

RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 31 March 2020

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 31 March 2020

	Notes	<u>31 Mar 2020</u> Taka	<u>31 Dec 2019</u> Taka
Assets			
Property, plant and equipment	4	2,900,550,108	3,002,294,289
Investment property	5	678,805,280	681,433,369
Right of use assets	6	52,998,055	45,836,335
Intangible assets	7	4,939,267	6,495,047
Capital work-in-progress	8	258,626,564	177,641,997
Total non-current assets		<u>3,895,919,274</u>	<u>3,913,701,037</u>
Inventories	9	2,686,680,192	2,785,630,242
Trade and other receivables	10	958,526,312	859,960,257
Advances, deposits and prepayments	11	289,680,925	267,192,251
Advance income tax	12	3,474,513,864	3,434,063,275
Cash and cash equivalents	13	1,617,785,807	1,499,310,101
Total current assets		<u>9,027,187,100</u>	<u>8,846,156,126</u>
Total assets		<u>12,923,106,374</u>	<u>12,759,857,163</u>
Equity			
Share capital	14	4,279,687,010	4,279,687,010
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,752,970,340	1,601,275,518
Equity attributable to equity holders of the company		<u>7,506,305,329</u>	<u>7,354,610,507</u>
Non-controlling interests		1,434	1,393
Total equity		<u>7,506,306,763</u>	<u>7,354,611,900</u>
Liabilities			
Deferred tax liability	17	187,837,677	191,893,149
Lease liability	20	31,134,996	29,374,867
Total non-current liabilities		<u>218,972,673</u>	<u>221,268,016</u>
Employees benefits payable	18	13,729,883	-
Borrowings	19	29,991,262	89,232,918
Lease liability	20	10,591,572	10,101,008
Trade and other payables	21	643,952,993	691,725,531
Accrued expenses	22	605,719,143	558,665,634
Provision for income tax	23	3,893,842,085	3,834,252,156
Total current liabilities		<u>5,197,826,938</u>	<u>5,183,977,246</u>
Total liabilities		<u>5,416,799,611</u>	<u>5,405,245,263</u>
Total equity and liabilities		<u>12,923,106,374</u>	<u>12,759,857,163</u>

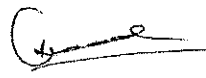
The accompanying notes are an integral part of these financial statements



Chairman



Managing Director



Director



Chief Financial Officer



Company Secretary

Dated, 21 May 2020

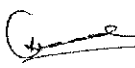
RAK Ceramics (Bangladesh) Ltd.
Consolidated profit or loss and other comprehensive income
for the period ended 31 March 2020

	Notes	<u>31 Mar 2020</u> Taka	<u>31 Mar 2019</u> Taka
Sales	24	1,469,064,133	1,480,784,710
Cost of sales	25	<u>(1,065,537,279)</u>	<u>(1,013,753,062)</u>
Gross profit		403,526,854	467,031,648
Other income	26	1,027,928	2,519,690
Administrative expenses	27	(91,203,690)	(95,716,788)
Impairment loss on trade receivable	27.1	(1,172,355)	(881,414)
Marketing and selling expenses	28	<u>(113,718,221)</u>	<u>(108,112,012)</u>
		<u>(205,066,338)</u>	<u>(202,190,524)</u>
Profit from operating activities		198,460,516	264,841,124
Finance income	29	20,786,043	8,850,378
Finance expenses	30	<u>(2,519,318)</u>	<u>(10,516,820)</u>
Net finance income		18,266,725	(1,666,442)
Profit before contribution to worker's profit participation and welfare fund		<u>216,727,241</u>	<u>263,174,682</u>
Contribution to worker's profit participation and welfare fund	31	<u>(9,497,921)</u>	<u>(11,096,997)</u>
Profit before income tax		207,229,320	252,077,685
Income tax expense			
Current tax	32	(59,589,929)	(71,282,174)
Deferred tax	17	4,055,472	5,145,122
		<u>(55,534,457)</u>	<u>(66,137,052)</u>
Profit for the period		<u>151,694,863</u>	<u>185,940,633</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>151,694,863</u>	<u>185,940,633</u>
Profit attributable to:			
Equity holders of the company		151,694,822	185,940,532
Non-controlling interests		41	101
Profit after tax for the period		<u>151,694,863</u>	<u>185,940,633</u>
Basic earnings per share (Par value TK 10)	38	0.35	0.43


The accompanying notes are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dated, 21 May 2020

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
for the period ended 31 March 2020

	Attributable to owners of the Company					Non- controlling interests Taka	Total equity Taka
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka	Total Taka		
Balance as at 01 January 2019	3,890,624,560	1,473,647,979	1,628,694,440	6,992,966,979	1,546	6,992,968,525	
Prior year adjustment (Leases)	-	-	(13,824,303)	(13,824,303)	-	(13,824,303)	
Total comprehensive income for 2019 Profit/(loss) for the period	-	-	185,940,532	185,940,532	101	185,940,633	
Balance as at 31 March 2019	<u>3,890,624,560</u>	<u>1,473,647,979</u>	<u>1,800,810,669</u>	<u>7,165,083,208</u>	<u>1,647</u>	<u>7,165,084,855</u>	
Balance as at 01 January 2020	4,279,687,010	1,473,647,979	1,601,275,518	7,354,610,507	1,393	7,354,611,900	
Total comprehensive income for 2020 Profit/(loss) for the period	-	-	151,694,822	151,694,822	41	151,694,863	
Balance as at 31 March 2020	<u>4,279,687,010</u>	<u>1,473,647,979</u>	<u>1,752,970,340</u>	<u>7,506,305,329</u>	<u>1,434</u>	<u>7,506,306,763</u>	

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
for the period ended 31 March 2020

	<u>31 Mar 2020</u>	<u>31 Mar 2019</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	1,376,533,835	1,427,840,250
Cash payments to suppliers and employees	<u>(1,085,204,643)</u>	<u>(1,198,236,836)</u>
Cash generated from operating activities	<u>291,329,192</u>	<u>229,603,415</u>
Interest received from bank deposit	1,264,911	1,186,954
Income tax paid (note - 12)	<u>(40,450,589)</u>	<u>(31,652,132)</u>
Net cash (used in)/from operating activities (note-39.1)	<u>252,143,514</u>	<u>199,138,237</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(85,477,023)	(47,828,270)
Sale of property, plant and equipment	176,500	-
Interest received from FDR	16,588,447	5,686,817
Income from rental	330,000	4,972,436
Intangible assets	-	<u>(121,526)</u>
Net cash (used in)/from investing activities	<u>(68,382,076)</u>	<u>(37,290,543)</u>
Cash flows from financing activities		
Finance charges	(3,365,125)	(5,363,772)
Avail/(repayment) of term loan	-	(58,366,218)
Avail/(repayment) of short-term loan	(59,241,656)	(45,081,933)
Payment of lease liability	(2,727,208)	(5,439,582)
Dividend paid	<u>(160,933)</u>	<u>(42,409)</u>
Net cash (used in)/from financing activities	<u>(65,494,922)</u>	<u>(114,293,914)</u>
Effect of exchange rate changes in cash and cash equivalents	209,190	614,160
Net increase/(decrease) in cash and cash equivalents	<u>118,475,706</u>	<u>48,167,940</u>
Cash and cash equivalents as at 01 January	<u>1,499,310,101</u>	<u>829,807,227</u>
Cash and cash equivalents as at 31 March (Note 13)	<u>1,617,785,807</u>	<u>877,975,167</u>

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Limited

Notes to the consolidated financial statements as at and for the period ended 31 March 2020

1. Reporting entity

RAK Ceramics (Bangladesh) Limited (the Company), formerly RAK Ceramics (Bangladesh) Pvt. Limited, a UAE-Bangladesh joint venture company, was incorporated in Bangladesh on 26 November 1998 as a private company limited by shares under the Companies Act 1994. The Company was later converted from a private limited into a public limited on 10 June 2008 after observance of required formalities as per laws. The name of the Company was thereafter changed to RAK Ceramics (Bangladesh) Ltd. as per certificate issued by the Registrar of Joint Stock Companies dated 11 February 2009. The address of the Company's registered office is RAK Tower, Plot # 1/A, Jasimuddin Avenue, Sector # 3, Uttara, Dhaka 1230. The company got listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 13 June 2010.

