

Independent Auditor's Report

and Financial Statements

Reckitt Benckiser (Bangladesh) PLC

As at and for the year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT
To the shareholders of Reckitt Benckiser (Bangladesh) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reckitt Benckiser (Bangladesh) PLC (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below our description of how our audit addressed the matter is provided in that context.

| 1. Revenue recognition See note 2.8 (B) and 15 to the financial statements | |
|---|--|
| Description of key audit matters | How the matters were addressed in our audit |
| <p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Revenue from the sale of goods is recognised when the company has delivered products to customers at the shipping point and control has passed.</p> <p>During the year ended December 31, 2022, the Company has recognised sales of BDT 4,969 million (net). The sales of the Company are derived from a large number of distributors which locate over the country with relatively small amount of transactions. As a result, to obtain</p> | <p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1) We read the Company's revenue recognition policy and assessed its compliance in terms of IFRS 15 'Revenue from contracts with customers'. 2) We understood, evaluated and validated the key controls related to the Company's sales process and tested the operating effectiveness of key controls over sales. 3) We performed substantive testing on revenue recorded throughout the year using sampling techniques to ensure appropriateness of recording revenue by examining the relevant supporting documents including sales invoices, VAT Challans |

| | |
|--|--|
| <p>sufficient audit evidence, magnitude audit work and resources are required.</p> <p>As it is industry practice, the Company enters into numerous types of commercial arrangements with customers to offer product promotions and discounts. Revenue is measured net off estimated trade spends i.e. rebates and discounts earned on the Company's sales by customers or other parties that purchase the entity's goods.</p> <p>We focused on the proper cut off of sales to the Company customers due to the fact that the documents of confirming the acceptance of the products were provided by numerous customers based in different locations. There is a risk of differences between the timing of acceptance of the products by the Company customers and when revenue was recorded. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p> <p>Considering the above factors and the risk associated with revenue recognition, we have determined the same to be a key audit matter.</p> | <p>and truck challans. We also confirmed certain customers' receivable balance at the statement of financial position date, selected on sample basis by considering the amounts outstanding with those customers.</p> <p>4) We have assessed the completeness and occurrence of trade spend by obtaining supporting documentation or calculation and reviewing the underlying assumptions of estimates approval of same by the management.</p> <p>5) We selected samples of sales transactions made pre and post year end, agreed the date of transfer of control for the selected sample by testing underlying documents and</p> <p>6) We have tested sales return transactions recorded throughout the year using sampling techniques to ensure the appropriateness of recording sales return by examining the related supporting documents.</p> |
| <p>2. Existence and valuation of inventories See note 2.8(G) and 5 to the financial statements</p> | |
| <p>Description of key audit matters</p> | <p>How the matters were addressed in our audit</p> |
| <p>Inventories represent about 17% of the total assets of the Company, inventories are thus a material item to the financial statements.</p> <p>Inventories are valued at the lower of cost or net realisable values. As such, management is required to make judgements in determining whether inventories are being appropriately valued, and also need to make provision for aged inventories, if required.</p> <p>Due to the value and volume of inventories being held by the company at the reporting date and the complexities involved in the accounting and presentation thereof, Inventories has been considered as a key audit matter.</p> | <p>Our audit procedures included the following:</p> <p>1) We read the Company's revenue recognition policy and assessed its compliance in terms of IAS 2 'Inventories'.</p> <p>2) We understood, evaluated and validated the key controls related to the Company's inventory process and tested the operating effectiveness of key controls over inventories.</p> <p>3) We observed the process of management's year-end inventory count and perform test counts.</p> <p>4) We verified a sample of inventory items to ensure that costs have been appropriately recorded.</p> <p>5) We tested on a sample basis the net realisable value by comparing costs to recent selling prices and assessed the reasonableness of any resulting write down of inventory items.</p> |

| | |
|--|--|
| | <p>6) We assessed whether appropriate provisions have been recognised for aged, damaged, slow moving or obsolete inventories by reviewing the age of inventories held and evaluating management's basis for determining the usability of inventories.</p> <p>7) We performed cut-off tests to determine that the purchases and sales of the inventories have been captured in the correct accounting period.</p> |
|--|--|

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

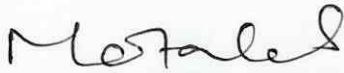
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

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

A. Qasem & Co.
Chartered Accountants
RJSC Registration No.: 2-PC7202



Mohammad Motaleb Hossain FCA

Partner

Enrolment Number: 0950

DVC: 2302160950AS366355

Dhaka, 16 February 2023

Reckitt Benckiser (Bangladesh) PLC
Statement of financial position

| <i>In Taka</i> | <i>Note</i> | 31 December 2022 | 31 December 2021 |
|-------------------------------------|-------------|----------------------|----------------------|
| Assets | | | |
| Property, plant and equipment | 3 | 577,879,851 | 571,184,280 |
| Right-of-use assets (ROU) | 4(A)(i) | 167,880,361 | 155,426,295 |
| Deferred tax assets | 22(D) | - | 10,885,455 |
| Non-current assets | | 745,760,212 | 737,496,030 |
| Inventories | 5 | 580,077,952 | 584,823,587 |
| Trade and other receivables | 6 | 60,207,313 | 69,006,591 |
| Advances, deposits and prepayments | 7 | 31,620,751 | 45,647,488 |
| Cash and cash equivalents | 8 | 1,978,229,020 | 1,629,066,314 |
| Current assets | | 2,650,135,036 | 2,328,543,980 |
| Total assets | | 3,395,895,248 | 3,066,040,010 |
| Equity | | | |
| Share capital | 9 | 47,250,000 | 47,250,000 |
| Retained earnings | | 788,140,470 | 900,806,113 |
| Total equity | | 835,390,470 | 948,056,113 |
| Liabilities | | | |
| Employee benefits | 10 | 3,365,064 | 70,417,764 |
| Lease liabilities | 4(A)(ii) | 150,407,504 | 153,549,066 |
| Deferred tax Liability | 22(D) | 1,699,732 | - |
| Non-current liabilities | | 155,472,300 | 223,966,830 |
| Trade and other payables | 11 | 2,186,139,227 | 1,665,931,472 |
| Employee benefits | 10 | 30,890,000 | 27,760,000 |
| Lease liabilities | 4(A)(ii) | 36,940,131 | 10,086,980 |
| Current tax liabilities | 12 | 143,751,375 | 187,205,959 |
| Unclaimed dividend | 13 | 7,311,745 | 3,032,656 |
| Current liabilities | | 2,405,032,478 | 1,894,017,067 |
| Total liabilities | | 2,560,504,778 | 2,117,983,897 |
| Total equity and liabilities | | 3,395,895,248 | 3,066,040,010 |


The annexed notes are an integral part of these financial statements.

As per our report of same date.

