)	1,007,180	6,278,069
Commercial Bank of Ceylon (Margin Money account)	347,850	7,762,026
South East Bank Ltd. (Margin Money account)	-	793,040
	138,944,524	310,510,557
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,688,689	1,688,046
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
	5,888,395	5,887,752
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,821,596	2,825,286
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	1,085,506	1,089,196
SCB (SND - 02-6162940-02- BDT) - 2012	172,447	173,686
SCB (SND - 02-6162940-03- BDT) - 2013	317,821	319,009
SCB (SND - 02-6162940-05- BDT) - 2015	37,042	38,178
SCB (SND - 02-6162940-06- BDT) - 2016	3,726	4,874
SCB (SND - 02-6162940-09- BDT) - 2019	-	57
SCB (SND - 02-6162940-10- BDT) - 2020	345,868	349,895
SCB (SND - 02-6162940-11- BDT) - 2021	41,381	2,963,017
MDB (SND - 0006-1090000460 - BDT) - 2022	5,344,091	5,261,003



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

Percentage of shareholdings:	2025		2024	
	%	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 share	
	2025	2024	2025	2024
01-499 shares	14,807	15,534	3,403,461	3,617,179
500 to 5,000 shares	6,922	7,528	11,584,467	12,435,234
5001 to 10,000 shares	877	899	6,556,860	6,743,697
10,001 to 20,000 shares	480	455	6,931,444	6,499,873
20,001 to 30,000 shares	147	150	3,693,708	3,776,294
30,001 to 40,000 shares	70	77	2,496,932	2,760,938
40,001 to 50,000 shares	51	56	2,394,882	2,607,371
50,001 to 100,000 shares	97	93	7,065,371	6,836,451
100,001 to 1,000,000 shares	83	90	25,849,947	27,164,133
1,000,001 to 1,000,000,000 Shares	16	14	357,991,629	355,527,531
	23,550	24,896	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	Share premium (per share)	2025 Taka	2024 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

Retained earnings (Reserve and surplus)

Balance as on 1 January

Add : Profit/(loss) during the year

Add : Adjustment for NCI

Less: Dividend declared during the year

Balance as on 31 December

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

Deferred tax liabilities/(Assets)

Balance as at 1 January

Less : Deferred tax (income)/expenses

Balance as at 31 December

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

As at 31 December 2025

Property, plant and equipment (Excluding land and others)	2,272,768,690	2,472,189,977	(199,421,287)
Trade receivable	2,661,671,091	2,712,788,913	(51,117,822)
Inventories	3,578,345,665	3,791,303,051	(212,957,385)
Right of use assets	97,233,127	-	97,233,127
Lease liability	(86,307,198)	-	(86,307,198)
Net taxable temporary difference			(452,570,566)

Deferred tax liability (applying applicable tax rate for individual company)

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)



17 Employees benefits payable

	2025		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	92,485,044	35,444,280	127,929,324
	92,485,044	35,444,280	127,929,324
Less: Payments made to fund during the year	92,485,044	35,444,280	127,929,324
Balance as at 31 December	-	-	-
Forfeited amount of provident fund amounting to BDT. 694,216 for the year 2025 has been adjusted with provision and payment.			

	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.			

	2025 Taka	2024 Taka
18 Borrowings		
Non-current:		
Term loan	469,328,540	560,198,562
Current portion of term loan	(128,617,400)	(111,523,703)
	340,711,140	448,674,859
Current:		
Bank overdrafts	142,711,846	131,348,131
Short-term borrowings	1,247,173,815	834,590,839
Current portion of term loan	128,617,400	111,523,703
	1,518,503,061	1,077,462,673
Balance as at 31 December	1,859,214,201	1,526,137,532

18.1 Borrowings by maturity

At 31 December 2025	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	142,711,846	-	-	-	142,711,846
Short-term borrowings	1,247,173,815	-	-	-	1,247,173,815
Term loan	128,617,400	133,242,813	205,849,201	1,619,126	469,328,540
	1,518,503,061	133,242,813	205,849,201	1,619,126	1,859,214,201
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

18.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	18,769,916	Revolving	From company's own source	1) Hypothecation over stock & book debts on a parri - passu basis with other lenders. 2) Demand promissory note. <	

* The company issued one corporate guarantee of BDT 392.90 Million in favour of subsidiary company named RAK Power Pvt. Limited to avail loan from Al Arafa Islami Bank PLC approved in AGM dated 22 Mar 2025 for purchasing a 2x4.3 MW new genset. Outstanding loan against the said corporate guarantee is BDT 154.93 Million at 31 December 2025.



		2025 Taka	2024 Taka
19	Lease liability		
	Non-current:		
	Lease liability	86,307,200	71,820,447
	Less : Current portion of lease liability	20,033,887	15,400,824
		66,273,313	56,419,623
	Current:		
	Current portion of lease liability	20,033,887	15,400,824

31 December 2025

Lease liability schedule

Particulars	Balance as on 01 January 2025	Addition/ (deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2025
Display center	42,306,245	28,747,614	14,464,778	4,807,288	9,657,490	61,396,370
Accommodation Building	1,586,300	905,250	1,143,041	148,994	994,047	1,497,503
Warehouse	22,844,469	944,547	6,854,737	2,271,106	4,583,631	19,205,385
Office Building	5,083,434	221,143	1,597,895	501,260	1,096,635	4,207,942
	71,820,447	30,818,554	24,060,451	7,728,648	16,331,803	86,307,200

31 December 2024

Lease liability schedule

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

		2025 Taka	2024 Taka
20	Trade and other payables		
	Trade payables		
	Payable to local suppliers	454,074,845	238,996,760
	Payable to foreign suppliers	490,530,677	354,162,578
	Payable to service provider	234,533,276	182,795,291
	Payable to C & F agent	71,816,241	70,814,393
		1,250,955,039	846,769,022
	Other payables		
	Tax deducted at source	22,712,542	32,885,995
	Tax deducted at source on remuneration (Note-22.1)	-	288,076
	VAT deducted at source	10,101,053	8,857,687
	VAT and Supplementary duty payable (Note-20.1)	128,342,978	211,175,615
	Royalty and technical know-how fee	519,138,764	519,138,764
	Unclaimed share application	20,061,956	20,061,956
	Advance from customer against sales	14,394,995	36,861,648
	Security deposit payable	1,617,592	1,617,592
	Payable to employees	3,259,995	2,826,974
	Provisional liabilities - material & services	19,158,668	52,473,855
		738,788,543	886,188,162
		1,989,743,582	1,732,957,184

20.1 **VAT and Supplementary duty (SD) payable**
 Opening Balance
 Add: VAT and Supplementary duty on sales
 Other payable

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

Balance as at 31 December

	2025 Taka	2024 Taka
	211,175,615	122,145,071
	2,452,546,216	2,258,606,703
	325,792	625,533
	2,664,047,623	2,381,377,307
	1,459,805,068	1,360,363,432
	1,075,899,577	809,838,260
	2,535,704,644	2,170,201,691
	128,342,978	211,175,615

21 **Unclaimed Dividend Payable**

7,757,382 **8,076,342**

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2025	Fund Transferred to CMSF	Undistributed fund (BDT) as on 31 Dec 2025
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	493,232,694	2,604,848	-
2022	427,968,701	34,965,753	393,002,948	390,645,706	-	2,357,242
2023	427,968,701	31,206,814	396,761,887	394,012,245	-	2,749,643
2024	427,968,701	31,149,880	396,818,821	394,168,324	-	2,650,497
	7,591,155,277	630,066,251	6,961,089,026	6,902,519,152	50,812,492	7,757,382



Unclaimed Dividend Payable

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

22 Accrued expenses

	2025 Taka	2024 Taka
Power and gas	95,152,237	124,792,677
Staff cost	110,917,157	109,451,121
Dealer's incentive and bonus	5,386,870	175,323
Audit fees	2,385,000	1,855,000
Professional charges	1,939,002	825,000
Interest on loans	44,448,826	33,206,126
Telephone	284,299	622,957
Freight bill	5,318,167	6,812,186
Business promotion and advertisement	6,941,337	4,000,000
Managing Director's remuneration (Note 22.1)	-	864,228
Worker's profit participation and welfare fund (Note 22.2)	128,701	1,910,053
Others	53,446,979	46,669,172
	326,348,575	331,183,843

22.1 Managing Director's remuneration

Balance as at 1 January	864,228	18,937,048
Add: Payable to Managing Director for the year (Note 27)	-	1,152,304
	864,228	20,089,352
Less: Tax deducted at source during the year (Note 20)	-	288,076
Less: Paid to Managing Director during the year	864,228	18,937,048
Balance as at 31 December	-	864,228

22.2 Worker's profit participation and 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

23 Current income tax liabilities

a) Provision for income tax

Balance as at 1 January
Add: Provision made during the year (Note 32)
Less: Adjustment for the year

Balance as at 31 December

b) Advance income tax

Balance of as at 1 January
Add: Paid during the year
Less: Adjustment for the year

Balance as at 31 December

Current tax liability at 31 December (a-b)

24 Sales

Gross sales from Ceramics product
Gross sales from Power generation
Gross sales from Security service

Less: Elimination

Supplementary Duty

VAT

Discount

Commission, incentive and bonus

Net sales

25 Cost of sales

Materials consumed:
Opening inventory as at 1 January
Add: Purchase during the year

Less: Closing inventory as at 31 December

Manufacturing overhead:

Direct labour (note 25.1)

Direct expenses:

Power and gas

Repairs and indirect materials (note 25.2)

Depreciation on property, plant & equipment (note 5.2)

Royalty and technical know-how/assistance fees *

Other production overhead (note 25.3)

Provision for slow moving & obsolete inventories (note 9)

Movement in stock

2025 Taka	2024 Taka
1,910,053	40,690,956
128,701	1,910,053
2,038,754	42,601,009
1,910,053	40,690,956
128,701	1,910,053
4,819,058,236	4,709,190,648
194,792,251	144,770,598
(68,692,854)	(34,903,010)
4,945,157,633	4,819,058,236
4,380,962,857	4,206,879,792
199,262,075	208,034,130
(68,692,854)	(33,951,065)
4,511,532,078	4,380,962,857
433,625,555	438,095,379
10,181,780,916	9,467,789,776
639,505,141	527,677,768
139,711,742	140,024,220
10,960,997,799	10,135,491,764
611,901,628	512,861,784
1,041,714,618	958,474,666
1,428,800,865	1,316,642,997
19,504	7,370,921
505,259,540	670,626,576
7,373,301,644	6,669,514,820
1,007,053,534	1,106,113,719
3,222,854,487	2,641,369,980
4,229,908,021	3,747,483,699
929,540,037	1,007,053,534
3,300,367,984	2,740,430,165
742,966,554	730,224,544
849,337,344	732,180,672
926,006,159	705,893,947
455,100,729	456,634,291
-	1,781,645
49,067,415	42,444,238
108,380,300	18,841,292
(30,795,781)	94,263,229
6,400,430,704	5,522,694,023



		2025 Taka	2024 Taka
25.1	Direct labour		
	Salary & wages	590,224,118	536,805,282
	Overtime	32,566,903	25,377,586
	Bonus	21,685,268	54,840,324
	Incentive	543,912	589,234
	Temporary labour wages	21,010,730	48,119,196
	Staff uniform, safety and welfare expenses	8,176,226	5,204,700
	Gratuity	24,010,615	21,824,816
	Employer's contribution to provident fund	30,560,489	27,910,137
	Leave encashment	4,111,484	3,635,565
	Group life insurance	4,270,503	2,706,048
	Canteen and conveyance expenses	4,222,636	1,736,560
	Compensation	1,583,670	1,475,096
		742,966,554	730,224,544
25.2	Repairs and indirect materials		
	Stores, spares, repair & maintenance	527,366,059	376,939,849
	Packing expenses	398,640,100	328,954,098
		926,006,159	705,893,947
25.3	Other production overhead		
	Tour and travel expenses	3,096,595	2,257,757
	Demurrage and penalty	1,140,484	2,841,576
	Insurance	13,569,520	22,140,825
	Hiring charges and transportation	4,185,812	2,147,348
	Write off for obsolete raw materials	21,164,947	-
	Write off for stores and spares	1,834,502	10,715,325
	Other expenses	4,075,555	2,341,407
		49,067,415	42,444,238
	*Royalty has been calculated 8% on business profit as per Finance Act 2020.		
26	Other income		
	Profit on sale of fixed assets (note 5.3)	934,782	-
	Gain on retirement of right of use assets (note 6.2)	-	120,858
		934,782	120,858
27	Administrative expenses		
	Staff cost (note 27.2)	219,218,766	214,757,091
	Annual General Meeting expenses	3,305,873	5,748,516
	Telephone and postage	10,148,895	9,480,393
	Office repair and maintenance (note 27.3)	7,097,973	8,187,458
	Registration and renewal	1,276,225	1,720,251
	Security and guard expenses	688,371	333,830
	Electricity, gas and water	8,645,527	8,958,368
	Depreciation on property, plant & equipment (note 5.2.1)	31,292,703	35,842,977
	Depreciation on investment property (note 5.2.1)	221,918	221,918
	Depreciation on right of use assets (note 6.1)	2,351,020	2,182,934
	Amortization (note 7)	7,106,257	8,169,854

		2025 Taka	2024 Taka
	Legal and professional fees	15,427,328	16,230,681
	Vehicle repair and maintenance	17,993,469	18,410,344
	Rent, rate and tax	4,418,107	5,295,797
	Loss on right of use assets (note 6.2)	109,985	-
	Loss on retirement of assets (note 5.3)	-	44,084
	IT expenses	129,486	4,176,891
	General Service	7,801,613	7,325,335
	Donation	3,093,494	2,331,969
	Managing Director's remuneration (note 27.4)	-	1,152,304
	Others	7,182,284	7,127,532
		347,509,294	357,698,527
27.1	Impairment loss on trade receivables		
	Unrelated parties	22,565,386	643,302
	Related parties	9,380,387	(10,509,394)
		31,945,773	(9,866,092)
	New classification of financial assets shown in note 35.1(b) as per IFRS 9.		
27.2	Staff cost		
	Salary & wages	168,571,832	154,956,205
	Bonus	5,977,046	16,415,172
	Incentive	256,728	278,123
	Gratuity	6,873,143	6,424,072
	Employer's contribution to provident fund	9,245,992	8,656,500
	Leave encashment	1,279,553	1,178,246
	Group life insurance	866,943	850,325
	Canteen and conveyance expenses	21,397,057	19,745,436
	Staff uniform, safety and welfare expenses	1,395,808	2,732,995
	Travelling expenses	1,470,797	1,115,102
	Compensation	842,487	901,650
	Medical expenses	552,076	806,821
	Accommodation expenses	489,304	696,444
		219,218,766	214,757,091
	Accommodation expenses and Rent, rates and taxes include rent expenses for short term lease for BDT. 2,116,398 and related government levis wherever applicable. Details of the short term lease is shown in note 34. No low value item exists at the reporting period.		
27.3	Office repair & maintenance		
	Repairs office equipment	426,350	203,377
	Office maintenance	6,671,623	7,984,081
		7,097,973	8,187,458
27.4	Managing Director's remuneration		
	Provision made during the year	-	1,152,304
		-	1,152,304
	Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.		
28	Marketing & selling expenses		
	Staff cost (note 28.1)	149,463,825	138,771,025
	Advertisement	17,877,520	26,025,135



	2025 Taka	2024 Taka
Freight and transportation	280,833,000	265,570,623
Compensation to customers	7,389,073	2,902,242
Business promotion	59,628,076	55,801,832
Depreciation on property, plant & equipment (note 5.2)	13,719,478	9,034,342
Depreciation on right of use assets (note 6.1)	23,667,069	18,973,086
Showroom, office & house rent	6,685,988	6,661,165
Sample expenses	32,983,906	26,136,486
Tour, travel and others	34,810,029	21,920,689
	627,057,964	571,796,625
28.1 Staff cost		
Salary & wages	105,742,515	91,007,893
Bonus	2,634,118	8,747,069
Incentive	2,028,732	797,000
Gratuity	4,560,522	3,972,009
Employer's contribution to provident fund	6,088,932	5,361,387
Leave Encashment	804,333	703,591
Group life insurance	765,898	508,977
Conveyance & food expenses	25,850,663	21,723,493
Compensation	443,666	-
Staff uniform, safety and welfare expenses	544,446	5,949,606
	149,463,825	138,771,025
	-	-
28.2	Salary & wages under staff cost (note no. 25.1, 27.2 & 28.1) includes employee contribution to provident fund for BDT.30,560,489, BDT. 9,245,992 & BDT. 6,088,932.	
29 Finance income		
Interest on bank account (SND)	4,639,848	6,448,879
Interest on fixed deposits	9,166,737	7,212,752
	13,806,585	13,661,631
30 Finance expenses		
Interest expenses against loan	224,420,941	157,117,210
Interest expenses against lease liability	7,728,648	5,526,607
Foreign exchange loss	29,159,144	16,004,392
Bank charges	6,084,945	8,798,232
	267,393,678	187,446,441
31 Contribution to worker's profit participation and welfare fund		
Provision made during the year	128,701	1,910,053
	128,701	1,910,053
32 Income tax expenses		
Accounting profit/(loss) (PBT as per individual company)	(284,423,102)	53,617,731
Add: Inadmissible depreciation allowance for separate consideration:		
Accounting Depreciation of Fixed Assets	500,334,828	501,733,528
	215,911,727	555,351,259
Add: Inadmissible expenses / allowances as per ITO, 1984/ITA, 2023:		
Business promotion expenses	8,639,671	8,403,883
Sample expenses	22,539,330	17,162,066
Amortization expenses	7,106,257	8,169,854

	2025 Taka	2024 Taka
Depreciation on Right of Use Assets (ROUA)	26,018,089	21,156,021
Interest on lease liability	7,728,648	5,526,607
Provision for slow moving inventories	108,380,300	18,841,292
NRV Provision on inventories	-	11,009,248
Impairment loss on trade receivable	31,945,773	-
	212,358,067	90,268,971
	428,269,794	645,620,229
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984/ITA, 2023):	(247,854,828)	(232,130,744)
Admissible expenses as per ITO,1984/ITA, 2023:		
Rent expenses	(34,039,820)	(30,283,252)
Deduct: Dividend income	(2,000,000)	(2,000,000)
Taxable profit	144,375,146	381,206,233
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	33,411,215	87,273,987
Dividend income	400,000	400,000
Payments /(adjusted) for prior years	-	(951,945)
Current Tax Liability based on taxable profit	33,811,215	86,722,042
Current Tax Liability considering minimum tax liability	194,792,251	143,818,653
	194,792,251	143,818,653

For RAK Power (Pvt.) Ltd., the tax calculated on gross receipts exceeds the tax computed on taxable profit. For RAK Security and Services (Pvt.) Ltd. and RAK Ceramics (Bangladesh) Limited, the tax deducted at source (TDS) is higher than both the tax payable on taxable profit and tax calculated at 1% on gross receipts. Accordingly, in compliance with applicable income tax regulations, the higher amount has been recognized as tax expense for the year ended 31 December 2025.

33 Reconciliation of effective tax rate

	2025 Taka	2024 Taka
Profit/(loss) before tax	% (286,423,103)	% 51,617,732
Current tax expenses	-68.01% 194,792,251	278.62% 143,818,653
Deferred tax expenses	29.78% (85,284,884)	-125.67% (64,869,834)
Total tax expenses	-38.23% 109,507,366	152.95% 78,948,819
Expected income tax using applicable tax rate for individual company	22.09% (63,278,112)	24.94% 12,875,321
Tax on non-deductible expenses	-90.1% 258,070,363	253.7% 130,943,332
Effective current tax	-68.01% 194,792,251	278.62% 143,818,653
Effective deferred tax	29.78% (85,284,884)	-125.67% (64,869,834)
	-38.23% 109,507,366	152.95% 78,948,819



				2025 Taka	2024 Taka
34	Short term lease expenses				
	Rented accommodation	<1 year	Admin	2,116,398	1,913,320
				2,116,398	1,913,320

35 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

35.1 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 2025	As at 31 Dec 2024	As at 31 Dec 2025	As at 31 Dec 2024
Trade receivables				
Customer-Local	-	-	2,643,147,727	2,727,474,449
Customer-Export	22,864	263,017	2,790,727	31,430,475
	22,864	263,017	2,645,938,454	2,758,904,924
Other receivables				
Accrued Interest			999,544	793,669
Others			-	28,667
			999,544	822,336
Cash equivalents			301,294,589	419,887,029

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 2025.

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	1,228,778,832	1,195,285,322	33,493,510
Trade receivable-related	10.1	Amortized cost	1,468,277,445	1,450,653,133	17,624,312

Financial assets	Note	Classification under IFRS 9	Carrying amount	Carrying amount under IFRS 9	Impairment loss (Refer note 10.1)
Cash at banks	13	Amortized cost	160,989,842	160,989,842	-
i	The above table provides information ECLs till date. Impairment provision till Dec 2024 was Tk. 19,172,049 and provision made during the year is Tk. 31,945,773.				
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 2025	As at 31 Dec 2024
Not past due	2,026,945,260	2,061,942,470
0-90 days past due	570,229,763	647,849,919
91-180 days past due	11,827,748	32,640,753
181-365 days past due	15,435,863	7,940,105
over 365 days past due	21,499,819	8,531,676
	2,645,938,454	2,758,904,924

35.2 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 2025			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	142,711,846	142,711,846	142,711,846	-
Trade and other payables	1,989,743,582	1,989,743,582	1,989,743,582	-
Short term borrowing	1,247,173,815	1,247,173,815	1,247,173,815	-
Term loan	469,328,540	469,328,540	128,617,400	340,711,140
	3,848,957,781	3,848,957,781	3,508,246,643	340,711,140

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

35.3 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 2025			As at 31 Dec 2024		
	GBP	USD	EURO	GBP	USD	EURO
Foreign currency denominated assets						
Receivable from customers-Export	-	22,864	-	-	263,017	-
Cash at bank	-	56,925	-	-	29,593	-
	-	79,788	-	-	292,610	-
	As at 31 Dec 2025			As at 31 Dec 2024		
	GBP	USD	EURO	GBP	USD	EURO
Foreign currency denominated liabilities						
Trade payables	324,731	2,446,854	911,930	85,997	2,381,530	415,420
Short term borrowings	-	3,437,123	71,700	-	1,837,045	11,824
Royalty & Technical Fees	-	4,230,960	-	-	4,326,156	-
	324,731	10,114,937	983,630	85,997	8,544,731	427,244
Net exposure	(324,731)	10,035,148	(983,630)	(85,997)	(8,252,121)	(427,244)

The Company has foreign exchange loss of Tk 29,159,144 during the year ended 31 Dec 2025 (31 Dec 2024: Exchange loss Tk 16,004,392).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Dec 2025 Taka	31 Dec 2024 Taka
GBP	165.2613	150.6845
USD	122.2000	119.5000
EURO	144.0558	124.8915

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 2025		As at 31 Dec 2024	
	Strengthening Taka	Weakening Taka	Strengthening Taka	Weakening Taka
At 31 Dec				
GBP (3 percent movement)	(10,043)	9,458	(2,660)	2,505
USD (3 percent movement)	(310,365)	292,286	(255,220)	240,353
EURO (3 percent movement)	(30,422)	28,649	(13,214)	12,444

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 2025 Taka	As at 31 Dec 2024 Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	140,304,747	87,137,805
Cash at banks	160,989,842	332,749,224
Financial liabilities		
Term loan	469,328,540	560,198,562
Bank overdraft	142,711,846	131,348,131
Short term borrowing	1,247,173,815	834,590,839

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 2025		As at 31 Dec 2024	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	140,304,747	140,304,747	87,137,805	87,137,805
Loans and receivables				
Trade receivables	2,645,938,454	,645,938,454	,758,904,924	2,758,904,924
Other receivables	999,544	999,544	822,336	822,336
Cash equivalents	301,294,589	301,294,589	419,887,029	419,887,029
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	469,328,540	469,328,540	560,198,562	560,198,562
Bank overdraft	142,711,846	142,711,846	131,348,131	131,348,131
Trade and other payables	1,989,743,582	1,989,743,582	1,732,957,184	1,732,957,184
Short term borrowing	1,247,173,815	1,247,173,815	834,590,839	834,590,839

Interest rates used for determining amortised cost

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

	31 Dec 2025	31 Dec 2024
Investment in FDR (local currency/BDT)	4.00%-10.25%	2.50%-10.50%
Term loan	13.00%-15%	12.50%
Bank overdraft (local currency/BDT)	12.00%-14.50%	12.00%-14.50%
Short term bank loan (local currency/BDT)	13.00%-14.50%	12.50%-14.50%
Short term bank loan (foreign currency/USD)	SOFR+ 3.80-4.00%	SOFR+ 3.50-4.00%



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 2025, 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.

37 Related party disclosures under IAS-24

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

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Period	Purchase of goods/ services	Sale of goods/ services	Outstanding receivables/ Advance	Outstanding payable	Remuneration	Dividend income*	Dividend payable*	Royalty payable*
RAK Power Pvt. Ltd**	Subsidiary	Unsecured	Nil	2025	556,091,427	3,130,440	-	103,965,992	-	-	-	-
				2024	458,850,233	3,130,434	-	106,963,214	-	-	-	-
RAK Security & Services Pvt. Ltd.	Subsidiary	Unsecured	Nil	2025	54,231,532	-	-	15,587,860	-	1,980,000	-	-
				2024	52,643,878	-	-	10,306,699	-	1,980,000	-	-
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	2025	17,980,930	-	-	-	-	-	-	519,138,764
				2024	12,503,050	-	-	28,530,865	-	-	-	519,138,764
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	2025	903,940,916	-	-	143,957,609	-	-	-	-
				2024	493,357,453	-	-	75,600,000	-	-	-	-
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	2025	1,105,531	-	-	-	-	-	-	-
				2024	-	-	-	-	-	-	-	-
Kludi RAK LLC	Fellow subsidiary	Secured	Nil	2025	1,859,936	-	-	-	-	-	-	-
				2024	1,176,631	-	-	253,800	-	-	-	-
Ceramin India Private Limited	Fellow subsidiary	Secured	Nil	2025	4,213,620	-	-	-	-	-	-	-
				2024	-	-	-	-	-	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	2025	134,016,231	-	-	18,438,352	-	-	-	-
				2024	86,067,586	-	-	526,612	-	-	-	-
Palli Properties Pte. Ltd	Other related party	Unsecured	Nil	2025	20,652,201	-	-	1,727,242	-	-	-	-
				2024	19,723,473	-	-	827,616	-	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	2025	2,129,202	-	-	70,731	-	-	-	-
				2024	576,155	-	-	87,576	-	-	-	-
Speedway International Pvt. Ltd.	Other related party	Unsecured	Nil	2025	815,520	-	-	20,931	-	-	-	-
				2024	3,987,537	-	-	55,811	-	-	-	-
International Trade Agency	Other related party			2025	87,283,802	-	-	25,825,507	-	-	-	-
				2024	34,995,654	-	-	16,022,198	-	-	-	-
Mohammed Trading***	Other related party	Secured by Guaranteed Cheque	Nil	2025	-	2,227,635,094	1,467,471,301	-	-	-	-	-
				2024	-	1,840,748,468	1,234,936,670	-	-	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Unsecured	Nil	2025	5,542,284	-	-	-	-	-	-	-
				2024	5,638,224	-	-	864,228	1,152,304	-	-	-
Sadhan Kumar Dey****	Key Management Personnel	Unsecured	Nil	2025	-	-	-	-	13,114,109	-	-	-
				2024	-	-	-	-	12,876,507	-	-	-

Amounts in Taka



*The figures are included tax and VAT.