1.1 Nature of business

The Company is engaged in manufacturing and marketing of ceramics tiles, wash room sets and all types of sanitary ware. It has started its commercial production on 12 November 2000. The commercial production of its new sanitary ware plant, expansion unit of ceramics facilities, tiles and sanitary plant was started on 10 January 2004, 1 July 2004, 1 September 2007, 1 April 2015 and 17th May 2016 respectively.

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

RAK Power Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 30 June 2005 as a private company limited by shares with an authorized capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 205,000,000 at the end of reporting period. The Company has gone into operation from 1 May 2009. The registered office of the Company is at RAK Tower (8th floor), Jasimuddin Avenue, Plot # 1/A, Sector # 03, Uttara Model Town, Dhaka - 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Power Pvt. Ltd. from 57% to 99.99% through purchase of 881,495 number of ordinary shares of BDT 100 each in consideration of BDT 255 per share totalling to BDT 224,781,225 only from all the other shareholders of RAK Power Pvt. Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Power (Pvt.) Ltd on 20 October 2015

RAK Security and Services (Pvt.) Limited

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

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987.

The title and format of these financial statements follow the requirements of IFRS 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 IFRS 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 21 May 2020.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except for inventories which are measured at lower of cost and net realisable value.

2.3 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

2.4 Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are stated in the following notes:

Note 4	Property, plant & equipment
Note 5	Investment property
Note 6	Right of use assets
Note 17	Deferred tax liability
Note 18	Employees benefit payable
Note 20	Lease liability
Note 23	Provision for income tax
Note 27.1	Impairment on trade receivable

2.5 Reporting period

The financial period of the Company covers three months from 1 January to 31 March 2020 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.

Impact of COVID-19 pandemic

When assessing going concern assumption of the Company as above, key consideration was the impact of COVID-19 pandemic. The pandemic has caused country-wide lockdown in Bangladesh by the end of March 2020 which caused closure of outlets/stores of the company's dealers, suspension of production in factory, disruption in the supply chain and closure of physical office requiring employees to work from home. In face of uncertainties related to the impact of COVID-19, management has developed adequate plans to minimize the impact on its financial conditions and liquidity. Accordingly, the management believes the going concern assumption will remain unaffected from COVID-19.

3 Significant accounting policies

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

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

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

b) Cash and cash equivalents

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

3.3 Financial liabilities

a) Trade & other payables

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

b) Borrowings

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

3.4 Share capital

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

3.5 Property, plant and equipment

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

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

3.5.1 Depreciation on property, plant and equipment

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

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

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

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

3.6 Investment property

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

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

3.6.1 Depreciation on investment property

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

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

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

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

3.7 Capital work-in-progress

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

3.8 Intangible assets

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

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

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

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

3.9 Inventories

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

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 periods.

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

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

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

3.13 Provisions

Provisions are recognised on the reporting date if, as a result of past events, the 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.

3.14 Standards, amendments and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018/2019 with earlier application permitted. The group does not plan to adopt these standards early. The new standards which may be relevant to the group are set out below.

3.14.1 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. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

i. Classification – financial assets

IFRS 9 contains a new 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). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with 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 new 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. In accordance with IFRS 9, the group has an accounting policy choice to defer the adoption of IFRS 9 hedge accounting and to continue with IAS 39 hedge accounting.

The group will avail of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Impact of IFRS 9 shown in note no. 35.1 (b).

3.14.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

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.

i. 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.

i. 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.

3.14.3 IFRS 16 Leases

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 *Leases*. Under this revised 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 revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

General impact of application of IFRS 16 Leases

In the current year, the group, for the first time, has applied IFRS 16 *Leases* (as Issued by the IASB in January 2016) in its effective date.

IFRS 16 introduces new or amended 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 new 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 date of initial application of IFRS 16 for the group is 1 January 2019

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 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 group has carried out an implementation project.

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 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.

3.15 Finance income and expenses

Finance income comprises interest income on fixed deposits, Short Notice Deposit (SND) and amounts due from related parties. 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 recognized in the statement of comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized 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.

3.16 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".

3.17 Taxation

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

Current tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2019.

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.

3.18 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.

3.19 Determination and presentation of operating segment

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

3.20 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.

3.21 Statement of cash flows

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

3.22 New standards adopted

The following new standard is effective for annual years beginning from 1 January 2018/2019 and have been applied in preparing these financial statements.

IFRS 9	Financial Instruments.
IFRS 15	Revenue from contract with customers.
IFRS 16	Leases

3.23 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 not adjusting events are disclosed by way of note.

3.24 Comparatives and reclassification

Comparative information have been disclosed in respect of 2019 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, plant and equipment

31 Mar 2020

Amounts in Taka

Particulars	C O S T				D E P R E C I A T I O N				Net book value as at 31 Mar 2020
	Balance as at 01 Jan 2020	Addition during the period	Sale/ disposal during the period	Balance as at 31 Mar 2020	Rate (%)	Balance as at 01 Jan 2020	Charged during the period	Adjustment during the period	
Land	338,570,507	-	-	338,570,507		-	-	-	338,570,507
Factory building	1,038,033,128	-	-	1,038,033,128	5-20	434,633,410	13,553,629	-	448,187,039
Office building	200,864,019	-	-	200,864,020	5	119,708,362	2,664,323	-	122,372,685
Plant and machinery	5,545,628,139	947,625	-	5,546,575,765	5-10	3,758,357,220	77,671,498	-	3,836,026,718
Mobile plant	142,301,896	-	-	142,301,896	10	103,632,451	1,315,160	-	104,947,611
Electrical installation	242,630,147	-	-	242,630,147	10-20	200,863,110	1,884,529	-	202,747,640
Gas pipeline	79,438,345	-	-	79,438,345	10-20	56,251,563	926,188	-	57,177,550
Furniture and fixtures	44,569,418	1,282,320	-	45,851,738	10	30,123,069	672,897	-	30,785,967
Office equipment	119,827,598	2,185,648	-	122,013,247	10-20	93,068,558	4,754,159	-	97,822,717
Communication equipment	18,105,282	76,863	-	18,182,146	10-20	10,640,101	615,720	-	11,255,822
Tools and appliances	19,177,097	-	-	19,177,097	10-20	12,019,368	393,692	-	12,413,061
Vehicles	91,062,462	-	(307,919)	90,754,544	10-20	58,616,737	1,706,648	(229,722)	60,093,662
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012
Total	7,883,839,050	4,482,456	(307,919)	7,888,023,590		4,881,544,761	106,158,443	(229,722)	4,987,473,482

31 Dec 2019

Amounts in Taka

Particulars	C O S T				D E P R E C I A T I O N				Net book value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Sale/ disposal during the year	Balance as at 31 Dec 2019	Rate (%)	Balance as at 01 Jan 2019	Charged during the year	Adjustment during the year	
Land	338,570,507	-	-	338,570,507		-	-	-	338,570,507
Factory building	998,375,345	38,657,783	-	1,038,033,128	5-20	382,353,134	52,280,276	-	434,633,410
Office building	204,836,622	8,794,691	(12,757,294)	200,864,015	5	111,325,399	10,936,085	(2,553,122)	119,708,362
Plant and machinery	5,397,986,133	157,640,006	-	5,545,628,139	5-10	3,452,989,485	305,368,795	-	3,758,357,220
Mobile plant	135,573,374	6,728,522	-	142,301,896	10	99,008,863	4,623,588	-	103,632,451
Electrical installation	242,630,147	-	-	242,630,147	10-20	193,187,791	7,675,319	-	200,863,110
Gas pipeline	77,047,284	2,391,051	-	79,438,345	10-20	52,329,342	3,922,021	-	56,251,563
Furniture and fixtures	40,827,059	3,742,359	-	44,569,418	10	27,704,762	2,418,307	-	30,123,069
Office equipment	113,918,875	5,908,723	-	119,827,598	10-20	74,241,892	18,826,666	-	10,640,101
Communication equipment	14,768,857	3,336,425	-	18,105,282	10-20	8,599,956	2,040,145	-	93,068,558
Tools and appliances	19,113,047	64,050	-	19,177,097	10-20	10,304,624	1,714,744	-	12,019,368
Vehicles	89,762,354	1,594,836	(284,718)	91,062,462	10-20	51,715,558	7,077,035	(175,856)	59,616,737
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012
Total	7,668,042,626	228,848,445	(13,052,022)	7,883,839,050		4,467,390,818	416,882,921	(3,729,978)	4,881,544,761