A. Qasem & Co.
Chartered Accountants
RJSC Registration No.: 2-PC7202


Sheikh Faezul Amin
Director


Tanmay Gupta
Director & Chief Financial Officer


Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950


Vishal Gupta
Managing Director


Md. Nazmul Arefin
Company Secretary

DVC: 2302160950AS366355

Dhaka, 16 February 2023



Reckitt Benckiser (Bangladesh) PLC
Statement of profit or loss and other comprehensive income

| For the year ended 31 December | | | |
|---|-------------|----------------------|----------------------|
| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
| Revenue | 15 | 4,969,364,802 | 4,942,046,045 |
| Cost of sales | 16 | (2,731,870,761) | (2,244,863,313) |
| Gross profit | | 2,237,494,041 | 2,697,182,732 |
| Other income | 17 | 2,428,159 | 2,492,240 |
| Operating expenses | 18 | (1,299,727,566) | (1,546,376,638) |
| Impairment (loss)/gain reversal on trade receivables | 6(A)(i) | (18,724) | (47,422) |
| Operating profit | | 940,175,910 | 1,153,250,912 |
| Finance income | 19 | 10,554,502 | 14,490,193 |
| Finance costs | 20 | (13,226,805) | (11,164,549) |
| Profit before contribution to WPPF | | 937,503,607 | 1,156,576,556 |
| Contribution to WPPF | 21 | (44,643,029) | (55,075,074) |
| Profit before tax | | 892,860,578 | 1,101,501,482 |
| Income tax expense | 22(A) | (233,720,971) | (293,379,967) |
| Profit for the year | | 659,139,607 | 808,121,515 |
| Other comprehensive income | | | |
| Remeasurement gain/(loss) of defined benefit plan | 10(A) | 10,090,000 | (8,110,000) |
| Related tax | 22(D) | (2,270,250) | 1,824,750 |
| Other comprehensive income/(loss) for the year, net of tax | | 7,819,750 | (6,285,250) |
| Total comprehensive income for the year | | 666,959,357 | 801,836,265 |
| Earnings per share | | | |
| Basic earnings per share (Taka) | 23(A) | 139.50 | 171.03 |


The annexed notes are an integral part of these financial statements.

As per our report of same date.

A. Qasem & Co.
Chartered Accountants
RJSC Registration No.: 2-PC7202


Sheikh Faezul Amin
Director


Tanmay Gupta
Director & Chief Financial Officer


Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950


Vishal Gupta
Managing Director


Md. Nazmul Arefin
Company Secretary

DVC: 2302160950AS366355

Dhaka, 16 February 2023



Reckitt Benckiser (Bangladesh) PLC
Statement of changes in equity

| For the year ended 31 December 2022 | | | | |
|--|-------------|----------------------|--------------------------|---------------|
| <i>In Taka</i> | <i>Note</i> | Share capital | Retained earnings | Total |
| Balance at 1 January 2021 | | 47,250,000 | 760,469,848 | 807,719,848 |
| Total comprehensive income for the year | | | | |
| Profit for the year 2021 | | - | 808,121,515 | 808,121,515 |
| Other comprehensive income/(loss) for the year | | - | (6,285,250) | (6,285,250) |
| Total comprehensive income for the year | | - | 801,836,265 | 801,836,265 |
| Transactions with owners of the Company | | | | |
| Contributions and distributions | | | | |
| Final dividend for the year 2020 | 9(C) | - | (661,500,000) | (661,500,000) |
| Total transactions with owners of the Company | | - | (661,500,000) | (661,500,000) |
| Balance at 31 December 2021 | | 47,250,000 | 900,806,113 | 948,056,113 |
| Balance at 1 January 2022 | | 47,250,000 | 900,806,113 | 948,056,113 |
| Total comprehensive income for the year | | | | |
| Profit for the year 2022 | | - | 659,139,607 | 659,139,607 |
| Other comprehensive income/(loss) for the year | | - | 7,819,750 | 7,819,750 |
| Total comprehensive income for the year | | - | 666,959,357 | 666,959,357 |
| Transactions with owners of the Company | | | | |
| Contributions and distributions | | | | |
| Final dividend for the year 2021 | 9(C) | - | (779,625,000) | (779,625,000) |
| Total transactions with owners of the Company | | - | (779,625,000) | (779,625,000) |
| Balance at 31 December 2022 | | 47,250,000 | 788,140,470 | 835,390,470 |

The annexed notes are an integral part of these financial statements.



Reckitt Benckiser (Bangladesh) PLC
Statement of cash flows

| For the year ended 31 December | | | |
|--|-------------|------------------------|-----------------|
| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
| Cash flows from operating activities | | | |
| Receipts from customers | | 5,944,305,812 | 5,480,460,199 |
| Payment to suppliers, employees and others | | (4,393,858,070) | (4,349,857,089) |
| Payment for technical services fee/royalty | 11(B)(ii) | - | (187,182,000) |
| Cash generated from operating activities | | 1,550,447,742 | 943,421,110 |
| Income tax paid | 12 | (266,860,619) | (306,040,361) |
| Net cash from operating activities | 28 | 1,283,587,123 | 637,380,749 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (135,633,308) | (114,391,180) |
| Proceeds from sale of property, plant and equipment | | 4,191,723 | 2,217,767 |
| Income from investment during the year | | 8,996,252 | 15,191,776 |
| Net cash used in investing activities | | (122,445,333) | (96,981,637) |
| Cash flows from financing activities | | | |
| Dividends paid | 13 | (775,345,911) | (669,287,754) |
| Payment of lease liabilities | 4(A) | (36,633,173) | (31,128,636) |
| Net cash used in financing activities | | (811,979,084) | (700,416,390) |
| Net increase in cash and cash equivalents | | 349,162,706 | (160,017,278) |
| Cash and cash equivalents at 1 January | | 1,629,066,314 | 1,789,083,592 |
| Effect of exchange rate changes in cash and cash equivalents | | - | - |
| Cash and cash equivalents at 31 December | | 1,978,229,020 | 1,629,066,314 |

The annexed notes are an integral part of these financial statements.



Reckitt Benckiser (Bangladesh) PLC

Notes to the financial statements

1. Reporting entity

Reckitt Benckiser (Bangladesh) PLC ("the Company") was incorporated on 15 April 1961 in erstwhile East Pakistan (became independent in 1971 as Bangladesh) under the Companies Act 1913 (as amended in 1994) as "Robinson's Foods (Pakistan) Limited". The name of the Company was changed to "Robinson's Foods (Bangladesh) Limited" under a special resolution on 24 August 1972. In 20 March 1986 in an extra-ordinary general meeting the name of the Company was again changed to Reckitt & Colman Bangladesh Limited. Finally, after the merger with Benckiser, in accordance with parent company, the name of the Company was again changed to Reckitt Benckiser (Bangladesh) Limited, under an extra-ordinary general meeting held on 9 November 2000. It is a public limited company and its shares are listed on Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

Reckitt Benckiser (Bangladesh) Limited is now incorporated as Reckitt Benckiser (Bangladesh) PLC which had been granted by RJSC based on the application submitted on 29th September 2021.

The address of the Company's registered office is 58/59 Nasirabad Industrial Area, Chittagong and the corporate office is The Glass House, 9th & 10th floor, Plot # 02, Block # SE (B), 38, Gulshan Avenue, Dhaka-1212.

The Company is engaged in manufacturing and marketing of household, toiletries and pharmaceuticals products.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable rules and regulations. The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act, 1994. However, such differences are not material and in the view of management, IFRS format gives a better presentation to the shareholders.

2.2 Components of the financial statements

The financial statements comprise of the following:

- i. Statement of Financial Position, as at 31 December 2022
- ii. Statement of Profit and Loss and Other Comprehensive Income, for the year ended 31 December 2022
- iii. Statement of changes in equity, for the year ended 31 December 2022
- iv. Statement of cash flows, for the year ended 31 December 2022
- v. Notes to the financial statements

2.3 Date of authorisation

This financial statements is authorised for issue by the Company's board of directors on 16 February 2023.



Notes to the financial statements (continued)

2.4 Functional and presentational currency

These financial statements are presented in Taka/Tk./BDT, which is the Company's functional currency. All amounts have been rounded to the nearest taka, unless otherwise indicated.

