

RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 September 2023

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 30 September 2023

	Notes	30 Sep 2023	31 Dec 2022
		Taka	Taka
Assets			
Property, plant and equipment	4	3,370,593,318	3,263,124,297
Investment property	5	502,846,264	503,012,247
Right-of-use assets	6	73,395,066	25,127,649
Intangible assets	7	3,037,080	675,942
Capital work-in-progress	8	228,739,972	155,705,038
Total non-current assets		4,178,611,700	3,947,645,173
Inventories	9	4,107,666,071	3,404,569,828
Trade and other receivables	10	2,253,661,148	1,524,574,050
Advances, deposits and prepayments	11	387,141,272	299,208,628
Advance income tax	12	4,164,709,843	4,100,140,671
Cash and cash equivalents	13	431,765,545	1,275,774,291
Total current assets		11,344,943,879	10,604,267,468
Total assets		15,523,555,579	14,551,912,641
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	1,864,655,410	1,883,817,400
Equity attributable to equity holders of the company		7,617,990,399	7,637,152,389
Non-controlling interests		1,361	1,336
Total equity		7,617,991,760	7,637,153,725
Liabilities			
Borrowings	19	85,920,571	-
Deferred tax liability	17	61,122,984	108,058,703
Lease liability	20	43,163,451	13,155,601
Total non-current liabilities		190,207,006	121,214,304
Employees benefits payable	18	51,387,145	-
Borrowings	19	485,339,130	372,805,793
Lease liability	20	11,642,481	5,427,646
Trade and other payables	21	1,530,752,539	1,048,213,664
Unclaimed dividend payable	22	8,154,813	11,901,967
Accrued expenses	23	996,644,383	833,246,587
Provision for income tax	24	4,631,436,322	4,521,948,955
Total current liabilities		7,715,356,813	6,793,544,612
Total liabilities		7,905,563,819	6,914,758,916
Total equity and liabilities		15,523,555,579	14,551,912,641

The accompanying notes are an integral part of these financial statements



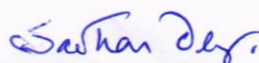
Abdallah Massaad
Chairman



SAK Ekramuzzaman
Managing Director



Pramod Kumar Chand
Director



Sadhan Kumar Dey
Chief Financial Officer



Muhammad Shahidul Islam FCS
Company Secretary

Dated, 26 October 2023

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 September 2023

	Notes	30 Sep 2023 Taka	30 Sep 2022 Taka	July to Sep 2023 Taka	July to Sep 2022 Taka
Sales	25	5,601,429,208	5,687,262,994	1,787,431,707	1,884,237,091
Cost of sales	26	(4,202,961,250)	(4,112,771,064)	(1,352,097,585)	(1,437,849,537)
Gross profit		1,398,467,958	1,574,491,930	435,334,122	446,387,554
Other income	27	-	100	(1,419,144)	-
Administrative expenses	28	(314,127,971)	(260,258,887)	(97,947,537)	(78,996,088)
Impairment loss on trade receivables	28.1	(13,886,011)	(41,872)	(2,126,062)	(21,324)
Marketing and selling expenses	29	(479,847,076)	(479,507,452)	(148,091,264)	(173,071,591)
		(807,861,058)	(739,808,111)	(249,584,007)	(252,089,003)
Profit from operating activities		590,606,900	834,683,819	185,750,115	194,298,551
Finance income	30	27,186,682	39,871,127	3,205,589	8,786,232
Finance expenses	31	(48,227,660)	(98,082,359)	(22,484,027)	(33,105,614)
Net finance income		(21,040,978)	(58,211,232)	(19,278,438)	(24,319,382)
Profit before contribution to workers' profit participation and welfare fund		569,565,922	776,472,587	166,471,677	169,979,169
Contribution to workers' profit participation and welfare fund	32	(26,979,127)	(37,702,527)	(8,068,168)	(8,050,903)
Profit before income tax		542,586,795	738,770,060	158,403,509	161,928,266
Income tax expense					
Current tax	33	(180,715,778)	(209,073,522)	(64,958,269)	(44,569,396)
Deferred tax	17	46,935,719	23,823,593	30,081,631	5,705,178
		(133,780,059)	(185,249,929)	(34,876,638)	(38,864,218)
Profit for the period		408,806,736	553,520,131	123,526,871	123,064,048
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		408,806,736	553,520,131	123,526,871	123,064,048
Profit attributable to:					
Equity holders of the company		408,806,711	553,520,019	123,526,864	123,064,047
Non-controlling interests		25	112	7	1
Profit after tax for the period		408,806,736	553,520,131	123,526,871	123,064,048
Basic earnings per share (Par value TK 10)	39	0.96	1.29	0.29	0.29

The accompanying notes are an integral part of these financial statements



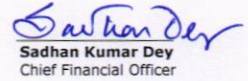
Abdallah Massaad
Chairman



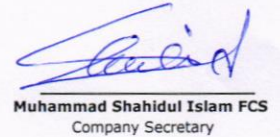
SAK Ekramuzzaman
Managing Director



Pramod Kumar Chand
Director



Sadhan Kumar Dey
Chief Financial Officer



Muhammad Shahidul Islam FCS
Company Secretary

Dated, 26 October 2023

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
For the period ended 30 September 2023

	Attributable to owners of the Company					Non- controlling interests Taka	Total equity Taka
	Share capital Taka (Note - 14)	Share Premium Taka (Note - 15)	Retained earnings Taka (Note - 16)	Total Taka	Total Taka		
Balance as at 01 January 2022	4,279,687,010	1,473,647,979	1,747,192,779	7,500,527,768	1,418	7,500,529,186	
Total comprehensive income for 2022 Profit for the period	-	-	553,520,019	553,520,019	112	553,520,131	
Transactions with the shareholders: Cash dividend (2021)	-	-	(534,960,876)	(534,960,876)	(200)	(534,961,076)	
Balance as at 30 September 2022	4,279,687,010	1,473,647,979	1,765,751,922	7,519,086,911	1,330	7,519,088,241	
Balance as at 01 January 2023	4,279,687,010	1,473,647,979	1,883,817,400	7,637,152,389	1,336	7,637,153,725	
Total comprehensive income for 2023 Profit for the period	-	-	408,806,711	408,806,711	25	408,806,736	
Transactions with the shareholders: Cash dividend (2022)	-	-	(427,968,701)	(427,968,701)	-	(427,968,701)	
Balance as at 30 September 2023	4,279,687,010	1,473,647,979	1,864,655,410	7,617,990,399	1,361	7,617,991,760	

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
For the period ended 30 September 2023

	<u>30 Sep 2023</u>	<u>30 Sep 2022</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	4,872,598,717	5,443,681,996
Cash payments to suppliers and employees	(4,818,337,550)	(5,328,342,682)
Cash generated from operating activities	<u>54,261,167</u>	<u>115,339,314</u>
Interest received from bank deposits	9,934,737	5,564,373
Income tax paid (note - 12)	(135,797,582)	(184,793,879)
Net cash (used in)/from operating activities (note-42)	<u>(71,601,678)</u>	<u>(63,890,192)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(524,442,359)	(917,912,156)
Sale of property, plant and equipment (note-5.3)	2,137,100	474,999
Interest received from FDR	16,995,339	37,413,138
Intangible assets	(3,454,625)	-
Dividend received	-	100
Net cash (used in)/from investing activities	<u>(508,764,545)</u>	<u>(880,023,919)</u>
Cash flows from financing activities		
Finance charges	(21,508,962)	(11,891,486)
Avail/(repayment) of term loan	85,920,571	-
Avail/(repayment) of short-term loan	112,533,337	280,493,887
Payment of lease liability	(8,961,098)	(5,044,893)
Dividend paid	(431,715,855)	(534,774,799)
Adjustment related with non-controlling interest	-	(200)
Net cash (used in)/from financing activities	<u>(263,732,007)</u>	<u>(271,217,491)</u>
Effect of exchange rate changes in cash and cash equivalents	89,484	1,207,459
Net increase/(decrease) in cash and cash equivalents	<u>(844,008,746)</u>	<u>(1,213,924,143)</u>
Cash and cash equivalents as at 01 January	<u>1,275,774,291</u>	<u>2,276,654,664</u>
Cash and cash equivalents as at 30 September (Note 13)	<u>431,765,545</u>	<u>1,062,730,521</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 30 September 2023

1. Reporting entity

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

1.1 Nature of business

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

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

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

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

RAK Security and Services (Pvt.) Limited

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

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

2. Basis of preparation

2.1 Statement of compliance

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

The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management IFRSs titles and format give better presentation to the shareholders.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 26 October 2023.

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgements

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

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

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

Note 4	Property, plant & equipment
Note 5	Investment property
Note 6	Right-of-use assets
Note 17	Deferred tax liability
Note 18	Employees benefit payable
Note 20	Lease liability
Note 24	Provision for income tax
Note 28.1	Impairment on trade receivable

2.5 Reporting period

The financial period of the Company covers one year from 1 January to 31 December each year and is followed consistently. These interim financial statements were prepared for a period from 1 January 2023 to 30 September 2023. The comparative figures cover the period from 1 January 2022 to 30 September 2022/31 Dec 2022 as applicable.