**The company issued one corporate guarantee of BDT 392.90 Million in favour of subsidiary company named RAK Power Pvt. Limited to avail loan from Al Arafa Islami Bank PLC approved in AGM dated 22 Mar 2025 for purchasing a 2x4.3 MW new genset. Outstanding loan against the said corporate guarantee is BDT 154.93 Million at 31 December 2025.

***To comply the BSEC notification no. BSEC/CMRRCD/2009-193/10/Admin/118 dated March 22, 2021 shareholders of the company in its 26th Annual General Meeting dated March 22,2025 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.

****Amount represents Short term benefits BDT. 12,003,083 and Post employment benefits BDT. 1,111,026.

37.1 Paid to Directors

During the year, No provision was made as MD's remuneration.

37.2 During the year, Board meeting fees of Taka 1,170,000 was paid to the board members for attending the Board meetings.

38 Segment reporting

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

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

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

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

2025	Business Segments				
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	Entity total
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	7,307,043,580	-	66,258,065	-	7,373,301,644
Revenue - inter segment	-	556,091,427	55,810,201	(611,901,628)	-
Total segment revenue	7,307,043,580	556,091,427	122,068,266	(611,901,628)	7,373,301,644
Cost of sales- external customer	(5,797,432,000)	(515,349,188)	(87,649,516)	-	(6,400,430,704)
Cost of sales- inter segment	(556,091,427)	(4,709,109)	-	560,800,536	-
Total segment cost of sales	(6,353,523,427)	(520,058,297)	(87,649,516)	560,800,536	(6,400,430,704)
Gross profit	953,520,153	36,033,130	34,418,750	-	972,870,940
Other income	927,198	-	7,584	-	934,782
Dividend income	1,980,000	20,000	-	(2,000,000)	-
Rental income	3,130,440	-	-	(3,130,440)	-
Financial income	11,605,284	1,930,594	270,706	-	13,806,584
Financial expenses	(243,132,909)	(23,935,974)	(324,794)	-	(267,393,677)
Depreciation	(467,748,400)	(32,062,784)	(523,644)	-	(500,334,828)
Other operating expenses	(559,046,613)	20,589,050	(22,080,872)	54,231,532	(506,306,903)
Segment profit before tax	(298,764,847)	2,574,016	11,767,730	-	(286,423,103)
Income tax expense	(184,559,459)	(5,604,953)	(4,627,839)	-	(194,792,251)
Deferred tax	84,868,120	216,355	200,409	-	85,284,884
Profit/(loss) for the year					(395,930,470)

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)	(84,916,377)	-	(5,522,694,023)
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)	(84,916,377)	463,348,340	(5,522,694,023)
Gross profit	1,144,504,291	12,607,534	39,222,415	-	1,146,820,797
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	(23,308,920)	52,643,878	(419,805,586)
Segment profit before tax	36,581,095	1,619,959	15,416,677	-	51,617,732
Income tax expense	(135,705,420)	(3,506,030)	(4,607,203)	-	(143,818,653)
Deferred tax	59,462,425	5,080,077	327,332	-	64,869,834
Profit/(loss) for the year					(27,331,087)

39 Calculation of Earnings per share (EPS)

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

- (a) Profit/(loss) attributable to equity holders of the Company
- (b) No. of ordinary equity shares
- (c) Weighted average no. of equity shares outstanding (Note 39.1)
- Earnings per share (EPS) for the year (a÷c)
- Diluted earnings per share for the year (a÷c)

2025 Taka	2024 Taka
(395,930,470)	(27,331,103)
427,968,701	427,968,701
427,968,701	427,968,701
(0.93)	(0.06)
(0.93)	(0.06)

39.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year multiplied by a time-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.

	2025 Taka	2024 Taka
Outstanding shares	427,968,701	427,968,701
	427,968,701	427,968,701

39.2 Diluted earning per share

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

39.3 Reason of deviation of earnings per share:

During the year ended 2025, the Company achieved revenue growth of 10.56%, increasing from BDT 6,669.51 million to BDT 7,373.30 million. This growth was primarily driven by increased production supported by uninterrupted LNG support from July'25 onward, which subsequently led to higher market sales. Despite the increase in revenue, the gross profit margin declined from 17.19% to 13.19%, mainly due to higher manufacturing costs arising from increased throughput costs. The margin was further impacted by unabsorbed fixed costs incurred up to June'25 due to disruptions of gas supply, higher finance expenses due to the requirement of bank borrowings for financing in working capital and increased in provision / write-offs of aged inventory. Consequently, the net loss after tax increased significantly, rising from BDT 27.33 million to BDT 395.93 million. As a result, earnings per share (EPS) deteriorated from BDT (0.06) to BDT (0.93) compared to the previous year.

40 Calculation of Net assets value per share

(a) Net assets value (Note 13, 14 & 15)	6,548,374,072	7,372,271,850
(b) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Net assets value per share (a÷b)	15.30	17.23

41 Calculation of Net operating cash flow per share

(a) Net Cash flows from operating activities (Note 41)	426,328,316	207,630,488
(b) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Net operating cash flow per share (a÷b)	1.00	0.49

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

Sales increased by 10.56%, rising from BDT 6,669.51 million to BDT 7,373.30 million, as detailed in note 39.3. In addition to the revenue growth, the Company achieved improved trade receivable collections, supported by a strengthened credit control framework and successful re-negotiation and extension of payment terms with vendors wherever feasible. Consequently, net operating cash flow per share improved significantly, increasing from BDT 0.49 to BDT 1.00.

42 Reconciliation of operating cash flow:

	2025	2024
Cash flows from operating activities		
Profit before taxation	(286,423,103)	51,617,732
Adjustment for:		
Depreciation	526,352,917	522,889,548
Amortization	7,106,257	8,169,854
Gain/(loss) on retirement of right-of-use assets	109,985	-
Advance rent adjustment	(7,779,388)	(3,600,000)
Loss on assets retirement	-	44,084
Foreign exchange loss	29,159,144	16,004,392
Finance expenses	238,234,534	171,442,050
Finance income	(13,806,585)	(13,661,631)
Other income	(934,782)	(120,858)
	492,018,980	752,785,171
Increase/decrease in trade and other receivables	112,995,137	(278,831,361)
Increase/decrease in inventories	(214,538,282)	145,391,228
Increase/decrease in trade and other payables	230,474,704	(210,129,303)
Cash generated from operating activities	620,950,543	409,215,739
Interest received from bank deposit	4,639,848	6,448,879
Income tax paid	(199,262,075)	(208,034,130)
Net cash (used in)/from operating activities	426,328,316	207,630,488

43 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments, VAT claims, customs duty and civil suits & others by the authority aggregating to Tk 1,098,860,787 (31 Dec 2024: Tk 427,523,629). 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 566,708,395 (31 Dec 2024: Tk 545,695,312) and letter of guarantee of Tk 344,831,683 (31 Dec 2024: Tk 344,483,833).

The company issued one corporate guarantee of BDT 392.90 Million in favour of subsidiary company named RAK Power Pvt. Limited to avail loan from Al Arafa Islami Bank PLC approved in AGM dated 22 Mar 2025 for purchasing a 2x4.3 MW new genset. Outstanding loan against the said corporate guarantee is BDT 154.93 Million at 31 December 2025. The loan repayment is made in timely manner by the subsidiary company. Therefore, no credit loss allowance is expected.

44 Events after the reporting period

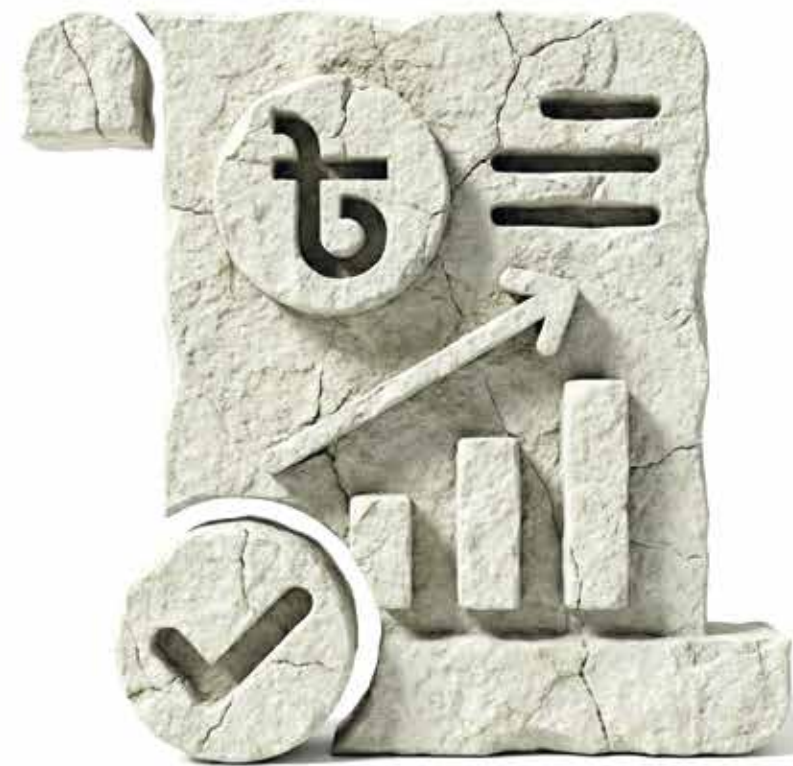
44.1 Declaration of dividend and date of Annual General Meeting (AGM)

The Board of Directors of RAK Ceramics (Bangladesh) Limited, in its meeting held on 03 February 2026, has unanimously recommended cash dividend @ 10% to the general shareholders only (excluding the sponsors and directors) for the year ended 31 December 2025 equivalent to BDT. 119,486,280 against their total shareholdings of 119,486,280 shares to be distributed as cash dividend among general shareholders. Note that the quantity of shares held by the sponsors and directors is 308,482,421; who will not be entitled to such recommended dividend. The dividend is subject to final approval by the shareholders at the forthcoming 27th Annual General Meeting of the Company which will be held on 31 March 2026.





RAK CERAMICS (BANGLADESH) FINANCIAL REPORT



Our Integrated Annual Report 2025 reflects our pledge to ensure transparency, accountability and sustainable growth. It presents a comprehensive overview of our financial performance, ESG progress and operational achievements that define our strategic direction. Through responsible innovation and robust governance, we demonstrate our capacity to navigate a dynamic operating environment, strengthen stakeholder trust and create enduring value.

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 2025, 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 2025, 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 to notes 3.16 and 25 to the financial statements	
The Company generates revenue from contracts with customers for the sale of goods. During the year, the Company recorded total revenue of BDT 7,307,043,580 representing an increase of 10.73% compared to the previous year. The increase was primarily driven by higher sales volumes during the year. Management applies judgment in assessing the appropriateness of revenue recognition, particularly in relation to the collectability of receivables from customers, considering the prevailing and evolving national economic conditions. Revenue is measured net of discounts, dealers' commissions, Value Added Tax (VAT), and Supplementary Duty (SD). The determination and calculation of discounts and dealers' commissions involve complexity and, in certain cases, require the application of management judgment.	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 discounts 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 give rise to valid expectations among customers to be eligible for the discounts and commissions. - Cut off testing, which involves testing of the revenue recognized shortly before and after the cut-off date, to determine whether the revenue is recognized in the correct period.
Credit risk and impairment on trade receivables	
Refer to note no 3.10, 3.15 (ii), 11.1, 28.1 and 37.1 to the financial statements	

Key Audit Matters	How our audit addressed the Key Audit Matters
Ongoing national economic uncertainties continue to place certain customers under financial pressure, which may increase the risk of default in the settlement of trade receivables. A significant portion of the Company's trade receivables continues to be attributable to a single customer, which is also a related party, as disclosed in Note 39 to the financial statements. The recoverability of these receivables requires the application of significant management judgment in assessing the probability of default and expected credit losses over the remaining life of the receivables. Given the magnitude of trade receivables and the level of judgment involved in determining the allowance for impairment, there is a risk of material misstatement in the measurement of impairment losses 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 them 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 to note no 24 and 45 to the financial statements	
The Company is currently involved in several pending corporate income tax assessments and legal proceedings with government revenue authorities, including matters related to income tax, Value Added Tax (VAT), and customs duty and others. These disputes expose the Company to significant litigation and regulatory risks. Till 31 December 2025, a substantial portion of the disputed claims, totalling BDT 2,144,877,789 was resolved through the appeal process for Value Added Tax (VAT) and Income Tax, representing approximately 75% of the total disputed claims against Income Tax and Value Added Tax (VAT). These proceedings remain subject to considerable uncertainty, and their outcomes cannot be predicted with certainty. As a result, such uncertainties may materially impact the timing and amount of potential cash outflows, as well as the recognition and measurement of tax provisions and contingent liabilities presented in the financial statements. Furthermore, this year the advance taxes paid by the Company has been netted off against the current tax provision and the comparative figures are also changed accordingly.	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 requested and obtained formal confirmations from the external legal 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 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:

- 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) 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

Dhaka, Bangladesh
Date: 03 February 2026

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 Company's business.

ACNABIN Chartered Accountants

Firm's Enlistment Number: CAF-001-012

Md. Rokonuzzaman, FCA

Partner

Enrollment No.: 0739
DVC: 2602030739AS129526



STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 Taka	2024 Taka
Assets			
Property, plant and equipment	4	3,218,892,970	3,554,062,482
Investment property	5	502,346,491	502,568,410
Right-of-use assets	6	93,461,441	79,875,216
Intangible assets	7	5,434,046	9,347,698
Capital work-in-progress	8	101,084,265	36,260,960
Investment in subsidiaries	9	360,379,950	360,379,950
Deferred tax asset	17	106,392,935	21,524,815
Total non-current assets		4,387,992,098	4,564,019,531
Inventories	10	3,578,345,665	3,358,776,852
Trade and other receivables	11	2,627,982,281	2,736,846,739
Advances, deposits and prepayments	12	238,903,421	253,177,599
Cash and cash equivalents	13	229,924,318	408,111,918
Total current assets		6,675,155,685	6,756,913,108
Total assets		11,063,147,783	11,320,932,639
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	824,197,358	1,650,622,245
Total equity		6,577,532,347	7,403,957,234
Liabilities			
Borrowings	19	209,599,281	314,398,921
Lease liability	20	63,302,179	52,442,875
Total non-current liabilities		272,901,460	366,841,796
Borrowings	19	1,494,685,302	1,070,738,611
Lease liability	20	18,797,079	14,294,140
Trade and other payables	21	2,061,707,929	1,800,213,838
Unclaimed dividend payable	22	7,757,382	8,076,342
Accrued expenses	23	195,938,969	222,983,363
Current income tax liabilities	24	433,827,315	433,827,315
Total current liabilities		4,212,713,976	3,550,133,609
Total liabilities		4,485,615,436	3,916,975,405
Total equity and liabilities		11,063,147,783	11,320,932,639

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

As per our report of same date.

ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012

Md. Rokonuzzaman, FCA
Partner
Enrollment No.: 0739
Dated: 03 Feb 2026
DVC: 2602030739AS129526

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 Taka	2024 Taka
Sales	25	7,307,043,580	6,599,387,578
Cost of sales	26	(6,353,523,427)	(5,454,883,287)
Gross profit/(loss)		953,520,153	1,144,504,291
Other income	27	6,037,638	5,231,292
Administrative expenses	28	(371,271,105)	(380,037,173)
Impairment loss on trade receivables	28.1	(31,581,655)	10,841,708
Marketing and selling expenses	29	(623,942,254)	(568,852,834)
		(1,020,757,376)	(932,817,007)
Profit/(loss) from operating activities		(67,237,223)	211,687,284
Finance income	30	11,605,285	12,060,602
Finance expenses	31	(243,132,909)	(185,337,736)
Net finance income/(expenses)		(231,527,624)	(173,277,134)
Profit/(loss) before contribution to workers' profit participation and welfare fund and income tax		(298,764,847)	38,410,150
Contribution to workers' profit participation and welfare fund		-	(1,829,055)
Profit/(loss) before income tax		(298,764,847)	36,581,095
Income tax expense:			
Current tax	32	(184,559,459)	(135,705,420)
Deferred tax	17	84,868,120	59,462,425
		(99,691,339)	(76,242,995)
Profit/(loss) for the year		(398,456,186)	(39,661,900)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(398,456,186)	(39,661,900)
Basic earnings per share (par value Tk 10)	41	(0.93)	(0.09)

The accompanying notes are an integral part of these financial statements

As per our report of same date.

ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012

Md. Rokonuzzaman, FCA
Partner
Enrollment No.: 0739
Dated: 03 Feb 2026
DVC: 2602030739AS129526

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



STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka
	(Note - 14)	(Note - 15)	(Note - 16)	
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
Balance as at 1 January 2025	4,279,687,010	1,473,647,979	1,650,622,245	7,403,957,234
Total comprehensive income for 2025				
Profit/(loss) for the year	-	-	(398,456,186)	(398,456,186)
Other comprehensive income	-	-	-	-
Transactions with the shareholders				
Cash dividend (2024)	-	-	(427,968,701)	(427,968,701)
Balance as at 31 December 2025	4,279,687,010	1,473,647,979	824,197,358	6,577,532,347

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 Taka	2024 Taka
Cash flows from operating activities		
Cash receipts from customers	7,415,912,193	6,328,718,578
Cash payments to suppliers and employees	(6,884,444,737)	(6,005,545,887)
Cash generated from operating activities	531,467,456	323,172,691
Interest received from bank deposit	4,136,320	5,823,009
Income tax paid (note 24.2)	(184,559,459)	(201,744,210)
Net cash (used in)/from operating activities (note 44)	351,044,317	127,251,490
Cash flows from investing activities		
Acquisition of property, plant and equipment	(201,649,579)	(222,785,000)
Sale of property, plant and equipment (Note 5.3)	5,396,500	142,205
Interest received from FDR	7,464,809	6,374,755
Income from rental	3,130,440	3,130,434
Intangible assets	(2,985,941)	(13,826,136)
Dividend received	1,980,000	1,980,000
Net cash (used in)/from investing activities	(186,663,771)	(224,983,742)
Cash flows from financing activities		
Finance charges	(218,425,895)	(152,868,786)
Avail/ (repayment) of short term borrowings	423,946,692	243,556,780
Avail/ (repayment) of long term borrowings	(104,799,641)	44,068,926
Payment of lease liability	(15,235,168)	(12,460,242)
Dividend paid	(428,287,660)	(428,014,859)
Net cash (used in)/from financing activities	(342,801,672)	(305,718,181)
Effect of exchange rate changes in cash and cash equivalents	233,526	155,449
Net increase/(decrease) in cash and cash equivalents	(178,187,600)	(403,294,984)
Cash and cash equivalents as at 1 January	408,111,918	811,406,902
Cash and cash equivalents as at 31 December (Note 13)	229,924,318	408,111,918

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 2025

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 03 February 2026

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/Assets
Note 18	Employees benefit payable
Note 20	Lease liability
Note 24	Current income tax liabilities

2.5 Reporting year

The financial period of the Company covers one year from 1 January to 31 December each year and is followed consistently.

2.6 Going concern

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

3. Significant accounting policies

The accounting policies set out below 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 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

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

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.

3.11 Share capital

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.

3.12 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 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.

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.

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 2025".

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 37.1 (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.

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.

3.17 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. As required by IFRS 9, an allowance for expected credit loss has been recognized on the finance lease receivables.
3.18	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 delineates 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 2025. Current tax assets and liabilities are offset only if certain criteria are met. 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 period 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 2024 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 period have been rearranged/ reclassified whenever considered necessary to confirm to current year's presentation.



4 Property, plant and equipment

2025

Particulars	COST			Rate (%)	DEPRECIATION				Net book value as at 31 Dec 2025
	Balance as at 01 Jan 2025	Addition during the year	Sale/ disposal retirement/ during the year		Balance as at 01 Jan 2025	Charged during the year	Adj./ Retirement during the year	Balance as at 31 Dec 2025	
Land	1,230,530,869	-	-	-	-	-	-	-	1,230,530,869
Factory building	1,113,236,935	16,128,635	-	5-7%	658,764,344	45,351,496	-	704,115,840	425,249,730
Office and accommodation building	598,487,165	17,224,830	-	5%	293,301,980	33,188,242	-	326,490,222	289,221,773
Plant and machinery	6,197,426,540	87,189,687	(457,156,310)	10%	4,754,237,781	344,633,043	(453,073,600)	4,645,797,224	1,181,662,693
Mobile plant	105,082,459	338,106	(4,879,012)	10-20%	77,780,308	10,445,331	(4,835,684)	83,389,955	17,151,598
Electrical installation	216,807,511	-	(153,929,967)	10%	208,451,465	5,865,243	(153,929,955)	60,386,753	2,490,791
Gas pipeline	64,888,511	2,982,395	-	10%	55,300,965	3,922,624	-	59,223,589	8,647,317
Furniture and fixtures	49,036,797	3,758,997	(1,553,843)	10-34%	40,295,157	4,190,360	(1,553,292)	42,932,225	8,309,726
Office equipment	62,247,936	5,410,721	(4,927,784)	10-34%	53,545,144	6,212,094	(4,847,631)	54,909,607	7,821,266
Communication equipment	19,292,339	422,587	(3,524,996)	10-34%	16,905,953	1,881,572	(3,444,080)	15,343,445	846,485
Tools and appliances	23,839,036	3,370,316	(2,732,934)	10-34%	16,377,462	4,299,238	(2,732,927)	17,943,773	6,532,645
Vehicles	125,834,171	-	(840,309)	10%	77,687,228	7,537,240	(658,683)	84,565,785	40,428,077
Total	9,806,710,269	136,826,274	(629,545,155)		6,252,647,787	467,526,482	(625,075,853)	6,095,098,418	3,218,892,970

The accompanying notes are an integral part of these financial statements

2024

Particulars	COST			Rate (%)	DEPRECIATION				Net book value as at Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Sale/ disposal retirement/ during the year		Balance as at 01 Jan 2024	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024	
Land	1,226,874,869	3,656,000	-	-	-	-	-	-	1,230,530,869
Factory building	1,040,963,571	72,273,364	-	5-7%	614,045,040	44,719,304	-	658,764,344	454,472,591
Office and accommodation building	547,535,894	50,951,271	-	5%	262,408,607	30,893,373	-	293,301,980	305,185,185
Plant and machinery	5,801,368,781	396,057,759	-	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)	10-20%	69,309,960	10,172,149	(1,701,801)	77,780,308	27,302,151
Electrical installation	216,807,511	-	-	10%	202,206,809	6,244,656	-	208,451,465	8,356,046
Gas pipeline	60,628,210	4,260,301	-	10%	51,691,688	3,609,277	-	55,300,965	9,587,546
Furniture and fixtures	46,832,478	2,273,280	(68,961)	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)	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)	10-34%	13,890,381	3,055,885	(40,313)	16,905,953	2,386,386
Tools and appliances	23,086,561	752,475	-	10-34%	12,338,892	4,038,570	-	16,377,462	7,461,574
Vehicles	122,456,007	3,642,764	(264,600)	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)		5,773,696,188	481,284,756	(2,333,157)	6,252,647,787	3,554,062,482

The accompanying notes are an integral part of these financial statements



5 Investment Property

2025	Amount in Taka				
	Particulars	Balance as at 01 Jan 2025	Addition during the year	Sale/ Transfer during the year	Balance as at 31 Dec 2025
	Land ¹	500,571,750	-	-	500,571,750
	Office building ²	4,432,737	-	-	4,432,737
	Total	505,004,487	-	-	505,004,487

2025	Amount in Taka				
	Particulars	Balance as at 01 Jan 2025	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2025
	Land ¹	-	-	-	-
	Office building ²	2,436,077	221,918	-	2,657,996
	Total	2,436,077	221,918	-	2,657,996

2025	Rate (%)
	5%

2024	Amount in Taka				
	Particulars	Balance as at 01 Jan 2024	Addition during the year	Sale/ Transfer during the year	Balance as at 31 Dec 2024
	Land ¹	500,571,750	-	-	500,571,750
	Office building ²	4,432,737	-	-	4,432,737
	Total	505,004,487	-	-	505,004,487

2024	Amount in Taka				
	Particulars	Balance as at 01 Jan 2024	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024
	Land ¹	-	-	-	-
	Office building ²	2,214,159	221,918	-	2,436,077
	Total	2,214,159	221,918	-	2,436,077

2024	Rate (%)
	5%

- 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.

		2025 Taka	2024 Taka
5.1 Depreciation	Property, plant and equipment (Note 4)	467,526,482	481,284,756
	Investment Property (Note 5)	221,918	221,918
		467,748,400	481,506,674
5.2 Allocation of Depreciation	Cost of sales (Note 26)	423,297,029	436,925,664
	Administrative expenses (Note 5.2.1)	30,731,893	35,546,668
	Marketing & selling expenses (Note 29)	13,719,478	9,034,342
		467,748,400	481,506,674
5.2.1 Administrative Depreciation	Depreciation on property, plant & equipment (Note 28)	30,509,975	35,324,750
	Depreciation on investment property (Note 28)	221,918	221,918
		30,731,893	35,546,668

5.3 Disposal of property, plant and equipment

2025

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Plant and machinery	457,156,310	453,073,600	4,082,710	4,500,000	417,290
Mobile Plant	4,879,012	4,835,684	43,328	791,500	748,172
Office equipment	4,927,784	4,847,631	80,153	-	(80,153)
Furniture & fixtures	1,553,843	1,553,292	551	-	(551)
Communication equipment	3,524,996	3,444,080	80,916	-	(80,916)
Tools and appliances	2,732,934	2,732,927	7	-	(7)
Electrical installation	153,929,967	153,929,955	12	-	(12)
Vehicles	840,309	658,683	181,626	105,000	(76,626)
Total	629,545,155	625,075,853	4,469,302	5,396,500	927,198

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	264,600	176,557	88,043	94,622	6,579
Total	2,583,045	2,333,157	249,888	142,205	(107,683)



6 Right-of-use assets

2025

Amount in Taka

Particulars	COST		DEPRECIATION			Net book value as at 31 Dec 2025
	Balance as at 01 Jan 2025	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2025	Charged during the year	Adjustment during the year
Display center	89,768,706	37,885,839	(19,105,116)	108,549,429	17,776,417	(17,636,294)
Accommodation building	2,351,946	905,250	(760,644)	2,496,552	1,013,519	(760,644)
Warehouse	28,687,412	944,546	-	29,631,958	8,128,100	-
Total	120,808,064	39,735,634	(19,865,760)	140,677,939	24,680,588	(18,396,938)

2024

Amount in Taka

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	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)
Accommodation building	1,564,105	1,592,894	(805,053)	2,351,946	879,456	(805,053)
Warehouse	30,567,554	-	(1,880,142)	28,687,412	5,737,482	(221,961)
Total	97,677,033	32,751,932	(9,620,901)	120,808,064	19,852,542	(7,962,720)

6.1 Allocation of depreciation

Administrative expenses (Note 28)

Marketing & Selling expenses (Note 29)

	2025 Taka	2024 Taka
	1,013,519	879,456
	23,667,069	18,973,086
	24,680,588	19,852,542

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

2025

Particulars	Lease liability	Right-of-use assets	Gain/(loss)
Display	1,358,837	1,468,822	(109,985)
Total	1,358,837	1,468,822	(109,985)

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

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

2025

Amount in Taka

Particulars	COST		DEPRECIATION			Net book value as at 31 Dec 2025
	Balance as at 01 Jan 2025	Addition during the year	Sale/ Adjustment during the year	Balance as at 31 Dec 2025	Amortized during the year	Adjustment during the year
License	44,150,049	2,245,691	(6,356,465)	40,039,275	6,446,888	(6,388,371)
Computer Software	12,328,380	740,250	-	13,068,630	452,705	31,906
Total	56,478,429	2,985,941	(6,356,465)	53,107,905	6,899,593	(6,356,465)

2024

Amount in Taka

Particulars	COST		DEPRECIATION			Net book value as at 31 Dec 2024
	Balance as at 01 Jan 2024	Addition during the year	Sale/ Adjustment 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	7,805,747	-
Computer Software	11,614,380	714,000	-	12,328,380	164,109	-
Total	42,652,293	13,826,136	-	56,478,429	7,969,856	-



		2025 Taka	2024 Taka		
8	Capital Work-in-Progress				
	Balance as at 1 January	36,260,960	354,303,418		
	Add: Addition during the year (Note-8.1)	140,118,599	173,146,851		
		176,379,559	527,450,269		
	Less: Transfer to property, plant & equipment during the year (Note-8.2)	75,295,294	491,189,307		
	Balance as at 31 December	101,084,265	36,260,960		
8.1	Addition during the year				
	Building	52,284,022	35,647,370		
	Plant and machinery	86,245,875	134,868,163		
	Others	1,588,702	2,631,318		
		140,118,599	173,146,851		
8.2	Items transferred from capital work in progress to property, plant & equipment				
	Office building	2,422,718	47,574,413		
	Factory building	15,175,817	72,273,364		
	Plant and machinery	55,606,824	371,169,587		
	Tools and appliances	1,929,151	140,274		
	Furniture & fixture	160,784	-		
	Others	-	31,670		
		75,295,294	491,189,307		
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	Investment/ Taka
	RAK Power Pvt. Ltd	Electricity generation	99.99	341,629,950	341,629,950
	RAK Security & Services (Pvt). Ltd	Security services provider	99.00	18,750,000	18,750,000
				2025 Taka	2024 Taka
10	Inventories				
	Raw materials			1,037,506,360	1,048,787,830
	Less: Provision for slow moving & obsolete inventories			86,801,376	41,734,296
	Less: Write off for obsolete raw materials			21,164,947	-
				929,540,037	1,007,053,534
	Stores, consumables spares and packing			1,069,769,442	985,304,865
	Less: Write off for stores and spares			1,834,502	10,715,325
	Less: Provision for slow moving & obsolete inventories			52,619,836	625,854
				1,015,315,104	973,963,686
	Finished goods (net of net realizable value adjustment)*			1,262,570,361	1,024,820,406
	Less: Provision for slow moving & obsolete inventories			37,990,515	26,671,277
				1,224,579,846	998,149,129
	Work-in-process			66,443,012	182,145,428
	Goods-in-transit			342,467,667	197,465,075
				3,578,345,665	3,358,776,852

*Finished goods exclude provision of net realizable value BDT. 35,545,659.