2.5 Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's 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 estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Lease term: whether the Company is reasonably certain to exercise extension options.
- Provision for inventory obsolescence and impairment loss reversal on trade receivable
- Gratuity
- Useful life of depreciable assets

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 15 and Note 24 – revenue recognition: estimate of expected returns;
- Note 10 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 22(D) – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 05 – provision for inventory obsolescence;
- Note 12 – current tax liabilities; and
- Note 2.8 (H) – useful life of property, plant and equipment.
- Note 6 (A)- Impairment loss/gain on trade receivable .

2.6 Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in Note 2.8(C).

2.7 Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern.



Notes to the financial statements (continued)

2.8 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

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A. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year which is adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency differences arising on retranslation are recognised in the profit or loss.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

B. Revenue recognition

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, the Company follows the five-step model as below :

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods is considered as transfer when (or as) the customer obtains control of that goods. Then the Company recognises the net revenue from sale of goods in its financial statements.

Net Revenue is defined as the amount invoiced to external customers during the year and comprises, as required by IFRS 15, gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Value-added tax and other sales taxes are also excluded from revenue.

C. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined contribution plans (provident fund)

The Company operates a recognised provident fund in which employees contribute 10% of their basic salary and the company also contributes same. The Company has no legal or constructive obligation to pay further amounts. Obligations for contributions to the recognised provident fund are recognised in profit or loss in the period during which related services are rendered by employees.

iii. Defined benefit plans (gratuity)

The company operates a funded gratuity scheme which has been approved by the National Board of Revenue as a recognized gratuity fund with effect from 04 April 2021. Employee are entitled to gratuity benefit after completion of five years of service with the company. The company expense related to gratuity is estimated on a yearly basis and the amount is transferred to the fund and charge to expense of the company.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

C. Employee benefits (continued)

iii. *Defined benefit plans (gratuity) (continued)*

The calculation of defined benefit obligation was performed this year by a qualified actuarial firm using the Projected Unit Credit (PUC) method to assess the Plan's liabilities. All actuarial gains and losses are recognized immediately in the retained earnings through an account known as the Other Comprehensive Income and Expenses. The actuarial calculations was performed according to IAS 19 - *Employee benefits*. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset) taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

iv. *Workers' Profit Participation Fund*

Workers' Profit Participation Fund (the "WPPF") also qualifies as defined contribution plan. The Company is required to provide 5% of net profit before tax after charging such expense in accordance with Bangladesh Labour Act 2006 (amended in 2013), if any.

D. Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss using the effective interest method.

E. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

i. *Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for current tax expenses has been made on the basis of Income Tax Ordinance 1984 (as amended up to date). Currently, the applicable tax rate is 22.5% on taxable profit.

ii. *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

E. Income tax (continued)

ii. Deferred tax (continued)

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.

F. Share capital

Only ordinary shares are classified as equity. Incremental cost 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.

G. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the above 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 case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and selling expenses.

Inventory in transit represents the cost incurred for the items that were not received up to the date of statement of financial position.

H. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii. Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of the property, plant and equipment are recognised in profit or loss as incurred.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

H. Property, plant and equipment (continued)

iii. Depreciation

Items of property, plant and equipment are depreciated from the month they are available for use while no depreciation is charged for the month in which an asset is disposed off.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated except for leasehold land.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

| Particulars of Property, plant and equipment | Estimated Useful Life |
|---|--|
| Leasehold land | The lower of 50 years or the life of the lease |
| Buildings | 5-45 years |
| Plant and machinery | 3-8 years |
| Furniture, fixtures and equipment | 1-5 years |
| Computers | 3 years |
| Vehicles | 4-5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment with a cost of minimum BDT 50,000 are capitalized. Property, plant and equipment with a cost price below BDT 50,000 are fully depreciated in the year of acquisition and charged in the administrative expenses.

I. Asset under construction

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use. Capital work-in-progress is recorded at cost to the extent of expenditure incurred to date of statement of financial position. The amount of capital work-in-progress is transferred to appropriate asset category and depreciated when the asset is completed and commissioned.

J. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

J. Financial instruments (continued)

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

J. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Subsequent measurement and gains and losses

| | |
|----------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
|----------------------------------|--|

| | |
|---|--|
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
|---|--|

| | |
|----------------------------------|--|
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
|----------------------------------|--|

| | |
|------------------------------------|--|
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |
|------------------------------------|--|

Financial assets includes cash and cash equivalents, trade and other receivables, investment.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

J. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liability

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables etc.

(a) Trade and other payables

The Company recognises a trade and inter-company payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

K. Impairment

i. Non-derivative financial assets

The Company recognises loss allowances for Expected Credit Loss (ECL) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

K. Impairment (continued)

ii. Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

L. Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

M. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

M. Leases (continued)

i. As a lessee (continued)

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

ii. Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

N. Contingencies

i. 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 period in which the recognition criteria of provision have been met.

ii. 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.

O. Earnings per share

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. Related disclosure of earnings per share has been provided in Note 23.



Notes to the financial statements (continued)

2.8 Significant accounting policies (continued)

P. Related party disclosure

As per International Accounting Standard (IAS) 24: "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related disclosures have been provided in note 25.

Q. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's management committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assesses its performance, and for which discrete financial information is available.

R. Reporting period

The financial period of the Company covers 12 months period from 1 January to 31 December.

S. Events after the reporting date

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in the Note 35.



Notes to the financial statements (continued)

2.9 Status of Compliance to Accounting Standards

The following accounting standards have been applied in preparing this financial statements

| Standard Title | Standard No. | Status |
|--|--------------|----------------|
| Presentation of Financial Statements | IAS 1 | Applied |
| Inventories | IAS 2 | Applied |
| Statement of Cash Flows | IAS 7 | Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors | IAS 8 | Applied |
| Events after the Reporting Period | IAS 10 | Applied |
| Income Taxes | IAS 12 | Applied |
| Property, Plant, and Equipment | IAS 16 | Applied |
| Employee Benefits | IAS 19 | Applied |
| Accounting for Government Grants and Disclosure of Government Assistance | IAS 20 | Not applicable |
| The Effects of Changes in Foreign Exchange Rates | IAS 21 | Applied |
| Borrowing Costs | IAS 23 | Not applicable |
| Related Party Disclosures | IAS 24 | Applied |
| Accounting and Reporting by Retirement Benefit Plans | IAS 26 | Not applicable |
| Separate Financial Statements | IAS 27 | Not applicable |
| Investments in Associates and Joint Ventures | IAS 28 | Not applicable |
| Financial Reporting in Hyperinflationary Economies | IAS 29 | Not applicable |
| Earnings per Share | IAS 33 | Applied |
| Interim Financial Reporting | IAS 34 | Applied |
| Impairment of Assets | IAS 36 | Applied |
| Provisions, Contingent Liabilities, and Contingent Assets | IAS 37 | Applied |
| Intangible Assets | IAS 38 | Not applicable |
| Investment Property | IAS 40 | Not applicable |
| Agriculture | IAS 41 | Not applicable |
| Share-based Payment | IFRS 2 | Not applicable |
| Business Combinations | IFRS 3 | Not applicable |
| Insurance Contracts | IFRS 4 | Not applicable |
| Non-current Assets Held for Sale and Discontinue Operations | IFRS 5 | Not applicable |
| Exploration and Evaluation of Mineral Resources | IFRS 6 | Not applicable |
| Financial Instruments: Disclosures | IFRS 7 | Applied |
| Operating Segments | IFRS 8 | Applied |
| Financial Instruments | IFRS 9 | Applied |
| Consolidated Financial Statements | IFRS 10 | Not applicable |
| Joint Arrangements | IFRS 11 | Not applicable |
| Disclosure of Interests in Other Entities | IFRS 12 | Not applicable |
| Fair Value Measurement | IFRS 13 | Applied |
| Revenue from Contracts with Customers | IFRS 15 | Applied |
| Leases | IFRS 16 | Applied |



Notes to the financial statements (continued)

3. Property, plant and equipment
See accounting policy in Note 2.8(H)

| In Taka | 2022 | 2021 |
|-------------------------------------|----------------------|----------------------|
| i. Cost | | |
| Balance at 1 January | 1,118,773,375 | 996,078,866 |
| Additions | 162,989,205 | 230,666,849 |
| Transfers/capitalised | (21,561,514) | (100,790,102) |
| Disposal/adjustment | (40,249,845) | (7,182,238) |
| Balance at 31 December | 1,219,951,220 | 1,118,773,375 |
| ii. Accumulated depreciation | | |
| Balance at 1 January | 547,589,095 | 447,999,881 |
| Depreciation for the year | 130,968,511 | 106,765,392 |
| Impairment Loss | 1,881,804 | 3,030 |
| Disposal/adjustment | (38,368,041) | (7,179,208) |
| Balance at 31 December | 642,071,369 | 547,589,095 |
| Carrying amounts (i-ii) | 577,879,851 | 571,184,280 |

A Reconciliation of carrying amounts is provided in the following note.



Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

A. Reconciliation of carrying amount

| In Taka | Leasehold land | Buildings | Plant and machinery | Furniture fixtures and equipment | Computers | Vehicles | Under construction | Total |
|------------------------------------|----------------|-------------|---------------------|----------------------------------|-------------|--------------|--------------------|---------------|
| Cost | | | | | | | | |
| Balance at 1 January 2020 | 209,490 | 269,497,899 | 345,301,113 | 209,811,853 | 35,390,391 | 56,766,941 | 79,101,179 | 996,078,866 |
| Additions | - | 16,914,660 | 47,326,055 | 35,967,642 | 6,822,632 | 5,409,508 | 118,226,352 | 230,666,849 |
| Transfers/capitalised | - | - | - | - | - | - | (100,790,102) | (100,790,102) |
| Disposal/adjustment | - | - | (1,165,493) | (558,567) | (312,801) | (5,145,377) | - | (7,182,238) |
| Balance at 31 December 2021 | 209,490 | 286,412,559 | 391,461,675 | 245,220,928 | 41,900,222 | 57,031,072 | 96,537,429 | 1,118,773,375 |
| Balance at 1 January 2021 | 209,490 | 286,412,559 | 391,461,675 | 245,220,928 | 41,900,222 | 57,031,072 | 96,537,429 | 1,118,773,375 |
| Additions | - | 18,386,298 | 93,860,335 | 32,972,973 | 1,866,530 | 15,913,069 | - | 162,989,205 |
| Transfers/capitalised | - | - | - | - | - | - | (21,561,514) | (21,561,514) |
| Disposal/adjustment | - | (448,589) | (18,179,243) | (5,871,197) | (5,605,785) | (10,145,032) | - | (40,249,845) |
| Balance at 31 December 2022 | 209,490 | 304,350,268 | 467,132,767 | 272,322,704 | 38,160,967 | 62,799,109 | 74,975,915 | 1,219,951,220 |
| Accumulated depreciation | | | | | | | | |
| Balance at 1 January 2020 | 209,490 | 115,509,999 | 162,256,392 | 92,883,960 | 20,398,285 | 56,741,755 | - | 447,999,881 |
| Depreciation for the year | - | 20,370,906 | 45,137,730 | 32,207,075 | 8,236,070 | 813,611 | - | 106,765,392 |
| Impairment Loss | - | - | 6 | 14 | 10 | 3,000 | - | 3,030 |
| Disposal/adjustment | - | - | (1,165,487) | (558,553) | (312,791) | (5,142,377) | - | (7,179,208) |
| Balance at 31 December 2021 | 209,490 | 135,880,905 | 206,228,641 | 124,532,496 | 28,321,574 | 52,415,989 | - | 547,589,095 |
| Balance at 1 January 2021 | 209,490 | 135,880,905 | 206,228,641 | 124,532,496 | 28,321,574 | 52,415,989 | - | 547,589,095 |
| Adjusted balance at 1 January 2021 | - | - | - | - | - | - | - | - |
| Depreciation for the year | - | 23,164,656 | 62,303,535 | 34,878,743 | 8,454,845 | 2,166,733 | - | 130,968,511 |
| Impairment Loss | - | 2 | 1,830,374 | 25,539 | 21,889 | 4,000 | - | 1,881,804 |
| Disposal/adjustment | - | (448,587) | (16,348,869) | (5,845,658) | (5,583,896) | (10,141,032) | - | (38,368,041) |
| Balance at 31 December 2022 | 209,490 | 158,596,976 | 254,013,681 | 153,591,120 | 31,214,412 | 44,445,690 | - | 642,071,369 |
| Carrying amounts | | | | | | | | |
| At 31 December 2021 | - | 150,531,654 | 185,233,034 | 120,688,432 | 13,578,648 | 4,615,083 | 96,537,429 | 571,184,280 |
| At 31 December 2022 | - | 145,753,292 | 213,119,086 | 118,731,584 | 6,946,555 | 18,353,419 | 74,975,915 | 577,879,851 |

B. Allocation of depreciation and impairment losses

| In Taka | 2022 | | | 2021 | | |
|-----------------------------------|-------------------|----------------------------|---------------------|-------------------|---------------------|-------------|
| | Impairment on PPE | Depreciation on RoU Assets | Depreciation on PPE | Impairment on PPE | Depreciation on PPE | Total |
| Cost of sales | 1,830,376 | 1,233,315 | 117,393,002 | 118,626,317 | 118,626,317 | 97,639,417 |
| Selling and distribution expenses | 4,000 | 25,142,276 | 3,705,774 | 28,848,050 | 28,848,050 | 22,940,527 |
| Administrative expenses | 47,428 | 14,241,682 | 9,869,737 | 24,111,419 | 24,111,419 | 26,474,947 |
| | 1,881,804 | 40,617,273 | 130,968,513 | 171,585,786 | 171,585,786 | 147,054,891 |



Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

C. Under construction

See accounting policy in Note 2.8(I)

| <i>In Taka</i> | Furniture fixtures and equipment | Buildings | Plant and machinery | Computers | Total |
|------------------------------------|---|------------------|------------------------------------|------------------|-------------------|
| Cost | | | | | |
| Balance at 1 January 2020 | 26,708,112 | 45,332 | 52,347,735 | 149,200 | 79,250,379 |
| Additions | 23,368,629 | 24,176,496 | 70,681,227 | - | 118,226,352 |
| Transfers/capitalised | (35,967,642) | (17,496,405) | (47,326,055) | (149,200) | (100,939,302) |
| Balance at 31 December 2021 | 14,109,099 | 6,725,423 | 75,702,907 | - | 96,537,429 |
| Balance at 1 January 2021 | 14,109,099 | 6,725,423 | 75,702,907 | - | 96,537,429 |
| Additions | 81,179,563 | 19,805,508 | 13,081,653 | - | 114,066,724 |
| Transfers/capitalised | (32,972,973) | (18,386,298) | (84,268,967) | - | (135,628,238) |
| Balance at 31 December 2022 | 62,315,689 | 8,144,633 | 4,515,593 | - | 74,975,915 |

4. Leases

See accounting policy in Note 2.8(M)

A. Leases as lessee (IFRS 16)

The Company leases distribution centers and head-office. The leases for distribution centers run for a period of 2 - 3 years and head office for a period of 10 years, with an option to renew the lease after that date.