2.6 Going concern

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

3 Significant accounting policies

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

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

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

b) Cash and cash equivalents

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

3.3 Financial liabilities

a) Trade & other payables

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

b) Borrowings

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

3.4 Share capital

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

3.5 Property, plant and equipment

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

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

3.5.1 Depreciation on property, plant and equipment

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

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

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

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

3.6 Investment property

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

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

3.6.1 Depreciation on investment property

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

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

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

3.7 Capital work-in-progress

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

3.8 Intangible assets

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

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

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

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

3.9 Inventories

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

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

3.10 Impairment

Non-derivative financial assets

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

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

3.11 Employee benefit schemes

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

Defined contribution plan (Provident fund)

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

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

Defined benefit plan (Gratuity)

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

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

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

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

3.13 Provisions

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

3.14 IFRS 9 Financial Instruments

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

i. Classification – financial assets

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

ii. Impairment

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

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

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

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

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

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

iii. Hedging

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

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

3.15 IFRS 15 Revenue from Contracts with Customers

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

i. Sales of goods

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

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

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

ii. Rendering of services

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

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

iii. Construction contracts

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

3.16 IFRS 16 Leases

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

General impact of application of IFRS 16 Leases

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

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

Impact of the new definition of a lease

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

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

Impact on Lessee Accounting

Former operating leases

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

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

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

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

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

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

Former finance leases

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

Impact on Lessor Accounting

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

3.17 Finance income and expenses

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

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

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

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

3.18 Foreign currency

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

3.19 Taxation

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

Current tax:

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2023.

Deferred tax:

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

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

3.20 Earning per share

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

3.21 Determination and presentation of operating segment

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

3.22 Contingencies

Contingent liability

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

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

Contingent asset

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

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

3.23 Statement of cash flows

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

3.24 Events after the reporting period

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

3.25 Comparatives and reclassification

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

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

4 Property, plant and equipment

30 Sep 2023

Particulars	C O S T					D E P R E C I A T I O N					Amount in Taka Net book value as at 30 Sep 2023
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal transfer during the period	Balance as at 30 Sep 2023	Rate (%)	Balance as at 01 Jan 2023	Charged during the period	Adjustment during the period	Balance as at 30 Sep 2023		
	Land*	1,033,267,017	178,473,319	-	1,211,740,336	-	-	-	-	-	
Factory building	1,045,271,569	11,309,674	-	1,056,581,243	5-20	585,936,080	35,734,772	-	621,670,852	434,910,391	
Office and accommodation building	542,813,594	3,963,468	-	546,777,062	5	232,821,264	22,101,564	-	254,922,828	291,854,234	
Plant and machinery	5,993,330,750	213,734,662	(383,126,433)	5,823,938,979	5-10	4,681,012,855	245,689,504	(380,286,188)	4,546,416,172	1,277,522,807	
Mobile plant	138,910,626	1,555	-	138,912,180	10	92,741,702	7,603,118	-	100,344,821	38,567,360	
Electrical installation	242,630,147	-	-	242,630,147	10-20	221,688,993	4,766,455	-	226,455,449	16,174,698	
Gas pipeline	80,514,054	-	-	80,514,054	10-20	68,113,907	3,035,283	-	71,149,190	9,364,864	
Furniture and fixtures	48,152,729	882,054	(14,750)	49,020,033	10-20	32,512,734	3,754,531	(14,744)	36,252,521	12,767,512	
Office equipment	63,708,794	5,966,820	(9,054,625)	60,620,989	10-20	46,763,976	5,999,784	(6,192,685)	46,571,075	14,049,914	
Communication equipment	16,566,185	2,339,200	-	18,905,385	10-20	10,789,876	2,416,505	-	13,206,382	5,699,003	
Tools and appliances	14,585,223	97,146	-	14,682,368	10-20	11,273,182	905,785	-	12,178,967	2,503,401	
Vehicles	96,188,040	34,639,528	(3,869,917)	126,957,651	10-20	69,159,862	6,015,273	(3,656,284)	71,518,851	55,438,798	
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-	
Total	9,319,569,740	451,407,425	(396,065,725)	9,374,911,440		6,056,445,443	338,022,575	(390,149,900)	6,004,318,121	3,370,593,318	

*Addition of land includes BDT. 6,012,500 for the purchase of 0.35 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others as approved in EGM dated August 4, 2022. The land was proposed to be utilized for greenfield expansion of another tiles plant and new faucets plant.

31 Dec 2022

Particulars	C O S T					D E P R E C I A T I O N					Amount in Taka Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal/ transfer during the year	Balance as at 31 Dec 2022	Rate (%)	Balance as at 01 Jan 2022	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2022		
	Land*	341,565,707	691,701,310	-	1,033,267,017	-	-	-	-	-	
Factory building	1,039,010,882	6,260,687	-	1,045,271,569	5-20	537,116,690	48,819,390	-	585,936,080	459,335,489	
Office and accommodation building	534,211,506	8,684,209	(82,121)	542,813,594	5	203,708,611	29,112,653	-	232,821,264	309,992,330	
Plant and machinery	5,838,268,311	156,574,890	(1,512,451)	5,993,330,750	5-10	4,355,890,753	325,245,589	(123,487)	4,681,012,855	1,312,317,895	
Mobile plant	122,557,641	16,270,864	82,121	138,910,626	10	84,900,028	7,841,674	-	92,741,702	46,168,924	
Electrical installation	242,630,147	-	-	242,630,147	10-20	215,255,337	6,433,656	-	221,688,993	20,941,154	
Gas pipeline	80,514,054	-	-	80,514,054	10-20	64,055,745	4,058,162	-	68,113,907	12,400,147	
Furniture and fixtures	44,050,472	4,474,835	(372,578)	48,152,729	10	28,097,484	4,787,817	(372,567)	32,512,734	15,639,995	
Office equipment	52,713,848	11,352,166	(357,220)	63,708,794	10-20	40,839,174	6,282,016	(357,214)	46,763,976	16,944,818	
Communication equipment	12,509,259	4,056,926	-	16,566,185	10-20	8,369,622	2,420,254	-	10,789,876	5,776,308	
Tools and appliances	19,831,622	-	(5,246,399)	14,585,223	10-20	14,977,934	1,267,390	(4,972,142)	11,273,182	3,312,041	
Vehicles	90,757,466	8,529,485	(3,098,911)	96,188,040	10-20	65,515,588	6,036,138	(2,391,864)	69,159,862	27,028,179	
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-	
Total	8,422,251,927	907,905,372	(10,587,559)	9,319,569,740		5,622,357,978	442,304,739	(8,217,274)	6,056,445,443	3,263,124,297	

*Addition of land includes BDT. 677,182,210 for the purchase of 33.05 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others as approved in EGM dated August 4, 2022. The land was proposed to be utilized for greenfield expansion of another tiles plant and new faucets plant.

5 Investment Property

30 Sep 2023

Particulars	COST				Rate	DEPRECIATION				Amount in Taka Net book value as at 30 Sep 2023
	Balance as at 01 Jan 2023	Addition during the period	Sale/Transfer during the period	Balance as at 30 Sep 2023		Balance as at 01 Jan 2023	Charged during the period	Adjustment during the period	Balance as at 30 Sep 2023	
	Land ¹	500,571,750	-	-		500,571,750	-	-	-	
Office building ²	4,432,737	-	-	4,432,737	1,992,240	165,983	-	2,158,223	2,274,514	
Total	505,004,487	-	-	505,004,487	1,992,240	165,983	-	2,158,223	502,846,264	

31 Dec 2022

Particulars	COST				Rate	DEPRECIATION				Amount in Taka Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/Transfer during the year	Balance as at 31 Dec 2022		Balance as at 01 Jan 2022	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2022	
	Land ¹	500,571,750	-	-		500,571,750	-	-	-	
Office building ²	4,432,737	-	-	4,432,737	1,770,322	221,918	-	1,992,240	2,440,497	
Total	505,004,487	-	-	505,004,487	1,770,322	221,918	-	1,992,240	503,012,247	

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

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

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

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

	<u>30 Sep 2023</u> Taka	<u>30 Sep 2022</u> Taka
5.1 Depreciation		
Property, plant and equipment (Note 4)	338,022,575	328,508,234
Investment Property (Note 5)	165,983	165,983
	338,188,558	328,674,217
5.2 Allocation of Depreciation		
Cost of sales (Note 26)	305,867,819	300,493,964
Administrative expenses (Note 5.2.1)	26,031,619	23,245,424
Marketing & selling expenses (Note 29)	6,289,120	4,934,828
	338,188,558	328,674,217
5.2.1 Administrative Depreciation		
Depreciation on property, plant & equipment (Note 28)	25,865,636	23,079,441
Depreciation on investment property (Note 28)	165,983	165,983
	26,031,619	23,245,424

5.3 Disposal of property, plant and equipment

30 Sep 2023

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	6,050,000	6,050,000	-	-	-
Furniture & fixture	14,750	14,744	6	6,000	5,994
Plant and machinery	383,126,433	380,286,188	2,840,246	-	(2,840,246)
Vehicles	3,869,917	3,656,284	213,633	2,131,100	1,917,467
Total	393,061,100	390,007,216	3,053,885	2,137,100	(916,785)