		2025 Taka	2024 Taka
11	Trade and other receivables		
	Trade receivables (Note-11.1)	2,627,300,471	2,736,169,084
	Accrued interest (Note-11.2)	681,810	677,655
		2,627,982,281	2,736,846,739
11.1	Trade receivables		
	Receivable from dealers	2,673,811,972	2,722,459,181
	Receivable from export sales	2,790,727	31,430,475
		2,676,602,699	2,753,889,656
	Less: Provision of impairment loss on trade receivable:		
	Unrelated parties	32,484,059	10,115,297
	Related parties	16,818,168	7,605,275
		2,627,300,472	2,736,169,084
11.2	Accrued Interest		
	Interest accrued on Fixed deposit receipt	681,810	677,655
		681,810	677,655
12	Advance, deposits and prepayments		
	Advances:		
	Purchase of land and others	1,393,583	4,134,422
	Suppliers against materials and services	87,481,236	96,876,534
		88,874,819	101,010,956
	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	89,783,545
	Deposited with VAT authority	11,804,770	10,280,108
	Display center and others	2,654,000	2,654,000
	Other deposits	1,494,626	1,494,626
		146,261,391	144,736,729
	Prepayments:		
	Insurance and others	3,767,211	7,429,914
		238,903,421	253,177,599
13	Cash and cash equivalents		
	Cash in hand	754,401	3,546,881
	Cash at banks		
	BRAC Bank (current account - 1530201731248001 - BDT)	8,705,074	80,189,680
	Citibank N.A. (current account - G010000200262018 - BDT)	122,292	130,592
	Dutch Bangla Bank Ltd. (current account - 117 - 110 - 12733 - BDT)	4,713,573	2,736,400
	Eastern Bank Ltd. (Current account - 1041060507936)	8,989,037	17,418,603
	Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	3,013,350	2,593,768
	Standard Chartered Bank (Margin Money account)	1,968,575	1,968,575
	Midland Bank Ltd. (Margin Money account)	595,629	4,776,108
	United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	3,248,315	8,772,253
	Al Arafa Islami Bank Ltd. (SND account - 0171220002646 - BDT)	2,361,576	699,294
	South East Bank Ltd. (CD account - 11100008546 - BDT)	475,281	2,770,037
	Dhaka Bank Ltd. (SND - 102.150.274- BDT))	15,367,260	119,023,981

14

Share Capital**Authorised**

600,000,000 ordinary shares of Tk 10 each

Issued, subscribed, called and paid up

427,968,701 ordinary shares of Tk 10 each

	2025 Taka	2024 Taka
Janata Bank Ltd. (SND 0100258556318 - BDT)	101,927	100,484
Dutch Bangla Bank Ltd. (SND account - 117-120-589 - BDT)	10,707,719	6,662,817
Pubali Bank Ltd. (CD account 4709901003543 - BDT)	97,335	98,163
Prime Bank Ltd. (SND - 2125316004690 - BDT)	568,181	1,667,155
Commercial Bank of Ceylon (SND - 2817000777 - BDT)	1,000	6,258,295
Commercial Bank of Ceylon (ERQ - 1806012366 - USD)	3,914,393	927,803
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	245,675	239,225
Midland Bank Ltd. (SND 0006-1060000043 - BDT)	65,776,921	35,616,582
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	51,140	98,105
Eastern Bank Ltd. (Margin Money account)	1,007,180	6,278,069
Commercial Bank of Ceylon (Margin Money account)	347,850	7,762,026
South East Bank Ltd. (Margin Money account)	-	793,040
	132,379,283	307,581,055
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,688,689	1,688,046
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
	5,888,395	5,887,752
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,821,596	2,825,286
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	1,085,506	1,089,196
SCB (SND - 02-6162940-02 - BDT) - 2012	172,447	173,686
SCB (SND - 02-6162940-03 - BDT) - 2013	317,821	319,009
SCB (SND - 02-6162940-05 - BDT) - 2015	37,042	38,178
SCB (SND - 02-6162940-06 - BDT) - 2016	3,726	4,874
SCB (SND - 02-6162940-09 - BDT) - 2019	-	57
SCB (SND - 02-6162940-10 - BDT) - 2020	345,868	349,895
SCB (SND - 02-6162940-11 - BDT) - 2021	41,381	2,963,017
MDB (SND - 0006-1090000460 - BDT) - 2022	5,344,091	5,261,003
MDB (SND - 0006-1090000504 - BDT) - 2023	3,353,003	3,326,714
MDB (SND - 0006-1090000568 - BDT) - 2024	2,634,443	-
	16,156,924	16,350,915
Investment in Fixed Deposit Receipt (FDR)		
Midland Bank Ltd.	60,000,000	60,000,000
Eastern Bank Ltd.	9,745,315	9,745,315
Commercial Bank of Ceylon	5,000,000	5,000,000
	74,745,315	74,745,315
	229,924,318	408,111,918
	2025 Taka	2024 Taka
	6,000,000,000	6,000,000,000
	4,279,687,010	4,279,687,010

Percentage of shareholding:

	2025		2025	
	%	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 shareholders	
	2025	2024	2025	2024
Less than 500 shares	14,807	15,534	3,403,461	3,617,179
501 to 5,000 shares	6,922	7,528	11,584,467	12,435,234
5001 to 10,000 shares	877	899	6,556,860	6,743,697
10,001 to 20,000 shares	480	455	6,931,444	6,499,873
20,001 to 30,000 shares	147	150	3,693,708	3,776,294
30,001 to 40,000 shares	70	77	2,496,932	2,760,938
40,001 to 50,000 shares	51	56	2,394,882	2,607,371
50,001 to 100,000 shares	97	93	7,065,371	6,836,451
100,001 to 1,000,000 shares	83	90	25,849,947	27,164,133
Over 1,000,000 shares	16	14	357,991,629	355,527,531
	23,550	24,896	427,968,701	427,968,701

15 Share premium

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

No. of shares	Share premium (per share) Taka	2025 Taka	2024 Taka
10,000,000	30	300,000,000	300,000,000
34,510,000	38	1,311,380,000	1,311,380,000
		1,611,380,000	1,611,380,000
Less : Share issue expenses		137,732,021	137,732,021
		1,473,647,979	1,473,647,979

16 Retained earnings (Reserve and surplus)

Balance as on 01 January

Add : Profit/(loss) during the year

Less: Dividend declared during the year

Balance as at 31 December

2025 Taka	2024 Taka
1,650,622,245	2,118,252,846
(398,456,186)	(39,661,900)
1,252,166,059	2,078,590,946
(427,968,701)	(427,968,701)
824,197,358	1,650,622,245

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



17 Deferred tax liabilities/(Assets)

Balance as at 1 January		(21,524,815)	37,937,610
Deferred tax (income) / expenses		(84,868,120)	(59,462,425)
Balance as at 31 December		(106,392,935)	(21,524,815)

	Carrying amount on the date of statement of financial position	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 31 December 2025			
Property, plant and equipment (Excluding land and others)	1,972,564,876	2,194,524,937	(221,960,061)
Trade receivable	2,627,300,472	2,676,602,699	(49,302,227)
Inventories	3,578,345,665	3,791,303,051	(212,957,385)
Right of use assets	93,461,441	-	93,461,441
Lease liability	(82,099,258)	-	(82,099,258)
Net taxable temporary difference			(472,857,490)
Deferred tax liability (applying tax rate 22.50%)			(106,392,935)
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)
Deferred tax liability (applying tax rate 22.50%)			(21,524,815)

18 Employees benefits payable

	2025		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	86,618,970	32,771,052	119,390,022
	86,618,970	32,771,052	119,390,022
Less: Payments made to fund during the year	86,618,970	32,771,052	119,390,022
Balance as at 31 December	-	-	-

Forfeited amount of provident fund amounting to BDT. 694,216 for the year ended 2025 has been adjusted with provision and payment.

	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.

19 Borrowings

Non-current:

Term loan -EBL
Less : Current portion of term loan - EBL

Current:

Short-term borrowings :
Overdraft - SCB
Overdraft - EBL
Overdraft - CBC
Overdraft - DBBL
Overdraft - MIDBL
Short term borrowings - EBL
Short term borrowings - SCB
Short term borrowings - CBC
Short term borrowings - MIDBL
Current portion of term loan - EBL

Balance as at 31 December

19.1 Borrowings by maturity

At 31 December 2025	< 1 year	1-2 years	2-5 years	> 5 years	Total
Overdrafts	142,711,846	-	-	-	142,711,846
Short-term borrowings	1,247,173,815	-	-	-	1,247,173,815
Term loan	104,799,641	104,799,641	104,799,640	-	314,398,922
	1,494,685,302	104,799,641	104,799,640	-	1,704,284,583

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

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.

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	18,769,916	Revolving	From company's own source	1) Hypothecation over stock & book debts on a parri - passu basis with other lenders.	1) Specific charge over plant, machinery and equipment of BMRE projects.
	Short term loan	500,000,000	240,217,111	180/360 days from B/L date			
Midland Bank Ltd.	Overdraft	50,000,000	50,050,000	Revolving	From company's own source	2) Demand promissory note.	
	Short term loan	500,000,000	366,246,966	180/360 days from B/L date			
Eastern Bank Ltd.	Long term loan*	314,398,922	314,398,922	5 years with 1 year moratorium year	From company's own source		
	Overdraft	25,000,000	25,020,000	Revolving			
	Short term loan	425,000,000	218,638,140	180/360 days from B/L date			
Dutch-Bangla Bank Ltd.	Overdraft	25,000,000	24,020,230	Revolving	From company's own source		
	Short term loan	90,000,000	-	180/360 days from B/L date			
Commercial Bank of Ceylon	Overdraft	35,000,000	24,851,700	Revolving	From company's own source		
	Short term loan	550,000,000	422,071,598	180/360 days from B/L date			

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



20

Lease liability

Non-current:

Lease liability

Less : Current portion of lease liability

Current:

Current portion of lease liability

31 December 2025

Lease liability schedule

Particulars	Balance as on 01 January 2025	Addition/ (deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2025
Display center	42,306,246	28,747,614	14,464,778	4,807,288	9,657,490	61,396,370
Accommodation Building	1,586,300	905,250	1,143,041	148,994	994,047	1,497,503
Warehouse	22,844,469	944,547	6,854,737	2,271,106	4,583,631	19,205,385
	66,737,015	30,597,411	22,462,556	7,227,388	15,235,168	82,099,258

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	42,306,246
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	12,460,243	66,737,015

21

Trade and other payables

Trade payables

Payable to local suppliers

Payable to foreign suppliers

Payable to service provider

Payable to C & F agent and freight forwarder

Other payables

Tax deducted at source

Tax deducted at source on remuneration (Note-23.1)

VAT deducted at source

VAT and Supplementary duty payable (Note-21.1)

Royalty and technical know-how fee

Unclaimed share application

Advance from customer against sales

Provisional liabilities - material & services

Payable to employees

Security deposit payable

	2025 Taka	2024 Taka
	411,816,864	195,193,766
	490,530,677	354,162,578
	354,087,128	298,073,027
	71,816,241	70,814,393
	1,328,250,910	918,243,764
	21,955,914	31,521,915
	-	288,076
	9,919,407	7,973,431
	125,716,086	210,807,445
	519,138,764	519,138,764
	20,061,956	20,061,956
	13,070,771	35,725,806
	19,158,668	52,473,855
	2,817,861	2,361,234
	1,617,592	1,617,592
	733,457,019	881,970,074
	2,061,707,929	1,800,213,838

21.1

VAT and Supplementary duty (SD) payable

Opening Balance

Add: VAT and Supplementary duty on sales

Other payable

Less:

Treasury deposit for SD & VAT purpose

Rebate of input VAT

Balance as at 31 December

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Unclaimed Dividend Payable

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2025	Fund Transferred to CMSF	Undistributed fund (BDT) as on 31 Dec 2025
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	493,232,694	2,604,848	-
2022	427,968,701	34,965,753	393,002,948	390,645,706	-	2,357,242
2023	427,968,701	31,206,814	396,761,887	394,012,245	-	2,749,643
2024	427,968,701	31,149,880	396,818,821	394,168,324	-	2,650,497
	7,591,155,277	630,066,251	6,961,089,026	6,902,519,152	50,812,492	7,757,382

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



		2025 Taka	2024 Taka
23	Accrued expenses		
	Power and gas	49,941,341	81,210,429
	Staff cost	97,515,964	97,957,678
	Dealer's incentive and bonus	5,386,870	175,323
	Audit fees	2,100,000	1,600,000
	Professional charges	1,590,500	600,000
	Interest on loan	20,192,259	24,644,388
	Telephone	284,299	622,957
	Labour bill	3,513,912	1,593,524
	Freight bill	5,318,167	6,812,186
	Business promotion and advertisement	6,941,337	4,000,000
	Others	3,154,320	1,073,595
	Managing Director's remuneration (Note-23.1)	-	864,228
	Workers profit participation and welfare fund (Note-23.2)	-	1,829,055
		195,938,969	222,983,363
23.1	Managing Director's remuneration		
	Balance as at 1 January	864,228	18,937,048
	Add: Payable to Managing Director for the year (Note 28)	-	1,152,304
		864,228	20,089,352
	Less: Tax deducted at source during the year (Note 21)	-	288,076
	Less: Paid to Managing Director during the year	864,228	18,937,048
	Balance as at 31 December	-	864,228
23.2	Workers' Profit Participation and welfare Fund		
	Balance as at 1 January	1,829,055	40,078,408
	Add: Contribution made to the fund during the year	-	1,829,055
		1,829,055	41,907,463
	Less: Payment made from the fund during the year	1,829,055	40,078,408
	Balance as at 31 December	-	1,829,055
24	Current income tax liabilities		
	a) Provision for income tax		
	Balance as at 1 January	4,520,234,527	4,384,529,107
	Add: Provision made during the year (Note 32)	184,559,459	135,705,420
	Balance as at 31 December (Note 24.1)	4,704,793,986	4,520,234,527
	b) Advance income tax		
	Balance of as at 1 January	4,086,407,212	3,884,663,002
	Add: Paid during the year	184,559,459	201,744,210
	Balance as at 31 December (Note 24.2)	4,270,966,671	4,086,407,212
	Current tax liability at 31 December (a-b)	433,827,315	433,827,315

		2025 Taka	2024 Taka
24.1	Year wise provision for income tax		
	Income year		
	Year 2025	184,559,459	-
	Year 2024	135,705,420	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
		4,704,793,986	4,520,234,527
24.2	Year wise Advance income tax		
	Income Year		
	Year 2025	184,559,459	-
	Year 2024	135,705,420	135,705,420
	Year 2023	207,766,422	207,766,422
	Year 2022	228,460,112	228,460,112
	Year 2021	252,801,979	252,801,979
	Year 2020	115,584,117	115,584,117
	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
		4,270,966,671	4,086,407,212



	Unit	2025		2024	
		Qty in million	In Taka	Qty in million	In Taka
Local					
Tiles	Sft	93.41	7,850,643,201	81.39	7,065,181,668
Decor/Border	Pcs	0.29	55,310,056	0.38	72,514,162
Sanitary ware	Pcs	0.94	2,200,719,978	0.95	2,268,114,279
Imported/Trading goods					
Tiles	Sft	0.036525	15,300,817	0.027074	11,684,573
Sanitary ware	Pcs	0.001045	19,756,340	-	-
Faucets	Pcs	0.002439	9,084,255	0.001582	6,168,099
			10,150,814,647		9,423,662,781
Less: Supplementary Duty			1,041,714,618		958,474,666
			9,109,100,029		8,465,188,115
Less: VAT			1,327,743,675		1,231,930,035
			7,781,356,354		7,233,258,080
Export					
Tiles		0.45026	30,966,270	0.64932	44,126,995
			7,812,322,624		7,277,385,075
Less: Discount			19,504		7,370,921
Less: Commission, incentive and bonus (note - 25.1)			505,259,540		670,626,576
			7,307,043,580		6,599,387,578
25.1 Commission, incentive and bonus					
Dealer's commission			66,759,993		106,680,266
Breakage commission			99,604,105		135,024,511
Incentive and bonus			338,895,442		428,921,799
			505,259,540		670,626,576

Material consumed:

Opening inventory as on 01 January
Add: Purchase during the year
Less: Closing inventory as on 31 December

Factory overhead:

Direct labour (note-26.1)
Direct expenses:
Power and gas
Repairs and indirect materials (note-26.2)
Depreciation (note-5.2)
Royalty and technical know-how fees*
Other production overhead (note-26.3)
Provision for slow moving & obsolete inventories (note 10)
Movement in stock

	2025 Taka	2024 Taka
Opening inventory as on 01 January	1,007,053,534	1,106,113,719
Add: Purchase during the year	2,799,408,714	2,306,373,638
Less: Closing inventory as on 31 December	929,540,037	1,007,053,534
	2,876,922,211	2,405,433,823
Direct labour (note-26.1)	640,233,450	632,723,692
Direct expenses:		
Power and gas	1,398,167,425	1,183,014,167
Repairs and indirect materials (note-26.2)	892,326,456	642,567,268
Depreciation (note-5.2)	423,297,029	436,925,664
Royalty and technical know-how fees*	-	1,781,645
Other production overhead (note-26.3)	44,992,337	39,332,507
Provision for slow moving & obsolete inventories (note 10)	108,380,300	18,841,292
Movement in stock	(30,795,781)	94,263,229
	6,353,523,427	5,454,883,287

Salary & wages
Overtime
Bonus
Temporary labour wages
Canteen and conveyance expenses
Gratuity
Employers contribution to provident fund
Leave encashment
Group life insurance
Compensation
Staff uniform, safety and welfare expenses

Stores, spares, repair & maintenance
Packing expenses

Tour and travel expenses
Demurrage and penalty
Insurance
Write off for obsolete raw materials
Write off for stores and spares
Hiring charges and transportation
Other expenses

*Royalty has been calculated 8% on business profit.

Dividend income
Rental income
Profit on sale of fixed assets (note - 5.3)
Gain on retirement of right of use assets (note 6.2)

Staff cost (note-28.2)
Annual General Meeting expenses
Telephone and postage
Office repair and maintenance (note-28.3)
Registration and renewal
Security and guard expenses
Electricity, gas and water
Depreciation on property, plant & equipment (note - 5.2.1)
Depreciation on investment property (note - 5.2.1)
Depreciation on right of use assets (note - 6.1)

2025 Taka	2024 Taka
514,583,879	465,204,106
19,394,479	13,137,925
16,223,322	49,693,818
21,010,730	47,928,784
2,456,450	-
21,945,687	19,826,177
28,435,016	25,760,710
4,006,114	3,539,873
3,648,698	2,124,340
1,583,670	1,475,096
6,945,405	4,032,863
640,233,450	632,723,692
493,686,356	313,613,170
398,640,100	328,954,098
892,326,456	642,567,268
3,096,595	2,257,757
1,140,484	2,841,576
12,899,241	21,311,895
21,164,947	-
1,834,502	10,715,325
4,185,812	2,147,348
670,756	58,606
44,992,337	39,332,507
1,980,000	1,980,000
3,130,440	3,130,434
927,198	-
-	120,858
6,037,638	5,231,292
214,981,357	208,874,037
3,250,373	5,702,516
9,393,039	8,545,970
8,236,795	9,258,824
1,024,969	1,480,415
27,428,461	27,215,639
8,144,863	8,425,343
30,509,975	35,324,750
221,918	221,918
1,013,519	879,456



	2025 Taka	2024 Taka
Amortization (note-7)	6,899,593	7,969,856
Legal and professional fees	14,352,115	15,055,076
Vehicle repair and maintenance	17,016,192	17,305,315
Rent rate and tax	1,964,868	2,852,231
Loss on right of use assets (note : 6.2)	109,985	-
IT expenses	39,486	4,086,891
General service	16,801,613	16,325,335
Loss on retirement of fixed assets (note - 5.3)	-	107,683
Donation	3,093,494	2,316,969
Others	6,788,490	6,936,645
Managing Director's remuneration (note-28.4)	-	1,152,304
	371,271,105	380,037,173
28.1 Impairment loss of trade receivable		
Unrelated parties	22,368,762	96,957
Related parties	9,212,893	(10,938,665)
	31,581,655	(10,841,708)
Classification of financial assets shown in note 37.1 (b) as per IFRS 9		
28.2 Staff cost		
Salary & wages	170,385,439	154,696,240
Bonus	4,563,210	15,195,480
Gratuity	6,370,247	5,906,722
Employers contribution to provident fund	8,586,208	7,990,776
Leave encashment	1,152,836	1,068,574
Group life insurance	830,204	819,227
Canteen and conveyance expenses	19,545,886	18,284,354
Staff uniform, safety and welfare expenses	225,115	1,420,333
Travelling expenses	1,438,345	1,087,416
Compensation	842,487	901,650
Medical expenses	552,076	806,821
Accommodation expenses	489,304	696,444
	214,981,357	208,874,037
Accommodation expenses includes rent expenses for short term lease for BDT. 177,333 and related government tevis wherever applicable. Details of the short term lease is shown in note no 35. No low value item exists at the reporting period.		
28.3 Office repair & maintenance		
Repairs office equipment	426,350	203,377
Office maintenance	7,810,445	9,055,447
	8,236,795	9,258,824
29 Marketing & selling expenses		
Staff cost (note-29.1)	146,443,378	135,901,643
Advertisement	17,877,520	26,025,135
Freight and transportation	280,833,000	265,570,623
Compensation to customers	7,389,073	2,902,242
Business promotion	59,548,576	55,742,832
Depreciation on property, plant & equipment (note - 5.2)	13,719,478	9,034,342

	2025 Taka	2024 Taka
Depreciation on right of use assets (note - 6.1)	23,667,069	18,973,086
Showroom, office & house rent	6,685,988	6,661,165
Sample expenses	32,983,906	26,136,486
Tour, travel and others	34,794,266	21,905,280
	623,942,254	568,852,834
29.1 Staff cost		
Salary & wages	103,241,775	88,596,813
Bonus	2,373,043	8,528,769
Incentive	2,028,732	797,000
Gratuity	4,455,118	3,872,161
Employers contribution to provident fund	5,941,152	5,225,727
Leave encashment	804,333	703,591
Group life insurance	760,450	504,483
Compensation	443,666	-
Conveyance and food expenses	25,850,663	21,723,493
Staff uniform, safety and welfare expenses	544,446	5,949,606
	146,443,378	135,901,643
29.2		
Salary & wages under staff cost (note no. 26.1, 28.2 & 29.1) includes employee contribution to provident fund for BDT. 28,435,016. BDT. 8,586,208 & BDT. 5,941,152.		
30 Finance income		
Interest on bank account (SND)	4,136,320	5,823,009
Interest on Fixed deposits	7,468,965	6,237,593
	11,605,285	12,060,602
31 Finance expenses		
Interest expenses against Loan	201,166,060	157,030,979
Interest expenses against lease liability	7,227,388	4,977,725
Bank charges	5,580,317	7,324,640
Foreign exchange loss	29,159,144	16,004,392
	243,132,909	185,337,736
32 Income tax expenses		
A) Tax Payable on taxable Profit/(loss) as per ITA, 2023		
Accounting profit (PBT as per Statement of Profit & Loss)	(298,764,847)	36,581,095
Add: Inadmissible depreciation allowance for separate consideration:		
Accounting Depreciation of Fixed Assets	467,748,400	481,506,674
	168,983,554	518,087,770
Add: Inadmissible expenses / allowances as per ITO, 1984/ITA, 2023:		
Business promotion expenses	8,639,671	8,403,883
Royalty expenses	-	-
Sample expenses	22,539,330	17,162,066
Amortization expenses	6,899,593	7,969,856
Depreciation on Right of Use Assets (ROUA)	24,680,588	19,852,542
Interest on lease liability	7,227,388	4,977,725
Provision for slow moving inventories	108,380,300	18,841,292
NRV Provision on inventories	-	11,009,248
Impairment loss on trade receivable	31,581,655	-



Deduct:

Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984/ITA, 2023):

Admissible expenses as per ITO,1984/ITA, 2023:

Rent expenses

Dividend income

Taxable profit

Applicable tax rate

On Business income

On Dividend income

Tax expenses:

Business income

Dividend income

Tax Payable as per current tax rate

B) Tax Payable on Gross receipts @1% (Under ITA -2023)

C) Income Tax deducted at Source as per ITA, 2023

Since, tax deducted at source is the higher compare to tax calculated (a)Tax payable on taxable profit, and (b) tax @ 1% on gross receipts and, hence the higher is provided as Tax Expenses for the year ended 31 December 2025 amounting to BDT. 184,559,459. The amount paid in excess of regular tax in the current year which can be adjusted in the next year / years, if regular tax becomes higher than minimum tax of that subsequent year, as per Section 163 (8) & (9) of Income Tax Act, 2023 (inserted by Finance Ordinance, 2025).