The Company leases sales offices with contract terms of one year. These leases are short-term and leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Company is a lessee is presented below.

i. Right-of-use assets (ROU)

| <i>In Taka</i> | 2022 | 2021 |
|----------------------------------|--------------------|--------------------|
| Balance at 1 January | 243,596,945 | 225,024,630 |
| Accumulated Depreciation | (81,749,687) | (88,170,651) |
| Additions to right-of-use assets | 53,071,342 | 18,572,315 |
| Disposal/adjustment | (47,038,239) | - |
| Balance at 31 December | 167,880,361 | 155,426,295 |



Notes to the financial statements (continued)

4. Leases (continued)
A. Leases as lessee (IFRS 16) (continued)
i. Right-of-use assets (ROU) (continued)

Reconciliation of carrying amount

| <i>In Taka</i> | Corporate | Depot | Other | Total |
|------------------------------------|--------------------|-------------------|------------------|--------------------|
| Cost | | | | |
| Balance at 1 January 2021 | 169,873,170 | 50,796,631 | 4,354,829 | 225,024,630 |
| Additions | - | 17,889,428 | 682,887 | 18,572,315 |
| Balance at 31 December 2021 | 169,873,170 | 68,686,059 | 5,037,716 | 243,596,945 |
| Balance at 1 January 2022 | 169,873,170 | 68,686,059 | 5,037,716 | 243,596,945 |
| Additions | - | 53,071,342 | - | 53,071,342 |
| Disposal/adjustment | - | (47,038,239) | - | (47,038,239) |
| Balance at 31 December 2022 | 169,873,170 | 74,719,162 | 5,037,716 | 249,630,048 |
| Accumulated depreciation | | | | |
| Balance at 1 January 2021 | 15,571,707 | 31,926,831 | 385,644 | 47,884,182 |
| Depreciation for the year | 18,870,361 | 19,981,944 | 1,434,165 | 40,286,470 |
| Balance at 31 December 2021 | 34,442,068 | 51,908,775 | 1,819,809 | 88,170,651 |
| Balance at 1 January 2022 | 34,442,068 | 51,908,775 | 1,819,809 | 88,170,651 |
| Depreciation for the year | 14,241,684 | 25,142,276 | 1,233,315 | 40,617,275 |
| Disposal/adjustment | - | (47,038,239) | - | (47,038,239) |
| Balance at 31 December 2022 | 48,683,752 | 30,012,812 | 3,053,124 | 81,749,687 |

Carrying amounts

| | | | | |
|----------------------------|--------------------|-------------------|------------------|--------------------|
| At 31 December 2021 | 135,431,102 | 16,777,285 | 3,217,907 | 155,426,295 |
| At 31 December 2022 | 121,189,418 | 44,706,351 | 1,984,592 | 167,880,361 |

ii. Lease Liability

| <i>In Taka</i> | 2022 | 2021 |
|--|--------------------|-------------|
| Current portion of lease liabilities | 36,940,131 | 10,086,980 |
| Non-current portion of lease liabilities | 150,407,504 | 153,549,066 |
| | 187,347,635 | 163,636,046 |

iii. Amounts recognised in profit or loss

| <i>In Taka</i> | 2022 | 2021 |
|-------------------------------|-------------------|-------------|
| Leases under IFRS 16 | | |
| Interest on lease liabilities | 13,226,805 | 11,164,549 |
| | 13,226,805 | 11,164,549 |

Notes to the financial statements (continued)

4. Leases (continued)
A. Leases as lessee (IFRS 16) (continued)
iv. Amounts recognised in statement of cash flows

| <i>In Taka</i> | 2022 | 2021 |
|--------------------------------------|-------------------|-------------------|
| Total cash outflow for leases | 36,633,173 | 31,128,636 |

v. Extension options

Some property leases contain extension options exercisable by the Company. However, There is no extension option for Head-office lease. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

B. Leases as lessor

The Company does not provide any lease facility to other entity.

5. Inventories

See accounting policy in Note 2.8(G)

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|--------------------------------------|-------------|--------------------|-------------|
| Raw and packing materials | 5.(A) | 282,729,714 | 274,310,109 |
| Provision for inventory obsolescence | | (7,336,528) | (1,679,244) |
| Net raw and packing materials | | 275,393,186 | 272,630,865 |
| Finished goods | | 240,649,529 | 285,657,047 |
| Provision for inventory obsolescence | | (5,238,328) | (7,302,093) |
| Net finished goods | 5(B) | 235,411,201 | 278,354,954 |
| Work-in-progress | | 2,191,345 | 1,207,236 |
| Inventory in transit | 5(C) | 67,082,221 | 32,630,532 |
| | | 69,273,566 | 33,837,768 |
| | | 580,077,952 | 584,823,587 |

A. Raw and packing materials

| | | |
|-------------------|--------------------|-------------|
| Raw materials | 225,342,608 | 214,627,862 |
| Packing materials | 57,387,106 | 59,682,247 |
| | 282,729,714 | 274,310,109 |

B. Finished goods

i. Operational allocation of finished goods

| | | |
|--------------------|--------------------|-------------|
| Manufacturing unit | 130,033,912 | 186,293,149 |
| Trading unit | 105,377,289 | 92,061,805 |
| | 235,411,201 | 278,354,954 |



Notes to the financial statements (continued)

5. Inventories (continued)

B. Finished goods (continued)

ii. Business line-wise allocation of finished goods

| Business line | Unit of measurement | 2022 | | 2021 | |
|--------------------------|---------------------|---------------|--------------------|---------------|--------------------|
| | | Quantity Unit | Amount Taka | Quantity Unit | Amount Taka |
| Household and toiletries | Metric Ton | 91 | 104,149,286 | 647 | 171,124,422 |
| | Thousand Litre | 82 | 118,959,742 | 707 | 75,947,034 |
| | Million No. | 1 | 2,751,392 | 6 | 2,050,926 |
| | | | 225,860,420 | | 249,122,382 |
| Pharmaceuticals | Thousand Litre | 5 | 9,550,781 | 106 | 29,232,572 |
| | Million No. | | | | |
| | | | 9,550,781 | | 29,232,572 |
| | | | 235,411,201 | | 278,354,954 |

C. Inventory in transit

| <i>In Taka</i> | 2022 | 2021 |
|---------------------------|-------------------|-------------------|
| Raw and packing materials | 9,246,328 | 16,649,677 |
| Finished goods | 57,835,893 | 15,980,855 |
| | 67,082,221 | 32,630,532 |

6. Trade and other receivables

| <i>In Taka</i> | Note | 2022 | 2021 |
|-------------------|------|-------------------|-------------------|
| Trade receivables | 6(A) | 57,672,823 | 67,710,035 |
| Other receivables | 6(B) | 2,534,490 | 1,296,556 |
| | | 60,207,313 | 69,006,591 |

A. Trade receivables

| | | | |
|---|---------|-------------------|-------------------|
| Trade receivables | | 57,917,245 | 67,935,733 |
| Allowance for impairment of trade receivables | 6(A)(i) | (244,422) | (225,698) |
| | | 57,672,823 | 67,710,035 |

i. Allowance for impairment of trade receivables

| | | |
|--------------------------------|----------------|----------------|
| Balance at 1 January | 225,698 | 178,276 |
| Provision made during the year | 18,724 | 47,422 |
| Balance at 31 December | 244,422 | 225,698 |

B. Other receivables

| | | | |
|---|---------|------------------|------------------|
| Inter-company receivables | 6(B)(i) | - | 438,556 |
| Interest receivables | | 2,416,250 | 858,000 |
| Forfeited amount receivable from Provident Fund | | 118,240 | |
| | | 2,534,490 | 1,296,556 |



Notes to the financial statements (continued)

i. Inter-company receivables

| | | |
|--|---|---------|
| Reckitt Benckiser Corporate Services Limited, UK | - | 438,556 |
| | - | 438,556 |