30 Sep 2022

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Plant and machinery	1,512,451	123,487	1,388,964	-	(1,388,964)
Vehicles	3,098,911	2,391,865	707,046	474,999	(232,047)
Tools and appliances	5,246,399	4,972,142	274,257	-	(274,257)
Total	9,962,761	7,592,494	2,370,267	474,999	(1,895,268)

6 Right-of-use assets

Particulars	COST				DEPRECIATION				Net book value as at 30 Sep 2023
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal during the period	Balance as at 30 Sep 2023	Balance as at 01 Jan 2023	Charged during the period	Adjustment during the period	Balance as at 30 Sep 2023	
Display center	48,278,231	29,737,142	(12,469,999)	65,545,373	25,770,495	9,276,020	(12,469,999)	22,576,516	42,968,857
Accommodation building	1,471,380	759,050	(666,325)	1,564,105	666,326	566,412	(666,326)	566,411	997,694
Warehouse	1,880,142	28,687,412	-	30,567,554	65,283	1,073,756	-	1,139,039	29,428,515
Total	51,629,753	59,183,605	(13,136,324)	97,677,032	26,502,104	10,916,188	(13,136,325)	24,281,966	73,395,066

30 Sep 2023

Amount in Taka

Particulars	COST				DEPRECIATION				Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2022	Balance as at 01 Jan 2022	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2022	
Display center	44,590,469	17,601,130	(13,913,368)	48,278,231	31,468,446	8,215,417	(13,913,368)	25,770,495	22,507,736
Accommodation building	1,393,850	805,053	(727,523)	1,471,380	663,327	730,522	(727,523)	666,326	805,054
Warehouse	-	1,880,142	-	1,880,142	-	65,283	-	65,283	1,814,859
Total	45,984,319	20,286,325	(14,640,891)	51,629,753	32,131,773	9,011,222	(14,640,891)	26,502,104	25,127,649

31 Dec 2022

Amount in Taka

6.1 Allocation of depreciation

	30 Sep 2023	30 Sep 2022
Administrative expenses (Note 28)	566,412	543,635
Marketing & Selling expenses (Note 29)	10,349,776	6,012,881
	<u>10,916,188</u>	<u>6,556,516</u>

1. Company rented four display centers situated in Dhaka, Chattogram, Sylhet and Mymensingh.
2. Accommodation building was rented for the use of transit employees.
3. Warehouse was rented to store finished goods.

7 Intangible assets

30 Sep 2023

Particulars	COST				AMORTIZATION				Amount in Taka
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal during the period	Balance as at 30 Sep 2023	Balance as at 01 Jan 2023	Amortized during the period	Adjustment during the period	Balance as at 30 Sep 2023	Net book value as at 30 Sep 2023
	License	22,692,876	3,004,625	-	25,697,501	22,587,507	697,800	142,685	23,427,991
Computer Software	12,064,380	450,000	-	12,514,380	11,493,807	253,003	-	11,746,810	767,570
Total	34,757,256	3,454,625	-	38,211,881	34,081,314	950,803	142,685	35,174,801	3,037,080

31 Dec 2022

Particulars	COST				AMORTIZATION				Amount in Taka
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2022	Balance as at 01 Jan 2022	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2022	Net book value as at 31 Dec 2022
	License	22,692,876	-	-	22,692,876	22,381,800	205,707	-	22,587,507
Computer Software	12,064,380	-	-	12,064,380	10,349,701	1,144,106	-	11,493,807	570,573
Total	34,757,256	-	-	34,757,256	32,731,501	1,349,813	-	34,081,314	675,942

	<u>30 Sep 2023</u>	<u>31 Dec 2022</u>
	<u>Taka</u>	<u>Taka</u>
8 Capital Work-in-Progress		
Balance as at 1 January	155,705,038	17,713,837
Add: Addition during the period (note 8.1)	297,595,321	306,335,970
	<u>453,300,359</u>	<u>324,049,807</u>
Less: Transfer to property, plant & equipment during the period (note 8.2)	224,560,387	168,344,769
Balance as at 30 Sep	<u>228,739,972</u>	<u>155,705,038</u>
8.1 Addition during the period		
Building	29,397,776	15,264,180
Plant & machinery	264,579,236	273,363,820
Others	3,618,309	17,707,970
	<u>297,595,321</u>	<u>306,335,970</u>
8.2 Items transferred from capital work in progress to property, plant & equipment		
Building	13,790,211	14,944,895
Plant & machinery	208,489,285	138,247,010
Others	2,280,891	15,152,864
	<u>224,560,387</u>	<u>168,344,769</u>
9 Inventories		
Raw materials	1,131,683,513	1,616,409,488
Less : Provision for slow moving & obsolete inventories	33,447,977	27,390,319
	<u>1,098,235,536</u>	<u>1,589,019,169</u>
Stores and consumables spares and packing	1,077,290,994	1,099,615,246
Less: Write off for stores and spares	25,171,179	45,658,898
	<u>1,052,119,815</u>	<u>1,053,956,348</u>
Finished goods (net of net realizable value adjustment) *	1,372,640,133	587,936,012
Less : Provision for slow moving & obsolete inventories	12,424,235	10,193,909
	<u>1,360,215,898</u>	<u>577,742,103</u>
Work-in-process	89,326,908	72,294,867
Goods-in-transit	507,767,913	111,557,341
	<u>4,107,666,071</u>	<u>3,404,569,828</u>
*Finished goods exclude provision of net realizable value BDT. 28,961,531.		

	30 Sep 2023	31 Dec 2022
	Taka	Taka
10 Trade and other receivables		
Trade receivables (Note 10.1)	2,252,310,167	1,523,479,675
	<u>2,252,310,167</u>	<u>1,523,479,675</u>
Accrued interest (Note 10.2)	1,350,981	1,094,375
	<u>2,253,661,148</u>	<u>1,524,574,050</u>
10.1 Trade receivables		
Receivables from local sales	2,278,280,016	1,535,563,513
	<u>2,278,280,016</u>	<u>1,535,563,513</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	8,677,405	6,039,333
Related parties	17,292,444	6,044,505
	<u>2,252,310,167</u>	<u>1,523,479,675</u>
10.2 Accrued interest		
Interest accrued on Fixed Deposit Receipt	778,761	1,094,375
Interest accrued on Special Notice Deposit	572,220	-
	<u>1,350,981</u>	<u>1,094,375</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	1,003,891	354,500
Purchase of land and others	36,381,141	18,037,873
Suppliers against materials and services	158,445,177	60,283,423
	<u>195,830,209</u>	<u>78,675,796</u>
Security and other deposits:		
Titas gas	71,833,050	71,833,050
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	5,079,246	2,123,789
Deposited with income tax authority	83,962,899	79,320,962
Deposited with VAT authority	6,726,946	34,345,289
Display center and others	1,312,000	1,312,000
Other deposits	1,494,626	1,494,626
	<u>172,363,767</u>	<u>192,384,716</u>
Prepayments:		
Showroom, warehouse and office rent	149,800	15,774,000
Insurance and others	18,797,496	12,374,116
	<u>18,947,296</u>	<u>28,148,116</u>
	<u>387,141,272</u>	<u>299,208,628</u>

	<u>30 Sep 2023</u>	<u>31 Dec 2022</u>
	<u>Taka</u>	<u>Taka</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	2,123,789	2,191,784
Add: Treasury deposit for SD & VAT purpose	83,418,893	9,170,717
	<u>85,542,682</u>	<u>11,362,501</u>
Less: SD & VAT on sales	80,463,436	9,238,712
Balance as at 30 Sep	<u><u>5,079,246</u></u>	<u><u>2,123,789</u></u>

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

12 Advance Income Tax		
Balance as at 1 January	4,100,140,671	3,865,788,064
Add: Paid during the period	135,797,582	234,352,607
Less: Adjustment during the period	(71,228,410)	-
Balance as at 30 Sep (Note - 12.1)	<u><u>4,164,709,843</u></u>	<u><u>4,100,140,671</u></u>

12.1 Payment for the year

<u>Income year</u>		
Current period	107,990,143	-
Year 2022	243,147,159	215,539,721
Year 2021	273,987,480	273,987,480
Year 2020	130,950,084	130,950,084
Year 2019	280,949,748	280,949,748
Year 2018	314,338,282	314,338,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	253,701,667	291,694,002
Year 2013	389,651,054	389,651,054
Year 2012	301,027,378	334,263,453
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u><u>4,164,509,843</u></u>	<u><u>4,100,140,671</u></u>