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Reconciliation of effective tax rate

	%	2025 Taka	%	2024 Taka
Profit/(loss) before tax		(298,764,847)		36,581,095
Current tax expenses	-61.77%	184,559,459	370.97%	135,705,420
Deferred tax expenses/(income)	28.41%	(84,868,120)	-162.55%	(59,462,425)
Total tax expenses	-33.37%	99,691,339	208.42%	76,242,994
Expected income tax using applicable tax rate	22.50%	(67,222,091)	22.50%	8,230,746
Tax on non-deductible expenses	-84.27%	251,781,549	348.47%	127,474,673
Effective current tax	-61.77%	184,559,459	370.97%	135,705,420
Effective deferred tax/(income)	28.41%	(84,868,120)	-162.55%	(59,462,425)
	-33.37%	99,691,339	208.42%	76,242,994

34

Transaction in foreign currency

CIF value of import:

Raw materials

Spare parts

Capital machinery

Expenditure:

Dividend

Earnings:

FOB value of exports

35

Short term lease expenses

Nature of the lease

Rented accommodation

Lease term

<1 year

Allocation

Admin

36

Quantitative details of opening stock, purchase/production, consumption/sales and closing stock of raw materials and finished goods (Refer to Note 26)

Description	Unit	Opening stock	Purchase / Production	Sale / Consumption	Closing stock
		Quantity	Quantity	Quantity	Quantity
Raw materials	KG				
2025		59.00	215.10	220.55	53.55
2024		47.24	168.42	156.67	59.00
Finished goods					
Tiles: (Locally produced)	Sft				
Ceramics/granite					
2025		18.51	100.64	93.86	25.29
2024		21.53	79.02	82.04	18.51
Decor/border	Pcs				
2025		0.10	0.30	0.29	0.10
2024		0.09	0.38	0.38	0.10
Sanitary ware:					
Sanitary items	Pcs				
2025		0.31	0.89	0.94	0.26
2024		0.34	0.92	0.95	0.31
Imported/Trading goods					
Tiles	Sft				
2025		0.15	0.01	0.037	0.13
2024		0.13	0.05	0.03	0.15
Sanitary ware:					
2025	Pcs	-	0.0014	0.0010	0.0003
2024		-	-	-	-
Faucets	Pcs				
2025		0.0059	0.0002	0.0024	0.0036



2024		0.0070	0.0005	0.0016	0.0059
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36.1 Production capacity and actual production are given below: (Refer to Note 26)

Production	Unit	Installed Capacity (million)	Utilisation during the year (million)	% of Utilisation	Over/(Under) Utilisation (million)
		Annual			
Tiles	Sft	111.04	100.64	91%	(10.40)
Sanitary ware	Pcs	145	0.89	61%	(0.56)

Production	Unit	Installed Capacity (million)	Utilisation during the year (million)	% of Utilisation	Over/(Under) Utilisation (million)
		Annual			
Tiles	Sft	111.04	79.02	71%	(32.02)
Sanitary ware	Pcs	145	0.92	63%	(0.53)

37 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

37.1 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	Amount in Taka	
	As at 31 Dec 2025	As at 31 Dec 2024	As at 31 Dec 2025	As at 31 Dec 2024
Trade receivables	-	-	2,624,509,745	2,704,738,609
Customer-Local	22,864	263,017	2,790,727	31,430,475
Customer-Export	22,864	263,017	2,627,300,471	2,736,169,084
Other receivable				
Accrued Interest			681,810	677,655
			681,810	677,655
Cash equivalents			229,169,918	404,565,037

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 2025.

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	1,209,131,398	1,176,647,339	32,484,059
Trade receivable-related	11.1	Amortized cost	1,467,471,301	1,450,653,133	16,818,168
Cash at banks	14	Amortized cost	154,424,602	154,424,602	-

- i The above table provides information ECLs till date. Impairment provision till Dec 2024 was Tk. 17,720,572 and provision made during the year is Tk. 31,581,655.
- 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.

	Amount in Taka	
	As at 31 Dec 2025	As at 31 Dec 2024
The aging of trade receivables as at 31 Dec was:		
Not past due	2,019,977,700	2,053,610,099
0-90 days past due	562,388,625	635,883,122
91-180 days past due	9,280,003	30,750,609
181-365 days past due	14,223,987	7,409,012
over 365 days past due	21,430,157	8,516,243
	2,627,300,471	2,736,169,084

c) Ageing of receivables

The aging of trade receivables as at 31 Dec was:

37.2 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 2025			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Overdrafts	142,711,846	142,711,846	142,711,846	-
Short term borrowing	1,247,173,816	1,247,173,816	1,247,173,816	-
Long term borrowing	314,398,922	314,398,922	104,799,641	209,599,281
Trade and other payables	2,061,707,929	2,061,707,929	2,061,707,929	-
	3,765,992,510	3,765,992,510	3,556,393,230	209,599,281

	As at 31 Dec 2024			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	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	-
	3,185,351,371	3,185,351,371	2,870,952,449	314,398,921

37.3 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 2025			As at 31 Dec 2024		
	GBP	USD	EURO	GBP	USD	EURO
Foreign currency denominated assets						
Receivable from customers-Export	-	22,864	-	-	263,017	-
Cash at bank	-	56,925	-	-	29,593	-
	-	79,788	-	-	292,610	-
	As at 31 Dec 2025			As at 31 Dec 2024		
	GBP	USD	EURO	GBP	USD	EURO
Foreign currency denominated liabilities						
Trade payables	324,731	2,446,854	911,930	85,997	2,381,530	415,420
Short term borrowings	-	3,437,123	71,700	-	1,837,045	11,824
Royalty & Technical Fees	-	4,230,960	-	-	4,326,156	-
	324,731	10,114,937	983,630	85,997	8,544,731	427,244
Net exposure	(324,731)	10,035,148)	(983,630)	(85,997)	(8,252,121)	(427,244)

The Company has foreign exchange loss of Tk 29,159,144 during the year ended 31 Dec 2025 (31 Dec 2024: Exchange loss Tk 16,004,392).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Dec 2025 Taka	31 Dec 2024 Taka
GBP	165.2613	150.6845
USD	122.2000	119.5000
EURO	144.0558	124.8915

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 2025		As at 31 Dec 2024	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 31 Dec				
GBP (3 percent movement)	(10,043)	9,458	(2,660)	2,505
USD (3 percent movement)	(310,365)	292,286	(255,220)	240,353
EURO (3 percent movement)	(30,422)	28,649	(13,214)	12,444

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 2025 Taka	As at 31 Dec 2024 Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	74,745,315	74,745,315
Cash at banks	154,424,602	329,819,722
Financial liabilities		
Term loan	142,711,846	131,348,131
Bank overdraft	314,398,922	419,198,562
Short term borrowing	1,247,173,816	834,590,839

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 2025		As at 31 Dec 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	74,745,315	74,745,315	74,745,315	74,745,315
Loans and receivables				
Trade receivables	2,627,300,471	2,627,300,471	2,736,169,084	2,736,169,084
Other receivables	681,810	681,810	677,655	677,655
Cash equivalents	229,169,918	229,169,918	404,565,037	404,565,037
Available for sale financial assets				
Financial liabilities				
Liabilities carried at amortised costs				
Overdrafts	142,711,846	142,711,846	131,348,131	131,348,131
Short term borrowing	1,247,173,816	1,247,173,816	834,590,839	834,590,839
Long term borrowing	314,398,922	314,398,922	419,198,562	419,198,562
Trade and other payables	2,061,707,929	2,061,707,929	1,800,213,838	1,800,213,838

Accounting classification and fair values as at 31 December 2025 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 2025	As at 31 Dec 2024
Investment in FDR (local currency/BDT)	6.00%-10.25%	2.50%-10.50%
Bank overdraft (local currency/BDT)	12.00%-14.50%	12.00%-14.50%
Short term bank loan (local currency/BDT)	13.00%-14.50%	12.50%-14.50%
Short term bank loan (foreign currency/USD)	SOFR+3.80-4.00%	SOFR+3.50-4.00%
Long term bank loan (BDT)	13.00%-15.00%	12.50%

38 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 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.

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 2025, 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.

39 Related party disclosures under IAS-24

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

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Period	Purchase of goods/ services	Sale of goods/ services	Outstanding receivables/ Advance	Outstanding payable	Remuneration	Dividend income*	Dividend payable*	Royalty payable*	Amounts in Taka
RAK Power Pvt. Ltd**	Subsidiary	Unsecured	Nil	2025	556,091,427	3,130,440	-	103,965,992	-	-	-	-	
				2024	458,850,233	3,130,434	-	106,963,214	-	-	-	-	
RAK Security & Services Pvt. Ltd.	Subsidiary	Unsecured	Nil	2025	54,231,532	-	-	15,587,860	-	1,980,000	-	-	
				2024	52,643,878	-	-	10,306,699	-	1,980,000	-	-	
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	2025	17,980,930	-	-	-	-	-	-	519,138,764	
				2024	12,503,050	-	-	28,530,865	-	-	-	519,138,764	
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	2025	903,940,916	-	-	143,957,609	-	-	-	-	
				2024	493,357,453	-	-	75,600,000	-	-	-	-	
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	2025	1,105,531	-	-	-	-	-	-	-	
				2024	-	-	-	-	-	-	-	-	
Kludi RAK LLC	Fellow subsidiary	Secured	Nil	2025	1,859,936	-	-	-	-	-	-	-	
				2024	1,176,631	-	-	253,800	-	-	-	-	
Ceramin India Private Limited	Fellow subsidiary	Secured	Nil	2025	4,213,620	-	-	-	-	-	-	-	
				2024	-	-	-	-	-	-	-	-	
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	2025	134,016,231	-	-	18,438,352	-	-	-	-	
				2024	86,067,586	-	-	526,612	-	-	-	-	
Palli Properties Pte. Ltd	Other related party	Unsecured	Nil	2025	20,652,201	-	-	1,727,242	-	-	-	-	
				2024	19,723,473	-	-	827,616	-	-	-	-	
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	2025	2,129,202	-	-	70,731	-	-	-	-	
				2024	576,155	-	-	87,576	-	-	-	-	
Speedway International Pvt. Ltd.	Other related party	Unsecured	Nil	2025	815,520	-	-	20,931	-	-	-	-	
				2024	3,987,537	-	-	55,811	-	-	-	-	
International Trade Agency	Other related party			2025	87,283,802	-	-	25,825,507	-	-	-	-	
				2024	34,995,654	-	-	16,022,198	-	-	-	-	
Mohammed Trading***	Other related party	Secured by Guaranteed Cheque	Nil	2025	-	2,227,635,094	1,467,471,301	-	-	-	-	-	
				2024	-	1,840,748,468	1,234,936,670	-	-	-	-	-	
S.A.K. Ekramuzzaman	Key Management Personnel	Unsecured	Nil	2025	5,542,284	-	-	-	-	-	-	-	
				2024	5,638,224	-	-	864,228	1,152,304	-	-	-	
Sadhan Kumar Dey****	Key Management Personnel	Unsecured	Nil	2025	-	-	-	-	13,114,109	-	-	-	
				2024	-	-	-	-	12,876,507	-	-	-	

*The figures are included tax and VAT.

**The company issued one corporate guarantee of BDT 392.90 Million in favour of subsidiary company named RAK Power Pvt. Limited to avail loan from Al Arafa Islami Bank PLC approved in AGM dated 22 Mar 2025 for purchasing a 2x4.3 MW new genset. Outstanding loan against the said corporate guarantee is BDT 154.93 Million at 31 December 2025.

***To comply the BSEC notification no. BSEC/CMRRCD/2009-193/10/Admin/118 dated March 22, 2021 shareholders of the company in its 26th Annual General Meeting dated March 22,2025 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.

****Amount represents Short term benefits BDT. 12,003,083 and Post employment benefits BDT. 1,111,026.

39.1 Paid to Directors

During the year, No provision was made as MD's remuneration.

39.2

During the year, Board meeting fees of Taka 1,170,000 was paid to the board members for attending the Board meetings.

40

Number of employees

The number of employees engaged for the period who received total remuneration of Taka 96,000 and above per annum at reporting date was as follows.

	2025	2024
Number of employees	1,711	1,791
None of receiving below Taka 8,000 per month.		

41

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 41.1)

Earnings per share (EPS) for the year (a÷c)

Diluted earnings per share for the year (a÷c)

41.1

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.

	2025	2024
Outstanding shares	427,968,701	427,968,701
	427,968,701	427,968,701

41.2

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.



41.3 Reason of deviation of earnings per share:

During the year ended 2025, the Company achieved revenue growth of 10.73%, increasing from BDT 6,599.39 million to BDT 7,307.04 million. This growth was primarily driven by increased production supported by uninterrupted LNG support from July'25 onward, which subsequently led to higher market sales. Despite the increase in revenue, the gross profit margin declined from 17.34% to 13.05%, mainly due to higher manufacturing costs arising from increased throughput costs. The margin was further impacted by unabsorbed fixed costs incurred up to June'25 due to disruptions of gas supply, higher finance expenses due to the requirement of bank borrowings for financing in working capital and increased in provision / write-offs of aged inventory. Consequently, the net loss after tax increased significantly, rising from BDT 39.66 million to BDT 398.46 million. As a result, earnings per share (EPS) deteriorated from BDT (0.09) to BDT (0.93) compared to the previous year.

	2025	2024
42 Calculation of Net assets value per share		
(a) Net assets value (Note 14, 15 & 16)	6,577,532,347	7,403,957,234
(b) Weighted average no. of equity shares outstanding (Note 41.1)	427,968,701	427,968,701
Net assets value per share (a÷b)	15.37	17.30
43 Calculation of Net operating cash flow per share		
(a) Net Cash flows from operating activities (Note 44)	351,044,317	127,251,490
(b) Weighted average no. of equity shares outstanding (Note 41.1)	427,968,701	427,968,701
Net operating cash flow per share (a÷b)	0.82	0.30

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

Sales increased by 10.73%, rising from BDT 6,599.39 million to BDT 7,307.04 million, as detailed in note 41.3. In addition to the revenue growth, the Company achieved improved trade receivable collections, supported by a strengthened credit control framework and successful re-negotiation and extension of payment terms with vendors wherever feasible. Consequently, net operating cash flow per share improved significantly, increasing from BDT 0.30 to BDT 0.82.

44 Reconciliation of operating cash flow:

	2025	2024
Cash flows from operating activities		
Profit before taxation	(298,764,847)	36,581,095
Adjustment for:		
Depreciation	492,428,988	501,359,216
Amortization	6,899,593	7,969,856
Gain/(loss) on retirement of right-of-use assets	109,985	-
Loss on assets retirement	-	107,683
Advance rent adjustment	(7,779,388)	(3,600,000)
Foreign exchange loss	29,159,144	16,004,392
Finance expenses	213,973,766	169,333,344
Finance income	(11,605,285)	(12,060,602)
Other income	(6,037,638)	(5,231,292)
	418,384,317	710,463,691
Increase/decrease in trade and other receivable	108,868,613	(270,669,000)
Increase/decrease in inventories	(219,568,814)	150,353,825
Increase/decrease in trade and other payables	223,783,335	(266,975,827)
Cash generated from operating activities	531,467,456	323,172,691
Interest received from bank deposit	4,136,320	5,823,009
Income tax paid	(184,559,459)	(201,744,210)
Net cash (used in)/from operating activities	351,044,317	127,251,490

45 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments, VAT claims, customs duty and civil suits & others by the authority aggregating to Tk 1,098,860,787 (31 Dec 2024: Tk 425,742,918) 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 382,535,395 (31 Dec 2024: Tk 545,695,312) and letter of guarantee of Tk 220,906,783 (31 Dec 2024: Tk 220,558,933).

The company issued one corporate guarantee of BDT 392.90 Million in favour of subsidiary company named RAK Power Pvt. Limited to avail loan from Al Arafa Islami Bank PLC approved in AGM dated 22 Mar 2025 for purchasing a 2x4.3 MW new genset. Outstanding loan against the said corporate guarantee is BDT 154.93 Million at 31 December 2025. The loan repayment is made in timely manner by the subsidiary company. Therefore, no credit loss allowance is expected.

44. Events after the reporting period

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

The Board of Directors of RAK Ceramics (Bangladesh) Limited, in its meeting held on 03 February 2026, has unanimously recommended cash dividend @ 10% to the general shareholders only (excluding the sponsors and directors) for the year ended 31 December 2025 equivalent to BDT. 119,486,280 against their total shareholdings of 119,486,280 shares to be distributed as cash dividend among general shareholders. Note that the quantity of shares held by the sponsors and directors is 308,482,421; who will not be entitled to such recommended dividend. The dividend is subject to final approval by the shareholders at the forthcoming 27th Annual General Meeting of the Company which will be held on 31 March 2026.





RAK POWER PVT. LTD.

INDEPENDENT AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025



RAK Power Private Ltd., a key supporting entity within the Group, continued to ensure reliable and cost-efficient power generation to support uninterrupted manufacturing operations of RAK Ceramics. Operational stability, prudent cost management and adherence to regulatory standards remained central to its performance. The financial statements for 2025 reflect disciplined oversight and financial pragmatism, contributing to overall cost optimisation and enhanced energy security for the parent company.

DIRECTORS' 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 2025, 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 2025. Total generated power was transmitted to meet the requirements of the parent Company. Previously the available capacity of the plant was 11.5 MW, out of the installed capacity of 12.00MW and presently the power plant installed capacity is 10.30 MW and available capacity is 9.8 MW.

Operating results

The operating results of the Company for the year ended 2025 are as follows:

(Amount in Taka mn)

Particulars	2025	2024
Sales	556.09	458.85
Gross Profit	36.03	12.61
Net Profit After Tax	(2.81)	3.9
Earnings Per Share (Absolute BDT)	(1.37)	1.56
Net Operating Cash Flow Per Share (NOCFPS)	39.06	39.74
Net Asset Value (NAV)	282.17	284.98
Net Asset Value per share (Absolute BDT)	137.64	139.01

Reserves and Surplus

In 2025, retained earnings of the Company stood at BDT 77.17 mn against BDT 79.98 mn in 2024.

Dividend

The Board of Directors of RAK Power Pvt. Ltd. has recommend no dividend for the year 2025 considering the forthcoming Capital Expenditure. The company did not paid any dividend of paid-up capital for the year 2024.

Auditors and audit report

M/s ACNABIN, Chartered Accountants (an independent member of BAKER TILLY INTERNATIONAL) shall retire at the 21st Annual General Meeting and, being eligible, have offered themselves for reappointment. The Board also recommended their re-appointment for the year 2026. Remuneration of the Auditor will be fixed by the shareholders at the 22nd 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 2025. 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: February 03, 2026

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 2025, 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 2025, 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.

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: 03 February 2026

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


Md. Rokonuzzaman, FCA
Partner
Enrollment No.: 0739
DVC: 2602030739AS294099

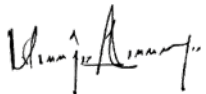
RAK Power Pvt. Ltd.
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Notes	2025 Taka	2024 Taka
Assets			
Property, plant and equipment	4	309,361,509	89,677,979
Capital work-in-progress	5	39,324	234,019,160
Intangible assets	6	266,638	383,302
Right-of-use asset	7	1,433,239	1,857,457
Investment	8	287,500	287,500
Total non-current assets		311,388,210	326,225,398
Inventories	9	70,074,122	75,104,650
Trade and other receivables	10	104,283,726	107,107,895
Advances, deposits and prepayments	11	64,413,836	71,197,647
Cash and cash equivalents	12	67,261,925	13,654,135
Total current assets		306,033,609	267,064,327
Total assets		617,421,819	593,289,725
Equity and liabilities			
Share capital	13	205,000,000	205,000,000
Retained earnings	14	77,165,641	79,980,223
Total equity		282,165,641	284,980,223
Non-current liabilities			
Borrowings	15	131,111,859	134,275,938
Deferred tax liability	16	6,293,067	6,509,422
Lease Liability	18	1,060,295	1,511,164
Total non-current liabilities		138,465,221	142,296,524
Borrowings	15	23,817,759	6,724,062
Lease Liability	18	538,720	420,540
Trade and other payables	19	45,890,156	48,433,680
Accrued expenses	20	119,650,889	100,379,522
Current income tax liabilities	21	6,893,433	10,055,174
Total current liabilities		196,790,957	166,012,978
Total liabilities		335,256,178	308,309,502
Total equity and liabilities		617,421,819	593,289,725

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


SAK Ekramuzzaman
Director

Dated: 03 Feb 2026


Manoj Uttamrao Ahire
Managing Director

As per our report of the same date.
ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012


Md. Rokonuzzaman, FCA
Partner
Enrollment no. 0739
DVC : 2602030739AS294099

RAK Power Pvt. Ltd.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

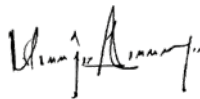
For the year ended 31 December 2025

	Notes	2025 Taka	2024 Taka
Sales	22	556,091,427	458,850,233
Cost of sales	23	(520,058,297)	(446,242,699)
Gross profit		36,033,130	12,607,534
Other income	24	20,000	20,000
Administrative expenses	25	(11,345,033)	(10,697,999)
		(11,325,033)	(10,677,999)
Profit from operating activities		24,708,097	1,929,535
Finance income	26	1,930,594	1,527,190
Finance expenses	27	(23,935,974)	(1,755,768)
Net finance income/(expenses)		(22,005,380)	(228,578)
Profit before contribution to WPPF		2,702,717	1,700,957
Contribution to WPPF	28	(128,701)	(80,998)
Profit before income tax		2,574,016	1,619,959
Income tax expense			
Current tax	29	(5,604,953)	(3,506,030)
Deferred tax	16	216,355	5,080,077
		(5,388,598)	1,574,047
Profit/(loss) for the year		(2,814,582)	3,194,006
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(2,814,582)	3,194,006
Basic earnings per share (par value Tk 100)	35	(1.37)	1.56

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


SAK Ekramuzzaman
Director

Dated: 03 Feb 2026


Manoj Uttamrao Ahire
Managing Director

As per our report of the same date.
ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012


Md. Rokonzaman, FCA
Partner
Enrollment no. 0739
DVC : 2602030739AS294099

RAK Power Pvt. Ltd.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

	Share capital Taka (Note-13)	Retained earnings Taka (Note-14)	Total Equity Taka
Balance as at 01 January 2025	205,000,000	79,980,223	284,980,223
Total comprehensive income for 2025			
Profit/(loss) for the year	-	(2,814,582)	(2,814,582)
Balance as at 31 December 2025	205,000,000	77,165,641	282,165,641
Balance as at 01 January 2024	205,000,000	76,786,217	281,786,217
Total comprehensive income for 2024			
Profit/(loss) for the year	-	3,194,006	3,194,006
Balance as at 31 December 2024	205,000,000	79,980,223	284,980,223

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



STATEMENT OF CASH FLOWS

For the year ended 31 December

	2025 Taka	2024 Taka
Cash flows from operating activities		
Cash receipts from customers and others	558,915,596	495,176,603
Cash payments to suppliers and employees	(470,302,150)	(410,889,143)
Cash generated from operating activities	88,613,446	84,287,460
Interest received from bank deposit (SND)	232,822	552,031
Income tax paid	(8,766,694)	(3,366,368)
Net cash (used in)/from operating activities (Note-38)	80,079,574	81,473,123
Cash flows from investing activities		
Acquisition of property, plant and equipment	(251,746,314)	(3,815,885)
Addition of capital work in progress	233,979,836	(232,872,336)
Intangible assets	-	(133,300)
Interest received (Term Deposit)	1,697,772	975,159
Dividend received	20,000	20,000
Net cash (used in)/from investing activities	(16,048,706)	(235,826,362)
Cash flows from financing activities		
Finance charges	(23,935,974)	(1,755,768)
Avail/(repayment) of long term loan	13,929,618	141,000,000
Payment of lease liability	(416,722)	(367,425)
Net cash (used in)/from financing activities	(10,423,078)	138,876,807
Net increase/(decrease) in cash and cash equivalents	53,607,790	(15,476,432)
Cash and cash equivalents as at 01 January 2025	13,654,135	29,130,567
Cash and cash equivalents as at 31 December 2025	67,261,925	13,654,135

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 2025

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 2025. 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 are 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 03 February 2026.
- 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 period in which the estimates are revised and in any future periods 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 4

Property, Plant and equipment

Note 7

Right-of-use assets

Note 16

Deferred tax liabilities

Note 17

Employee benefits payable

Note 18

Lease liability

Note 21

Current income tax liabilities
- 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 its operations for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis. Based on management's assessment, there are no material uncertainties related to events or conditions that may cast significant doubt on 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 periods 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 using straight-line basis. Depreciation continues to be charged on each item of property, plant, equipment, and investment property until the written down value of such asset is reduced to Taka one. Depreciation on additions to fixed assets is charged when the asset is available for use. The charging of depreciation on property, plant, equipment, and investment property ceases at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5, or the date the asset is derecognized.

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

Category of property, plant and equipment	Rate (%)
Factory building	5-20
Plant and machinery:	
Main Genset	5
Auxiliary equipment	5-10
Electrical installation	5-20
Gas pipeline	5-20
Furniture and fixtures	10
Office equipment	20
Communication equipment	10
Tools and appliances	20
Fire fighting equipment	20
Vehicles	20

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

3.3 Financial assets

a) Investment (in share)

Investments in subsidiaries are initially recognized at cost, including any directly attributable transaction costs. Subsequent to initial recognition, investments in subsidiaries are measured at cost less any impairment loss, if applicable.

b) Trade and other receivables

Trade and other receivables are initially recognized at fair value. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any provision for bad debts.

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 the statement of financial position when it becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the contractual obligations are discharged, cancelled, or expire. Non-derivative financial liabilities comprise trade and other payables, and interest-bearing borrowings.

a) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

3.4 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of raw materials and consumable spare parts is determined on a weighted average cost basis. Work-in-process is stated at cost, which includes the cost of raw materials, wages, and other overheads incurred up to the stage of completion. Finished goods are stated at the lower of cost and net realizable value. Net realizable value represents 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 a defined contribution plan and a defined benefit plan for its eligible permanent employees. Eligibility is determined in accordance with the terms and conditions set forth in the respective deeds.

Defined contribution plan (provident fund)

A 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 a defined contribution plan, as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the Provident Fund, and the Company makes an equal contribution to the fund. The fund is administered by a Board of Trustees, and the contributions are invested separately from the Company's assets.

Contribution to a defined contribution plan is recognized as an expense when an employee renders service to the Company. The Company's 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 benefits that employees have earned in return for their services in the current and prior periods.

Permanent employees are entitled to gratuity based on their latest basic salary for each completed year of service or, where the period of service exceeds six months, for such part thereof. Employees are entitled to a gratuity equivalent to 30 days' basic salary for each completed year of service, and 45 days' basic salary for each completed year after ten years of continuous service. This gratuity is payable in addition to any other compensation, wage, or allowance in lieu of notice that may be due upon termination of employment on various grounds.

The expected cost of this benefit is recognized in the statement of profit or loss and other comprehensive income over the period of employment.

Details of employees benefit schemes have been provided in note no. 17

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 provisions of "The Bangladesh Labour Act 2006 amended in 2025". (note no. 20.1 & 28).

3.6 Finance income and expenses

Finance income comprises interest income earned on funds invested in Term Deposit (TD) and Short Notice Deposit (SND) accounts. Interest income is recognized on an accrual basis.

Finance expenses comprise interest, bank charges and government excise duties. All finance expenses are recognized in the statement of profit or loss and other comprehensive income.