5 Investment Property

Particulars	COST			Rate	DEPRECIATION			Net book value as at 31 Mar 2020
	Balance as at 01 Jan 2020	Addition during the period	Sale/disposal during the period		Balance as at 31 Mar 2020	Charged during the period	Adjustment during the period	
Land ¹	500,571,750	-	-	-	-	-	-	500,571,750
Office building ²	211,452,074	-	-	5%	211,452,074	2,628,090	33,218,544	178,233,530
	712,023,824	-	-		712,023,824	2,628,090	33,218,544	678,805,280

Amounts in Taka

31 Mar 2020

Particulars	COST			Rate	DEPRECIATION			Net book value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Sale/disposal during the year		Balance as at 31 Dec 2019	Charged during the year	Adjustment during the year	
Land ¹	500,571,750	-	-	-	-	-	-	500,571,750
Office building ²	210,636,382	815,692	-	5%	211,452,074	10,532,101	30,590,455	180,861,619
Total	711,208,132	815,692	-		712,023,824	10,532,101	30,590,455	681,433,369

Amounts in Taka

31 Dec 2019

1 The land 10 khata is situated besides the RAK Tower was acquired in March 2012. The same was classified as Property, plant & equipment till 31st Dec 2016. However, presently the asset is under operating lease considering undetermined future use. Hence in the current financial statements, the same is reclassified as an item of "Investment Property" as defined under IAS 40.

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

2 The property, being an Apartment on 10th floor, RAK Tower, was acquired in the month of February 2017 from M/s Julphar Bangladesh. (Erstwhile RAK Pharmaceuticals Pvt. Ltd) and godown office building is situated at above mentioned land. This property is too under operating lease culminating in undetermined future use. Hence the same is classified under "Investment Property" under IAS 40.

The fair values of the property has been adopted at the transaction value considering that the municipal valuation of the property has fairly remained unchanged, the company has adopted the transaction value as the fair value of the property.

	<u>31 Mar 2020</u>	<u>31 Mar 2019</u>
	<u>Taka</u>	<u>Taka</u>
5.1 Depreciation charged on the basis of the purpose of use		
Cost of sales (Note 25)	96,070,936	94,516,556
Administrative expenses (Note 5.2)	11,349,671	11,120,296
Marketing & selling expenses (Note 28)	1,365,925	1,172,105
	<u>108,786,532</u>	<u>106,808,957</u>
5.2 Administrative expenses		
Depreciation on property, plant & equipment (Note 27)	8,721,581	8,523,339
Depreciation on investment property (Note 27)	2,628,090	2,596,956
	<u>11,349,671</u>	<u>11,120,296</u>

5.3 Disposal of property, plant and equipment

31 Mar 2020

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Motor Blke	307,919	229,722	78,198	176,500	98,302
Total	<u>307,919</u>	<u>229,722</u>	<u>78,198</u>	<u>176,500</u>	<u>98,302</u>

31 Dec 2019

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Motor Blke	294,728	175,856	118,873	179,500	60,627
Total	<u>294,728</u>	<u>175,856</u>	<u>118,873</u>	<u>179,500</u>	<u>60,627</u>

6 Right of use assets

Amounts in Taka

Particulars	COST			DEPRECIATION			Net book value as at 31 Mar 2020	
	Balance as at 01 Jan 2020	Addition during the period	Sale/disposal during the period	Balance as at 31 Mar 2020	Balance as at 01 Jan 2020	Charged during the period		Adjustment during the period
Display center	47,637,481	11,271,396	(6,960,220)	51,948,658	31,138,351	1,825,727	(6,960,220)	26,003,858
Accommodation Building	3,300,136	-	-	3,300,136	1,812,180	412,517	-	2,224,697
Warehouse	32,707,529	-	-	32,707,529	5,723,818	1,635,376	-	7,359,194
Office Building	3,776,889	-	-	3,776,889	2,911,352	236,056	-	3,147,408
Total	87,422,036	11,271,396	(6,960,220)	91,733,212	41,585,701	4,109,676	(6,960,220)	38,735,157

Allocation of depreciation 31 Mar 2020 31 Mar 2019

Administrative expenses (Note:27)	648,573	544,152
Marketing & Selling expenses (Note:28)	3,461,103	3,042,976
	<u>4,109,676</u>	<u>3,587,128</u>

31 Dec 2019

Particulars	COST			DEPRECIATION			Net book value as at 31 Dec 2019	
	Balance as at 01 Jan 2019	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2019	Balance as at 01 Jan 2019	Charged during the year		Adjustment during the year
Display center	76,026,968	-	(28,391,487)	47,637,481	22,705,295	8,433,056	-	31,138,951
Accommodation Building	2,644,593	655,543	-	3,300,136	359,312	1,458,868	-	1,812,180
Warehouse	-	32,707,529	-	32,707,529	-	5,723,818	-	5,723,818
Office Building	3,776,889	-	-	3,776,889	1,967,130	944,222	-	2,811,352
Total	82,450,450	33,363,072	(28,391,487)	87,422,036	25,025,737	16,559,954	-	41,585,701

6.1 Gain on retirement of right of use assets

31 Mar 2020	Particulars	Lease liability	Right of use assets	Gain
	Display center	-	-	-

31 Dec 2019	Particulars	Lease liability	Right of use assets	Gain
	Display center	30,048,249	28,391,487	1,656,762

1. Company rented four display center's situated in Dhaka, Chittagong and Sylhet.
2. Accommodation Buildings rented for the use of transit employees.
3. Company has taken a warehouse at pubail to store the finished goods to distribute in nearby area promptly.
4. Office Buildings rented for the use of official work.

7 Intangible assets

31 Mar 2020

Particulars	COST				AMORTIZATION				Net book value as at 31 Mar 2020
	Balance as at 01 Jan 2020	Addition during the period	Sale/disposal during the period	Balance as at 31 Mar 2020	Balance as at 01 Jan 2020	Amortized during the period	Adjustment during the period	Balance as at 31 Mar 2020	
License	22,199,986	-	-	22,199,986	19,467,114	1,249,772	-	20,716,886	1,483,100
Computer Software	11,614,380	-	-	11,614,380	7,852,207	306,006	-	8,158,213	3,456,167
Total	33,814,366	-	-	33,814,366	27,319,321	1,555,778	-	28,875,099	4,939,267

31 Dec 2019

Particulars	COST				AMORTIZATION				Net book value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2019	Balance as at 01 Jan 2019	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2019	
License	22,078,460	121,526	-	22,199,986	14,453,949	5,013,164	-	19,467,114	2,732,873
Computer Software	10,964,380	650,000	-	11,614,380	6,672,509	1,179,693	-	7,852,207	3,762,174
Total	33,042,840	771,526	-	33,814,366	21,126,458	6,192,853	-	27,319,321	6,495,047

	<u>31 Mar 2020</u>	<u>31 Dec 2019</u>
	<u>Taka</u>	<u>Taka</u>
8 Capital Work-in-Progress		
Balance as at 1 January	177,641,997	127,781,531
Add: Addition during the period	<u>80,996,173</u>	<u>261,225,698</u>
	258,638,170	389,007,230
Less: Transfer to property, plant & equipment and Investment Property (note 8.1)	<u>11,606</u>	<u>211,365,233</u>
Balance as at 31 March	<u><u>258,626,564</u></u>	<u><u>177,641,997</u></u>
8.1 Items transferred from capital work in progress to property, plant & equipment		
Factory building	-	38,326,033
Plant & machinery	11,606	139,907,809
Others	-	33,131,391
	<u>11,606</u>	<u>211,365,233</u>
9 Inventories		
Raw materials	726,329,062	818,594,596
Less : Provision for slow moving & obsolete inventories	<u>20,806,298</u>	<u>19,685,939</u>
	705,522,764	798,908,657
Stores and consumables spares and packing	941,823,969	951,862,906
Less: Write off for stores, consumables and packing during the period	<u>-</u>	<u>-</u>
	941,823,969	951,862,906
Finished goods (net of net realizable value adjustment)	815,036,261	719,463,284
Less : Provision for slow moving & obsolete inventories	<u>18,635,337</u>	<u>17,505,541</u>
	796,400,924	701,957,743
Work-in-process	69,376,975	104,694,796
Goods-in-transit	<u>173,555,560</u>	<u>228,206,140</u>
	<u><u>2,688,680,192</u></u>	<u><u>2,785,630,242</u></u>