7. Advances, deposits and prepayments

| <i>In Taka</i> | 2022 | 2021 |
|-------------------------|-------------------|-------------------|
| Advances | | |
| Advance to suppliers | 7,693,959 | 4,775,606 |
| Advance to employees | 2,292,075 | 1,976,763 |
| | 9,986,034 | 6,752,369 |
| Deposits | | |
| Security deposit | 7,646,295 | 8,187,269 |
| | 7,646,295 | 8,187,269 |
| Prepayments | | |
| Prepaid insurance | 2,412,539 | 2,412,216 |
| Prepaid government fees | 862,629 | 2,587,856 |
| Prepaid rent | 10,713,255 | 25,707,778 |
| | 13,988,422 | 30,707,850 |
| | 31,620,751 | 45,647,488 |

8. Cash and cash equivalents

| <i>In Taka</i> | Note | 2022 | 2021 |
|----------------|------|----------------------|----------------------|
| Cash in hand | | - | 50,000 |
| Cash at bank | 8(A) | 1,978,229,020 | 1,629,016,314 |
| | | 1,978,229,020 | 1,629,066,314 |

A. Cash at bank

| | | |
|--|----------------------|----------------------|
| Hong Kong and Shanghai Banking Corporation Limited | 554,312,707 | 57,920,847 |
| Standard Chartered Bank | 523,916,313 | 221,095,467 |
| Short term deposits* | 900,000,000 | 1,350,000,000 |
| | 1,978,229,020 | 1,629,016,314 |

*As at 31 December 2022, the company had two short term deposits with HSBC with maturity of less than three months.



Notes to the financial statements (continued)

9. Share capital

See accounting policy in Note 2.8(F)

| <i>In Taka</i> | 2022 | 2021 |
|---|-------------------|-------------------|
| 130,000 ordinary shares of Taka 10 each fully paid up in cash | 1,300,000 | 1,300,000 |
| 20,000 ordinary shares of Taka 10 each fully paid up in other than cash | 200,000 | 200,000 |
| 4,575,000 ordinary shares of Taka 10 each fully paid bonus share | 45,750,000 | 45,750,000 |
| In issue at 31 December - fully paid | 47,250,000 | 47,250,000 |
| Authorised | | |
| 25,000,000 ordinary shares of Taka 10 each | 250,000,000 | 250,000,000 |

A. Position of shareholding

| <i>Name of the shareholders</i> | Number of shares Unit | At 31 December 2022 | | At 31 December 2021 | |
|--|--------------------------|---------------------|-------------------------------|---------------------|-------------------------------|
| | | Face value Taka | Percentage of holding % | Face value Taka | Percentage of holding % |
| Parent company | | | | | |
| Reckitt Benckiser Limited, UK | 3,919,918 | 39,199,180 | 82.96 | 39,199,180 | 82.96 |
| Bangladeshi shareholders: | | | | | |
| ICB Unit Fund | 3,700 | 37,000 | 0.08 | 38,700 | 0.08 |
| Investment Corporation of Bangladesh (ICB) | 15,774 | 157,740 | 0.33 | 157,740 | 0.33 |
| ICB Mutual Funds | 50 | 500 | 0.00 | 500 | 0.00 |
| Individuals | 281,051 | 2,810,510 | 5.95 | 2,915,330 | 6.17 |
| Government of Bangladesh | 178,339 | 1,783,390 | 3.77 | 1,783,390 | 3.77 |
| Sadharan Bima Corporation (SBC) | 79,059 | 790,590 | 1.67 | 790,590 | 1.67 |
| Other institutions | 247,109 | 2,471,090 | 5.23 | 2,364,570 | 5.00 |
| | 4,725,000 | 47,250,000 | 100.00 | 47,250,000 | 100.00 |

B. Classification of shareholders by holdings

| <i>Holdings</i> | At 31 December 2022 | | At 31 December 2021 | |
|-----------------------------|----------------------|---------------------------|----------------------|---------------------------|
| | Number of holders | Percentage of holdings | Number of holders | Percentage of holdings |
| Less than 500 shares | 2,352 | 2.10 | 1,881 | 1.96 |
| 500 to 5,000 shares | 73 | 2.14 | 85 | 2.43 |
| 5,001 to 10,000 shares | 5 | 0.82 | 4 | 0.57 |
| 10,001 to 20,000 shares | 6 | 1.87 | 6 | 1.97 |
| 20,001 to 30,000 shares | 1 | 0.56 | 1 | 0.56 |
| 30,001 to 40,000 shares | - | - | - | - |
| 40,001 to 50,000 shares | - | - | - | - |
| 50,001 to 100,000 shares | 2 | 3.00 | 2 | 3.00 |
| 100,001 to 1,000,000 shares | 2 | 6.55 | 2 | 6.55 |
| Over 1,000,000 shares | 1 | 82.96 | 1 | 82.96 |
| | 2,442 | 100.00 | 1,982 | 100.00 |

C. Dividends

Dividend Approved

The following final dividends were approved by the Company for the year.

| <i>In Taka</i> | 2022 | 2021 |
|---|--------------------|--------------------|
| BDT 165 per qualifying ordinary share (2021: BDT 140) | 779,625,000 | 661,500,000 |
| | 779,625,000 | 661,500,000 |

Proposed dividend

After the reporting date, the following final dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences. See Note 35.

| <i>In Taka</i> | 2022 | 2021 |
|--|--------------------|--------------------|
| BDT 98 per qualifying ordinary share (2021: BDT 165) | 463,050,000 | 779,625,000 |
| | 463,050,000 | 779,625,000 |



Notes to the financial statements (continued)

10. Employee benefits

See accounting policy in Note 2.8(C)

The Company introduced planned asset in the defined benefit scheme during 2022. Gratuity fund is administered by a Board of Trustees and Company contributions are invested separately from company assets. The Company is contributing to the fund as prescribed by actuarial valuation report.

| <i>In Taka</i> | 2022 | 2021 |
|---|---------------------|-------------------|
| Fair value of plan assets | 205,866,413 | 134,123,713 |
| Defined benefit obligation | (240,121,477) | (98,177,764) |
| Net Defined benefit (obligation)/asset | (34,255,064) | 35,945,949 |

A. Movement in net defined benefit asset and liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components.

| <i>In Taka</i> | Defined benefit obligation | | Fair value of plan assets | | Net defined (asset)/liability | |
|-------------------------------------|----------------------------|--------------------|---------------------------|--------------------|-------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Balance at 1 January | 232,301,477 | 202,810,000 | 134,123,713 | - | 98,177,764 | 202,810,000 |
| Included in profit or loss | | | | | | |
| Current service cost | 30,290,000 | 28,440,000 | - | - | 30,290,000 | 28,440,000 |
| Past service costs | - | - | - | - | - | - |
| Interest cost/(income) | 15,790,000 | 19,030,000 | 9,670,000 | 4,450,000 | 6,120,000 | 14,580,000 |
| | 46,080,000 | 47,470,000 | 9,670,000 | 4,450,000 | 36,410,000 | 43,020,000 |
| Included in OCI | | | | | | |
| Actuarial (gain)/loss arising from: | | | | | | |
| Return on plan assets | - | - | (9,800,000) | (4,320,000) | 9,800,000 | 4,320,000 |
| Financial assumption | - | - | - | - | - | - |
| Experience adjustment | (19,890,000) | 3,790,000 | - | - | (19,890,000) | 3,790,000 |
| | (19,890,000) | 3,790,000 | (9,800,000) | (4,320,000) | (10,090,000) | 8,110,000 |
| Other | | | | | | |
| Contribution paid by the employer | - | - | 89,962,700 | 150,100,000 | (89,962,700) | (150,100,000) |
| Benefits paid | (18,370,000) | (21,768,523) | (18,090,000) | (16,106,287) | (280,000) | (5,662,236) |
| | (18,370,000) | (21,768,523) | 71,872,700 | 133,993,713 | (90,242,700) | (155,762,236) |
| Balance at 31 December | 240,121,477 | 232,301,477 | 205,866,413 | 134,123,713 | 34,255,064 | 98,177,764 |
| <i>In Taka</i> | | | | | 2022 | 2021 |
| Current portion | | | | | 30,890,000 | 27,760,000 |
| Non Current portion | | | | | 3,365,064 | 70,417,764 |
| | | | | | 34,255,064 | 98,177,764 |