3.7 Taxation

Income tax expense represents the sum of 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 represents the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, together with any adjustment to tax payable in respect of previous periods. Provision for corporate income tax is made at the rate applicable to a private limited company operating in the same industry.

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 period 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 period, adjusted for the effect of change in number of shares for bonus issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.10 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 period 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 2020.

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 period 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 32.1(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 period 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 period of factory dormitory space is less than 12 months.

3.16 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Material events after the reporting period that are necessary to disclose.

3.17 Comparatives and reclassification

Comparative information have been disclosed in respect of 2024 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current years financial statements.

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



4 Property, Plant and equipment

31-Dec-25

Particulars	COST			Rate	DEPRECIATION				Net book value as at 31-Dec-25
	Balance as at 01-Jan-25	Addition during the year	Sale/disposal during the year		Balance as at 31-Dec-25	Charged during the year	Adjustment during the year	Balance as at 31-Dec-25	
Land	11,294,000	-	-	0%	11,294,000	-	-	-	11,294,000
Factory building	23,151,366	23,296,073	-	5-20%	46,447,439	1,848,538	-	22,019,997	24,427,442
Plant and machinery	-	-	-	-	-	-	-	-	-
Main Genset	327,547,703	181,109,194	-	5%	508,656,897	27,426,215	-	280,498,519	228,158,378
Auxiliary equipment	33,597,157	25,415,895	-	5-10%	59,013,052	1,235,978	-	34,833,135	24,179,917
Electrical installation	26,022,636	11,798,141	-	5-20%	37,820,777	613,745	-	26,476,381	11,344,396
Gas pipeline	21,166,492	9,453,773	-	5-20%	30,620,265	674,880	-	21,626,229	8,994,036
Furniture and fixtures	1,841,759	462,000	-	10%	2,303,759	109,706	-	1,705,759	598,000
Office equipment	2,033,866	211,238	-	20%	2,245,104	147,099	-	1,901,841	343,263
Communication equipment	124,786	-	-	10%	124,786	-	-	124,785	1
Tools and appliance	28,095	-	-	20%	28,095	4,731	-	9,175	18,920
Fire fighting equipment	3,631,012	-	-	20%	3,631,012	-	-	3,631,011	1
Vehicles	2,111,917	-	-	20%	2,111,917	1,892	-	2,108,762	3,155
Total	452,550,789	251,746,314	-		704,297,103	32,062,784	-	394,935,594	309,361,509

Property, Plant and equipment

31-Dec-24

Particulars	COST			Rate	DEPRECIATION				Net book value as at 31-Dec-24
	Balance as at 01-Jan-24	Addition during the year	Sale/disposal during the year		Balance as at 31-Dec-24	Charged during the year	Adjustment during the year	Balance as at 31-Dec-24	
Land	11,294,000	-	-	0%	11,294,000	-	-	-	11,294,000
Factory building	19,573,131	3,578,235	-	20%	23,151,366	598,329	-	20,171,459	2,979,907
Plant and machinery	-	-	-	-	-	-	-	-	-
Main Genset	327,547,703	-	-	5%	327,547,703	18,618,849	-	253,072,304	74,475,399
Auxiliary equipment	33,597,157	-	-	10%	33,597,157	-	-	33,597,157	-
Electrical installation	25,822,636	200,000	-	20%	26,022,636	40,001	-	25,862,636	160,000
Gas pipeline	21,166,492	-	-	20%	21,166,492	450,972	-	20,951,349	215,143
Furniture and fixtures	1,841,759	-	-	10%	1,841,759	81,794	-	1,596,053	245,706
Office equipment	2,019,866	14,000	-	20%	2,033,866	217,296	-	1,754,742	279,124
Communication equipment	124,786	-	-	10%	124,786	-	-	124,785	1
Tools and appliance	4,445	23,650	-	20%	28,095	-	-	4,444	23,651
Fire fighting equipment	3,631,012	-	-	20%	3,631,012	-	-	3,631,011	1
Vehicles	2,111,917	-	-	20%	2,111,917	1,892	-	2,106,870	5,047
Total	448,734,904	3,815,885	-		452,550,789	20,009,133	-	362,872,810	89,677,979



	2025 Taka	2024 Taka
4.1 Allocation of Depreciation		
Cost of sales	31,803,700	19,708,627
Administrative expenses	259,084	300,506
	32,062,784	20,009,133
5 Capital Work-in-Progress		
Balance as at 01 January 2025	234,019,160	1,146,824
Add: Addition during the year (Note 5.1)	17,063,585	233,967,175
	251,082,745	235,113,999
Less: Transfer to property, plant and equipment (Note 5.2)	(251,043,421)	(1,094,839)
Balance as at 31 December 2025	39,324	234,019,160
5.1 Addition during the year		
Factory building	1,494,479	21,788,933
Electrical Installation	2,704,082	9,064,404
Gas Pipe Line	1,974,319	7,479,453
Plant & machinery	10,890,704	195,634,384
	17,063,585	233,967,175
5.2 Items transferred from capital work in progress to property, plant & equipment		
Factory building	23,296,073	1,094,839
Electrical Installation	11,768,486	-
Gas Pipe Line	9,453,773	-
Plant & machinery	206,525,089	-
	251,043,421	1,094,839

6 Intangible Assets

31-Dec-25

Particulars	COST				Rate	AMORTIZATION				Net book value as at 31-Dec-25
	Balance as at 01-Jan-25	Addition during the year	Sale/disposal during the year	Balance as at 31-Dec-25		Balance as at 01-Jan-25	Charged during the year	Adjustment during the year	Balance as at 31-Dec-25	
VAT Software	450,000	-	-	450,000	20%	180,000	90,004	-	270,004	179,996
Windows Server	133,300	-	-	133,300	20%	19,998	26,660	-	46,658	86,642
Total	583,300	-	-	583,300		199,998	116,664	-	316,662	266,638

31-Dec-24

Particulars	COST				Rate	AMORTIZATION				Net book value as at 31-Dec-24
	Balance as at 01-Jan-24	Addition during the year	Sale/disposal during the year	Balance as at 31-Dec-24		Balance as at 01-Jan-24	Charged during the year	Adjustment during the year	Balance as at 31-Dec-24	
VAT Software	450,000	-	-	450,000	20%	90,000	90,000	-	180,000	270,000
Windows Server	-	133,300	-	133,300	20%	-	19,998	-	19,998	113,302
Total	450,000	133,300	-	583,300		90,000	109,998	-	199,998	383,302

7 Right-of-use assets

31-Dec-25

Particulars	COST				Rate	DEPRECIATION				Net book value as at 31-Dec-25
	Balance as at 01-Jan-25	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2025		Balance as at 01-Jan-25	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2025	
Office building	2,476,609	84,033	-	2,560,642		619,152	508,251	-	1,127,403	1,433,239
Total	2,476,609	84,033	-	2,560,642		619,152	508,251	-	1,127,403	1,433,239

31-Dec-24

Particulars	COST				Rate	DEPRECIATION				Net book value as at 31-Dec-24
	Balance as at 01-Jan-24	Addition during the year	Sale/disposal during the year	Balance as at 31-Dec-24		Balance as at 01-Jan-24	Charged during the year	Adjustment during the year	Balance as at 31-Dec-24	
Office building	2,476,609	-	-	2,476,609		123,830	495,322	-	619,152	1,857,457
Total	2,476,609	-	-	2,476,609		123,830	495,322	-	619,152	1,857,457



	2025 Taka	2024 Taka
8 Investment		
Investment to RAK Security & Services Pvt. Ltd	287,500	287,500
	287,500	287,500
9 Inventories		
Stores, spares and consumables	68,998,513	75,104,650
Goods in Transit (Spare parts)	1,075,609	-
	70,074,122	75,104,650
10 Trade and other receivables		
Trade receivables		
Receivable from sales	103,965,992	106,963,214
	103,965,992	106,963,214
Other receivables		
Other receivables	-	28,667
Interest accrued on FDR	317,734	116,014
	317,734	144,681
	104,283,726	107,107,895
11 Advances, deposits and prepayments		
Advances:		
Suppliers against goods & services	2,029,376	9,232,334
	2,029,376	9,232,334
Security and other deposit:		
Titas gas transmission & distribution co. ltd.	61,962,450	61,472,200
Office rent	58,600	58,600
	62,021,050	61,530,800
Insurance and others	363,410	434,513
	64,413,836	71,197,647
12 Cash and cash equivalents		
Cash in hand	218,058	41,070
	218,058	41,070
Cash at banks		
Pubali Bank Ltd (CD - 4709901003539 - BDT)	9,856	10,684
Pubali Bank Ltd. (SND - 47091012000483 - BDT)	48,348	48,858
Standard Chartered Bank (CD - 01-3767272-01 - BDT)	60,603	61,398
Dutch Bangla Bank Ltd. (CD- 117.110.23474 - BDT)	1,655	1,310
Standard Chartered Bank (SND -02-3767272-01 - BDT)	125,253	126,403
Dutch Bangla Bank Ltd. (SND - 117.120.2550 - BDT)	106,284	501,469
Midland Bank (SND 0006-1070000015 - BDT)	117,785	123,749
Eastern Bank Limited (CD -1132040363287-BDT)	783,379	293,219
Al Arafah Islami Bank Ltd. (SND - 0171220002657- BDT)	231,272	53,486
	1,484,435	1,220,575
Investment in Term Deposits (TD)		
Eastern Bank Ltd. (TD-BDT)	12,392,490	12,392,490
Al Arafah Islami Bank Ltd. (TD-BDT)	53,166,942	-
	65,559,432	12,392,490
	67,261,925	13,654,135

		2025 Taka	2024 Taka
13 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 shareholding:			
		31-Dec-25	31-Dec-24
		%Taka	%Taka
RAK Ceramics (Bangladesh) Limited		99.9995204,999,000	99.9995204,999,000
RAK Security and Services (Pvt.) Ltd.		0.00051,000	0.00051,000
		100.0000205,000,000	100.0000205,000,000

Classification of shareholders by range:

Shareholder's range	Number of shareholders		Number of shares	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
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

14 Retained earnings/(loss)

Balance as on 01 January	79,980,223	76,786,217
Add : Profit/(loss) during the year	(2,814,582)	3,194,006
Balance as at 31 December	77,165,641	79,980,223

Detail movement for retained earnings are shown in statement of changes in equity.

15 Borrowings

Non-Current		
Long Term Loan	154,929,618	141,000,000
Current portion of term loan	(23,817,759)	(6,724,062)
	131,111,859	134,275,938
Current		
Current portion of term loan	23,817,759	6,724,062
	23,817,759	6,724,062
Balance as at 31 December	154,929,618	141,000,000

15.1 Borrowing by maturity

Balance as at 31 December 2025	<1 year	1-2 years	2-5 years	5+ years	Total
Long Term Loan	23,817,759	28,443,172	101,049,561	1,619,126	154,929,618
	23,817,759	28,443,172	101,049,561	1,619,126	154,929,618
Balance as at 31 December 2024	<1 year	1-2 years	2-5 years	5+ years	Total
Long 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 utilized / 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 period.



15.2 Facility Details (Funded)

Bank	Name of Facilities	Limit	Utilization	Maturity	Repayment	Security -LTL
AIBPLC	Short term loan	15,000,000	-	180 days	from company own source	1. Mortgage of 5 bigha land. 2. Lien of Term Deposit of 100 million 3. Charge over fixed & floating assets,
	Long term loan	362,900,000	154,929,618	6 years with 1 period moratorium	from company own source	4. Corporate guarantee from RAK Ceramics (BD) Ltd. 5. A signed cheque covering total facility

	2025 Taka	2024 Taka
- Deferred tax liabilities		
Balance as on 01 January	6,509,422	11,589,499
Deferred tax (income) / expenses	(216,355)	(5,080,077)
Balance as at 31 December	6,293,067	6,509,422

Carrying amount	Tax base	Taxable/ (deductible) temporary difference
Taka	Taka	Taka

Balance as at 31 December 2025

Property, plant and equipment (Excluding land)	298,067,509	275,017,853	23,049,656
Right of use assets	1,433,239	-	1,433,239
Lease liability	(1,599,015)	-	(1,599,015)
Net taxable temporary difference			22,883,880
Deferred tax liability (applying tax rate 27.5%)			6,293,067

Balance 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

17 Employee benefits payable

	31-Dec-25		
	Provident Fund Taka	Gratuity Fund Taka	Total Taka
Balance as on 01 January	-	-	-
Add: Provision made during the year	1,900,682	826,901	2,727,583
	1,900,682	826,901	2,727,583
Less: Payments made to fund during the year	1,900,682	826,901	2,727,583
Balance as at 31 December	-	-	-

	31-Dec-24		
	Provident Fund Taka	Gratuity Fund Taka	Total Taka
Balance as on 01 January	-	-	-
Add: Provision made during the year	1,725,362	752,302	2,477,664
	1,725,362	752,302	2,477,664
Less: Payments made to fund during the year	1,725,362	752,302	2,477,664
Balance as at 31 December	-	-	-

	2025 Taka	2024 Taka
18 Lease liability		
Non-current:		
Lease liability	1,599,015	1,931,704
Less : Current portion of lease liability	538,720	420,540
	1,060,295	1,511,164
Current:		
Current portion of lease liability	538,720	420,540

Lease liability schedule

Particulars	Balance as at 01-Jan-25	Addition/ (deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as at 31-Dec-25
Office Building	1,931,704	84,033	607,200	190,478	332,689	1,599,015
	1,931,704	84,033	607,200	190,478	332,689	1,599,015

31-Dec-24

Particulars	Balance as at 01-Jan-24	Addition/ (deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as at 31-Dec-24
Office Building	2,299,129	-	576,000	208,575	367,425	1,931,704
	2,299,129	-	576,000	208,575	367,425	1,931,704

19 Trade and other payables

Trade payables

Payable to local suppliers	42,257,981	43,802,994
Payable to service provider	144,776	2,100,845
	42,402,757	45,903,839

Other payables

Tax deducted at source	693,628	1,296,080
VAT deducted at source	166,879	865,591
VAT payable (Note 19.1)	2,626,892	368,170
	3,487,399	2,529,841
	45,890,156	48,433,680

19.1 VAT payable

Balance as at 1 January	368,170	745,387
Add: VAT on sales	83,413,715	68,827,535
	83,781,885	69,572,922
Less: Treasury deposit for VAT purpose	12,995,186	11,041,385
Less: Input VAT Credit	68,159,807	58,163,367
Balance as at 31 December	2,626,892	368,170



	2025 Taka	2024 Taka
20 Accrued expenses		
Power and gas	45,183,425	43,554,448
Interest on loans	24,256,567	8,561,737
Staff cost	5,176,567	4,540,041
Audit fees	145,000	145,000
Taxation matter	293,502	130,000
Operation and maintenance	44,467,127	43,367,297
Workers profit participation & welfare fund (note 20.1)	128,701	80,998
	119,650,889	100,379,522
20.1 Workers profit participation & welfare fund		
Balance as on 01 January	80,998	612,548
Add: Contribution made to the fund during the year	128,701	80,998
	209,699	693,546
Less: Payment made from the fund during the year	(80,998)	(612,548)
Balance as at 31 December	128,701	80,998
21 Current income tax liabilities		
a) Provision for income tax		
Balance as on 01 January	273,232,737	303,677,772
Add: Provision made during the period (Note 29)	5,604,953	4,457,975
Total	278,837,690	308,135,747
Less: Assessment completed	68,692,854	34,903,010
Balance as at 31 December (Note 21.1)	210,144,836	273,232,737
b) Advance income tax		
Balance of as at 1 January	263,177,563	293,762,260
Add: Paid during the year	8,766,694	3,366,368
Total	271,944,257	297,128,628
Less: Assessment completed	68,692,854	33,951,065
Balance as at 31 December (Note 21.2)	203,251,403	263,177,563
Current tax liability at 31 December (a-b)	6,893,433	10,055,174
21.1 Year wise provision for income tax		
Year 2025	5,604,953	-
Year 2024	4,457,975	4,457,975
Year 2023	7,237,916	7,237,916
Year 2022	12,373,849	12,325,560
Year 2019	-	26,615,589
Year 2018	-	42,125,554
Year 2017	41,210,074	41,210,074
Year 2016	45,393,782	45,393,782
Year 2015	45,242,248	45,242,248
Year 2013	44,169,714	44,169,714
Year 2011	3,535,904	3,535,904
Year 2010	913,421	913,421
Year 2009	5,000	5,000
Total	210,144,836	273,232,737
21.2 Year wise advance income tax		
Year 2025	3,208,601	-
Year 2024	4,603,975	826,593
Year 2023	6,579,929	6,579,929
Year 2022	12,380,208	12,380,208

	2025 Taka	2024 Taka
Year 2019	-	24,813,160
Year 2018	-	42,098,983
Year 2017	41,290,654	41,290,654
Year 2016	44,944,216	44,944,216
Year 2015	45,242,248	45,242,248
Year 2013	37,210,247	37,210,247
Year 2011	5,945,904	5,945,904
Year 2010	1,840,421	1,840,421
Year 2009	5,000	5,000
Total	203,251,403	263,177,563

22 Sales

	31-Dec-25		31-Dec-24	
	Qty	Amount	Qty	Amount
	Million kwh	Taka	Million kwh	Taka
Local				
Electricity	48.11	639,505,141	40.51	527,677,768
Less: VAT		83,413,714		68,827,535
		556,091,427		458,850,233

22.1 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 (M ³)	
	31-Dec-25	31-Dec-24
Opening stock	-	-
Purchase	15.11	12.40
Consumption	15.11	12.40
Closing stock	-	-

Note: As the company transferred to bulk section of Titas Gas from retail section our gas consumption was adjusted by 11% with Higher Heating Value(HHV).

Finish Goods (Electricity)	Electricity Generation and sales in million Kilo Watt Hour (KWH)	
	31-Dec-25	31-Dec-24
Opening stock	-	-
Production / Generation	48.11	40.51
Consumption	48.11	40.51
Closing stock	-	-

22.2 Capacity vs. Utilization

	UOM	Production capacity and actual production (Electricity, MW, KWH & Percentages)	
		31-Dec-25	31-Dec-24
Installed Capacity	MW	10.30	12.00
Available Capacity	MW	9.80	11.50
Generation Capacity @ 85%	MN KWH	72.97	85.86
Utilisation	MN KWH	48.11	40.51
% of Utilisation	%	66%	47%
Over/(Under) Utilization	MN KWH	(24.86)	(45.35)
Over/(Under) Utilization (%)	%	-34%	-53%



	2025 Taka	2024 Taka
23 Cost of sales		
Cost of electricity generation		
Consumption of natural gas	423,445,773	334,996,342
Factory overhead:		
Direct labour (Note-23.1)	16,354,196	14,300,147
Direct expenses:		
Lubricating oil	7,261,346	8,016,738
Repair and indirect materials (Note-23.2)	34,217,262	63,648,969
Depreciation on property, plant and equipment (Note-4.1)	31,803,700	19,708,627
Other production overhead (Note-23.3)	6,976,020	5,571,877
	520,058,297	446,242,699
23.1 Direct labour		
Salary and wages	13,036,376	10,972,559
Bonus	1,118,444	1,144,969
Performance bonus	543,912	589,234
Gratuity	679,057	574,548
Employer's contribution to provident fund	780,409	658,369
Leave encashment	105,370	95,692
Group life insurance	90,628	74,364
Cleaning service	-	190,412
	16,354,196	14,300,147
23.2 Repair and indirect materials		
Operation and maintenance	28,281,238	56,933,518
Spare parts-cat genset	4,546,552	5,447,757
Water and chemicals	1,303,435	1,216,464
Diesel	86,037	51,230
	34,217,262	63,648,969
23.3 Other production overhead		
Security and services	1,041,110	1,045,384
Insurance	670,279	828,930
Rent, rates and taxes	3,131,730	3,600,000
Other expenses	2,132,901	97,563
	6,976,020	5,571,877
Rent, rates and taxes includes rental expenses for short term lease for BDT. 3,130,440 excluding VAT and related government levies wherever applicable. Details of the short term lease is shown in note no. 31.		
24 Other income		
Dividend Income	20,000	20,000
	20,000	20,000
25 Administrative expenses		
Staff cost (Note-25.1)	7,636,487	7,180,826
Telephone and postage	252,335	296,454
Office repair and maintenance	203,810	112,768
Registration and renewal	251,256	239,836
Electricity, gas and water	102,748	149,758
Depreciation on property, plant and equipment (Note-4.1)	259,084	300,506
Amortization (Note-6)	116,664	109,998
Depreciation on right-of-use assets (Note-7)	508,251	495,322
Legal and professional fees	797,713	589,605

	2025 Taka	2024 Taka
Vehicle repair and maintenance	531,652	672,429
Rent, rate and tax	282,730	318,438
Donation	-	15,000
IT expenses	90,000	90,000
Meeting expenses	55,500	46,000
Others	256,803	81,058
	11,345,033	10,697,999
25.1 Staff cost		
Salary and wages	5,023,010	4,976,523
Bonus	527,929	456,670
Performance bonus	256,728	278,123
Gratuity	147,844	177,754
Employer's contribution to provident fund	169,932	204,312
Leave encashment	126,717	109,672
Group life insurance	28,570	23,442
Staff welfare expenses	13,930	1,500
Travelling expenses	32,451	27,686
Special allowances	360,000	360,000
Fooding expenses	949,376	565,145
	7,636,487	7,180,826
26 Finance income		
Interest on Short Notice Deposit (SND)	232,822	552,031
Interest on Term Deposit (TD)	1,697,772	975,159
	1,930,594	1,527,190
27 Finance expenses		
Interest expenses	23,254,881	86,231
Interest on lease liability	190,478	208,575
Bank charges	490,615	1,460,962
	23,935,974	1,755,768
28 Contribution to WPPF	128,701	80,998
	128,701	80,998
29 Income tax expenses		
A) Tax Payable on taxable Profit as per ITA, 2023		
Accounting profit (PBT as per Statement of Profit or Loss)	2,574,016	1,619,959
Add: Inadmissible depreciation allowance for separate consideration:		
Accounting Depreciation of Fixed Assets (Note - 4)	32,062,784	20,009,133
	34,636,800	21,629,092
Add: Inadmissible expenses / allowance as per ITA-2023:		
Amortization (Note-6)	116,664	109,998
Depreciation on right-of-use assets (Note-7)	508,251	495,322
Interest on Lease Liability (Note- 18)	190,478	208,575
	815,393	813,895
	35,452,193	22,442,987



	2025 Taka	2024 Taka
Deduct: Tax base depreciation of Fixed Assets	(29,000,506)	(4,031,086)
Admissible expenses as per ITA-2023 :		
Rent expenses	(607,200)	(576,000)
Deduct: Dividend income	(20,000)	(20,000)
Taxable profit	5,824,487	17,815,901
Applicable tax rate		
On Business income	27.50%	25.00%
On Dividend income	20.00%	20.00%
Tax expenses:		
Business income	1,601,734	4,453,975
Dividend income	4,000	4,000
Current tax liability	1,605,734	4,457,975
Current year (for provision)	1,605,734	4,457,975
Payments /(adjusted) for previous years	-	(951,945)
Tax payable as per current tax rate	1,605,734	3,506,030
B) Tax Payable on gross receipt @1% (Under ITA -2023)	5,604,953	3,166,067
C) Income Tax deducted at Source as per ITA, 2023	1,208,601	826,593

Since, calculated tax on profit is lower compare to the tax calculated as per b) tax @ 1% on gross receipt 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 2025 amounting to BDT 5,604,953 for the current year.

29.1 Reconciliation of effective tax rate	31-Dec-25		31-Dec-24	
	%	Taka	%	Taka
Profit before tax		2,574,016		1,619,959
Current tax expenses	217.75%	5,604,953	216.43%	3,506,030
Deferred tax expenses	-8.41%	(216,355)	-313.59%	(5,080,077)
Total tax expenses	209.35%	5,388,598	-97.17%	(1,574,047)
Applicable tax rate	27.50%	707,854	25.00%	404,990
Tax on non-deductible expenses	190.25%	4,897,099	191.43%	3,101,040
Effective current tax	217.75%	5,604,953	216.43%	3,506,030
Effective deferred tax	-8.41%	(216,355)	-313.59%	(5,080,077)
	209.35%	5,388,598	-97.17%	(1,574,047)

30 Transaction in foreign currency	31-Dec-25	31-Dec-24
Import:		
Spare parts	17,062,631	16,474,547
Capital machinery	-	160,243,017
	17,062,631	176,717,564

31 Short term lease expenses

31-Dec-25				
Particulars	Rent Tk./ MW per month	Capacity per generator	Number of generator	Rental/ Taka
Caterpillar Generator	43,478	1.0 MW	3	1,565,220
MWM Generator	43,478	1.5 MW	2	1,565,220
				3,130,440

31-Dec-24				
Particulars	Rent Tk./ MW per month	Capacity per generator	Number of generator	Rental/ Taka
Caterpillar Generator	43,478	1.0 MW	3	1,565,217
MWM Generator	43,478	1.5 MW	2	1,565,217
				3,130,434

32 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

32.1 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-25	31-Dec-24
Trade receivables		
Customer-Local	103,965,992	106,963,214
	103,965,992	106,963,214
Other receivables		
Accrued Interest	317,734	116,014
Other Receivable	-	28,667
	317,734	144,681
Cash equivalents	67,043,867	13,613,065
	67,043,867	13,613,065

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 2025.



Financial assets	Note	Classification under IFRS 9	Carrying amount	Carrying amount under IFRS 9	Impairment
Trade & other receivable-unrelated	10	Amortized cost	317,734	317,734	-
Trade & other receivable-related	10	Amortized cost	103,965,992	103,965,992	-
Cash at banks	12	Amortized cost	1,484,435	1,484,435	-
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.					

		Amount in Taka	
c) Ageing of receivables		31-Dec-25	31-Dec-24
Not past due		59,847,909	45,101,339
0-90 days past due		44,118,083	61,861,875
		103,965,992	106,963,214

32.2 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 December 2025			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	45,890,156	45,890,156	45,890,156	-
	45,890,156	45,890,156	45,890,156	-
	As at 31 December 2024			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	48,433,680	48,433,680	48,433,680	-
	48,433,680	48,433,680	48,433,680	-

32.3 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-25	31-Dec-24
Fixed rate instruments		
Financial assets		
Investment in FDR	65,559,432	12,392,490
Cash at banks	1,484,435	1,220,575

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 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Held to maturity assets				
Investment in FDR	65,559,432	65,559,432	12,392,490	12,392,490
Loans and receivables				
Trade receivables	103,965,992	103,965,992	106,963,214	106,963,214
Other receivables	317,734	317,734	144,681	144,681
Cash equivalents	67,043,867	67,043,867	13,613,065	13,613,065
Available for sales financial assets				
Liabilities carried at amortised cost				
Trade and other payables	45,890,156	45,890,156	48,433,680	48,433,680

Accounting classification and fair value as at 31 December 2025 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-25	31-Dec-24
Investment in FDR	4%-10%	2.5%-10%
Interest on Overdraft	12.5%-13%	12.5%
Interest on Term Loan	15%	14.5%-15%



33 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:

Amounts in Taka									
Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	period	Purchase of goods/ services	Sale of goods/ services	Outstanding receivables	Outstanding payable	Dividend Income
RAK Ceramics (Bangladesh) Limited *	Parent Company	Unsecured	Nil	31-Dec-25	3,130,440	556,091,427	103,965,992	-	-
				31-Dec-24	3,130,434	458,850,233	106,963,214	-	-
RAK Security & Services Pvt. Ltd	Fellow Subsidiary	Unsecured	Nil	31-Dec-25	1,428,529	-	-	144,776	20,000
				31-Dec-24	1,367,673	-	-	108,668	20,000

*The company received one corporate guarantee of BDT 392.90 Million by the Parent company named RAK ceramics (BD) Limited to avail loan from Al Arafah Islami Bank PLC approved in AGM dated 22 March 2025 for purchasing a 2 x 4.3 MW new genset. Outstanding loan against the said corporate guarantee is BDT 154.93 Million at 31 December 2025

33.1 Paid to Directors

During the year Board meeting fees of Taka 55,000 that was paid to the Directors, in the year 2024 there was Taka 46,000

34 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-25 Person	31-Dec-24 Person
Number of employees	26	27

None are receiving below Taka 8,000 per month

35 Calculation of Earnings per share (EPS)

	31-Dec-25 Taka	31-Dec-24 Taka
(a) Net Profit/(loss) for the year	(2,814,582)	3,194,006
(b) No. of ordinary equity shares	2,050,000	2,050,000
(c) Weighted average no. of equity shares outstanding (Note 35.1)	2,050,000	2,050,000
Earnings per share (EPS) for the year (a÷c)	(1.37)	1.56
Diluted earnings per share for the year (a÷c)	(1.37)	1.56

35.1 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.