	<u>31 Mar 2020</u>	<u>31 Dec 2019</u>
	Taka	Taka
10 Trade and other receivables		
Trade receivables (Note 10.1)	906,035,741	813,475,817
	<u>906,035,741</u>	<u>813,475,817</u>
Receivable against Insurance claim	38,287,131	38,287,131
Accrued Interest (Note 10.2)	10,437,788	8,197,308
Accrued rental income	3,765,652	-
	<u>958,526,312</u>	<u>859,960,257</u>
10.1 Trade receivables		
Receivables from local sales	914,338,482	816,128,848
Receivables from export sales	2,095,682	6,573,037
	<u>916,434,164</u>	<u>822,701,885</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	3,244,574	2,640,080
Related parties	7,153,849	6,585,988
	<u>906,035,741</u>	<u>813,475,817</u>
10.2 Accrued Interest		
Interest accrued on FDR	10,437,788	8,197,308
	<u>10,437,788</u>	<u>8,197,308</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	43,759	3,000
Purchase of land and others	11,212,985	5,729,371
Suppliers against materials and services	103,880,241	78,360,866
	<u>115,136,985</u>	<u>84,093,237</u>
Security and other deposits:		
Titas gas	65,658,900	65,658,900
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	1,084,469	1,833,190
Deposited with Income tax authority	68,128,195	68,128,195
Deposited with VAT authority	6,726,946	6,726,946
Display center and others	3,685,000	3,757,500
Other deposits	1,494,626	1,494,626
	<u>148,733,136</u>	<u>149,554,357</u>
Prepayments:		
Insurance and others	25,810,804	33,544,657
	<u>25,810,804</u>	<u>33,544,657</u>
	<u>289,680,925</u>	<u>267,192,251</u>

	<u>31 Mar 2020</u>	<u>31 Dec 2019</u>
	<u>Taka</u>	<u>Taka</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	1,833,191	216,803
Add: Treasury deposit for SD & VAT purpose	-	1,616,388
	<u>1,833,190</u>	<u>1,833,190</u>
	1,833,190	1,833,190
Less: SD & VAT on sales	748,721	-
	<u>748,721</u>	<u>-</u>
Balance as at 31 March	<u>1,084,469</u>	<u>1,833,190</u>
The above amount represents only RAK Security and services Pvt. Ltd.		
12 Advance Income Tax		
Balance as at 1 January	3,434,063,275	3,125,317,011
Add: Paid during the period	40,450,589	308,746,264
Balance as at 31 March (Note - 12.1)	<u>3,474,513,864</u>	<u>3,434,063,275</u>

12.1 Payment for the period

<u>Income year</u>		
Current period	20,450,589	-
Year 2019	255,349,636	235,349,636
Year 2018	314,338,282	314,338,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	291,694,002	291,694,002
Year 2013	389,651,054	389,651,054
Year 2012	334,263,453	334,263,453
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u>3,474,513,864</u>	<u>3,434,063,275</u>

	<u>31 Mar 2020</u>	<u>31 Dec 2019</u>
	<u>Taka</u>	<u>Taka</u>
13 Cash and cash equivalents		
Cash in hand	1,979,644	3,628,454
Cash at banks		
HSBC (current account -001-013432-011, 107580-011, 096015-011, 096007-011 BDT)	6,392,257	20,555,049
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	246,800,985	180,849,061
Brac Bank Ltd. (current account - 1530201731248001 - BDT)	23,851,180	39,046,938
Citibank N.A. (current account - G0100001200262018 - BDT)	156,588	161,889
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	1,380,407	2,600,632
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	13,226,613	11,995,287
Standard Chartered Bank (Margin money account)	9,921,469	15,827,195
Dutch Bangla Bank (Margin money account)	246,006	246,006
United Commercial Bank (SND account - 0831301000000164 BDT)	28,515,603	27,528,317
Eastern Bank Ltd. (SND account - 1131350237146 - BDT)	21,630,900	96,642,480
Eastern Bank Ltd. (SND account - 1131350237393 WH - BDT)	4,405	4,980
EXIM Bank (SND account - 01513100031877 - BDT)	510,116	510,116
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	55,556	52,842
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	114,419,968	100,382,750
Dutch Bangla Bank Ltd. (SND account - 117-120-376 (WH)- BDT)	127,967	128,657
BRAC Bank (SND - 1513101731248001 - BDT)	362,635	362,785
Prime Bank Ltd. (SND - 12531010022563 - BDT)	18,560,607	27,898,730
Dhaka Bank Ltd (SND - 102.150.274- BDT))	137,697,316	24,223,605
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	142,020	22,154
Dhaka Bank Ltd (CD - 204100000019318- BDT))	234,064	234,064
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	27,151,661	52,176,242
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	4,465,994	52,844,531
Midland Bank Ltd. (SND 0006-1070000015 - BDT)	8,850	608,850
EBL (Margin Money account)	13,339,308	-
	<u>669,202,475</u>	<u>654,903,180</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,433,987	2,431,487
Citibank N.A. (RAK-IPO-NRB Subscription - G010001200262042 - USD)	3,919,501	3,919,501
Citibank N.A. (RAK-IPO-NRB Subscription - G010001200262026 - EURO)	153,606	153,606
Citibank N.A. (RAK-IPO-NRB Subscription - G010001200262034 - GBP)	126,599	126,599
	<u>6,633,693</u>	<u>6,631,193</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,608,321	2,610,821
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,193,404	2,196,201
SCB (Current - 02-6162940-02- BDT) - 2012	3,870,375	3,873,556
SCB (Current - 02-6162940-03- BDT) - 2013	16,870,164	16,882,899
SCB (Current - 02-6162940-04- BDT) - 2014	5,003,000	5,006,270
SCB (Current - 02-6162940-05- BDT) - 2015	3,843,971	3,847,241
SCB (Current - 02-6162940-06- BDT) - 2016	4,304,431	4,307,616
SCB (Current - 02-6162940-07- BDT) - 2017	1,712,940	1,715,963
SCB (Current - 02-6162940-08- BDT) - 2018	2,015,935	2,199,822
	<u>42,422,541</u>	<u>42,640,389</u>
Investment In Fixed Deposit Receipt (FDR)		
HSBC	11,946,874	11,906,325
SCB	6,762,080	762,080
Brac Bank Ltd.	50,000,000	-
Dutch Bangla Bank Ltd.	28,838,500	28,838,500
Eastern Bank Ltd.	300,000,000	250,000,000
Dhaka Bank Ltd.	500,000,000	500,000,000
	<u>897,547,454</u>	<u>791,506,905</u>
Total	<u>1,617,785,807</u>	<u>1,499,310,101</u>

14 Share Capital

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

	31 Mar 2020	31 Dec 2019
	Taka	Taka
Authorised :		
600,000,000 ordinary shares of Taka 10/- each	6,000,000,000	6,000,000,000

Issued, subscribed, called and paid up :
427,968,701 ordinary shares of Taka 10/- each

Issued, subscribed, called and paid up :		
427,968,701 ordinary shares of Taka 10/- each	4,279,687,010	4,279,687,010

Percentage of shareholdings :

	2020		2019	
	%	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
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	340	0.00	340
Sheikh Omer Bin Saqr Al Qassimi	0.00	340	0.00	340
Sheikh Ahmad Bin Humaid al Qassimi	0.00	340	0.00	340
Hamad Abdulla Al Muttawa	0.00	160	0.00	160
Dr. Khater Massaad	0.00	160	0.00	160
Abdallah Massaad	0.00	160	0.00	160
Manoj Uttamrao Ahire	0.00	160	0.00	160
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.