B. Fair Value of Plan Asset

Plan asset is comprised of the following

| | 2022 | 2021 |
|---------------------------|--------------------|--------------------|
| Cash and Cash Equivalents | - | 133,993,713 |
| Debt Instrument | 205,866,413 | 130,000 |
| Total | 205,866,413 | 134,123,713 |



Notes to the financial statements (continued)

10. Employee benefits (continued)

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

| | 2022 | 2021 |
|---------------------------------|----------|----------|
| Financial assumptions: | | |
| Discount rate | 8.00% | 7.40% |
| Salary escalation rate | 8.50% | 8.50% |
| Demographic assumptions: | | |
| Withdrawal rate | 20%- 10% | 20%- 10% |

Assumptions regarding future mortality have been used based on published statistics and mortality tables. As there is no published mortality table in Bangladesh and hence the Indian Assured Life Mortality rate (2006-08) ultimate based on the mortality experience of assured lives in India is being used as a reasonable approximation. The current longevities underlying the values of the defined obligations at the reporting date was adopted from Indian Life Mortality table.

D. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| | 31 December 2022 | | 31 December 2021 | |
|------------------------------------|------------------|--------------|------------------|--------------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 15,340,000 | (13,700,000) | 15,340,000 | (13,700,000) |
| Future salary growth (1% movement) | 15,040,000 | (13,690,000) | 15,040,000 | (13,690,000) |

Although the analysis does not take of full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.

E. Significant characteristics of plan

| | |
|--------------------------------|--|
| Plan sponsor | : Reckitt Benckiser (Bangladesh) PLC |
| Nature of benefits | : Final salary defined benefit plan |
| Risks associated with the plan | : Plan sponsor bears all the risks associated with the plan |
| Vesting criteria | : 5 years; not applicable in case of death or disability, while in service; more than 6 months service is considered as a complete year of service |
| Applicable salary | : Last drawn monthly basic salary |
| Maximum limit of benefit paid | : No upper limit on benefit |
| Basis of gratuity | : Accrued benefit |
| Normal retirement age | : 60 years |
| Benefit calculation | |
| Service up to ten years | : 1 x Salary x (Number of completed years of service) |
| Service beyond ten years | : 1.50 x Salary x (Number of completed years of service) |



Notes to the financial statements (continued)

11. Trade and other payables

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|----------------|-------------|----------------------|----------------------|
| Trade payables | 11(A) | 397,645,541 | 232,354,722 |
| Other payables | 11(B) | 1,788,493,686 | 1,433,576,750 |
| | | 2,186,139,227 | 1,665,931,472 |

A. Trade payables

| | | | |
|------------------------------|----------|--------------------|--------------------|
| Inter-company trade payables | 11(A)(i) | 20,541,270 | 33,804,717 |
| Third party trade payables | | 377,104,271 | 198,550,005 |
| | | 397,645,541 | 232,354,722 |

i. Inter-company trade payables

| | | | |
|------------------------------------|--|-------------------|-------------------|
| Reckitt Benckiser (India) Ltd. | | 20,541,270 | 32,059,138 |
| Reckitt Benckiser Chartres, France | | - | 1,745,579 |
| | | 20,541,270 | 33,804,717 |

B. Other payables

| | | | |
|------------------------------|-----------|----------------------|----------------------|
| Third party other payables | 11(B)(i) | 934,086,421 | 856,253,344 |
| Inter-company other payables | 11(B)(ii) | 854,407,265 | 577,323,406 |
| | | 1,788,493,686 | 1,433,576,750 |

i. Third party other payables

| | | | |
|--|-------------|--------------------|--------------------|
| Payable for employee remuneration and other expenses | | 647,557,335 | 718,684,593 |
| Advance from customers | | 55,506,563 | 30,451,717 |
| Advance from third parties | | 1,099,996 | 1,099,996 |
| Withholding tax and VAT payables | | 110,596,147 | 47,521,935 |
| Worker's profit participation fund | 11(B)(i)(a) | 44,643,029 | 11,961,390 |
| Payable for capital expenditure | | 3,345,351 | 4,571,020 |
| Return provision | | 71,338,000 | 41,962,693 |
| | | 934,086,421 | 856,253,344 |

a. Worker's profit participation fund

| <i>In taka</i> | 2022 | 2021 |
|-------------------------|-------------------|-------------------|
| Opening payable | 11,961,390 | 53,892,105 |
| Charge for the year | 44,643,029 | 55,075,074 |
| Payment during the year | (11,961,390) | (97,005,789) |
| Closing payable | 44,643,029 | 11,961,390 |



Notes to the financial statements (continued)

11. Trade and other payables (continued)

B. Other payables (continued)

ii. Inter-company other payables

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|---|--------------|--------------------|-------------|
| Payable for royalties | | | |
| Reckitt Benckiser Health Limited, UK | 11(B)(ii)(a) | 588,618,824 | 402,929,750 |
| Reckitt Benckiser (ENA) B.V., Netherlands | 11(B)(ii)(b) | 265,788,441 | 174,393,657 |
| | | 854,407,265 | 577,323,406 |
| | | 854,407,265 | 577,323,406 |

a. Payable for royalties - Reckitt Benckiser Health Limited, UK

| | | | |
|--|--|--------------------|--------------|
| Balance at 1 January | | 402,929,750 | 372,183,839 |
| Charge for the year | | 185,689,074 | 187,812,966 |
| | | 588,618,824 | 559,996,805 |
| Paid to Reckitt Benckiser Health Limited, UK | | - | (95,343,200) |
| Write back of unapproved portion of royalty | | - | (37,888,055) |
| AIT on royalty | | - | (23,835,800) |
| Balance at 31 December | | 588,618,824 | 402,929,750 |

b. Payable for royalties - Reckitt Benckiser (ENA) B.V., Netherlands

| | | | |
|---|--|--------------------|--------------|
| Balance at 1 January | | 174,393,657 | 158,693,336 |
| Charge for the year | | 91,394,784 | 88,705,955 |
| | | 265,788,441 | 247,399,291 |
| Paid to Reckitt Benckiser (ENA) B.V., Netherlands | | - | (54,402,400) |
| Write back of unapproved portion of royalty | | - | (5,002,634) |
| AIT on royalty | | - | (13,600,600) |
| Balance at 31 December | | 265,788,441 | 174,393,657 |

iii. Royalty Expense charged during the year

| | | | |
|---|--|--------------------|-------------|
| Reckitt Benckiser Health Limited, UK | | 185,689,074 | 149,924,911 |
| Reckitt Benckiser (ENA) B.V., Netherlands | | 91,394,784 | 83,703,321 |
| | | 277,083,859 | 233,628,231 |



Notes to the financial statements (continued)