	31-Dec-25 Taka	31-Dec-24 Taka
Outstanding shares	2,050,000	2,050,000
	2,050,000	2,050,000

35.2 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.

35.3 Reason of deviation of earnings per share:

EPS has been decreased from BDT 1.56 to BDT -1.37 mainly because of increasing of income tax rate.

36 Calculation of Net assets value per share

	31-Dec-25 Taka	31-Dec-24 Taka
(a) Net assets value (Note 13 & 14)	282,165,641	284,980,223
(b) Weighted average no. of equity shares outstanding (Note 35.1)	2,050,000	2,050,000
Net assets value per share (a÷b)	137.64	139.01
37 Calculation of Net operating cash flow per share		
(a) Net Cash flows from operating activities (Note 38)	80,079,574	81,473,123
(b) Weighted average no. of equity shares outstanding (Note 35.1)	2,050,000	2,050,000
Net operating cash flow per share (a÷b)	39.06	39.74

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

Net operating cash flow per share decreased from BDT 39.74 to BDT 39.06 due to decrease of collection compare to sales.

38 Reconciliation of operating cash flow:

	31-Dec-25 Taka	31-Dec-24 Taka
Cash flows from operating activities		
Profit before taxation	2,574,016	1,619,959
Adjustment for:		
Depreciation & Amortization	32,062,784	20,009,133
Finance expenses	23,935,974	1,755,768
Finance income	(1,930,594)	(1,527,190)
Other income	(20,000)	(20,000)
Operating profit before working capital changes	56,622,180	21,837,670
Increase/decrease in trade and other receivable	2,824,169	36,326,370
Increase/decrease in inventories	5,030,528	(4,962,596)
Increase/decrease in trade and other payables	24,136,569	31,086,016
Cash generated from operating activities	88,613,446	84,287,460
Interest received from bank deposit	232,822	552,031
Income tax paid	(8,766,694)	(3,366,368)
Net cash (used in)/from operating activities	80,079,574	81,473,123

39 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessment by the authority as on 31 December 2025 is nil and in 31 December 2024 aggregating to Tk. 1,980,711 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 2024 Tk. 123,924,900) and Letter of credit Tk. 184,173,000 (31 December 2024 was null)

40 Events after the reporting period

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 03 February 2026 not to recommend any dividend for the year ended 31 December 2025 considering the Capital Expenditure. The Board of Director fixed the date of Annual General Meeting (AGM) on 31 March 2026.



RAK SECURITY AND SERVICES (PVT) LTD.

INDEPENDENT AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2025



RAK Power Private Ltd., a key supporting entity within the Group, continued to ensure reliable and cost-efficient power generation to support uninterrupted manufacturing operations of RAK Ceramics. Operational stability, prudent cost management and adherence to regulatory standards remained central to its performance. The financial statements for 2025 reflect disciplined oversight and financial pragmatism, contributing to overall cost optimisation and enhanced energy security for the parent company.

DIRECTORS' 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 2025, 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 122.07 mn decreasing in 2025, against BDT 124.14 mn in 2024. Due to the revised and responsive business strategy taken by the management, income from labour services decreasing by (1.67)%, as compared to 2024. The Company's net profit after tax stood at BDT 7.34 mn, against BDT 11.14 mn in 2024.

Operating results

The operating results of the company for the year ended 2025 are as follows:

(Amount in Taka mn)

Particulars	2025	2024
Sales	122.07	124.14
Gross profit	34.42	39.22
Net profit after tax	7.34	11.14
Earnings Per Share (Absolute BDT)	734.03	1,113.68
Net Operating Cash Flow Per Share (NOCFPS)	756.70	429.45
Net Asset Value (NAV)	44.06	38.72
Net Asset Value per share (Absolute BDT)	44.06	38.71

Reserves and Surplus

In 2025, retained earnings of the Company stood at BDT 43.06 mn against BDT 37.72 mn in 2024.

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 2025. 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 2024.

Auditors and audit report

M/s ACNABIN, Chartered Accountants (an independent member of BAKER TILLY INTERNATIONAL) shall retire at the 19th Annual General Meeting and, being eligible, have offered themselves for reappointment. The Board also recommended their re-appointment for the year 2026. Remuneration of the Auditor will be fixed by the shareholders at the 20th 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 2025. 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: February 03, 2026

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 2025, 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 2025, 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.

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:

- 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.

Dhaka, Bangladesh
Dated: 03 Feb 2026

ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012

Md. Rokonzaman, FCA
Partner
Enrollment no. 0739
DVC : 2602030739AS295663

RAK Security and Services (Pvt) Ltd.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	31 Dec 2025 Taka	31 Dec 2024 Taka
Assets			
Property, plant and equipment	4	4,445,525	3,410,639
Intangible assets	5	87,534	177,534
Right-of-use assets	6	2,338,447	3,030,587
Investment	7	1,275	1,275
Deferred tax asset	8	714,162	513,753
Total non-current assets		7,586,943	7,133,788
Trade and other receivables	9	34,370,618	33,151,207
Advance, deposit and prepayment	10	4,806,641	2,907,595
Current advance income tax	11	7,095,198	5,787,113
Cash and cash equivalents	12	5,409,932	2,398,493
Total current assets		51,682,389	44,244,408
Total Assets		59,269,332	51,378,196
Equity			
Share capital	13	1,000,000	1,000,000
Retained earnings		43,057,564	37,717,264
Total equity		44,057,564	38,717,264
Liabilities			
Lease liability	15	1,910,837	2,465,583
Total non-current liability		1,910,837	2,465,583
Liabilities			
Trade & other payables	14	1,844,126	1,688,247
Lease liability	15	698,088	686,144
Provision for expenses	16	10,758,717	7,820,958
Total current liability		13,300,931	10,195,349
Total equity and liabilities		59,269,332	51,378,196

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

Pramod Kumar Chand
Managing Director

Dated: 03 Feb 2026

SAK Ekramuzzaman
Director

As per our report of the same date.

ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012

Md. Rokonzaman, FCA
Partner
Enrollment no. 0739
DVC : 2602030739AS295663



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	31 Dec 2025 Taka	31 Dec 2024 Taka
Sales	18	122,068,266	124,138,792
Cost of service	19	(87,649,516)	(84,916,377)
Gross profit		34,418,750	39,222,415
Other income	20	7,584	63,599
Administrative expenses	21	(19,124,688)	(19,670,833)
Impairment loss on trade receivable	21.1	(364,118)	(975,616)
Marketing expenses	22	(3,115,710)	(2,943,791)
		(22,596,932)	(23,526,641)
Profit from operating activities		11,821,818	15,695,774
Finance income	23	270,706	73,839
Finance expenses	24	(324,794)	(352,937)
Net finance income/(expenses)		(54,088)	(279,098)
Profit before income tax		11,767,730	15,416,677
Income tax	25	(4,627,839)	(4,607,203)
Deferred tax	8	200,409	327,332
		(4,427,430)	(4,279,871)
Profit for the year		7,340,300	11,136,806
Other comprehensive income for the year		-	-
Total comprehensive income for the year		7,340,300	11,136,806
Basic earnings per share (par value Tk 100)	30	734.03	1,113.68

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


Pramod Kumar Chand
Managing Director

Dated: 03 Feb 2026


SAK Ekramuzzaman
Director

As per our report of the same date.
ACNABIN Chartered Accountants
Firm's Enlistment No. CAF-001-012


Md. Rokonzaman, FCA
Partner
Enrollment no. 0739
DVC : 2602030739AS295663

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital	Retained earnings	Total
	Taka	Taka	Taka
	(Note-13)		
Balance as at 01 January 2025	1,000,000	37,717,264	38,717,264
Total comprehensive income for 2025			
Profit for the year	-	7,340,300	7,340,300
Other comprehensive income	-	-	-
Transaction with the shareholders			
Cash dividend (2024)	-	(2,000,000)	(2,000,000)
Balance as at 31 December 2025	1,000,000	43,057,564	44,057,564
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

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



RAK Security and Services (Pvt) Ltd.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	31 Dec 2025 Taka	31 Dec 2024 Taka
Cash flow from operating activities		
Cash received from customer and others	120,848,855	112,200,129
Cash paid to suppliers and employees	(107,616,546)	(105,055,941)
Cash generated from operating activities	13,232,307	7,144,188
Interest received from Bank	270,706	73,839
Payment of corporate income tax (Note-11)	(5,935,922)	(2,923,553)
Net cash (used in)/from operating activities	7,567,092	4,294,474
Cash flow from investing activities		
Acquisition of fixed assets (Note-4)	(1,638,946)	(469,031)
Sale of fixed assets	88,000	63,600
Net cash (used in)/from investing activities	(1,550,946)	(405,431)
Cash flow from financing activities		
Finance charge	(14,013)	(12,630)
Payment of lease liability	(990,695)	(939,789)
Dividend payment	(2,000,000)	(2,000,000)
Net cash (used in)/from financing activities	(3,004,707)	(2,952,419)
Net increase/(decrease) in cash and cash equivalents	3,011,439	936,623
Cash and cash equivalents as at 01 January	2,398,493	1,461,868
Cash and cash equivalents as at 31 December	5,409,932	2,398,493

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

RAK Security and Services (Pvt) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

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 03 Feb 2026

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 4	Property, plant and equipment
Note 6	Right-of-use assets
Note 8	Deferred tax asset/liability
Note 15	Lease liability
Note 11(2)	Provision for income tax
Note 17	Employees benefit payable

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.The comparative figure cover the period from 1 January 2024 to 31 December 2024 as applicable.

2.6 Going concern

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

3. Significant accounting policies

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	Rate
Furniture & fixtures	10%
Tools & appliances	20%
Vehicles	20%
Office 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 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.

ii. Impairment

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.

ii. 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 27.1 (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.

As required by IFRS 9, an allowance for expected credit loss has been recognized on the finance lease receivables.

3.9 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 1% of gross receipts or tax deduction at source whichever is higher as per section 163 (2) of ITO 1984 and Finance Act-2025.

Current tax assets and liabilities are obset only if certain criteria are met.

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-2025

Amounts in Taka

Particulars	Balance as at 01 Jan 2025	COST			Rate	Depreciation			Net book value as at 31 Dec 2025
		Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2025		Charged during the year	Adjustment during the year	Balance as at 31 Dec 2025	
Land	2,309,220	-	-	2,309,220	-	-	-	-	2,309,220
Furniture & fixtures	1,420,353	14,530	-	1,434,883	10%	108,079	-	892,082	542,801
Office equipment	1,768,855	1,302,341	-	3,071,196	10%	358,842	-	1,747,719	1,323,477
Tools & appliances	126,255	-	-	126,255	20%	-	-	126,248	7
Vehicles	2,162,347	322,075	94,622	2,389,800	20%	56,723	14,206	2,119,780	270,020
Total	7,787,030	1,638,946	94,622	9,531,354		523,644	14,206	4,885,829	4,445,525

31-Dec-2024

Amounts in Taka

Particulars	Balance as at 01 Jan 2024	COST			Rate	Depreciation			Net book value as at 31 Dec 2024
		Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2024		Charged during the year	Adjustment during the year	Balance as at 31 Dec 2024	
Land	2,309,220	-	-	2,309,220	-	-	-	-	2,309,220
Furniture & fixtures	1,214,719	205,634	-	1,420,353	10%	105,912	-	784,003	636,350
Office equipment	1,600,080	168,775	-	1,768,855	10%	102,269	-	1,388,877	379,978
Tools & appliances	126,255	-	-	126,255	20%	-	-	126,248	7
Vehicles	2,389,725	94,622	322,000	2,162,347	20%	9,540	321,999	2,077,263	85,084
Total	7,639,999	469,031	322,000	7,787,030		217,721	321,999	4,376,391	3,410,639

4.1 Disposal of Fixed Assets

31-Dec-2025

Name of Assets	Cost	Accumulated depreciation	Book value	Receipts against sale	Gain/(Loss)
Vehicles	94,622	14,206	80,416	88,000	7,584
Total:	94,622	14,206	80,416	88,000	7,584

31-Dec-2024

Name of Assets	Cost	Accumulated depreciation	Book value	Receipts against sale	Gain/(Loss)
Furniture & fixtures	322,000	321,999	1	63,600	63,599
Total:	322,000	321,999	1	63,600	63,599

5 Intangible assets

31-Dec-2025

Amounts in Taka

Particulars	COST			AMORTIZATION			Net book value as at 31 Dec 2025
	Balance as at 01 Jan 2025	Addition during the year	Balance as at 31 Dec 2025	Balance as at 01 Jan 2025	Amortized during the year	Balance as at 31 Dec 2025	
Computer Software (VAT)	450,000	-	450,000	272,466	90,000	362,466	87,534
Total	450,000	-	450,000	272,466	90,000	362,466	87,534

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-2025

Amounts in Taka

Particulars	COST				DEPRECIATION				Net book value as at 31 Dec 2025
	Balance as at 01 Jan 2025	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2025	Balance as at 01 Jan 2025	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2025	
Office building	4,040,783	137,110	-	4,177,893	1,010,196	829,250	-	1,839,446	2,338,447
Total	4,040,783	137,110	-	4,177,893	1,010,196	829,250	-	1,839,446	2,338,447

31-Dec-2024

Amounts in Taka

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	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 2025 Taka	31 Dec 2024 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	513,753	186,421
	Deferred tax income/(expenses)	200,409	327,332
	Balance as at 31 December	714,162	513,753
		Carrying amount on the date of statement of financial position	Taxable/ (deductible) temporary difference
		Taka	Taka
	As at 31 December 2025		
	Property, plant & equipment (excluding land)	2,136,305	2,647,187
	Trade receivables	34,370,618	36,186,213
	Right of use assets	2,338,447	-
	Lease liability	(2,608,925)	-
			(2,596,954)
	Deferred tax asset (applying tax rate 27.50%)		(714,162)
	As at 31 December 2024		
	Property, plant & equipment (excluding land)	1,101,419	1,396,995
	Trade receivables	33,151,207	34,602,684
	Right of use assets	3,030,587	-
	Lease liability	(3,151,728)	-
			(1,868,193)
	Deferred tax asset (applying tax rate 27.50%)		(513,753)
9.	Trade and other Receivables		
	Trade receivables	36,186,213	34,602,684
		36,186,213	34,602,684
	Less: Provision of impairment loss on trade receivable:	806,144	638,650
		1,009,451	812,827
		34,370,618	33,151,207
10.	Advance, deposit and prepayment		
	Imprest to employee	351,000	305,500
	Advance to suppliers	-	12,900
	Security deposit	2,254,900	172,000
	VAT deposit	1,894,762	2,147,385
	Insurance and others	305,979	269,811
		4,806,641	2,907,595



	31 Dec 2025 Taka	31 Dec 2024 Taka
11. Current advance income tax		
a) Advance income tax		
Balance of as at 1 January	31,378,084	28,454,531
Add: Paid during the year	5,935,922	2,923,553
Balance as at 31 December (Note 11.1)	37,314,006	31,378,084
b) Provision for income tax		
Balance of as at 1 January	25,590,969	20,983,766
Add: Provision made during the year (Note 25)	4,627,839	4,607,203
Balance as at 31 December (Note 11.2)	30,218,808	25,590,969
Current advance income tax at 31 December (a-b)	7,095,198	5,787,113
11.1 Year wise advance income tax		
Year - 2025	4,627,839	-
Year - 2024	4,231,636	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	2,075,180
Year - 2017	7,767,254	7,767,254
Year - 2016	4,215,121	4,215,121
Year - 2015	4,317,243	4,317,243
	37,314,006	31,378,084
11.2 Year wise provision for income tax		
Year 2025	4,627,839	-
Year 2024	4,607,203	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
	30,218,808	25,590,969
12. Cash and cash equivalents		
Cash in hand	329,128	689,566
Cash at banks		
DBBL (current account 117.110.4311)	2,000	537,812
DBBL (SND account 117.120.311)	4,352,082	990,889
Dhaka Bank Ltd. (current account 204.100.19318)	726,722	180,226
	5,409,932	2,398,493
13. Share capital		
Authorized capital:		
1,000,000 Ordinary shares of Tk. 100 each	100,000,000	100,000,000

	31 Dec 2025 Taka	31 Dec 2024 Taka
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:		
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	1,000,000
14. Trade and other payables		
Advance from customers	1,324,224	1,135,842
Payable to employee	442,135	465,740
Tax deducted at source	63,000	68,000
VAT deducted at source	14,767	18,665
	1,844,126	1,688,247
15. Lease liability		
Non-current		
Lease liability	2,608,925	3,151,728
Less: Current portion of lease liability	698,088	686,144
	1,910,837	2,465,583
Current		
Current portion of lease liability	698,088	686,144

2025

Lease liability schedule

Particulars	Balance as on 01 Jan 2025	Addition	Payment	Interest expenses	Decrease in lease liability	Closing balance as on 31 Dec 2025
Office Building	3,151,728	137,110	990,695	310,782	679,913	2,608,925
	3,151,728	137,110	990,695	310,782	679,913	2,608,925

2024

Lease liability schedule

Particulars	Balance as on 01 Jan 2024	Addition	Payment	Interest expenses	Decrease in lease liability	Closing balance as on 31 Dec 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



	31 Dec 2025 Taka	31 Dec 2024 Taka
16. Provision for expenses		
Staff cost	8,224,626	6,953,402
Audit fees	140,000	110,000
Legal and professional charges	55,000	95,000
Utilities bill	27,471	27,800
Temporary labour	2,311,620	634,756
	10,758,717	7,820,958
17. Employees' benefit payable		
	31 December 2025	
	Provident Fund Taka	Gratuity Fund Taka
Balance as at 01 January	-	-
Add: Provision made during the year	3,965,392	1,846,327
	3,965,392	1,846,327
Less: Payment made during the year	3,965,392	1,846,327
Balance as at 31 December	-	-
Forfeited amount of provident fund amounting to BDT. 556,471 for the year 2025 has been adjusted with provision and payment.		
	31 December 2024	
	Provident Fund Taka	Gratuity Fund Taka
Balance as at 01 January	-	-
Add: Provision made during the year	4,624,714	1,863,535
	4,624,714	1,863,535
Less: Payment made during the year	4,624,714	1,863,535
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.		
18. Sales		
Gross revenue from services	139,711,742	140,024,220
Less: Value added tax (VAT)	17,643,476	15,885,428
	122,068,266	124,138,792
19. Cost of service		
Direct wages (Note-19.1)	78,574,875	75,628,106
Security Training expenses (Note-19.2)	227,540	196,030
Other direct expenses (Note-19.3)	1,003,281	975,807
Verification expenses (Note-19.4)	7,843,820	8,116,434
	87,649,516	84,916,377
19.1 Direct wages		
Salary and wages	57,796,837	55,964,415
Overtime	13,172,424	12,239,661
Bonus	4,343,502	4,001,537
Employer's contribution to provident fund	1,345,064	1,491,058
Gratuity	1,385,871	1,424,091
Group Life Insurance	531,177	507,344
	78,574,875	75,628,106

	31 Dec 2025 Taka	31 Dec 2024 Taka
19.2 Security training expenses		
Staff welfare	227,540	196,030
	227,540	196,030
19.3 Other direct expenses		
Uniform expenses	1,003,281	967,057
Bicycle expenses	-	8,750
	1,003,281	975,807
19.4 Verification expenses		
Staff cost	2,763,586	2,188,357
Conveyance	1,766,186	1,736,560
Document processing expenses	1,210,167	1,668,874
Special service allowance	2,043,440	2,475,845
Mobile bill	60,441	46,798
	7,843,820	8,116,434
20. Other income		
Gain on sale of assets (Note-4.1)	7,584	63,599
	7,584	63,599
21. Administrative expenses		
Staff cost (21.2)	12,269,012	12,871,864
Rent, rates and taxes	2,170,509	2,125,128
Telephone and postage	503,521	637,969
Repair and maintenance	1,480,719	1,408,299
Electricity, gas and water	397,916	383,267
Depreciation	523,644	217,721
Amortization	90,000	90,000
Depreciation on right of use assets	829,250	808,157
Vehicle repair & maintenance	445,625	432,600
Legal and professional fees	277,500	586,000
Other expenses	136,991	109,829
	19,124,688	19,670,833
Rent, rates and taxes includes rent expenses for short term lease for BDT. 1,939,065 and related government levies wherever applicable. Details of the short term lease is shown in note no 26. No low value item exists at the reporting year.		
21.1 Impairment loss on trade receivable		
Related parties	167,494	429,271
Unrelated parties	196,624	546,345
	364,118	975,616
New classification of financial assets shown in note 27.1(b).		
21.2 Staff cost		
Salary	8,471,474	9,093,079
Bonus	885,907	763,022
Staff welfare	1,156,763	1,311,162
Employer's contribution to provident fund	489,852	461,412
Gratuity	355,052	339,596
Conveyance	901,795	895,937
Group Life Insurance	8,169	7,656
	12,269,012	12,871,864
22. Marketing expenses		
Staff cost (22.1)	3,020,447	2,869,382
Telephone and Telex Expenses	15,763	15,409
Business promotion	79,500	59,000
	3,115,710	2,943,791



	31 Dec 2025 Taka	31 Dec 2024 Taka
22.1 Staff cost		
Salary	2,500,740	2,411,080
Bonus	261,075	218,300
Employer's contribution to provident fund	147,780	135,660
Gratuity fund	105,404	99,848
Group Life Insurance	5,448	4,494
	3,020,447	2,869,382
23. Finance income		
Interest on bank account (SND)	270,706	73,839
	270,706	73,839
24. Financial expenses		
Interest expenses against lease liability	310,782	340,307
Bank charges	14,013	12,630
	324,794	352,937
25. Income tax expenses		
Accounting profit (PBT as per Statement of Profit & Loss)	11,767,730	15,416,677
Add: Accounting Depreciation of Fixed Assets	523,644	217,721
Add: Amortization expenses	90,000	90,000
Add: Depreciation on Right of Use Assets (ROUA)	829,250	808,157
Add: Interest on Lease liability	310,782	340,307
Add: Impairment loss on trade receivable	364,118	975,616
	13,885,524	17,848,478
Less: Tax base depreciation of Fixed Assets	183,178	155,222
Less: Rent expenses	990,695	939,789
Taxable profit	12,711,651	16,753,466
Tax calculation @ 27.50% on business income	3,495,704	4,607,203
Tax Payable as per current tax rate	3,495,704	4,607,203
TAX Deduction at Source	4,627,839	2,923,553
Minimum Tax as per ITA 163(5) 1% of Gross Receipts	1,506,911	840,145
Current Tax Liability whichever is higher ITA Section 163 (2)	4,627,839	4,607,203

Since, tax deducted at source is the higher compare to tax calculated/Tax payable on taxable profit, and tax @ 1% on gross receipts and, hence the higher is provided as Tax Expenses for the year ended 31 December 2025 amounting to BDT. 4,627,839. The amount paid in excess of regular tax in the current year which can be adjusted in the next year / years, if regular tax becomes higher than minimum tax of that subsequent year, as per Section 163 (8) & (9) of Income Tax Act, 2023 (inserted by Finance Ordinance, 2025).

25.1 Reconciliation of effective tax rate	31 Dec 2025		31 Dec 2024	
	%	Taka	%	Taka
Profit before tax		11,767,730		15,416,677
Current tax expenses	39%	4,627,839	30%	4,607,203
Deferred tax expenses/(income)	-2%	(200,409)	-2%	(327,332)
Total tax expenses	38%	4,427,430	28%	4,279,871
Expected income tax using applicable tax rate	28%	3,236,126	28%	4,239,586
Tax on non-deductible expenses	12%	1,391,713	2%	367,617
Effective current tax	39%	4,627,839	30%	4,607,203
Effective deferred tax	-2%	(200,409)	-2%	(327,332)
	38%	4,427,430	28%	4,279,871

26. Short term lease expenses

Nature of the lease	Lease term	Allocation	Rent payment	Rent payment
Rented accommodation	<1 year	Admin	1,939,065	1,752,320
			1,939,065	1,752,320

27 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

27.1 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 2025	As at Dec 31 2024	As at Dec 31 2025	As at Dec 31 2024
Trade receivables				
Customer-Local	-	-	34,370,618	33,151,207
	-	-	34,370,618	33,151,207
Cash equivalents	-	-	5,080,804	1,708,927

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 2025.



Financial assets	Note	Classification under IFRS 9	Carrying amount	Carrying amount under IFRS 9	Impairment
Trade & other receivable-related	9	Amortized cost	15,732,636	14,926,492	806,144
Trade & other receivable-unrelated	9	Amortized cost	20,453,577	19,444,126	1,009,451
Cash at banks	12	Amortized cost	5,080,804	5,080,804	

i The above table provides information ECLs upto till date. Impairment provision upto 31 Dec 2024 was Tk. 1,451,477 and provision made during the year is Tk. 364,118.

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 2025	As at Dec 31 2024
The aging of trade receivables:		
Current (not due)	12,125,087	13,150,785
Overdue by 0 - 90 days	17,300,377	17,659,241
Overdue by 91 - 180 days	3,663,616	1,870,674
Overdue by 180 - 365 days	1,211,876	455,076
More than 365 days	69,662	15,432
	34,370,618	33,151,207

27.2 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, 2025			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	1,844,126	1,844,126	1,844,126	-
	1,844,126	1,844,126	1,844,126	-
	As at December 31, 2024			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	1,688,247	1,688,247	1,688,247	-
	1,688,247	1,688,247	1,688,247	-

28. 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:

Amounts in Taka

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Year	Purchase / Service	Sales of goods / Services	Outstanding Receivables	Dividend income
RAK Ceramics (Bangladesh) Limited	Parent Company	Unsecured	Nil	31-Dec-25	-	54,231,532	15,587,860	-
				31-Dec-24	-	52,643,878	10,306,699	-
RAK Power Pvt. Ltd.	Fellow Subsidiary	Unsecured	Nil	31-Dec-25	-	1,578,669	144,776	-
				31-Dec-24	-	1,367,673	108,668	-
Mohammed Trading	Other related party	Unsecured	Nil	31-Dec-25	-	1,188,000	227,700	-
				31-Dec-24	-	1,219,500	227,700	-
Kansai Nerolac Paints (BD) Ltd.	Other related Party	Unsecured	Nil	31-Dec-25	-	9,293,602	2,964,046	-
				31-Dec-24	-	10,958,778	2,919,058	-
SAK Consumer Products Ltd.	Other related Party	Unsecured	Nil	31-Dec-25	-	2,619,897	2,379,667	-
				31-Dec-24	-	2,650,082	1,683,555	-
Rakeen Development Pvt. Limited	Other related party	Unsecured	Nil	31-Dec-25	-	-	287,447	-
				31-Dec-24	-	-	287,447	-
Star Ceramics Pvt. Limited	Other related party	Unsecured	Nil	31-Dec-25	-	1,121,068	478,138	-
				31-Dec-24	-	1,929,840	615,831	-
Kea Printing and Packaging Ind.	Other related party	Unsecured	Nil	31-Dec-25	-	805,037	572,231	-
				31-Dec-24	-	783,842	366,334	-

28.1 Paid to Directors

During the year, Board meeting fees of Taka 6,000 was paid to the board members for attending the Board meetings.