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2020	2019	2020	2019
01-499 shares	20,148	20,366	4,945,451	4,995,826
500 to 5,000 shares	8,078	8,198	13,235,737	13,460,461
5001 to 10,000 shares	1,034	1,031	7,378,607	7,277,910
10,001 to 20,000 shares	517	527	7,240,419	7,320,397
20,001 to 30,000 shares	170	167	4,144,141	4,076,759
30,001 to 40,000 shares	66	70	2,261,039	2,404,839
40,001 to 50,000 shares	48	48	2,163,046	2,143,014
50,001 to 100,000 shares	110	106	7,715,872	7,222,580
100,001 to 1,000,000 shares	98	100	23,792,487	25,398,876
1,000,001 to 1,000,000,000 Shares	16	15	355,091,902	353,668,039
	30,285	30,628	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)	2020 Taka	2019 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
		137,732,021	137,732,021
Less : Share issue expenses		1,473,647,979	1,473,647,979

16 Reserve and surplus

Balance as on 1 January	1,601,275,518	1,628,694,442
Less : Adjustment for prior year (Leases)	-	(3,319,226)
Add : Profit during the period	151,694,822	754,025,209
	1,752,970,340	2,379,400,424
Less: Dividend declared during the period	-	(778,124,906)
Balance as on 31 March	1,752,970,340	1,601,275,518

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

	31 Mar 2020 Taka	31 Dec 2019 Taka
17 Deferred tax liabilities		
Balance as at 1 January	191,893,149	197,934,495
Less: Deferred tax (income)/expenses	(4,055,472)	(6,041,346)
Balance as at 31 March	<u>187,837,677</u>	<u>191,893,149</u>

	Carrying amount on the date of statement of financial position Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
As at 31 March 2020			
Property, plant and equipment (Excluding land and others)	2,647,779,283	1,892,116,153	774,663,230
Trade receivable	873,314,824	882,121,933	(8,786,999)
Inventory	2,620,023,331	2,667,716,320	(47,692,989)
Net taxable temporary difference			<u>718,183,242</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>187,837,677</u>
As at 31 December 2019			
Property, plant and equipment (Excluding land and others)	2,769,055,533	1,978,873,851	790,181,682
Trade receivable	791,627,927	800,414,316	(8,786,999)
Inventory	2,716,081,804	2,763,754,793	(47,692,989)
Net taxable temporary difference			<u>733,701,694</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>191,893,149</u>

18 Employees benefits payable

Provident fund	5,728,684	-
Gratuity fund	8,001,199	-
	<u>13,729,883</u>	<u>-</u>

31 Mar 2020		
Provident fund	Gratuity fund	Total
Taka	Taka	Taka
Balance as at 1 January	-	-
Add: Provision made during the period	14,466,303	8,001,199
	14,466,303	8,001,199
Less: Payments made to fund during the period	8,737,610	-
Balance as at 31 March	<u>5,728,684</u>	<u>8,001,199</u>

Provision and payment includes BOT. 17,381 for the period 2020 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.

31 Dec 2019		
Provident fund	Gratuity fund	Total
Taka	Taka	Taka
Balance as at 1 January	-	-
Add: Provision made during the year	61,044,474	32,792,338
	61,044,474	32,792,338
Less: Payments made to fund during the year	61,044,474	32,792,338
Balance as at 31 December	<u>-</u>	<u>-</u>

Provision and payment includes BOT. 1,946,890 for the year 2019 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.

19 Borrowings

Non-current		
Term loan	29,991,262	89,232,918
Current portion of term loan	(29,991,262)	(89,232,918)
	<u>-</u>	<u>-</u>
Current		
Current portion of term loan	29,991,262	89,232,918
Balance as at 31 March	<u>29,991,262</u>	<u>89,232,918</u>

19.1 Borrowings by maturity

At 31 March 2020	< 1 year	1-2 years	2-5 years	Total
Term loan	29,991,262	-	-	29,991,262
	<u>29,991,262</u>			<u>29,991,262</u>
At 31 December 2019	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	-	-	-	-
Term loan	89,232,918	-	-	89,232,918
	<u>89,232,918</u>			<u>89,232,918</u>

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	-	Revolving	From company's own source		
	Short term loan	378,000,000	-	180/360 days from B/L date		1) Letter of comfort, 2) Hypothecation over plant & machinery on part-passu basis with other lenders.	
HSBC	Overdraft	20,000,000	-	Revolving	From company's own source		
	Short term loan	550,000,000	-	180/360 days from B/L date			1) Land, 2) Plant and machinery of the expansion plant.
	Long term loan	1,366,872,000	29,991,262	5 years		3) Hypothecation over stock & book debts on a part-passu basis with other lenders. 4) Demand promissory note.	
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving			
	Short term loan	90,000,000	-	180/360 days from B/L date	From company's own source		
Commercial Bank of Ceylon	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	300,000,000	-	180/360 days from B/L date			

31 Mar 2020
Taka

31 Dec 2019
Taka

20 Lease liability

Non-current		
Lease liability	41,726,568	39,475,875
Less : Current portion of lease liability	<u>10,591,572</u>	<u>10,101,008</u>
	<u>31,134,996</u>	<u>29,374,867</u>
Current		
Current portion of lease liability	<u>10,591,572</u>	<u>10,101,008</u>

31 Mar 2020
Lease liability schedule

Particulars	Balance as on 01 January, 2020	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 March 2020
Display center	11,583,808	4,977,981	1,223,792	396,993	826,799	15,734,910
Accommodation Building	1,558,557	-	453,878	31,696	421,382	1,137,175
Warehouse	25,330,639	-	1,822,545	608,013	1,214,532	24,116,107
Office Building	1,002,871	-	285,000	20,505	264,495	738,376
	<u>39,476,875</u>	<u>4,977,981</u>	<u>3,784,415</u>	<u>1,057,207</u>	<u>2,727,208</u>	<u>41,726,568</u>

31 Dec 2019
Lease liability schedule

Particulars	Balance as on 01 January, 2019	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2019
Display center	46,374,623	(30,048,249)	7,049,344	2,306,778	4,742,566	11,583,808
Accommodation Building	2,319,576	655,543	1,602,312	185,750	1,416,562	1,558,557
Warehouse	-	28,307,529	6,850,262	2,473,372	3,576,890	25,330,639
Office Building	1,997,395	-	1,140,000	145,477	984,523	1,002,871
	<u>50,691,594</u>	<u>(488,177)</u>	<u>15,644,918</u>	<u>5,111,376</u>	<u>10,730,542</u>	<u>39,476,875</u>

21 Trade and other payables

Trade payables		
Payable to local suppliers	55,053,898	92,068,742
Payable to foreign suppliers	300,831,555	334,034,758
Payable to service provider	24,481,471	21,996,004
Payable to C & F agent	<u>5,495,388</u>	<u>18,854,370</u>
	<u>385,862,312</u>	<u>426,954,874</u>
Other payables		
Tax deducted at source	9,849,513	20,422,540
VAT deducted at source	3,738,537	7,771,816
VAT and Supplementary duty payable (Note-21.1)	69,509,214	103,722,054
Dividend Payable	41,509,584	41,670,516
Unclaimed share application	20,810,756	20,810,756
Advances from customer against sales	6,430,638	14,403,615
Security deposit payable	1,467,842	3,470,342
Payable to employees	2,881,399	1,202,084
Provisional liabilities - material & services	<u>99,892,998</u>	<u>1,267,333</u>
	<u>258,090,481</u>	<u>214,741,056</u>
	<u>643,952,893</u>	<u>681,725,831</u>