	<u>30 Sep 2023</u>	<u>31 Dec 2022</u>
	<u>Taka</u>	<u>Taka</u>
13 Cash and cash equivalents		
Cash in hand	6,202,071	4,940,100
Cash at banks		
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	65,171	48,008,704
BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	15,055,093	7,029,098
Citibank N.A. (current account - G0100001200262018 - BDT)	137,194	143,529
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	4,682,925	2,224,092
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	919,583	1,305,563
Standard Chartered Bank (Margin money account)	85,812,652	11,369,665
Midland Bank Ltd. (Margin money account)	16,643,435	-
United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	17,554,687	19,582,657
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	127,553	376,147
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	68,546,812	64,575,111
Prime Bank Ltd. (SND - 2125316004690 - BDT)	1,683,861	5,163,335
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	925,833	1,187,158
Dhaka Bank Ltd (SND - 102.150.274- BDT))	11,509,390	12,724,019
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	9,988,882	-
Dhaka Bank Ltd (CD - 204100000019318- BDT))	337,031	337,606
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	36,578,040	36,099,416
Commercial Bank of Ceylon (ERQ-1806012366 - USD.)	1,520,483	1,167,570
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	2,288,136	18,037,173
Midland Bank Ltd. (SND 0006-1070000015, 0006-1060000043 - BDT)	6,465,489	323,664,743
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	4,151,806	76,971,089
Eastern Bank Ltd. (Margin Money account)	1,302,765	685,732
Commercial Bank of Ceylon (Margin Money account)	426,254	331,882
	<u>286,723,075</u>	<u>630,984,289</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,690,013	1,686,673
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,501	3,919,501
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,606	153,606
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,599	126,599
	<u>5,889,719</u>	<u>5,886,379</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,828,976	2,832,666
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	1,092,886	1,096,576
SCB (SND - 02-6162940-02- BDT) - 2012	174,884	176,153
SCB (SND - 02-6162940-03- BDT) - 2013	320,121	321,365
SCB (SND - 02-6162940-05- BDT) - 2015	39,306	40,449
SCB (SND - 02-6162940-06- BDT) - 2016	6,021	7,170
SCB (SND - 02-6162940-07- BDT) - 2017	-	1,133
SCB (SND - 02-6162940-09- BDT) - 2019	4,206	6,099,271
SCB (SND - 02-6162940-10- BDT) - 2020	3,167,690	3,179,172
SCB (SND - 02-6162940-11- BDT) - 2021	2,988,423	3,070,463
MDB (SND - 0006-1090000460 - BDT) - 2022	5,189,062	-
	<u>15,811,575</u>	<u>16,824,418</u>
Investment in Fixed Deposit Receipt (FDR)		
Midland Bank Ltd.	50,000,000	-
Eastern Bank Ltd.	62,139,105	262,139,105
Dhaka Bank Ltd.	-	300,000,000
Commercial bank of Ceylon	5,000,000	55,000,000
	<u>117,139,105</u>	<u>617,139,105</u>
	<u>431,765,545</u>	<u>1,275,774,291</u>

	30 Sep 2023		31 Dec 2022	
	Taka		Taka	
14 Share Capital				
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		4,279,687,010		4,279,687,010
Percentage of shareholdings :				
	30 Sep 2023		31 Dec 2022	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,915,864,310	68.13	2,915,864,310
S.A.K. Ekramuzzaman	3.95	168,958,240	3.95	168,958,240
Other Sponsors	0.00	1,660	0.00	1,660
General Public	27.92	1,194,862,800	27.92	1,194,862,800
	100.00	4,279,687,010	100.00	4,279,687,010

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

Mr. SAK Ekramuzzaman pledged 15,232,353 no of shares out of his total holding of 16,895,824 no of shares.

Classification of shareholders by holding

Shareholders' range	Number of shareholders		Number of shares	
	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022
01-499 shares	17,320	17,249	4,045,236	4,042,747
500 to 5,000 shares	8,229	8,179	13,205,417	13,158,647
5001 to 10,000 shares	931	926	6,997,934	7,005,165
10,001 to 20,000 shares	485	486	7,060,221	7,117,059
20,001 to 30,000 shares	149	154	3,784,388	3,901,900
30,001 to 40,000 shares	74	76	2,645,438	2,717,389
40,001 to 50,000 shares	64	65	3,001,085	3,061,080
50,001 to 100,000 shares	98	98	6,950,523	6,955,385
100,001 to 1,000,000 shares	81	81	24,725,319	24,464,289
1,000,001 to 1,000,000,000 Shares	12	15	355,553,140	355,545,040
	27,443	27,329	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)	30 Sep 2023	31 Dec 2022
		Taka	Taka
10,000,000	30	300,000,000	300,000,000
34,510,000	38	1,311,380,000	1,311,380,000
		1,611,380,000	1,611,380,000
Less : Share issue expenses		137,732,021	137,732,021
		1,473,647,979	1,473,647,979

16 Retained earnings (Reserve and surplus)

Balance as on 1 January	1,883,817,400	1,747,192,779
Add : Profit during the period	408,806,711	671,585,497
	2,292,624,111	2,418,778,276
Less: Dividend declared during the period	(427,968,701)	(534,960,876)
Balance as on 30 Sep	1,864,655,410	1,883,817,400

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

	30 Sep 2023 Taka	31 Dec 2022 Taka	
17 Deferred tax liabilities			
Balance as at 1 January	108,058,703	139,829,250	
Less : Deferred tax (Income)/expenses	<u>(46,935,719)</u>	<u>(31,770,547)</u>	
Balance as at 30 Sep	<u>61,122,984</u>	<u>108,058,703</u>	
	Carrying amount on the date of statement of financial position	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 30 Sep 2023			
Property, plant and equipment (Excluding land and others)	2,119,978,803	1,776,684,288	343,294,515
Trade receivable	2,250,761,824	2,284,731,673	(25,969,849)
Inventories	4,038,888,564	4,113,722,307	(74,833,743)
Right of use assets	73,395,065	-	73,395,065
Lease liability	(54,805,931)	-	(54,805,931)
Net taxable temporary difference			<u>261,080,056</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>61,122,984</u>
As at 31 December 2022			
Property, plant and equipment (Excluding land and others)	2,191,768,732	1,654,353,913	537,414,819
Trade receivable	1,532,613,442	1,544,697,280	(12,083,838)
Inventories	3,349,411,095	3,412,972,845	(63,561,749)
Right of use assets	25,127,649	-	25,127,649
Lease liability	(18,583,247)	-	(18,583,247)
Net taxable temporary difference			<u>468,313,633</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>108,058,703</u>

18 Employees benefits payable

Provident fund	35,302,912	-
Gratuity fund	<u>16,084,233</u>	<u>-</u>
	<u>51,387,145</u>	<u>-</u>

	30 Sep 2023		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	<u>62,634,815</u>	<u>23,637,876</u>	<u>86,272,691</u>
	62,634,815	23,637,876	86,272,691
Less: Payments made to fund during the period	<u>27,331,904</u>	<u>7,553,643</u>	<u>34,885,547</u>
Balance as at 30 Sep	<u>35,302,912</u>	<u>16,084,233</u>	<u>51,387,145</u>

Forfeited amount of provident fund amounting to BDT. 1,375,564 for the period 2023 has been adjusted with provision and payment.

	31 Dec 2022		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	<u>75,861,432</u>	<u>28,029,345</u>	<u>103,890,777</u>
	75,861,432	28,029,345	103,890,777
Less: Payments made to fund during the year	<u>75,861,432</u>	<u>28,029,345</u>	<u>103,890,777</u>
Balance as at 31 December	<u>-</u>	<u>-</u>	<u>-</u>

Forfeited amount of provident fund amounting to BDT. 833,466 for the year 2022 has been adjusted with provision and payment.

19 Borrowings

Non-current:		
Term loan	91,440,742	-
Current portion of term loan	<u>(5,520,171)</u>	<u>-</u>
	<u>85,920,571</u>	<u>-</u>
Current:		
Bank overdrafts	23,142,657	-
Short-term borrowings	456,676,302	372,805,793
Current portion of term loan	<u>5,520,171</u>	<u>-</u>
	<u>485,339,130</u>	<u>372,805,793</u>
Balance as at 30 Sep	<u>571,259,701</u>	<u>372,805,793</u>

19.1 Borrowings by maturity

At 30 September 2023	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	23,142,657	-	-	-	23,142,657
Short-term borrowings	456,676,302	-	-	-	456,676,302
Term loan	<u>5,520,171</u>	<u>22,860,186</u>	<u>63,060,386</u>	<u>-</u>	<u>91,440,742</u>
	<u>485,339,130</u>	<u>22,860,186</u>	<u>63,060,386</u>	<u>-</u>	<u>571,259,701</u>
At 31 December 2022	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term borrowings	<u>372,805,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,805,793</u>
	<u>372,805,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,805,793</u>

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	4,155,869	Revolving	From company's own source	1) Corporate guarantee,	1) Specific charge over plant, machinery and equipment of BMRE projects.
	Short term loan	500,000,000	253,152,849	180/360 days from B/L date			
Midland Bank Ltd.	Overdraft	25,000,000	-	Revolving	From company's own source	2) Hypothecation over stock & book debts on a pari-passu basis with other lenders.	3) Demand promissory note.
	Short term loan	500,000,000	-	180/360 days from B/L date			
Eastern Bank Ltd.	Long term loan*	450,000,000	91,440,742	5 years with 1 year moratorium period	From company's own source		
	Overdraft	30,000,000	18,986,788	Revolving			
Dutch Bangla Bank Ltd.	Short term loan	425,000,000	194,683,453	180/360 days from B/L date	From company's own source		
	Overdraft	25,000,000	-	Revolving			
Commercial Bank of Ceylon	Short term loan	90,000,000	-	180/360 days from B/L date	From company's own source		
	Overdraft	35,000,000	-	Revolving			
	Short term loan	550,000,000	8,840,000	180/360 days from B/L date			

* The long term loan facility limit approved in Board of Directors meetings dated July 20, 2022 to be utilized for the BMRE project of tiles plant

	30 Sep 2023	31 Dec 2022
	Taka	Taka

20 Lease liability

Non-current:

Lease liability	54,805,931	18,583,247
Less : Current portion of lease liability	11,642,481	5,427,646
	43,163,451	13,155,601

Current:

Current portion of lease liability	11,642,481	5,427,646
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30 Sep 2023

Lease liability schedule

Particulars	Balance as on 01 January 2023	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 30 Sep 2023
Display center	15,897,164	13,133,102	7,037,937	1,951,415	5,086,523	23,943,744
Accommodation Building	834,211	759,050	622,105	51,080	571,024	1,022,236
Warehouse	1,851,871	28,687,412	1,301,056	601,721	699,335	29,839,951
	18,583,247	42,579,565	8,961,098	2,604,216	6,356,883	54,805,931

31 December 2022

Lease liability schedule

Particulars	Balance as on 01 January 2022	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2022
Display center	8,959,184	11,971,130	6,203,091	1,169,941	5,033,149	15,897,164
Accommodation Building	755,370	805,053	802,105	75,893	726,213	834,211
Warehouse	-	1,880,142	105,265	76,995	28,270	1,851,871
	9,714,554	14,656,326	7,110,461	1,322,828	5,787,633	18,583,247

21 Trade and other payables

Trade payables

Payable to local suppliers	205,719,864	144,065,549
Payable to foreign suppliers	703,959,387	222,739,944
Payable to service provider	74,620,304	71,856,030
Payable to C & F agent	58,244,985	62,174,471
	1,042,544,540	500,835,994

Other payables

Tax deducted at source	17,393,555	18,039,481
Tax deducted at source on remuneration (Note-23.1)	4,193,251	7,099,944
Tax deducted at source on incentive and bonus (Note-23)	-	7,263,075
VAT deducted at source	7,495,248	8,445,799
VAT and Supplementary duty payable (Note-21.1)	38,360,660	115,766,477
Unclaimed share application	20,061,956	20,061,956
Advance from customer against sales	17,242,044	7,663,680
Security deposit payable	2,109,271	2,075,814
Payable to employees	3,519,957	1,534,726
Payable to customer against claim	17,938,128	16,656,209
Provisional liabilities - material & services	55,743,754	44,632,834
Payable against purchase of land (Note - 37)	304,150,175	298,137,675
	488,207,999	547,377,670
	1,530,752,539	1,048,213,664

	30 Sep 2023	31 Dec 2022
	Taka	Taka

21.1 VAT and Supplementary duty (SD) payable

Opening Balance	115,766,477	117,438,944
Add: VAT and Supplementary duty on sales	1,820,981,299	2,512,675,861
Other payable	1,365,249	211,101
	1,938,113,025	2,630,325,905
Less: Treasury deposit for SD & VAT purpose	1,245,869,970	1,633,832,497
Rebate of input VAT	653,882,396	880,726,931
	1,899,752,366	2,514,559,428
Balance as at 30 Sep	38,360,660	115,766,477

22 Unclaimed Dividend Payable

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 30 Sep 2023	Fund Transferred to CMSF	Undistributed fund (BDT) as on 30 Sep 2023
2010	345,110,250	60,198,297	284,911,953	274,257,528	10,654,425	-
2011	379,621,275	65,382,545	314,238,730	306,565,331	7,673,399	-
2012	417,583,403	27,344,749	390,238,653	386,535,373	3,703,280	-
2013	459,341,744	30,693,245	428,648,499	426,108,408	2,540,090	-
2014	842,126,528	60,654,665	781,471,863	776,464,072	5,007,791	-
2015	842,126,528	61,659,449	780,467,078	776,773,479	3,693,599	-
2016	673,701,222	48,745,089	624,956,133	620,752,883	4,203,250	-
2017	353,693,141	27,276,252	326,416,889	324,757,456	1,659,433	-
2018	389,062,456	29,888,903	359,173,553	357,227,075	1,946,478	-
2019	641,953,052	49,029,624	592,923,428	588,305,450	4,617,978	-
2020	427,968,701	32,747,652	395,221,049	392,406,488	-	2,814,561
2021	534,960,876	39,123,334	495,837,543	492,897,767	-	2,939,776
2022	427,968,701	34,965,753	393,002,948	390,593,972	-	2,408,976
	6,735,217,875	567,709,557	6,167,508,318	6,113,645,283	45,699,723	8,163,313

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2022	Fund Transferred to CMSF	Undistributed fund (BDT) as on 31 Dec 2022
2010	345,110,250	60,198,297	284,911,953	274,257,528	10,654,425	-
2011	379,621,275	65,382,545	314,238,730	306,565,331	7,673,399	-
2012	417,583,403	27,344,749	390,238,653	386,535,373	3,703,280	-
2013	459,341,744	30,693,245	428,648,499	426,108,408	2,540,090	-
2014	842,126,528	60,654,665	781,471,863	776,464,072	5,007,791	-
2015	842,126,528	61,659,449	780,467,078	776,773,479	3,693,599	-
2016	673,701,222	48,745,089	624,956,133	620,752,883	4,203,250	-
2017	353,693,141	27,276,252	326,416,889	324,757,456	1,659,433	-
2018	389,062,456	29,888,903	359,173,553	357,227,075	1,946,478	-
2019	641,953,052	49,029,624	592,923,428	586,814,480	-	6,108,948
2020	427,968,701	32,747,652	395,221,049	392,398,879	-	2,822,171
2021	534,960,876	39,123,334	495,837,543	492,866,695	-	2,970,848
	6,307,249,174	532,743,804	5,774,505,371	5,721,521,659	41,081,745	11,901,967

	30 Sep 2023	31 Dec 2022
	Taka	Taka
23 Accrued expenses		
Power and gas	154,151,927	45,724,712
Staff cost	170,262,437	116,913,361
Dealer's incentive and bonus	39,378,819	65,367,671
Audit fees	1,080,000	1,840,000
Professional charges	3,205,745	460,497
Interest on loans	10,192,477	7,598,906
Telephone	401,290	236,848
Freight bill	11,222,279	1,750,586
Business promotion and advertisement	23,374,899	32,591,430
Hiring heavy equipment	3,639,696	1,660,994
Managing Director's remuneration (Note 23.1)	12,579,752	21,299,832
Worker's profit participation and welfare fund (Note 23.2)	26,979,127	45,079,009
Royalty and technical know-how fees (Note 23.3)	521,682,811	478,068,907
Others	18,493,124	14,653,834
	996,644,383	833,246,587
23.1 Managing Director's remuneration		
Balance as at 1 January	21,299,832	26,422,103
Add: Payable to Managing Director for the period	16,773,004	28,399,776
	38,072,835	54,821,879
Less: Tax deducted at source during the period (Note 21)	4,193,251	7,099,944
Less: Paid to Managing Director during the period	21,299,832	26,422,103
Balance as at 30 Sep	12,579,752	21,299,832
23.2 Worker's profit participation and welfare fund		
Balance as at 1 January	45,079,009	55,919,793
Add: Contribution made to the fund during the period	26,979,127	45,079,009
	72,058,136	100,998,802
Less: Payment made from the fund during the period	45,079,009	55,919,793
Balance as at 30 Sep	26,979,127	45,079,009
23.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	478,068,907	407,974,519
Add: Provision made during the period	43,613,904	70,094,388
Balance as at 30 Sep	521,682,811	478,068,907
24 Provision for Income Tax		
Balance as at 1 January	4,521,948,955	4,272,115,156
Add: Provision made during the period	180,715,778	249,833,799
	4,702,664,732	4,521,948,955
Less: Adjustment for completed assessment	(71,228,410)	-
Balance as at 30 Sep (Note 24.1)	4,631,436,322	4,521,948,955
24.1 Provision for Income Tax		
Income year		
Current period	180,715,778	-
Year 2022	249,833,799	249,833,799
Year 2021	300,848,645	300,848,645
Year 2020	137,014,355	137,014,355
Year 2019	296,420,303	296,420,303
Year 2018	316,355,666	316,355,666
Year 2017	346,089,883	346,089,883
Year 2016	302,798,649	302,798,649
Year 2015	323,397,728	323,397,728
Year 2014	339,893,487	377,885,822
Year 2013	362,336,361	362,336,361
Year 2012	305,056,870	339,211,366
Year 2011	326,685,215	326,685,215
Year 2010	349,879,112	348,965,691
Year 2009	266,828,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	4,631,436,322	4,521,948,955