29. 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 2025	31 Dec 2024
Number of employees	291	301

None of receiving below Taka 8,000 per month.

30. 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 30.1)

Earnings per share (EPS) for the year (a/c)

Diluted earnings per share for the year (a/c)

	31 Dec 2025 Taka	31 Dec 2024 Taka
(a) Profit for the year	7,340,300	11,136,806
(b) No. of ordinary equity shares	10,000	10,000
(c) Weighted average no. of equity shares outstanding (Note 30.1)	10,000	10,000
Earnings per share (EPS) for the year (a/c)	734.03	1,113.68
Diluted earnings per share for the year (a/c)	734.03	1,113.68

30.1 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 2025	31 Dec 2024
Outstanding shares	10,000	10,000
	10,000	10,000

30.2 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.

30.3 Reason of deviation of earnings per share:

Though there was decrease in the revenue of the company as compared to previous year and the costs was higher, which resulted in a reduction of earnings per share for the year.

31 Calculation of Net assets value per share

(a) Net assets value

(b) Weighted average no. of ordinary shares (Note 30.1)

Net assets value per share

(a) Net assets value	44,057,564	38,717,264
(b) Weighted average no. of ordinary shares (Note 30.1)	10,000	10,000
Net assets value per share	4,405.76	3,871.73

32 Calculation of Net operating cash flow per share

(a) Net cash flows from operating activities

(b) Weighted average no. of ordinary shares (Note 30.1)

Net operating cash flow per share (a/b)

(a) Net cash flows from operating activities	7,567,092	4,294,474
(b) Weighted average no. of ordinary shares (Note 30.1)	10,000	10,000
Net operating cash flow per share (a/b)	756.71	429.45

32.1 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.

33 Reconciliation of operating cash flow:

Cash flows from operating activities

Profit before taxation

adjustment for:

Depreciation & Amortization

Finance expenses

Finance income

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 2025 Taka	31 Dec 2024 Taka
Cash flows from operating activities		
Profit before taxation	11,767,730	15,416,677
adjustment for:		
Depreciation & Amortization	1,442,894	1,115,878
Finance expenses	324,794	352,937
Finance income	(270,706)	(73,839)
Other income	(7,584)	(63,599)
Operating profit before working capital changes	13,257,128	16,748,055
Increase/decrease in trade and other receivable	(1,219,411)	(11,938,663)
Increase/decrease in trade and other payable	1,194,592	2,334,801
Cash generated from operating activities	13,232,307	7,144,188
Interest received from bank deposit	270,706	73,839
Income tax paid	(5,935,922)	(2,923,551)
Net cash (used in)/from operating activities	7,567,092	4,294,474

34 Events after the reporting date**34.1 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 February 03, 2026, has unanimously recommended cash dividend @ 200% of the paid up capital of the company for the year ended on 31 December 2025 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 31 March 2026.



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 longterm 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 ease 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 27th ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting (AGM) of RAK Ceramics (Bangladesh) Limited will be held on Tuesday, March 31, 2026 at 11:00 am (Bangladesh Time). Pursuant to the Bangladesh Securities and Exchange Commission's Directives 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/rakceramics2026> to transact the following businesses:

AGENDA

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2025, together with the reports of the Auditor and the Directors.
- To declare dividend for the year ended 31 December 2025.
- To elect/re-elect Director(s) of the Company.
- To consider appointment of Female Independent Director of the Company.
- To appoint the Statutory Auditors of the Company for the year 2026 and fix their remuneration.
- To appoint the Compliance Auditors of the Company for the year 2026 for compliance certification on corporate governance and fix their remuneration.
- 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.



QR code for virtual AGM

By order of the Board of Directors

Sd/-
(Muhammad Shahidul Islam FCS)
Company Secretary

Dhaka, Bangladesh
Date: March 08, 2026

Notes:

- The shareholders whose name appeared in the Share/Depository Register as on the 'Record Date' (i.e. February 25, 2026), are eligible to participate in the 27th AGM and receive the dividend.
- The Board unanimously recommended dividend @ 10% in cash to the general shareholders only (excluding the sponsors and directors) for the year 2025. The quantity of shares held by the sponsors and directors is 308,482,421 (i.e. 72.08%); who will not be entitled to such recommended dividend. The amount of recommended dividend payable to the general shareholders is BDT 119,486,280/- against their total shareholdings of 119,486,280 shares (i.e. 27.92%).
- Mr. Wassim Moukahhal will retire by rotation in the 27th AGM. Mr. Manoj Uttamrao Ahire will retire in the 27th AGM as he was appointed as an additional director by the Board and being eligible, offered themselves for re-election, placing in the 27th Annual General Meeting for shareholders' approval.
- 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.
- 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.
- 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.
- Shareholders are requested to submit through mail to the Company at sharedepartment.bgd@rakceramics.com on or before March 25, 2026, 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.
- 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 25, 2026; 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, 2025. 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.
- 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/rakceramics2026>
- Shareholders are requested to log in to the system prior to the meeting start time of 11:00 am (Bangladesh Time) on 30 March 2026. The webcast will start at 10.45 am on March 31, 2026. Please contact +8801730058055 and +8801730055355 for any technical difficulties in accessing the virtual meeting.
- 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

RAK
CERAMICS

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 27th Annual General Meeting (AGM) of RAK Ceramics (Bangladesh) Limited to be held on Tuesday, March 31, 2026 at 11:00 am (Bangladesh Time) at Pursuant to the Bangladesh Securities and Exchange Commission's Letter No. BSEC/ICAD/SRIC/2024/318/87 dated March 27, 2024; the ensuing 27th AGM of the Company will be conducted virtually by using digital platform through the following link <https://agmbd.live/rakceramics2026> as witness my/our hand this.....day of 2026.

Revenue
Stamp of
Tk. 100/-

.....
(Signature of Proxy)

.....
Signature of the Shareholder (s)

BO ID No. BO ID No.

No. of Shares held: No. of Shares held:

Notes:

- A shareholder entitled to attend and vote in the AGM may appoint a Proxy to attend and vote on his/her behalf.
- 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.
- Signature of the shareholder must be in accordance with the Specimen Signature recorded with the Company.
- 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

RAK Ceramics (Bangladesh) Limited

RAK Tower (7th, 8th & 9th floor), 1/A Jasimuddin Avenue, Sector-3, Uttara Model Town, Dhaka-1230.

Attendance Slip

I/We do here by record my/our attendance at the 27th Annual General Meeting of the company to be held on March 31, 2026, at 11:00 am (Bangladesh time). The AGM will be held virtually via digital platform and can be accessible on the following link: <https://agmbd.live/rakceramics2026>.

Name of the Shareholder (s)/Proxy:

BO ID No.

BO ID No.

No. of Shares held by Shareholder:

.....
Signature of the Shareholder(s)/Proxy

No. of Shares held by Proxy holder:



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 25, 2026.
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 25, 2026.
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.



SCAN TO DOWNLOAD
RAK CERAMICS
ANDROID APP
TO BROWSE ALL TILES
AND SANITARY WARE

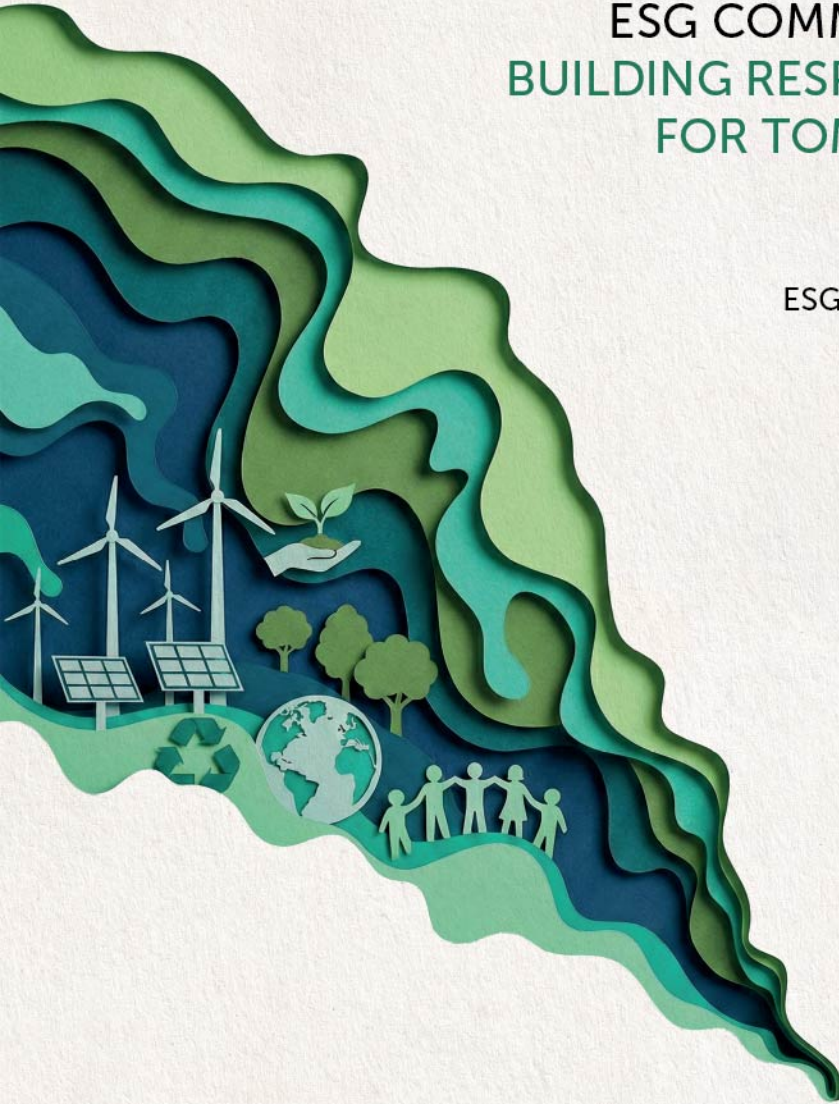
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RAK CERAMICS CARELINE

RAK
CERAMICS

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ESG COMMITMENT: BUILDING RESPONSIBLY FOR TOMORROW

ESG REPORT 2025



RAK CERAMICS (BANGLADESH) LIMITED

RAK
CERAMICS



ESG COMMITMENT: BUILDING RESPONSIBLY FOR TOMORROW

At RAK Ceramics (Bangladesh) Limited, sustainability is embedded in the way we operate, innovate and grow the business. Our ESG approach aligns long-term performance with environmental stewardship, social responsibility and sound governance practices. We continue to make progress in energy-efficiency, while optimising gas and water consumption, reducing waste generation and strengthening recycling initiatives.

At the same time, we prioritise workplace safety, employee wellbeing and upskilling, while engaging with communities to support inclusive growth. Anchored by transparent decision-making, rigorous internal controls and ethical business conduct, our governance framework inspires shareholder and regulatory confidence.



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Executive Summary

Bangladesh’s real estate and infrastructure sectors continue to evolve in response to rapid urbanisation, rising disposable incomes and expanding industrial and commercial activity. Major urban centres such as Dhaka, Chattogram and other emerging growth corridors are witnessing sustained demand for quality residential, commercial and mixed-use developments. As cities modernise and vertical living becomes increasingly prevalent, the need for superior building materials and innovative surface solutions is becoming even more pronounced. In this dynamic landscape, the construction ecosystem is poised to play a role in shaping the country’s built environment for decades to come.

Within this context, RAK Ceramics (Bangladesh) Limited stands as one of the country’s most respected and established names in ceramics and building materials. With a strong manufacturing base and an extensive nationwide distribution network, backed by a global parentage, the Company has consistently delivered world-class tiles, sanitaryware and allied products that meet international quality standards while catering to local aspirations and expectations. Over the years, the Company has built enduring trust among customers, real estate developers, architects and institutional clients through product excellence and customer-centric services.

This ESG Report marks an important milestone in the Company’s sustainability journey, capturing progress and performance across the reporting year of 2025. Prepared in alignment with the disclosure expectations of our stakeholders, the report reflects our commitment to responsible growth linked to long-term value creation. . Importantly, despite the Company passing through several challenges in the past few years, its sustainability commitment has remained unwavering.

With information organised across Environmental, Social and Governance dimensions, the report presents a view of how the Company integrates sustainability into its strategy and operations.

Looking ahead to 2026 and beyond, RAK Ceramics (Bangladesh) Limited has chalked out sustainability objectives to strengthen competitiveness in an evolving market. On the environmental front, the Company is focused on improving energy efficiency across manufacturing operations, optimising resource utilisation, reducing carbon intensity, increasing the use of recycled and sustainable materials, minimising waste and enhancing water stewardship. The pursuit of green certifications and environmentally-responsible product innovation remains a part of this roadmap.

From a social and governance perspective, the Company pledges to foster an inclusive workforce, strengthening occupational health and safety and nurturing a culture of integrity and ownership. Emphasis is put on employee well-being, skills development, customer engagement and transparent communication. The Company also seeks to reinforce its corporate governance framework, strengthen supply chain oversight and maintain IT security standards.

Through this report, we reaffirm our commitment to transparent communication and responsible progress, sharing our achievements and future objectives as we advance towards a more sustainable and resilient future.



Report Overview

About This Report

RAK Ceramics (Bangladesh) Limited (“RAK” or “RAK Ceramics” or “the Company”) is the country’s leading ceramics manufacturer, distinguished by its state-of-the-art production facilities, robust network presence and deep customer affinity. Over the years, the Company has cultivated trade goodwill and enduring trust in the RAK brand, reinforcing its position as a benchmark for quality and reliability in the ceramics industry.

This ESG Report outlines the Company’s vision, strategic priorities and performance across Environmental, Social and Governance (ESG) parameters, along with goals and aspirations. The report also presents key elements of the business strategy amidst an evolving economic, political and regulatory landscape.

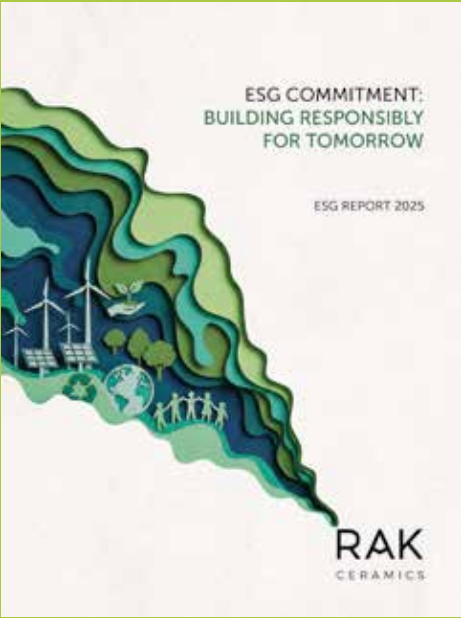
In developing this report, the Company has adhered to the core reporting principles of accuracy and comparability. The content reflects a balanced and concise approach to provide reliable information to stakeholders.

Reporting Period and Boundary

The reporting period comprises from 1 January 2025 to 31 December 2025. The reported performance data includes economic, governance, workplace and social metrics at the organisation level, covering the operations of the flagship company RAK Ceramics (Bangladesh) Limited.

Environmental performance data pertains to the Company’s manufacturing facilities in Bangladesh. Disclosures include energy consumption, water usage and materials/

waste management across these facilities. Data primarily relates to the manufacturing operations, where raw materials are processed into finished products.



Our SDG Impacts

Sustainable growth must align with national development priorities. In this regard, our ESG impacts are mapped against the UN Sustainable Development Goals (SDGs), ensuring that our operations, products and community initiatives contribute to Bangladesh's economic, social and environmental progress. The following SDG impact map highlight our actions and objectives that contribute to these goals in creating value.

Sustainability Mapping Through the SDGs



SDG 1: NO POVERTY

- Direct and indirect employment creation
- Stable income opportunities across the supply chain
- Community engagement initiatives in surrounding areas



SDG 2: ZERO HUNGER

- Support for vulnerable communities, as needed
- Responsible sourcing from local small businesses



SDG 3: GOOD HEALTH AND WELL-BEING

- Occupational health and safety
- Safe working conditions across manufacturing facilities
- Employee wellness and safety training programs



SDG 4: QUALITY EDUCATION

- Employee skill development and technical training
- Capacity building for workforce and operational excellence



SDG 5: GENDER EQUALITY

- Commitment to equitable hiring practices
- Inclusive workplace policies
- Focus on increasing female workforce participation



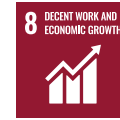
SDG 6: CLEAN WATER AND SANITATION

- Effluent Treatment Plants (ETPs) ensuring compliant water discharge and reuse
- Process water recycling initiatives
- Water conservation measures



SDG 7: AFFORDABLE AND CLEAN ENERGY

- Energy efficiency improvements in kilns and machinery
- Exploration of alternative energy sources
- Monitoring and optimisation of power consumption



SDG 8: DECENT WORK AND ECONOMIC GROWTH

- Contribution to Bangladesh's industrial and manufacturing growth
- Direct and indirect livelihood opportunities
- Safety-oriented and regulatory-compliant labour practices
- Ethical supply chain management



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Advanced manufacturing, including the Italian SACMI technology
- Ongoing innovation in tiles and sanitaryware, including technical innovation
- Contribution to sustainable construction and infrastructure



SDG 10: REDUCED INEQUALITIES

- Equal opportunity employment policies
- Fair and transparent workplace practices



SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

- Supply of durable, high-quality building materials
- Products supporting modern infrastructure development
- Environmentally responsible manufacturing processes



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

- Efforts in formulation improvements for natural resources such as clay
- Raw material efficiency and waste reduction programs
- Recycling and reuse of process waste
- Optimisation of paper use through digitisation



SDG 13: CLIMATE ACTION

- Reduction in carbon emission
- Energy optimisation and fuel efficiency measures



SDG 14: LIFE BELOW WATER

- Treated wastewater discharge in compliance with norms
- Prevention of industrial effluent contamination



SDG 15: LIFE ON LAND

- Greening and tree plantation initiatives
- Dust and emission control
- Noise reduction
- Responsible raw material sourcing



SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

- Robust corporate governance frameworks
- Ethical business conduct and regulatory compliance
- Transparent reporting and trust-based stakeholder engagement



SDG 17: PARTNERSHIPS FOR THE GOALS

- Collaboration with suppliers, regulators and industry bodies
- Engagement with stakeholders to strengthen ESG performance and impact



Message from the Chairman



Dear Stakeholders,

RAK Ceramics (Bangladesh) Limited is steadfast in conducting business responsibly, sustainably and ethically. As we present our ESG Report for FY2025, we reflect on a year defined by resilience to overcome the odds and determination to build a better future. This report outlines our performance, initiatives and approach across Environmental, Social and Governance (ESG) dimensions, reaffirming our dedication to long-term success.

Operating in Bangladesh's dynamic landscape, we recognise the role of our industry in shaping a sustainable future. As cities expand and development accelerates, ceramics manufacturers carry a responsibility that goes beyond commercial success. We must contribute to reducing environmental impacts, conserving resources and promoting safer and healthier communities. Sustainability is therefore not peripheral but integral to how we operate.

Our philosophy places people at the centre of everything we do. Whether it is our customers, employees, business partners, shareholders, regulators or the communities around us, we feel sustainable progress must create shared value. This guides our approach to health and well-being initiatives, workplace safety standards, environmental stewardship and responsible governance.

We are mindful of the urgent need to reduce GHG emissions, optimise resource consumption and minimise waste across our manufacturing processes. Investment in efficiency improvements, recycling and operational controls reflect our resolve to align growth with environmental responsibility.



Equally important is our commitment to a safe and inclusive workplace. We strive to foster a culture of accountability, integrity and respect, ensuring that employee wellbeing and safety remain key priorities. Our governance framework reinforces this commitment through rigorous compliance, risk management and transparent reporting.

Looking ahead, our ESG objectives provide a clear pathway for resilience and competitiveness in a rapidly evolving market. We are motivated by the responsibility to leave behind a sustainable legacy for future generations of Bangladesh.

Through this report, we share both our progress and our aspirations, confident that by integrating sustainability into every facet of our business we will contribute meaningfully to the Bangladesh's development journey.

Warm Regards,

A stylized signature in black ink.

Abdallah Massaad

Chairman



Message from the Managing Director



Dear Stakeholders,

The year 2025 has been one of careful business management as we continued to face challenges similar to the past years. Amidst the constant uncertainty, what was certain was our continued commitment to sustainability and ESG.

We are pleased to present this ESG Report 2025, which outlines our performance across Environmental, Social and Governance (ESG) aspects and reflects our philosophy that People and Prosperity must take into account Planet responsibility.

As Bangladesh's leading ceramics manufacturer, our operations carry both opportunity and responsibility. Sustainability remains central to how we produce, innovate and deliver value. In fact, our focus extends beyond operational excellence to ensuring that our growth contributes positively to the environment, our people and the communities we serve.

During the year, we made advances in environmental stewardship. Energy efficiency across our manufacturing facilities improved through process optimisation and better resource management. We achieved a reduction in CO₂ emissions intensity, contributing to a better environment.

Our other environmental parameters such as air emissions and workplace conditions remained satisfactory and within regulatory limits, indicating effective control systems. Water and effluent management initiatives were further strengthened to promote conservation and responsible discharge.

Equally important has been our emphasis on occupational safety. We enhanced safety protocols, conducted 85 training sessions during the year and enhanced onsite monitoring to ensure that worker



safety remained paramount. Our goal is to cultivate a culture where safety is embedded in everyday working and there is an accident-free environment.

On the social front, we continue to prioritise employee engagement. We believe that a cohesive workforce is vital to productivity and performance and we create the conditions that empower our people to thrive and achieve success.

Our governance framework remains robust, underpinned by strong compliance and vigilance mechanisms, ethical conduct, risk management oversight and Policy-led decision-making. Transparent reporting and accountability are fundamental to sustaining shareholder trust and corporate integrity.

We value the support of our stakeholders and welcome your feedback as we work together to build a more sustainable and resilient future for Bangladesh.

Thank you,


SAK Ekramuzzaman
Managing Director



Sustainability Approach

We undertake materiality assessment through stakeholder engagement to identify sustainability and ESG topics most relevant to our business and its impacts. This has helped prioritise issues that influence our environmental footprint, social impacts, governance practices and stakeholder interests.

The following material issues serve as a compass, ensuring that our sustainability initiatives remain focused, measurable and aligned to stakeholder priorities. We periodically refine and expand our material topics to reflect evolving industry dynamics, regulatory expectations and climate-related considerations relevant to the ceramics sector.



ENVIRONMENT

- Energy and emissions
- Water management
- Waste management
- Climate change
- Material efficiency
- Environmental stewardship



SOCIAL

- Occupational health and safety
- Diversity and inclusion
- Talent acquisition and retention
- Learning and development
- Customer stewardship
- Social citizenship



GOVERNANCE

- Business ethics
- Corporate governance
- Supply chain management
- Data and cybersecurity
- Responsible business control

ESG Highlights

In 2025, RAK Ceramics (Bangladesh) Limited strengthened its ESG performance through achieving all-round improvements, even amidst tough market conditions, reflecting our commitment to responsible growth and sustainable value.

ENVIRONMENT



11%
Reduction in Natural Gas Consumption



15.8%
Reduction in Diesel Consumption



3.3%
Reduction in Electricity Consumption



10.55%
Reduction in Scope-1 Emission



3.3%
Reduction in Scope-2 Emission

SOCIAL



85
No. of Safety Trainings



21,703
Man-Hours Training in Safety



1,095
Safety Initiatives Organised



4.36%
Reduction in LTIR



62
Women Employees (Permanent and Casual)

GOVERNANCE



7
Directors on the Board



204 years
Collective Experience of the Board

A Deep Dive into our ESG Principles

We undertake materiality assessment through stakeholder engagement to identify sustainability and ESG topics most relevant to our business and its impacts. This has helped prioritise issues that influence our environmental footprint, social impacts, governance practices and stakeholder interests.

The following material issues serve as a compass, ensuring that our sustainability initiatives remain focused, measurable and aligned to stakeholder priorities. We periodically refine and expand our material topics to reflect evolving industry dynamics, regulatory expectations and climate-related considerations relevant to the ceramics sector.



“

In 2025, we continued to build desirability at scale with our brands, focusing on market development in high-growth demand spaces. Even as this emphasis continued, we achieved material developments in ESG, strengthening sustainability across our operations. I am pleased to note that during the year, we achieved measurable progress in energy optimisation, workplace safety and governance as we upheld high compliance standards, transparency and ethical business conduct. These efforts have strengthened our institutional capacity in sustained value creation.

SAK Ekramuzzaman
Managing Director

RAK Ceramic’s ESG Performance 2025 at a Glance

Emission Reduction

Reduction in electricity, natural gas, and CO₂ emissions



Safety Initiatives

Expansion of safety initiatives and improvement in Lost Time Injury Rate.



Sustainable Practices

Implementation of sustainable practices across various areas.



Air Quality Management

SOx and NOx emissions maintained within regulatory limites.



Governance Practices

Robust governance practices ensuring compliance and ethical standards



Environment Management

Overview

Despite progress in disaster risk management, Bangladesh remains vulnerable to climate change. According to the World Bank Group’s Country and Climate Development Report (2022), average tropical cyclones still cost the nation around US\$1 billion annually, and without accelerated adaptation efforts, climate risks could threaten long-term economic growth.

The report states that by 2050, up to one-third of agricultural GDP could be lost, 13 million people may become internal climate migrants and, in the event of severe flooding, GDP could decline by as much as 9%. Although Bangladesh has reduced cyclone-related deaths 100-fold over the past 50 years, rising climate intensity demands stronger resilience measures, particularly to protect poor and vulnerable communities.

While the country currently contributes only 0.4% of global GHG emissions, these could rise under a business-as-usual growth pathway. Air pollution already costs the economy an estimated 9% of GDP annually, underscoring the need for cleaner energy and improved efficiency across sectors.

Our Approach

As an institution with an international heritage and strong Bangladeshi roots, managing environmental impact is central to our sustainability approach.

Being a leading ceramics manufacturer, we recognise that responsible environmental stewardship strengthens compliance, operational efficiency and long-term competitiveness, while contributing positively to the nation. It enhances stakeholder trust, mitigates environmental risks and encourages innovation in the manufacturing process and product development. Our environmental approach is aligned to applicable national regulations to ensure disciplined monitoring, performance improvement and accountability.

Energy efficiency is a key priority. Through continuous process optimisation, kiln efficiency improvements, waste heat recovery initiatives and enhanced monitoring systems, we strive to reduce energy intensity and associated carbon emissions. Automation and preventive maintenance support improved resource optimisation, enabling us to steadily lower our carbon footprint.

Water stewardship is equally important. Ceramics manufacturing is water-intensive and we place emphasis on efficient water use, recycling and responsible discharge. Our facilities operate effluent treatment systems to ensure water is treated comprehensively prior to discharge or reuse. Process water recycling mechanisms are continuously strengthened too to minimise freshwater intake.