	31 Mar 2020	31 Dec 2019
	Taka	Taka
21.1 VAT and Supplementary duty (SD) payable		
Opening Balance	103,722,054	-
VAT and Supplementary duty on sales	449,191,893	1,855,324,444
Payable - SD & VAT	-	107,215,433
Other payable	-	1,116,899
	<u>552,913,947</u>	<u>1,865,086,776</u>
Less: Balance as at 1 January	-	46,360,059
Treasury deposit for SD & VAT purpose	358,000,404	1,276,905,762
Rebate of Input VAT	<u>(25,404,331)</u>	<u>538,898,901</u>
	<u>483,404,735</u>	<u>1,862,164,722</u>
Balance as at 31 March	<u>69,509,214</u>	<u>103,722,054</u>
22 Accrued expenses		
Power and gas	41,134,917	41,446,942
Staff cost	112,412,476	128,303,492
Provision for Dealer's commission	30,045,333	-
Audit fees	394,998	1,525,000
Professional charges	583,001	463,000
Interest on loans	708,778	1,554,585
Telephone	241,564	239,907
Provision for freight	6,963,966	1,114,737
Managing Director's remuneration (Note 22.1)	42,349,948	35,910,357
Worker's profit participation and welfare fund (Note 22.2)	62,463,050	52,965,129
Royalty and technical know-how fees (Note 22.3)	102,605,309	287,408,635
Others	<u>5,815,783</u>	<u>7,733,660</u>
	<u>608,719,143</u>	<u>889,665,634</u>
22.1 Managing Director's remuneration		
Balance as at 1 January	35,910,357	39,943,228
Add: Provision made during the period	<u>6,439,591</u>	<u>35,910,357</u>
	42,349,948	75,853,585
Less: Paid to Managing Director during the period	-	39,943,228
Balance as at 31 March	<u>42,349,948</u>	<u>35,910,357</u>
22.2 Worker's profit participation and welfare fund		
Balance as at 1 January	52,965,129	58,913,315
Add: Contribution made to the fund during the period	<u>9,497,921</u>	<u>52,965,129</u>
	62,463,050	111,878,444
Less: Payment made from the fund during the period	-	58,913,315
Balance as at 31 March	<u>62,463,050</u>	<u>52,965,129</u>
22.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	287,408,635	284,211,437
Add: Provision made during the period	<u>15,196,674</u>	<u>84,744,206</u>
	302,605,309	368,955,643
Less: Payment made during the period	-	81,547,008
Balance as at 31 March	<u>302,605,309</u>	<u>287,408,635</u>
23 Provision for Income Tax		
Balance as at 1 January	1,834,252,156	1,537,831,853
Add: Provision made for the period	<u>59,589,929</u>	<u>295,420,303</u>
Balance as at 31 March (Note 23.1)	<u>3,493,842,085</u>	<u>3,834,252,156</u>
23.1 Provision for income Tax		
Income Year		
Current period	59,589,929	-
Year 2019	296,420,303	296,420,303
Year 2018	316,355,665	316,355,666
Year 2017	346,089,883	346,089,883
Year 2016	302,798,649	302,798,649
Year 2015	323,397,728	323,397,728
Year 2014	377,885,822	377,885,822
Year 2013	362,336,361	362,336,361
Year 2012	339,211,366	339,211,366
Year 2011	326,685,215	326,685,215
Year 2010	348,985,691	348,985,691
Year 2009	266,823,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	<u>80,163,573</u>	<u>80,163,573</u>
	<u>3,493,842,085</u>	<u>3,834,252,156</u>

	31 Mar 2020	31 Mar 2019
	Taka	Taka
24 Sales		
Gross sales from Ceramics product	2,017,854,306	2,030,126,872
Gross sales from Power generation	106,256,668	88,760,789
Gross sales from Security service	28,805,408	35,858,112
	<u>2,152,916,382</u>	<u>2,154,745,773</u>
Less: Elimination	103,335,997	106,839,578
Supplementary Duty	171,459,890	151,481,212
VAT	280,569,641	271,174,561
Discount	644,165	22,172,521
Commission, incentive and bonus	127,842,556	122,293,191
Net sales	<u>1,469,064,133</u>	<u>1,480,784,710</u>
25 Cost of sales		
Materials consumed:		
Opening Inventory as at 1 January	798,908,657	839,612,529
Add: Purchase during the period	504,310,502	695,815,152
	<u>1,303,219,159</u>	<u>1,535,427,681</u>
Less: Closing Inventory as at 31 March	705,522,764	1,009,253,895
	<u>597,696,395</u>	<u>526,173,786</u>
Manufacturing overhead:		
Direct labour (note 25.1)	138,948,955	157,942,200
Direct expenses:		
Power and gas	89,019,951	49,090,592
Repairs and indirect materials (note 25.2)	174,879,208	168,276,114
Depreciation on property, plant & equipment (note 5.1)	96,070,936	94,516,556
Royalty and technical know-how/assistance fees	15,196,674	17,755,195
Other production overhead (Note 25.3)	12,845,053	13,228,151
Provision for slow moving & obsolete inventories (note 9)	2,250,156	13,154,678
Movement in stock	(61,370,049)	(26,384,210)
	<u>1,065,537,279</u>	<u>1,013,753,062</u>
25.1 Direct labour		
Salary & wages	92,335,627	96,030,908
Overtime	8,051,137	7,959,637
Bonus	12,654,747	15,441,757
Incentive	71,499	6,682,821
Temporary labour wages	13,017,298	17,498,168
Staff uniform expenses	349,365	390,016
Gratuity	5,523,369	6,232,408
Employer's contribution to provident fund	4,914,442	5,787,849
Leave encashment	1,359,388	1,226,327
Group life insurance	672,083	692,309
	<u>138,948,955</u>	<u>157,942,200</u>
25.2 Repairs and indirect materials		
Stores, spares, repair & maintenance	86,963,053	81,421,243
Packaging expenses	87,916,155	86,854,871
	<u>174,879,208</u>	<u>168,276,114</u>
25.3 Other production overhead		
Hotel fare and tour expenses	463,721	1,151,172
Demurrage	401,327	607,265
Insurance	7,364,449	5,724,400
Hiring charges and transportation	1,580,081	3,973,809
Other expenses	3,035,475	1,771,506
	<u>12,845,053</u>	<u>13,228,151</u>

	31 Mar 2020	31 Mar 2019
	Taka	Taka
26 Other income		
Miscellaneous Income	29,626	-
Rental Income	900,000	2,519,690
Profit on sale of fixed assets (note- 5.3)	98,302	-
	<u>1,027,928</u>	<u>2,519,690</u>
27 Administrative expenses		
Staff cost (note-27.2)	46,935,955	50,703,551
Annual General Meeting expenses	847,455	1,441,336
Telephone and postage	1,602,099	1,687,937
Office repair and maintenance (note 27.3)	1,956,183	1,637,222
Registration and renewal	129,311	151,114
Security and guard expenses	3,827,099	2,991,200
Electricity, gas and water	1,921,386	1,130,724
Depreciation on property, plant & equipment (note - 5.2)	8,721,581	8,523,339
Depreciation on Investment property (note - 5.2)	2,628,090	2,596,956
Depreciation on right of use assets (note-6)	648,573	544,152
Amortisation	1,559,778	1,486,170
Legal and professional fees	2,715,848	1,786,819
Vehicle repair and maintenance	3,312,093	4,391,692
Rent, rate and tax	1,604,831	2,060,112
IT expenses	789,883	712,960
General Servicing	2,928,570	1,573,865
Donation	318,924	232,500
Managing Director's remuneration (note-27.4)	6,439,591	7,523,764
Technical consultancy & others	2,320,440	4,541,375
	<u>91,203,690</u>	<u>95,716,788</u>

Rent, rates and taxes includes rent expenses for short term lease for BDT. 363,890 and related government levies wherever applicable. Details of the short term lease is shown in note 34. No low value item exists at the reporting period.

27.1 Impairment loss on trade receivable		
Unrelated parties	604,494	771,494
Related parties	567,861	109,920
	<u>1,172,355</u>	<u>881,414</u>

New classification of financial assets shown in note 35.1(b) Impairment loss allowance has not been considered on other receivables and bank balances because business is confident to recover the full amount from the party.