	30 Sep 2023	30 Sep 2022	July to Sep 2023	July to Sep 2022
	Taka	Taka	Taka	Taka
25 Sales				
Gross sales from Ceramics product	7,846,374,288	8,105,300,264	2,537,681,867	2,692,465,105
Gross sales from Power generation	556,422,672	323,863,522	194,205,315	103,474,058
Gross sales from Security service	83,287,081	71,955,667	29,010,192	24,320,929
	<u>8,486,084,041</u>	<u>8,501,119,453</u>	<u>2,760,897,374</u>	<u>2,820,260,092</u>
Less: Elimination	521,720,919	315,659,648	181,356,932	101,473,681
Supplementary Duty	795,474,566	813,406,590	259,065,104	273,018,716
VAT	1,107,470,891	1,107,687,969	360,156,392	367,813,814
Discount	842,962	9,366,691	164,646	1,574,239
Commission, incentive and bonus	459,145,495	567,735,561	172,722,593	192,142,551
Net sales	<u>5,601,429,208</u>	<u>5,687,262,994</u>	<u>1,787,431,707</u>	<u>1,884,237,091</u>
26 Cost of sales				
Materials consumed:				
Opening Inventory as at 1 January	1,589,019,169	1,312,339,347	1,199,216,651	1,396,836,054
Add: Purchase during the period	<u>2,236,621,870</u>	<u>2,899,214,833</u>	<u>798,312,837</u>	<u>1,188,775,269</u>
	3,825,641,038	4,211,554,180	1,997,529,489	2,585,611,323
Less: Closing Inventory as at 30 September	<u>1,098,235,536</u>	<u>1,870,620,329</u>	<u>1,098,235,536</u>	<u>1,870,620,329</u>
	2,727,405,503	2,340,933,851	899,293,953	714,990,994
Manufacturing overhead:				
Direct labour (note 26.1)	544,429,493	522,963,046	166,700,407	173,026,095
Direct expenses:				
Power and gas	651,778,414	269,543,477	213,311,410	92,968,841
Repairs and indirect materials (note 26.2)	645,618,804	676,299,950	200,035,641	198,496,504
Depreciation on property, plant & equipment (note 5.2)	305,867,819	300,493,964	104,734,057	102,144,639
Royalty and technical know-how/assistance fees *	43,613,904	58,110,273	13,148,450	13,128,262
Other production overhead (note 26.3)	62,297,060	67,683,458	10,372,500	23,777,837
Provision for slow moving & obsolete inventories (note 9)	8,287,984	2,592,285	4,206,822	2,337,185
Movement in stock	(786,337,730)	(125,849,240)	(259,705,655)	116,979,180
	<u>4,202,961,250</u>	<u>4,112,771,064</u>	<u>1,352,097,585</u>	<u>1,437,849,537</u>
26.1 Direct labour				
Salary & wages	390,611,163	352,722,000	129,787,289	117,833,518
Overtime	23,014,298	36,012,524	6,570,287	10,000,761
Bonus	41,184,190	32,335,748	1,326,303	10,818,101
Incentive	449,578	32,499	222,767	-
Temporary labour wages	44,389,928	50,017,484	14,926,029	16,985,420
Staff uniform, safety and welfare expenses	2,059,034	937,811	571,544	325,010
Gratuity	16,303,705	22,382,371	4,908,457	7,454,472
Employer's contribution to provident fund	20,787,967	19,476,791	6,682,628	6,503,229
Leave encashment	2,683,717	6,327,127	650,986	2,148,395
Group life insurance	2,554,905	2,541,155	663,109	957,189
Compensation	391,008	177,536	391,008	-
	<u>544,429,493</u>	<u>522,963,046</u>	<u>166,700,407</u>	<u>173,026,095</u>
26.2 Repairs and indirect materials				
Stores, spares, repair & maintenance	326,764,525	347,196,640	97,726,936	93,742,124
Packing expenses	318,854,279	329,103,310	102,308,705	104,754,380
	<u>645,618,804</u>	<u>676,299,950</u>	<u>200,035,641</u>	<u>198,496,504</u>
26.3 Other production overhead				
Tour and travel expenses	2,504,994	1,800,667	538,566	688,660
Demurrage and penalty	9,180,832	4,067,657	804,818	2,725,312
Insurance	18,482,939	19,426,630	6,115,052	6,226,332
Hiring charges and transportation	3,559,714	5,402,440	1,792,000	2,088,571
Write off for stores and spares	25,171,179	33,981,093	-	11,327,031
Other expenses	3,397,402	3,004,971	1,122,064	721,931
	<u>62,297,060</u>	<u>67,683,458</u>	<u>10,372,500</u>	<u>23,777,837</u>
*Royalty has been calculated 8% on business profit as per Finance Act 2020.				
27 Other income				
Dividend income	-	100	-	-
Profit on sale of fixed assets (note 5.3)	-	-	(1,419,144)	-
	<u>-</u>	<u>100</u>	<u>(1,419,144)</u>	<u>-</u>

	30 Sep 2023 Taka	30 Sep 2022 Taka	July to Sep 2023 Taka	July to Sep 2022 Taka
28 Administrative expenses				
Staff cost (note 28.2)	170,901,516	146,533,208	54,140,091	47,733,921
Annual General Meeting expenses	1,733,812	1,749,291	192,500	362,425
Telephone and postage	10,625,011	8,464,473	3,102,822	2,599,570
Office repair and maintenance (note 28.3)	7,437,855	5,176,371	2,820,687	926,446
Registration and renewal	1,642,230	836,352	578,171	242,386
Security and guard expenses	276,369	132,078	137,704	46,866
Electricity, gas and water	4,939,774	4,413,793	1,979,312	794,274
Depreciation on property, plant & equipment (note 5.2.1)	25,865,636	23,079,441	8,999,972	7,884,958
Depreciation on Investment property (note 5.2.1)	165,983	165,983	55,936	55,936
Depreciation on right of use assets (note 6.1)	566,412	543,635	192,638	186,887
Amortization (note 7)	950,803	1,031,824	253,007	326,636
Legal and professional fees	9,818,383	10,006,176	2,680,783	3,124,059
Vehicle repair and maintenance	12,909,690	11,385,543	4,017,172	3,541,369
Rent, rate and tax	5,907,737	3,585,593	1,353,341	882,037
Loss on retirement of assets (note 5.3)	916,785	1,895,268	916,785	232,047
IT expenses	21,750,264	2,418,920	7,532,114	977,737
General Service	4,859,309	2,870,881	1,654,399	381,329
Donation	3,920,860	1,988,371	342,107	50,000
Managing Director's remuneration (note 28.4)	16,773,004	23,752,592	4,859,099	5,072,069
Others	12,166,538	10,229,094	2,138,897	3,575,136
	314,127,971	260,258,887	97,947,537	78,996,088
28.1 Impairment loss on trade receivables				
Unrelated parties	2,638,072	25,123	(18,544)	16,904
Related parties	11,247,939	16,749	2,144,606	4,420
	13,886,011	41,872	2,126,062	21,324
New classification of financial assets shown in note 36.1(b) as per IFRS 9.				
28.2 Staff cost				
Salary & wages	113,192,220	104,128,552	37,368,854	34,441,694
Bonus	17,403,204	8,986,742	6,137,356	3,132,135
Incentive	1,458,416	559,521	878,920	196,580
Gratuity	4,649,501	6,297,836	1,427,149	2,114,245
Employer's contribution to provident fund	6,239,094	5,768,718	2,052,995	1,942,487
Leave encashment	847,349	1,821,802	216,664	629,089
Group life insurance	712,188	676,449	210,244	259,285
Canteen and conveyance expenses	16,708,813	12,992,142	4,339,948	3,840,176
Staff uniform, safety and welfare expenses	4,357,441	2,162,788	293,267	619,888
Travelling expenses	3,503,258	1,868,474	848,662	360,417
Compensation	80,028	246,184	-	-
Medical expenses	545,505	311,351	146,581	38,873
Accommodation expenses	1,204,499	712,649	219,451	159,052
	170,901,516	146,533,208	54,140,091	47,733,921
Accommodation expenses Includes rent expenses for short term lease for BDT. 117,000 and related government levies wherever applicable. Details of the short term lease is shown in note 35. No low value item exists at the reporting period.				
28.3 Office repair & maintenance				
Repairs office equipment	383,753	1,261,776	92,810	57,060
Office maintenance	7,054,102	3,914,595	2,727,877	869,386
	7,437,855	5,176,371	2,820,687	926,446
28.4 Managing Director's remuneration				
Provision made during the period	16,773,004	23,752,592	4,859,099	5,072,069
	16,773,004	23,752,592	4,859,099	5,072,069
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.				
29 Marketing & selling expenses				
Staff cost (note 29.1)	102,996,039	79,989,598	32,828,573	28,507,501
Advertisement	26,695,783	24,036,663	4,329,757	18,618,872
Freight and transportation	238,963,151	264,147,189	82,604,372	92,950,357
Compensation to customers	7,783,176	6,863,378	2,148,813	1,427,916
Business promotion	49,025,905	66,913,228	8,986,973	16,190,778
Depreciation on property, plant & equipment (note 5.2)	6,289,120	4,934,828	2,163,007	1,734,880
Depreciation on right of use assets (note 6.1)	10,349,776	6,012,881	4,087,423	2,193,016
Showroom, office & house rent	1,109,800	1,016,598	(559,203)	305,326
Sample expenses	22,222,755	14,277,501	6,214,849	5,294,154
Tour, travel and others	14,411,571	11,315,588	5,286,700	5,848,791
	479,847,076	479,507,452	148,091,264	173,071,591
29.1 Staff cost				
Salary & wages	61,440,065	50,090,597	21,194,253	18,117,615
Bonus	8,566,095	4,184,177	3,134,203	1,678,046
Incentive	6,916,908	9,721,780	(838,178)	2,580,214
Gratuity	2,684,670	3,242,005	859,460	1,169,459
Employer's contribution to provident fund	3,602,565	2,984,066	1,284,546	1,081,508
Leave Encashment	471,223	963,536	126,789	349,604
Group life insurance	448,608	377,608	117,712	176,043
Conveyance & food expenses	17,032,573	8,367,484	6,491,455	3,355,012
Staff uniform, safety and welfare expenses	1,833,332	58,345	458,333	-
	102,996,039	79,989,598	32,828,573	28,507,501

36 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

36.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD		Amounts in Taka	
	As at 30 Sep 2023	As at 31 Dec 2022	As at 30 Sep 2023	As at 31 Dec 2022
Trade receivables				
Customer-Local	-	-	2,252,310,167	1,523,479,675
	-	-	<u>2,252,310,167</u>	<u>1,523,479,675</u>
Other receivables				
Accrued Interest			1,350,981	1,094,375
			<u>1,350,981</u>	<u>1,094,375</u>
Cash equivalents			<u>425,563,474</u>	<u>1,270,834,191</u>

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 30 September 2023.