In line with the principles of reduce, reuse and recycle, we manage material efficiency

and waste reduction. Solid waste segregation, increased recycling of process rejects and responsible disposal practices form a part of our waste management practices. We are also exploring use of alternative inputs in select product lineups to reduce dependence on new resources. Digitalisation initiatives have helped limit paper consumption and have improved documentation efficiency.

Beyond compliance, we seek to contribute positively to the surrounding ecosystem. Green landscaping within factory premises, tree plantation initiatives and dust, noise and emission control support improved environmental quality. Our long-term approach integrates climate resilience into operational planning, ensuring that our manufacturing processes remain adaptive amidst evolving environmental challenges.

Objectives and Goals	
Minimise energy use and maximise decarbonisation	• Ensure energy efficiency remains Management's priority • Implement tracking and analysis of energy consumption and emissions by source and ensure reliable monitoring • Optimise energy consumption through conservation • Optimise factory and office lighting
Environmental awareness	• Create awareness amongst employees towards the importance of environmental conservation practices • Foster understanding of basic climate-related risks and mitigation
Green and tree planting	• Develop a green and clean area around our factory premises • Plant the seed of environmental consciousness among our workforce • Observe key events such as the World Environment Day

Energy and Carbon Management

Energy is a critical input in ceramics manufacturing, supporting processes such as raw material preparation, kiln firing, glazing, polishing and finished goods handling. Significant energy is also consumed in operating heavy machinery, compressed air systems, lighting and facility infrastructure. Effective energy management is hence essential not only to control operational costs but also to minimise environmental impacts and reduce carbon intensity.



Energy management is a major priority in our operational framework. We continuously optimise kiln performance, upgrade machinery for higher efficiency and deploy monitoring systems to track and manage energy consumption. Process improvements, preventive maintenance and automation support responsible energy use. At the same time, we are progressively exploring energy alternatives, where feasible, showing our commitment to lowering emissions and advancing more sustainable manufacturing practices.

Review of Key Metrics in 2025

In 2025, we achieved measurable improvements in energy efficiency and carbon management performance. Reductions in both electricity and natural gas consumption per ton of production reflect strengthened operational controls, process optimization, and disciplined energy management across our manufacturing footprint.

In 2025, production increased to 200,116 tons, reflecting a 26.13% growth compared to 2024. This strong performance demonstrates improved operational capacity and higher output levels.

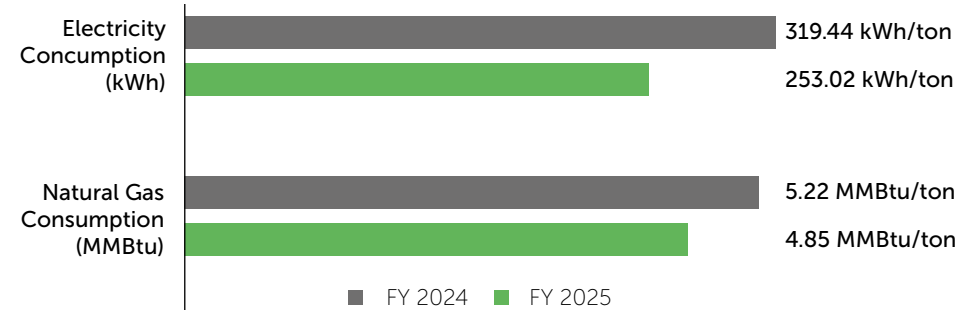
Notably, the increase in production was supported by enhanced energy efficiency, with reductions in electricity and natural gas consumption per ton, indicating more efficient and sustainable manufacturing operations.

These operational efficiencies translated into a year-on-year reduction in both Scope 1 and Scope 2 CO₂ emissions, underscoring the effectiveness of our carbon management initiatives and reinforcing our commitment to lowering the environmental footprint of our operations.

Performance Highlights 2025:

- Scope 1 emissions decreased by 7.2% compared to 2024, driven primarily by reduced natural gas consumption per ton of production.
- Scope 2 emissions decreased by 20.8% compared to 2024, reflecting significant improvements in electricity efficiency.

Overall carbon performance improved substantially in 2025 as a result of enhanced operational efficiency and disciplined energy management practices.



Air Emissions and Workplace Environmental Monitoring (ESG Performance)

The Company continues to prioritize environmental protection through the effective management of air emissions and workplace environmental conditions. Emission control systems, dust collectors, and continuous monitoring mechanisms are installed at critical process points to minimize atmospheric pollutants and ensure regulatory compliance. Preventive maintenance programs for kilns, generators, and material handling equipment further support emission reduction initiatives and strengthen overall environmental performance.

Performance Review (2025)

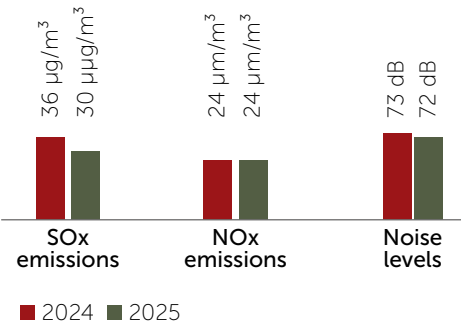
Air emission levels remained within applicable regulatory standards throughout the year, reflecting disciplined monitoring and effective operational controls. During 2025, SOx emissions declined from 36 µg/m³ in 2024 to 30 µg/m³, demonstrating improvement in emission control efficiency. NOx emissions remained stable at 24 µg/m³, indicating consistent management and controlled combustion processes.

In terms of occupational health and safety, workplace environmental conditions showed positive results. Noise levels reduced slightly from 73 dB to 72 dB, contributing to a safer and more comfortable working environment for employees.

Overall, the year’s performance indicates sustained commitment to responsible environmental management, continuous monitoring, and compliance with environmental and workplace safety standards.

Key ESG Environmental Metrics (2024–2025)

- SOx emissions decreased from 36 µg/m³ to 30 µg/m³
- NOx emissions remained stable at 24 µg/m³
- Noise levels reduced from 73 dB to 72 dB



Water Stewardship

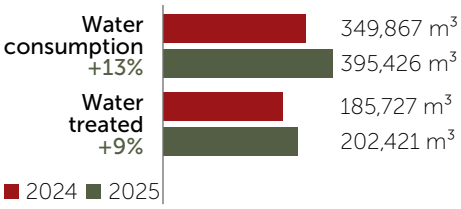
Water stewardship remains a strategic priority for RAK Ceramics (Bangladesh) Limited, as ceramic manufacturing is inherently water-intensive across key operational processes, including body preparation, glazing, polishing, and equipment cooling. In Bangladesh, where freshwater resources are increasingly constrained due to rapid urbanization, industrial expansion, and climate variability, responsible water management is both an operational necessity and an environmental obligation.

The Company recognizes that efficient water use is critical to safeguarding long-term resource availability, reducing operational risks, and mitigating regulatory exposure. Through systematic monitoring, process optimization, and effective wastewater treatment systems, RAK Ceramics (Bangladesh) Limited continues to strengthen its water governance framework in alignment with sustainable industrial practices



Key Water Metrics (2024–2025)
ESG Interpretation

- Water consumption increased by 13.0% in 2025, primarily due to higher production volumes and operational requirements.
- ETP treated water increased by 9.0%, reflecting continued improvement in wastewater treatment capacity and compliance performance.
- The results demonstrate that wastewater treatment operations scaled alongside production demand, supporting environmental compliance and responsible water management.

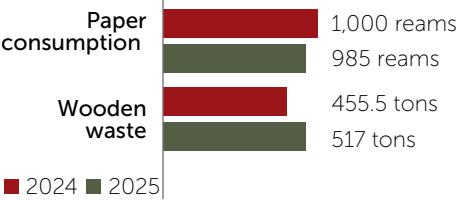


Materials and Waste Management

RAK Ceramics (Bangladesh) Limited recognises that effective material management is essential to sustainable manufacturing. Raw materials, packaging inputs, and logistics resources represent a significant portion of the Company’s operational footprint. Efficient material use reduces environmental impact, minimises waste generation, and supports circular economy principles.

Performance Overview (2024–2025)

- Paper consumption decreased from 1,000 reams in 2024 to 985 reams in 2025 (1.5%), reflecting improved resource efficiency and reduced administrative material use.
- Wooden waste increased from 455.5 tons in 2024 to 517 tons in 2025 (13.5%). The increase was primarily driven by increased production volumes and higher packaging and logistics requirements.



The details for 2025 are as follows:

- Paper consumption decreased to 985 reams in 2025, compared to 1,000 reams in the previous year.
- Wooden waste increased to 517 tons in 2025, up from 455.5 tons in 2024.

Biodiversity and Reforestation

RAK Ceramics (Bangladesh) Limited is committed to maintaining a balance between industrial growth and environmental stewardship. As a leading ceramics manufacturer, our sustainability approach focuses on minimising ecological impacts while creating long-term value for society and the communities in which we operate. Through initiatives such as tree plantation and conservation, we strive to contribute positively to local ecosystems and enhance carbon sequestration.

World Environment Day Observance on June 5, 2025

On the occasion of World Environment Day 2025, RAK Ceramics (Bangladesh) Limited organised several awareness-driven initiatives to reinforce its environmental commitment. An Environment Day meeting and presentation on the theme 'Beat Plastic Pollution' highlighted the importance of reducing plastic waste and promoting sustainable alternatives. Employees actively participated in an awareness rally to spread the message of environmental responsibility. The celebrations concluded with a tree plantation program, reflecting our dedication to foster a greener, healthier and more sustainable environment.



Social Activities

Our Approach

RAK Ceramics (Bangladesh) Limited believes that sustainable growth must be inclusive and socially responsible. As a leading industrial organisation, we recognise our role in contributing positively to the communities in which we operate. Our social initiatives are guided by employee welfare and development, and community contribution.

Employee safety and professional growth are central to our social agenda. We continue to strengthen workplace safety through regular training, awareness sessions and safety initiatives. Beyond compliance, we focus on building a culture of care and accountability. Skill development initiatives, technical training and upskilling are regularly conducted to enhance employee capabilities and growth potential.

Community engagement forms another important pillar of our social responsibility. The Company supports local communities through targeted donations for important matters such as healthcare and education,

together with need-based contribution. This fosters a tangible local impact while ensuring positive relations with surrounding communities.



Objectives and Goals

Talent acquisition and retention		• Attracting quality talent • Maintaining talent commitment to business goals through engagement and development opportunities
Learning and development		• Fostering continuous learning through targeted training • Aligning workforce to stay in tune with industry trends and best practices
Occupational safety		• Maintaining a safe workplace as a top priority • Organising safety programs • Embedding safety as a shopfloor culture
Diversity and inclusion		• Cultivating a workforce that is diverse and inclusive • Fostering an environment where everyone feels valued and respected
Community citizenship		• Making donations and contributions to key societal matters • Providing need-based support
Customer care		• Enhancing customer care by delivering exceptional products and solutions • Nurturing trust and loyalty in our brands

Our Employees

A diverse workforce enhances innovation, decision-making and adaptability while fostering inclusivity and better customer understanding. We maintained a balanced mix of employee categories in the reporting period, with senior management accounting for 0.47%, middle management 1.52%, junior management 8.01%, Assistant Management 22.15% and 67.86% support staff among our permanent employees.

Total employees remained stable at 1,516 during the year, with casual employment increasing slightly to meet operational demands. Women employees (permanent) constituted about 2% of the workforce during the year, with 30 permanent women employees. We had 34 women employees in the previous year. We had 32 contractual women employees in 2025, up from 30 in the past year.

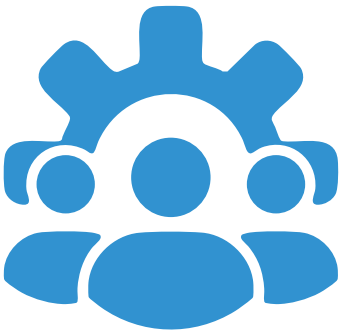
We are proud to be a preferred employer for new and dynamic talent in the industry.



Total workforce	
2024	2025
1,522	1,516

Workforce by category	
Senior management	0.47%
Middle management	1.52%
Junior management	8.01%
Assistant Management	22.15%
Support staff	67.86%

Total employees by age (%)		
Age Range	No of Employees	Percentage (%)
19–24	151	8.83
25–30	344	20.11
31–50	1,101	64.35
51–59	1,711	6.72



Employee Engagement and Participation



Employee engagement is central to building a strong and values-driven culture. A workplace rooted in trust, transparency and mutual respect enables employees to feel connected to the Company’s purpose and are proud of their contributions. Meaningful engagement initiatives foster belonging, strengthen teamwork and enhance overall morale, ultimately supporting higher retention and sustained performance.



Throughout the year, we organised engagement programs to promote well-being, inclusivity and team spirit. Celebrating employee birthdays, recognising milestones and arranging team activities helped foster a positive and supportive work environment. We also observed special occasions such as World Environment Day and other culturally significant events, encouraging employee participation.



Training and Development

Employee training is integral to our long-term success. As a manufacturing organisation, we recognise that building a skilled and safety-conscious workforce is essential for maintaining quality standards and competitiveness. Continuous learning and training, especially exposure to safety and safe practices, enables our employees to enhance their technical capabilities and productivity, in line with technological advancements.

Total Safety Training Number

2022	2023	2024	2025
19	63	52	85

Total Safety Training Manhour

2022	2023	2024	2025
2154	8134	15,747.90	21,703.25

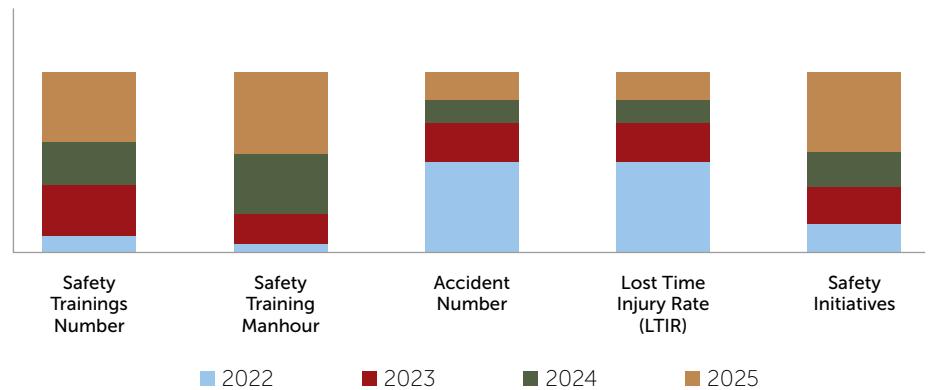
Total Safety initiatives

2022	2023	2024	2025
378	513	460	1,095

Lost Time Injury Rate (LTIR)

2022	2023	2024	2025
4.56	3.79	4.95%	4.36%

OHS Chart



In 2025, we conducted several trainings covering areas such as fire safety, safe handling of natural gas, acetylene, Permit to Work (PTW), SOP, HIRA, Electrical & Mechanical Process Safety, Kaizen and 5 S, Fire Safety, Rescue, First Aid etc., and other awareness trainings. These are discussed below.



Fire safety training

In alignment with statutory requirements and our commitment to occupational health and safety, RAK Ceramics (Bangladesh) Limited conducts comprehensive fire safety training and fire drills at its factory twice annually, in collaboration with the Bangladesh Fire Service and Civil Defence (BFSCD). These initiatives are reinforced by regular in-house training sessions on firefighting, fire prevention, rescue operations, and first aid conducted throughout the year. The programme combines structured theoretical instruction with hands-on practical demonstrations, ensuring employees are well-equipped with the knowledge and competencies necessary for fire risk prevention, effective emergency response, and the proper use of firefighting equipment.



Safety marshal training

A safety marshal training program was conducted to strengthen safety leadership in every section across the factory. Designed specifically for safety marshals, the session covered areas such as identification of workplace hazards, understanding risk control measures and reinforcing the roles and responsibilities of safety marshals in maintaining a safe work environment. The training also introduced the principles of Basic 5S to promote better housekeeping and accident prevention. The program spanned a total of 280 man-hours.



Awareness program on safe handling of resources

A safety awareness program on the safe handling of natural gas, acetylene, oxygen and CNG was conducted for the electrical and mechanical teams to reinforce critical safety practices in high-risk areas. The session focused on the safe use and storage of gas cylinders, fire prevention measures and proper handling procedures to minimise hazards associated with flammable gases. Participants were also briefed on relevant national and international standards, guidelines and legal requirements governing gas safety.



Safety awareness training

An awareness training session was conducted on 6 September 2025 for forklift operators and personnel responsible for handling finished goods. The program focused on safe material handling practices, accident prevention, load management and warehouse safety to minimise operational risks. With a total of 19 man-hours completed, the session discussed safe driving behaviour, proper stacking technique, etc.



Industrial attachment and internship

RAK Ceramics (Bangladesh) Limited continued to strengthening collaboration with leading academic institutions through industrial attachment and internship programs.

A total of 120 students and 10 faculty members from IPE, BUET, participated

in an industrial attachment program conducted in three groups, with the final team visiting on 10 July 2025. Prior to commencement, all participants received a comprehensive safety induction and 100% compliance with PPE requirements was strictly maintained. Feedback was collected from both students and faculty, with constructive suggestions including the potential integration of automation and machine learning technologies in the sorting section.

In addition, a group of nine students along with a faculty member from the Department of Ceramics and Sculpture, University of Rajshahi, joined a 60-day Industrial Internship Program starting 15 September 2025. The program provided hands-on exposure to manufacturing processes, supported by safety briefings and PPE compliance throughout the internship period.

Employee Benefits

Employee benefits are a reflection of our commitment to our people. We recognise that competitive and meaningful benefits play a key role in attracting, engaging and retaining talent, while also aligning with our organisational growth objectives. We reinforce a culture of care, loyalty and performance that supports sustained excellence.

Our approach goes beyond statutory compliance. We forge a secure and supportive work environment by offering benefits designed to provide stability, health protection and long-term security. These aim to support our employees in their professional journeys and also in their personal lives, strengthening trust across the organisation.

As a key employee benefit measure, we make contributions to the Workers' Profit Participation and Welfare Fund. Provisions made by the Company in the fund in 2025 stood at BDT 128,701. Besides, we also contributed to the healthcare and child education needs of our employees.

Diversity and Inclusion

Diversity and inclusion are key to building a progressive and resilient organisation. While women (permanent staff) currently represent around 2% of our workforce, reflecting the traditionally male-dominated nature of heavy manufacturing, we are committed to gradually increasing female participation, wherever operationally feasible. The Company encourages women to pursue opportunities across technical, administrative and support functions.

Importantly, at our Company, female representation is balanced between permanent and casual staff categories, showing equitable employment practices across workforce segments. We continue to review policies and recruitment approaches to create a more enabling environment for women.

Review of Key Metrics

While the total number of women across both permanent and casual categories stood at 62 at the close of 2025, we had 30 permanent women employees on our rolls and 32 women on contractual employment during the year.

Employee Turnover

We are committed to providing our employees with an environment that fosters professional growth and capacity development, promoting a healthy and stable work environment. However, an inevitable part of our journey is employee turnover. In the reporting year, we recorded employee turnover of 18.56%, an acceptable level considering the churn in the overall ceramics and manufacturing industries.

Importantly, we maintain an open dialogue with our employees to understand their perspectives and provide better growth opportunities. We offer competitive compensation, career development pathways and a positive work environment to boost satisfaction and retention.



EMPLOYEE
TURNOVER OF

18.56 %

Community Welfare

We are committed to being a responsible corporate and fostering social and environmental well-being. Our citizenship initiatives encompass community development through contributions and donations that place emphasis on education, healthcare and other support, as needed. Our measures enhance access to education, improving learning outcomes, as well as donations for individual healthcare. In 2025, we donated BDT 3.09 mn towards social welfare activities, compared to BDT 2.33 mn in the previous year.

WE DONATED
BDT
3.09 MN
IN 2025

Customer Care

Winning the trust of our customers and the trade is a key focus for us. Every interaction with dealers, retail customers, architects, contractors and institutional partners is guided by fairness and transparency. In a competitive and price-sensitive market, we recognise that long-term brand equity is built through consistent delivery, as promised.

Our sales and marketing teams undergo regular training on ethical selling, product transparency and responsible communication. These define how we present product specifications, pricing, warranties, delivery timelines and after-sales commitments.

We provide clear and detailed information regarding product specifications, finishes, durability standards, pricing and availability. Our communication avoids misleading claims and we focus on helping customers make informed decisions aligned to their needs and budgets. From retail walk-ins to large institutional projects, we work collaboratively with customers to deliver value.

Our pricing and promotional practices are fair, competitive and transparent. We ensure that our marketing campaigns, trade schemes and pricing structures are communicated clearly to avoid any ambiguity.



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Governance Practices

Overview

Strong governance forms the bedrock of the Company’s sustainability journey.

The Board of Directors provide strategic oversight across financial performance, risk management and ESG priorities, ensuring that environmental and social considerations are integrated into business decisions. Our Independent Director provides objective guidance, while specialised Board Committees support oversight in areas such as audit, risk, compliance and internal controls.

The Company maintains a strong internal control framework to safeguard assets, ensure regulatory compliance and uphold the accuracy of financial and non-financial disclosures. Regular internal audits, risk reviews and compliance assessments strengthen operational discipline and bolster accountability. Ethical conduct is guided by our Code of Conduct applicable to employees, Management and supply chain partners.

Transparency and stakeholder trust remain central to our governance framework. We promote responsible business practices, fair competition and zero tolerance to corruption or unethical behaviour. Whistleblower mechanism is also in place to enable confidential reporting, and concerns are addressed without fear of retaliation.

RAK Ceramics (Bangladesh) Limited maintains a robust governance framework ensuring accountability, transparency and ethical business conduct. Policies include Ethics, Compliance and Anti-Corruption Policy, Anti-Bribery and Anti-Corruption Policy, Code of Conduct and EHS Policy. Risk management is overseen by the Risk Management Committee and is reviewed by the Board. Further, internal audits are conducted that support governance and internal controls.

Objectives and Goals		
Board composition		• Strong Board helmed by eminent persons of society • Robust strategy formulation and monitoring
Governance and risk		• Progressive corporate governance that ensures compliance with regulations • Effective risk management practices
IT governance		• Structured policies and systems to safeguard data and operational continuity • Monitoring mechanisms and security frameworks to mitigate cyberthreats • Progressive adoption of modern technologies to strengthen operations

Ethics and Integrity

Ethics and integrity form the foundation of our operations. These guide every aspect of our day-to-day business conduct, ensuring that we operate with transparency, accountability and fairness across all stakeholder dealings. Our commitment to these values has strengthened trust, reinforced our industry reputation and deepened stakeholder confidence. Upholding high standards of responsible conduct, we continue to advance our stakeholder-centric vision while fostering a culture rooted in respect and ethical decision-making.

Board Composition

7

DIRECTORS ON THE BOARD

2

INDEPENDENT DIRECTOR

We adhere to the corporate governance standards of the Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Secretarial Standards (BSS), the Companies Act, 1994 and other applicable regulatory frameworks. The Company is committed to maintaining transparency, accountability and regulatory compliance in all aspects of its operations.

The Board, the apex governing authority of the Company, is led by the Chairman and comprises members with diverse industry, financial and strategic expertise. This breadth of experience strengthens oversight, enhances decision-making and supports long-term value. The Board composition is aligned to applicable corporate governance guidelines, ensuring an appropriate balance between executive and independent representation.

Committees of the Board

The Committees of the Board serve as specialised forums that strengthen governance, strategic oversight and regulatory compliance. Constituted in line with applicable corporate governance guidelines, these Committees enable focused discussion on key operational, financial and risk-related matters. Delegating specific responsibilities to these Committees that are guided by their own Terms of Reference (ToR), the Board enhances transparency, accountability and effectiveness in decision-making. The two Committees of the Board are:

- Audit Committee: Entrusted with the oversight of financial reporting integrity, effectiveness of internal control systems, compliance processes and risk management framework.
- Nomination and Remuneration Committee (NRC): Responsible for recommending the appointment, evaluation and succession of Directors and senior management and for overseeing remuneration policies to ensure alignment with performance, governance and long-term shareholder value.



Our Policies

A key aspect of our governance framework is our policies that are our ethical safeguards. We have instituted a governance framework supported by well-defined policies and control mechanisms to uphold ethical business conduct and regulatory compliance.

The Company has in place a formal Ethics, Compliance and Anti-Corruption Policy, an Anti-Bribery and Anti-Corruption Policy, and a well-defined Code of Conduct applicable to Directors, Management and all employees. These policies establish clear standards of integrity, accountability and responsible business conduct across our operations.

Environmental, Health and Safety (EHS) considerations are governed through a structured EHS Policy, reinforcing the Company's commitment to a safe workplace, regulatory compliance and environmental stewardship. Further, the Enterprise Risk Management framework strengthens oversight by systematically identifying, assessing and mitigating strategic and operational risks.

To promote transparency and accountability, the Company maintains an independent Whistleblowing Mechanism, enabling employees and stakeholders to report concerns confidentially and without fear of retaliation.

Enterprise Risk Management

The Company has an established enterprise risk management framework to identify, assess and mitigate strategic, operational, financial and compliance risks. The framework enables the Board and its Committees, especially the Audit Committee, to maintain oversight of emerging risks such as market volatility, supply chain disruptions, regulatory changes and sustainability-related exposures. Enterprise risks are periodically reviewed, with defined mitigation plans, accountability and reporting woven across functions to ensure timely response and informed decisions.



The risk management approach of the Company is integrated with its long-term strategy and ESG priorities, enabling resilience and responsible growth. Particular emphasis is given to operational continuity, resource efficiency, environmental compliance and ethical business conduct. Our risk management processes are overseen by the Risk Management Committee and reviewed on a periodic basis by the Board.

Local Sourcing

We are committed to supporting the economy through local sourcing. Prioritising domestic suppliers, the Company enhances supply chain reliability and fosters long-term partnerships especially with small businesses and service providers. This not only strengthens operational resilience but also contributes to economic development.

Information Technology (IT)

IT governance is an important enabler of the Company, ensuring operational value, financial integrity and strategic decision-making. The Company has established a strong IT team that ensures our technology systems remain secure, reliable and aligned with business objectives. Clearly defined policies, access controls and system authorisations are implemented to safeguard data integrity and maintain internal controls.

Cybersecurity and data protection remain key priorities of our IT governance. Proactive monitoring, periodic vulnerability assessments and secure network protocols are deployed to mitigate cyberthreats and strengthen resilience. Business continuity measures, including data backup and disaster recovery mechanisms are also maintained to minimise operational disruption.

In 2025, the Company did not have any major cases concerning data breach or cyber threats.

ESG Outlook

In 2026, RAK Ceramics (Bangladesh) Limited will continue to strengthen its ESG performance through initiatives across environmental stewardship, social responsibility and governance excellence. The Company aims to further enhance energy efficiency through process optimisation and responsible fuel management, while advancing water conservation. Emphasis will also be given to waste reduction, resource recovery and circular economy practices to minimise environmental footprint, enable decarbonisation and improve operational sustainability.

On the social front, the Company is committed to further improving workplace safety with the objective of reducing incidents through training, continuous monitoring and preventive controls such as mandating PPEs (personal protective equipment). Community engagement and environmental restoration efforts, including green cover expansion, will remain integral to our sustainability roadmap.

Strong governance will continue to underpin all our ESG efforts, with structured oversight, policy reinforcement and transparent reporting ensuring accountability and transparency.





SCAN TO DOWNLOAD
RAK CERAMICS
ANDROID APP
TO BROWSE ALL TILES
AND SANITARY WARE

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RAK CERAMICS CARELINE

RAK
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