27.2 Staff cost		
Salary & wages	35,031,097	36,885,794
Overtime	-	3,447
Bonus	4,352,670	6,039,834
Incentive	43,179	-
Gratuity	1,762,084	2,145,747
Employer's contribution to provident fund	1,636,873	2,109,497
Leave encashment	457,676	441,156
Group life insurance	202,079	219,166
Canteen and conveyance expenses	1,909,005	1,542,631
Staff uniform expenses	97,685	151,773
Travelling expenses	647,885	523,360
Compensation	44,450	-
Medical expenses	187,588	450,512
Accommodation expenses	413,684	137,894
Other employee benefit	150,000	52,740
	<u>46,935,955</u>	<u>50,703,551</u>

27.3 Office repair & maintenance		
Repairs office equipment	135,312	23,775
Office maintenance	1,820,871	1,613,447
	<u>1,956,183</u>	<u>1,637,222</u>

27.4 Managing Director's remuneration		
Provision made during the period	6,439,591	7,523,764
	<u>6,439,591</u>	<u>7,523,764</u>

Managing Director's remuneration represents provision made 3% of

	31 Mar 2020	31 Mar 2019
	Taka	Taka
28 Marketing & selling expenses		
Staff cost (note-28.1)	17,458,660	15,192,074
Advertisement	3,995,495	2,327,570
Freight and transportation	69,845,965	66,233,343
Compensation	807,641	4,286,006
Business promotion	11,755,894	8,842,982
Depreciation on property, plant & equipment	1,365,925	1,172,105
Depreciation on right of use assets (note-6)	3,461,103	3,042,976
Showroom, office & house rent	926,840	1,738,829
Sample expenses	2,941,999	3,596,690
Travel, entertainment and others	1,158,699	1,679,437
	<u>113,718,221</u>	<u>108,112,012</u>

Showroom, office and house rent Includes rent expenses for short term lease for BDT. 308,500 and related government levies wherever applicable. Details of the short term lease is shown in note no 34. No low value item exists at the reporting period.

28.1 Staff cost		
Salary & wages	12,827,618	10,428,548
Bonus	1,345,706	1,577,229
Incentive	-	173,977
Gratuity	715,746	654,508
Employer's contribution to provident fund	673,141	640,911
Leave Encashment	192,979	131,813
Group life insurance	77,205	64,865
Conveyance & food expenses	1,517,779	1,380,303
Compensation	108,486	139,920
	<u>17,458,660</u>	<u>15,192,074</u>

28.2 Salary & wages under staff cost (note no. 25.1, 27.2 & 28.1) includes employee contribution to provident fund for BDT. 4,914,442, BDT. 1,636,873 & BDT. 673,141.

29 Finance income		
Interest on bank account (SND)	1,264,911	1,186,954
Interest on fixed deposits	18,828,926	7,663,424
Foreign exchange gain	692,206	-
	<u>20,786,043</u>	<u>8,850,378</u>

30 Finance expenses		
Interest expenses against loan	806,141	4,960,593
Interest expenses against lease liability	1,057,206	3,834,913
Foreign exchange loss	-	1,371,024
Bank charges	655,971	350,290
	<u>2,519,318</u>	<u>10,516,820</u>

31 Contribution to worker's profit participation and welfare fund		
Provision made during the period	9,497,921	11,096,997
	<u>9,497,921</u>	<u>11,096,997</u>

32 Current tax		
Current period	59,589,929	71,282,174
	<u>59,589,929</u>	<u>71,282,174</u>

	31 Mar 2020		31 Mar 2019	
	Taka		Taka	
Profit before tax	%	207,229,320	%	252,077,685
Current tax expenses	28.76%	59,589,929	28.28%	71,282,174
Deferred tax expenses	-1.96%	(4,055,472)	-2.04%	(5,145,122)
Total tax expenses	26.80%	55,534,457	26.24%	66,137,052
Expected income tax using applicable tax rate for individual company	25.95%	53,776,054	26.23%	66,124,450
Tax on non-deductible expenses	2.8%	5,813,875	2.0%	5,157,723
Effective current tax	28.76%	59,589,929	28.28%	71,282,174
Effective deferred tax	-1.96%	(4,055,472)	-2.04%	(5,145,122)
	26.80%	55,534,457	26.24%	66,137,052

34 Short term lease expenses

Nature of the lease	Lease term	Allocation	Rent Payment
Rented accommodation	<1 year	Marketing	308,500
Rented accommodation	<1 year	Admin	363,890
			<u>672,390</u>

3B 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

3B.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD		Amounts in Taka	
	As at 31 Mar 2020	As at 31 Dec 2019	As at 31 Mar 2020	As at 31 Dec 2019
Trade receivables			903,940,059	808,802,780
Customer-Local	-	-	2,095,682	6,573,037
Customer-Export	24,963	78,297	808,036,743	812,479,817
	<u>24,963</u>	<u>78,297</u>		
Other receivables			38,287,131	38,287,131
Receivable against insurance claim			10,437,788	8,197,308
Accrued interest			1,765,652	-
Accrued rental income			92,490,371	48,484,439
			<u>1,018,806,164</u>	<u>1,498,881,647</u>
Cash equivalents				

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 31 March 2020.

Financial assets	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Impairment loss (Refer note 10.11)
Trade receivable-unrelated	10.1	Loan & receivable	Amortized cost	454,792,337	451,547,263	3,244,374
Trade receivable-related	10.1	Loan & receivable	Amortized cost	461,641,829	454,487,980	7,153,849
Cash & cash equivalent	13	Loan & receivable	Amortized cost	1,615,806,164	1,615,806,164	-

i The above table provides information ECLs till date. Impairment provision till Dec 2019 was Tk. 9,226,068 and provision made during the period is Tk. 1,172,185.

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

iii Cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these cash & cash equivalent was recognised in the current period on transition to IFRS 9.

c) Ageing of receivables

The ageing of trade receivables as at 31 March was:

	Amounts in Taka	
	As at 31 Mar 2020	As at 31 Dec 2019
Not past due	842,468,810	751,147,263
0-90 days past due	38,219,319	32,705,826
91-180 days past due	17,412,773	16,869,623
181-365 days past due	3,104,315	3,437,613
over 365 days past due	4,710,526	7,315,492
	<u>906,036,743</u>	<u>813,479,817</u>

36.2 Liquidity risk

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

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

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

	As at 31 Mar 2020			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	643,952,993	643,952,993	643,952,993	-
Term loan (foreign)	29,991,262	29,991,262	29,991,262	-
	673,944,255	673,944,255	673,944,255	-
	As at 31 Dec 2019			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	691,725,531	691,725,531	691,725,531	-
Term loan	89,232,918	89,232,918	89,232,918	-
	780,958,449	780,958,449	780,958,449	-

36.3 Market risk

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

a) Currency risk

The Company is exposed to currency risk on certain revenues and purchase of raw material, spare parts, accessories and capital item. Majority of the company's foreign currency purchase are denominated in USD and EURO. All the export proceeds are receipt in USD, 50% of export proceeds are crediting to export retention quota account and rest of the 50% are converted to Taka and crediting to company's current account.

i) Exposure to currency risk

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

	As at 31 Mar 2020				As at 31 Dec 2019			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets	-	-	24,963	-	-	-	78,197	-
Receivable from customers-Export	-	-	155,899	-	-	-	141,204	-
Cash at bank	-	-	180,662	-	-	-	219,501	-

	As at 31 Mar 2020				As at 31 Dec 2019			
	AED	GBP	USD	EUR	AED	GBP	USD	EUR
Foreign currency denominated liabilities								
Trade payables	412	155,642	2,496,810	761,893	-	132,189	2,201,698	1,373,117
Term loan	-	-	353,046	-	-	-	1,050,417	-
Royalty & Technical Fees	-	-	3,562,158	-	-	-	3,383,268	-
	412	155,642	6,414,014	761,893	-	132,189	6,635,383	1,373,117
Net exposure	(412)	(188,642)	(6,233,362)	(761,893)	-	(132,189)	(6,415,862)	(1,373,117)

The Company has foreign exchange gain of Tk 692,206 during the period ended 31 March 2020 (31 March 2019: Exchange loss Tk 1,371,024).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Mar 2020	31 Dec 2019
	Taka	Taka
AED	23.0102	23.0627
GBP	100.0221	111.3664
USD	84.4500	84.4500
EURO	91.5708	95.0948

ii Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

	As at 31 Mar 2020		As at 31 Dec 2019	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 31 March				
AED (3 percent movement)	(13)	12	-	-
GBP (3 percent movement)	(4,614)	4,533	(4,088)	3,850
USD (3 percent movement)	(192,784)	181,554	(198,429)	186,970
EURO (3 percent movement)	(23,564)	22,191	(42,468)	39,994