Financial assets	Note	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9	Impairment loss (Refer note 10.1)
Trade receivable-unrelated	10.1	Loan & receivable	Amortized cost	1,004,528,571	995,851,166	8,677,405
Trade receivable-related	10.1	Loan & receivable	Amortized cost	1,273,751,445	1,256,459,001	17,292,444
Cash & cash equivalent	13	Loan & receivable	Amortized cost	425,563,473	425,563,473	-

i The above table provides information ECLs till date. Impairment provision till Dec 2022 was Tk. 12,083,838 and provision made during the period is Tk.13,886,011.

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.

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

c) Ageing of receivables

The ageing of trade receivables as at 30 September was:

	Amounts in Taka	
	As at 30 Sep 2023	As at 31 Dec 2022
Not past due	1,528,075,344	1,328,198,931
0-90 days past due	184,288,745	119,056,142
91-180 days past due	503,680,424	43,494,110
181-365 days past due	12,638,221	29,094,918
over 365 days past due	23,627,433	3,635,574
	<u>2,252,310,167</u>	<u>1,523,479,675</u>

36.2 Liquidity risk

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

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

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

	As at 30 Sep 2023			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	23,142,657	23,142,657	23,142,657	-
Trade and other payables	1,530,752,539	1,530,752,539	1,530,752,539	-
Short term borrowing	456,676,302	456,676,302	456,676,302	-
Term loan	91,440,742	91,440,742	5,520,171	85,920,571
	2,102,012,240	2,102,012,240	2,016,091,669	85,920,571

	As at 31 Dec 2022			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	1,048,213,664	1,048,213,664	1,048,213,664	-
Short term borrowing	372,805,793	372,805,793	372,805,793	-
	1,421,019,457	1,421,019,457	1,421,019,457	-

36.3 Market risk

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

a) Currency risk

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

i Exposure to currency risk

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

	As at 30 Sep 2023				As at 31 Dec 2022			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets	-	-	22,182	-	-	-	24,486	-
Cash at bank	-	-	22,182	-	-	-	24,486	-

	As at 30 Sep 2023				As at 31 Dec 2022			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated liabilities								
Trade payables	41,650	257,564	2,255,632	3,373,888	4,442	238,847	1,124,326	699,445
Short term borrowings	-	86,639	3,313,275	650,186	-	-	3,463,724	158,060
Royalty & Technical Fees	-	-	4,721,111	-	-	-	4,659,391	-
	41,650	344,202	10,290,018	4,024,074	4,442	238,847	9,247,441	857,525
Net exposure	(41,650)	(344,202)	(10,267,836)	(4,024,074)	(4,442)	(238,847)	(9,222,955)	(857,525)

The Company has foreign exchange loss of Tk 21,520,911 during the period ended 30 Sep 2023 (30 Sep 2022: Exchange loss Tk 80,562,267).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	30 Sep 2023	31 Dec 2022
	Taka	Taka
AED	30.0165	27.7608
GBP	133.9049	123.8037
USD	110.2500	101.8017
EURO	116.4797	108.6137

I Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening or weakening of the Taka, as indicated below, against the AED, GBP, USD, EURO at 30 Sep would have increased/(decreased) profit or loss by the amounts shown below.

	As at 30 Sep 2023		As at 31 Dec 2022	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 Sep				
AED (3 percent movement)	(1,288)	1,213	(137)	129
GBP (3 percent movement)	(10,645)	10,025	(7,387)	6,957
USD (3 percent movement)	(317,562)	299,063	(285,246)	268,630
EURO (3 percent movement)	(124,456)	117,206	(26,521)	24,976

b) Interest rate risk

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

Profile

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

	Carrying amount	
	As at 30 Sep 2023	As at 31 Dec 2022
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	117,139,105	617,139,105
Cash at banks	308,424,369	653,695,085
Financial liabilities		
Term loan	91,440,742	-
Bank overdraft	23,142,657	-
Short term borrowing	456,676,302	372,805,793

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

	As at 30 Sep 2023		As at 31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	117,139,105	117,139,105	617,139,105	617,139,105
Loans and receivables				
Trade receivables	2,252,310,167	2,252,310,167	1,523,479,675	1,523,479,675
Other receivables	1,350,981	1,350,981	1,094,375	1,094,375
Cash equivalents	425,563,474	425,563,474	1,270,834,191	1,270,834,191
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	91,440,742	91,440,742	-	-
Bank overdraft	23,142,657	23,142,657	-	-
Trade and other payables	1,530,752,539	1,530,752,539	1,048,213,664	1,048,213,664
Short term borrowing	456,676,302	456,676,302	372,805,793	372,805,793

Interest rates used for determining amortised cost

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

	30 Sep 2023	31 Dec 2022
Investment in FDR (local currency/BDT)	1.50%-7.25%	1.50%-6.75%
Bank overdraft (local currency/BDT)	9%	9%
Short term bank loan (local currency/BDT)	9%	9%
Short term bank loan (foreign currency/USD)	SOFR+2.00%-3.50%	SOFR+2.00%-3.50%

37 Related party disclosures under IAS-24

List of related parties with whom transactions have been taken place and their relationship as identified and certified by management:

Amounts in Taka

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advance	Outstanding payable	Remuneration	Dividend Income***	Royalty payable***
RAK Power Pvt. Ltd	Subsidiary	Unsecured	NII	Current period Previous period	483,845,802 281,620,454	2,347,830 3,756,519	2,347,830 3,756,519	189,378,634 103,474,058	-	40,999,800	-
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	NII	Current period Previous period	36,955,389 32,489,191	-	-	6,318,059 8,474,495	-	1,980,000 4,950,000	-
RAK Ceramics PJSC, UAE	Parent	Unsecured	NII	Current period Previous period	25,999,346 4,313,568	-	-	45,763,582 18,643,948	-	-	521,682,811 466,084,792
Ceramfin Z LLC	Fellow subsidiary	Secured	NII	Current period Previous period	631,951,727 731,370,337	-	-	64,099,044	-	-	-
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	NII	Current period Previous period	19,836,319 706,935	-	-	5,230,338	-	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	NII	Current period Previous period	423,872	-	-	-	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	NII	Current period Previous period	120,435,195 78,418,968	-	-	18,321,959 8,325,560	-	-	-
Palli Properties Pte. Ltd (*)	Other related party	Unsecured	NII	Current period Previous period	12,712,271 9,366,753	-	-	6,012,500	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	NII	Current period Previous period	2,935,306 1,152,881	-	-	25,300	-	-	-
Masram Agro Ltd.(**)	Other related party	Unsecured	NII	Current period Previous period	209,743,750	-	-	209,743,750 209,743,750	-	-	-
Speedway International Pvt. Ltd	Other related party	Unsecured	NII	Current period Previous period	30,190,413 17,993,256	-	-	17,384,020 1,785,511	-	-	-
Global Business Associates Ltd.	Other related party	Unsecured	NII	Current period Previous period	736,100	-	-	6,414	-	-	-
Pelikan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	NII	Current period Previous period	7,843,174	-	-	-	-	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	NII	Current period Previous period	-	2,072,670,168 2,138,367,108	1,273,602,527 789,425,421	-	-	-	-
S.A.K. Ekramuzzaman (***)	Key Management Personnel	Unsecured	NII	Current period Previous period	4,228,668 405,561,765	-	-	100,973,678 106,208,369	16,773,004 23,752,592	-	-
Sadhan Kumar Dey	Key Management Personnel	Unsecured	NII	Current period Previous period	-	-	-	-	8,689,913 7,507,371	-	-

* Transaction represents purchase of 0.35 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 6,012,500 excluding registration and other expenses from Palli Properties Pte. Limited as approved by the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. The land registered in the name of the Company but no payment has been made until 30 September 2023. Therefore, said amount showing as payable against purchase of land (Note-21).

** Transaction represents purchase of 11.32 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 209,743,750 excluding registration and other expenses from Masram Agro Ltd. as approved by the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. The land registered in the name of the Company dated August 14, 2022 but no payment has been made until 30 September 2023. Therefore, said amount is showing as payable against purchase of land (Note-21).

*** Purchase includes 21.73 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 402,090,100 excluding registration and other expenses from S.A.K. Ekramuzzaman as approved by the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. Out of total payable BDT. 402,090,100 an amount of BDT. 313,696,175 has been paid to Mr. S.A.K. Ekramuzzaman and balance BDT. 88,393,925 is showing as payable against purchase of land (Note -21).