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 Mar 2020	As at 31 Dec 2019
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	897,547,454	791,506,905
Cash at banks	718,258,708	704,174,743
Financial liabilities		
Term loan (Foreign)	29,991,262	69,232,918

Fair value of financial assets and liabilities of the Company together with carrying amount shown in the statement of financial position are as follows:

	As at 31 Mar 2020		As at 31 Dec 2019	
	Carrying amount Taka	Fair Value# Taka	Carrying amount Taka	Fair Value# Taka
Financial assets				
Held to maturity assets				
Investment in FDR	897,547,454	897,547,454	791,506,995	791,506,905
Loans and receivables				
Trade receivables	906,035,743	906,035,743	813,475,817	813,475,817
Other receivables	52,490,571	52,480,571	46,484,439	46,484,439
Cash equivalents	1,615,806,164	1,615,806,164	1,495,681,647	1,495,681,647
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	29,991,262	29,991,262	89,232,918	89,232,918
Trade and other payables	643,952,993	643,952,993	691,725,531	691,725,531
Interest rates used for determining amortised cost				
The interest rates used to discount estimated cash flows, when applicable were as follows:			31 Mar 2020	31 Dec 2019
Investment in FDR (local currency/BDT)			1.55%-9.25%	1.35%-10.50%
Bank overdraft (local currency/BDT)			8.00%-10.25%	8.00%-10.25%
Short term bank loan (local currency/BDT)			9.50%-10.00%	9.50%-10.00%
Short term bank loan (foreign currency/USD)			Libor+2.25%	Libor+2.25%
Long term bank loan (foreign currency/USD)			Libor+3%	Libor+3%

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: Set-up power utilities and operate power-generating plants, transmission system and distribution system and to sell the generated electric power to any legal entity.

Security and services: Engages in providing security guard, cleaning services, verification services, termite and pest control services and set up manpower technical training.

31 Mar 2020

	Business Segments				Entity total
	Ceramic & sanitary ware Iaka	Power Iaka	Security and Services Iaka	Inter segment Iaka	
Revenue - external customers	1,454,035,258	2,323,779	12,705,097	-	1,469,064,133
Revenue - inter segment	-	90,073,323	13,262,674	(103,335,997)	-
Total segment revenue	1,454,035,258	92,397,102	25,967,771	(103,335,997)	1,469,064,133
Cost of sales- external customer	(974,097,029)	(69,769,231)	(21,671,022)	-	(1,065,537,279)
Cost of sales- inter segment	(102,929,014)	(2,312,248)	-	105,941,262	-
Total segment cost of sales	(1,077,026,043)	(72,081,479)	(21,671,022)	105,941,262	(1,065,537,279)
Gross profit	377,009,215	19,715,623	4,296,749	-	403,526,854
Other income	98,302	29,626	-	-	127,928
Rental income	4,095,652	-	-	(3,195,652)	900,000
Financial income	20,411,295	374,748	-	-	20,786,043
Financial expenses	(2,486,253)	(18,926)	(14,140)	-	(2,519,318)
Depreciation	(105,094,927)	(3,637,338)	(54,267)	-	(108,786,532)
Other operating expenses	(104,074,861)	1,347,187	(4,077,982)	-	(106,805,655)
Segment profit before tax	189,958,423	17,810,921	350,360	-	207,229,320
Income tax expense	(52,667,975)	(6,849,328)	(52,626)	-	(59,589,929)
Deferred tax	3,439,966	615,506	-	-	4,055,472
Non-Controlling interest	-	41	0.00	-	41
Profit for the year	-	-	-	-	151,694,822

	Business Segments				Entity total Iaka
	Ceramic & sanitary ware Iaka	Power Iaka	Security and services Iaka	Inter segment Iaka	
Revenue - external customers	1,457,638,523	-	13,146,185	-	1,480,784,708
Revenue - inter segment	-	88,760,789	18,078,789	(106,839,578)	-
Total segment revenue	1,457,638,523	88,760,789	31,224,974	(106,839,578)	1,480,784,708
Cost of sales- external customer	(931,622,714)	(54,990,379)	(26,939,971)	-	(1,013,753,063)
Cost of sales- inter segment	(106,440,962)	(1,470,084)	-	107,911,046	-
Total segment cost of sales	(1,038,263,676)	(56,460,464)	(26,939,971)	107,911,046	(1,013,753,063)
Gross profit	429,374,847	32,300,325	4,285,003	-	467,031,645
Rental income	3,889,254	-	-	(1,369,563)	2,519,691
Financial income	8,515,570	332,188	2,620	-	8,850,378
Financial expenses	(10,502,807)	(31,992)	(19,387)	37,366	(10,516,819)
Depreciation	(103,009,694)	(3,704,151)	(95,113)	-	(106,808,958)
Other operating expenses	(106,327,239)	1,286,610	(3,957,625)	-	(108,998,254)
Segment profit before tax	221,939,931	30,182,981	215,498	-	252,077,683
Income tax expense	(61,258,602)	(9,948,147)	(75,425)	-	(71,282,174)
Deferred tax	4,652,994	492,128	-	-	5,145,122
Non -Controlling Interest	-	101	0.01	-	101
Profit for the period	-	-	-	-	185,940,532

31 Mar. 2019

	<u>31 Mar 2020</u> Taka	<u>31 Mar 2019</u> Taka
38 Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
Earnings attributable to the ordinary shareholders	<u>151,694,822</u>	<u>185,940,532</u>
Profit attributable to equity holders of the Company	<u>427,968,701</u>	<u>427,968,701</u>
No. of ordinary equity shares	<u>427,968,701</u>	<u>427,968,701</u>
Weighted average no. of equity shares outstanding (Note 38.1)	<u>427,968,701</u>	<u>427,968,701</u>
Earnings per share (EPS) for the period	<u>0.35</u>	<u>0.43</u>
Diluted earnings per share for the period	<u>0.35</u>	<u>0.43</u>
Net assets value per share	<u>17.54</u>	<u>18.42</u>
Net operating cash flow per share	<u>0.59</u>	<u>0.47</u>

38.1 Weighted average number of ordinary shares

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

	<u>31 Mar 2020</u>	<u>31 Mar 2019</u>
Outstanding shares	<u>427,968,701</u>	<u>427,968,701</u>
	<u>427,968,701</u>	<u>427,968,701</u>

38.2 Diluted earning per share

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

38.3 Reason of deviation of earnings per share:

Though there was no significant increase in the revenue, however, increase of cost of input material driving reduction of earnings. Input cost has been increased due to price hike of gas and other imported material.

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

The company registered improvement in cash inflows from customers as well as better credit term with suppliers in the period as compared to previous period.

39.1 Reconciliation of operating cash flow:	<u>31 Mar 2020</u>	<u>31 Mar 2019</u>
Cash flows from operating activities		
Profit before taxation	207,229,320	252,077,685
Adjustment for:		
Depreciation	112,896,208	110,396,084
Amortization	1,555,778	1,486,170
Advance rent adjustment	(6,293,495)	-
Foreign exchange loss	-	1,371,024
Finance expenses	2,519,318	9,145,796
Finance income	(20,786,043)	(8,850,378)
Other income	(998,302)	(2,519,690)
	<u>296,122,783</u>	<u>363,106,692</u>
Increase/decrease in trade and other receivables	(92,559,923)	(52,944,462)
Increase/decrease in inventories	98,950,051	(216,279,013)
Increase/decrease in trade and other payables	(11,183,715)	135,720,196
Cash generated from operating activities	<u>291,329,192</u>	<u>229,603,415</u>
Interest received from bank deposit	1,264,911	1,186,954
Income tax paid	(40,450,589)	(31,652,132)
Net cash (used in)/from operating activities	<u>252,143,514</u>	<u>199,138,237</u>

40 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 594,686,091 (31 Mar 2019: Tk 958,887,977). 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 337,919,192 (31 Mar 2019: Tk 516,983,938) and letter of guarantee of Tk 100,575,768 (31 Mar 2019: Tk 84,157,423).