**** The figures are included tax and VAT.
The Group has decided to purchase of 33.91 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 627.34 million excluding registration and other expenses from Mr. SAK Ekramuzzaman (Managing Director of RAK Ceramics (Bangladesh) Limited) and others in its Board of Directors meeting dated June 13, 2022 and subsequent approval of the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. Out of total 33.91 acres of land 33.40 acres has been registered in the name of the Company and balance land is under process of registration. The land was proposed to be utilized for greenfield expansion of tiles plant with an additional production capacity of 15,000 sqm of tiles per day, has been decided in the Board of Directors meeting as mentioned above. The total cost of the project was estimated BDT. 9,025 Million.

The Group has also decided to establish a new faucets plant with production capacity of 1,500 pcs per day on the above land in the Board of Directors meeting held on July 20, 2022. The total cost of the project estimated BDT. 950 Million.
To comply the BSEC notification no. BSEC/CVR/CD/2009-193/10/Admin/118 dated March 22, 2021 shareholders of the company in its 23rd Annual General Meeting dated March 31, 2022 approved an agenda to enter into contract for supply of goods and materials to Mohammed Trading (Owner of Mohammed Trading is Managing Director of RAK Ceramics (Bangladesh) Limited) equivalent to 10% (Ten percent) or above of the revenue for the immediate financial year."

37.2 Paid to Directors

During the period, provision was made as MD's remuneration for Taka. 16,773,004.

37.3 During the period, Board meeting fees of Taka 360,000 was paid to the board members for attending the Board meetings.

38 Segment reporting

The company has three reportable segments which offer different products and services and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each segment:

Ceramics & Sanitary Ware: Engages in manufacturing and marketing of ceramics tiles, bathroom sets and all types of sanitary ware.

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

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

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Business Segments

	<u>Ceramic & sanitary ware</u>		<u>Power</u>		<u>Security and Services</u>		<u>Inter segment</u>		<u>Entity total</u>	
	Taka		Taka		Taka		Taka		Taka	
Revenue - external customers	5,564,039,282	-	-	37,389,926	-	-	-	-	5,601,429,208	-
Revenue - inter segment	-	483,845,802	483,845,802	37,875,117	(521,720,919)	-	-	-	-	-
Total segment revenue	5,564,039,282	483,845,802	483,845,802	75,265,043	(521,720,919)	-	-	-	5,601,429,208	-
Cost of sales- external customer	(3,682,655,406)	(466,487,893)	(466,487,893)	(53,817,952)	-	-	-	-	(4,202,961,250)	-
Cost of sales- inter segment	(483,845,802)	(3,267,558)	(3,267,558)	-	487,113,360	-	-	-	-	-
Total segment cost of sales	(4,166,501,208)	(469,755,451)	(469,755,451)	(53,817,952)	487,113,360	-	-	-	(4,202,961,250)	-
Gross profit	1,397,538,074	14,090,351	14,090,351	21,447,091	-	-	-	-	1,398,467,958	-
Dividend income	1,980,000	20,000	20,000	-	(2,000,000)	-	-	-	-	-
Rental income	2,347,830	-	-	-	(2,347,830)	-	-	-	-	-
Financial income	26,371,487	799,919	799,919	15,276	-	-	-	-	27,186,682	-
Financial expenses	(48,210,521)	(11,106)	(11,106)	(6,033)	-	-	-	-	(48,227,659)	-
Depreciation	(323,321,362)	(14,734,795)	(14,734,795)	(132,401)	-	-	-	-	(338,188,558)	-
Other operating expenses	(524,229,202)	6,941,875	6,941,875	(16,319,690)	36,955,389	-	-	-	(496,651,628)	-
Segment profit before tax	532,476,307	7,106,244	7,106,244	5,004,243	-	-	-	-	542,586,795	-
Income tax expense	(175,576,974)	(3,623,809)	(3,623,809)	(1,514,995)	-	-	-	-	(180,715,778)	-
Deferred tax	45,253,474	1,648,501	1,648,501	33,744	-	-	-	-	46,935,719	-
Profit for the period									408,806,736	

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Business Segments

	Business Segments				Entity total Taka
	Ceramic & sanitary ware Taka	Power Taka	Security and services Taka	Inter segment Taka	
Revenue - external customers	5,656,188,944	-	31,074,050	-	5,687,262,993
Revenue - inter segment	-	281,620,454	34,039,194	(315,659,648)	-
Total segment revenue	5,656,188,944	281,620,454	65,113,244	(315,659,648)	5,687,262,993
Cost of sales- external customer	(3,824,256,837)	(239,873,869)	(48,640,361)	-	(4,112,771,068)
Cost of sales- inter segment	(281,620,454)	(5,306,522)	-	286,926,976	-
Total segment cost of sales	(4,105,877,288)	(245,180,391)	(48,640,361)	286,926,976	(4,112,771,068)
Gross profit	1,550,311,656	36,440,063	16,472,883	-	1,574,491,924
Dividend income	45,949,800	50,000	100	(45,999,800)	100
Rental income	3,756,519	-	-	(3,756,519)	-
Financial income	39,420,910	424,777	25,440	-	39,871,127
Financial expenses	(97,883,167)	(193,279)	(5,913)	-	(98,082,359)
Depreciation	(307,289,158)	(21,238,788)	(146,271)	-	(328,674,217)
Other operating expenses	(480,216,029)	13,753,316	(14,862,999)	32,489,191	(448,836,521)
Segment profit before tax	754,050,533	29,236,089	1,483,241	-	738,770,056
Income tax expense	(197,703,729)	(10,905,811)	(463,982)	-	(209,073,522)
Deferred tax	19,219,274	4,585,562	18,756	-	23,823,593
Profit for the period					553,520,131

	<u>30 Sep 2023</u> Taka	<u>30 Sep 2022</u> Taka
39 Calculation of Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
(a) Profit attributable to equity holders of the Company	408,806,711	553,520,019
(b) No. of ordinary equity shares	427,968,701	427,968,701
(c) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Earnings per share (EPS) for the period (a÷c)	0.96	1.29
Diluted earnings per share for the period (a÷c)	0.96	1.29

39.1 Weighted average number of ordinary shares

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

	<u>30 Sep 2023</u>	<u>30 Sep 2022</u>
Outstanding shares	427,968,701	427,968,701
	<u>427,968,701</u>	<u>427,968,701</u>

39.2 Diluted earning per share

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

39.3 Reason of deviation of earnings per share:

Gross profit margin has been reduced to 24.97% from 27.68% due to decrease of sales by 1.51% from BDT 5,687.26 MN to BDT 5,601.43 MN and increase of cost of goods sold (COGS) by 2.19%. COGS has been increasing for non-availability of adequate gas, increase in gas price, electricity price, significant volatile of foreign currency market as well as disruption of global supply chain which caused increase of all input raw material price and shipping freight. Therefore, earning per share is also decreased from BDT. 1.29 to BDT. 0.96.

40 Calculation of Net assets value per share

(a) Net assets value (Note 14, 15 & 16)	7,617,990,399	7,519,086,911
(b) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Net assets value per share (a÷b)	17.80	17.57

41 Calculation of Net operating cash flow per share

(a) Net Cash flows from operating activities (Note 42)	(71,601,678)	(63,890,192)
(b) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Net operating cash flow per share (a÷b)	(0.17)	(0.15)

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

Sales are decreased by 1.51% from BDT. 5,687.26 MN to BDT. 5,601.43 MN and as a result, collection has been decreased. Settlement of multiple import bills were made in the reporting period and consequently vendor payment was more compared to collection. Moreover, due to significant devaluation of BDT against foreign currency, increase of imported raw material price, freight charge, increase of gas and electricity required more cash outflow compare to previous period. As a result, net operating cash flow per share has been decreased from BDT (0.15) to BDT. (0.17).

42 Reconciliation of operating cash flow:	<u>30 Sep 2023</u>	<u>30 Sep 2022</u>
Cash flows from operating activities		
Profit before taxation	542,586,795	738,770,060
Adjustment for:		
Depreciation	349,104,746	335,230,732
Amortization	950,803	1,031,824
Adjustment relating to assets	3,004,624	-
Advance rent adjustment	(16,604,040)	(5,630,000)
Loss on assets retirement	-	1,895,268
Foreign exchange loss	21,520,911	80,562,267
Finance expenses	26,706,749	17,520,092
Finance income	(27,186,682)	(39,871,127)
Other income	-	(100)
	<u>900,083,905</u>	<u>1,129,509,016</u>
Increase/decrease in trade and other receivables	(728,830,492)	(243,580,999)
Increase/decrease in inventories	(703,096,243)	(830,288,420)
Increase/decrease in trade and other payables	<u>586,103,996</u>	<u>59,699,716</u>
Cash generated from operating activities	<u>54,261,167</u>	<u>115,339,314</u>
Interest received from bank deposit	9,934,737	5,564,373
Income tax paid	(135,797,582)	(184,793,879)
Net cash (used in)/from operating activities	<u>(71,601,678)</u>	<u>(63,890,192)</u>

43 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 479,354,333 (30 Sep 2022: Tk 997,520,562). 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 612,249,280 (30 Sep 2022: Tk 339,788,203) and letter of guarantee of Tk 145,784,887 (30 Sep 2022: Tk 139,177,233).

The company issued one corporate guarantee value BDT. 70 Million (SCB) in favour of subsidiary company to avail loan from banks. Outstanding loan against the said corporate guarantee are nil at 30 Sep 2023. Therefore no credit loss allowances is expected.