12. Current tax liabilities

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|---------------------------------------|-------------|--------------------|--------------------|
| Balance at 1 January | | 187,205,959 | 219,565,704 |
| Provision made during the year | 22(A) | 223,406,035 | 273,680,616 |
| | | 410,611,994 | 493,246,320 |
| Payment made under sections 64 and 74 | | (194,686,798) | (253,078,465) |
| Withholding tax | | (72,173,821) | (52,961,896) |
| Payment made during the year | | (266,860,619) | (306,040,361) |
| Balance at 31 December | | 143,751,375 | 187,205,959 |

13. Unclaimed dividend

| <i>In Taka</i> | | 2022 | 2021 |
|----------------------------|-------|--------------------|--------------------|
| Balance at 1 January | 13(a) | 3,032,656 | 8,808,241 |
| Dividend declared for 2021 | | 779,625,000 | 661,500,000 |
| Add back during the year | | 2,403,252 | 2,012,170 |
| | | 785,060,908 | 672,320,411 |
| Paid during the year | | (777,749,163) | (669,287,754) |
| Closing as at 31 December | | 7,311,745 | 3,032,656 |

A. Unclaimed dividend

| <i>In taka</i> | 2022 | 2021 |
|------------------|------------------|------------------|
| Final 2021 | 3,347,108 | - |
| Final 2020 | 2,192,806 | - |
| Final 2019 | 1,771,831 | 1,849,181 |
| Final 2018 | - | 1,158,378 |
| Final 2017 | - | 4,378 |
| 2017 Interim | - | 3,506 |
| 2016 Final | - | 3,188 |
| 2016 1st Interim | - | 3,400 |
| 2015 2nd Interim | - | 1,275 |
| 2015 1st Interim | - | 4,250 |
| 2014 Final | - | 1,275 |
| 2014 1st Interim | - | 2,475 |
| 2012 Final | - | 1,350 |
| | 7,311,745 | 3,032,656 |

B. Dividend paid during the year

| <i>In taka</i> | 2022 | 2021 |
|--|--------------------|--------------------|
| Reckitt Benckiser Limited, UK | 646,786,470 | 548,788,520 |
| Foreign shareholders | 646,786,470 | 548,788,520 |
| ICB Unit Fund | 610,500 | 541,800 |
| Investment Corporation of Bangladesh (ICB) | 2,602,710 | 2,208,360 |
| Mutual Funds | 140,250 | 1,360,800 |
| Individuals | 45,743,049 | 42,886,620 |
| Government of Bangladesh | 29,425,935 | 24,967,460 |
| Sadharan Bima Corporation (SBC) | 12,995,235 | 11,026,260 |
| Institutions | 37,973,743 | 29,720,180 |
| Bangladeshi shareholders | 129,491,422 | 112,711,480 |
| Dividend paid in the year | 776,277,892 | 661,500,000 |



Notes to the financial statements (continued)

13. Unclaimed dividend (continued)

In taka 2022 2021

C. Payment during the year from unclaimed dividend

| | | |
|--|--------------------|--------------------|
| Capital Market stabilization fund 2011-2017 & 2018 | 1,196,279 | 7,264,127 |
| 2019 Final | 108,528 | 167,238 |
| 2018 Final | 109,225 | 130,186 |
| 2017 Final | 57,239 | 73,279 |
| 2017 Interim | - | 39,738 |
| 2016 Final | - | 19,125 |
| 2016 Interim | - | 7,616 |
| 2015 2nd Interim | - | 20,400 |
| 2015 Interim | - | 4,250 |
| 2014 2nd Interim | - | 16,720 |
| 2014 1st Interim | - | 29,057 |
| 2013 Final | - | 3,600 |
| 2011 Final | - | 1,080 |
| 2011 Interim | - | 11,340 |
| | 1,471,271 | 7,787,754 |
| Payment during the year | 777,749,163 | 669,287,754 |



Notes to the financial statements (continued)

14. Operating segments

A. Basis for segmentation

The Company has following two strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

| Reportable segments | Operations |
|----------------------------|--|
| Household and toiletries | Manufacturing and trading of hygiene and home care products. |
| Pharmaceuticals | Manufacturing and Trading of health care products. |

These two reportable segments are the strategic business units of the company and are managed separately based on the Company's management and internal reporting structure. For each of the strategic business units, the management committee reviews internal management report on at least a monthly basis. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

| 2022 <i>In Taka</i> | Reportable segments | | Total |
|-------------------------------|---------------------------------|------------------------|----------------------|
| | Household and toiletries | Pharmaceuticals | |
| Revenue | 4,822,271,604 | 147,093,198 | 4,969,364,802 |
| Cost of sales | (2,651,007,386) | (80,863,375) | (2,731,870,761) |
| Gross profit | 2,171,264,218 | 66,229,824 | 2,237,494,041 |

| | | | |
|---|----------------------|---------------------|------------------------|
| Operating expenses | | | |
| Administrative expenses | (297,900,152) | (9,086,814) | (306,986,966) |
| Marketing expenses | (350,969,483) | (10,705,582) | (361,675,065) |
| Selling and distribution expenses | (343,503,819) | (10,477,858) | (353,981,677) |
| Impairment loss reversal on trade receivables | (18,169) | (554) | (18,724) |
| | (992,391,623) | (30,270,808) | (1,022,662,431) |
| Profit from operation | 1,178,872,594 | 35,959,016 | 1,214,831,610 |

| 2021 <i>In Taka</i> | Reportable segments | | Total |
|-------------------------------|---------------------------------|------------------------|----------------------|
| | Household and toiletries | Pharmaceuticals | |
| Revenue | 4,739,397,307 | 202,648,738 | 4,942,046,045 |
| Cost of sales | (2,152,812,630) | (92,050,684) | (2,244,863,313) |
| Gross profit | 2,586,584,678 | 110,598,054 | 2,697,182,732 |

| | | | |
|---|------------------------|---------------------|------------------------|
| Operating expenses | | | |
| Administrative expenses | (260,849,750) | (11,153,501) | (272,003,251) |
| Marketing expenses | (671,622,372) | (28,717,454) | (700,339,826) |
| Selling and distribution expenses | (326,447,000) | (13,958,330) | (340,405,330) |
| Impairment loss reversal on trade receivables | (45,477) | (1,945) | (47,422) |
| | (1,258,964,599) | (53,831,230) | (1,312,795,829) |
| Profit from operation | 1,327,620,079 | 56,766,824 | 1,384,386,903 |



Notes to the financial statements (continued)

14. Operating segments (continued)

C. Reconciliation of information on reportable segments to IFRS measures

| <i>In Taka</i> | <i>Note</i> | <i>2022</i> | <i>2021</i> |
|--|-------------|----------------------|----------------------|
| <i>i. Revenues</i> | | | |
| Total revenue for reportable segments | 14(B) | 4,969,364,802 | 4,942,046,045 |
| Total revenue | | 4,969,364,802 | 4,942,046,045 |
| <i>ii. Profit before tax</i> | | | |
| Total profit before tax for reportable segments | 14(B) | 1,214,831,610 | 1,384,386,903 |
| Amount not related to reported segments | 14(C)(iii) | (321,971,032) | (282,885,421) |
| Total profit before tax | | 892,860,578 | 1,101,501,482 |
| <i>iii. Amount not related to reportable segments</i> | | | |
| Other income | 17 | 2,428,159 | 2,492,240 |
| Royalty/Technical services fee | 18 | (277,083,859) | (233,628,231) |
| Finance income | 19 | 10,554,502 | 14,490,193 |
| Finance costs | 20 | (13,226,805) | (11,164,549) |
| Contribution to Workers' Profit Participation Fund | 21 | (44,643,029) | (55,075,074) |
| | | (321,971,032) | (282,885,421) |

Considering the current size and operations of the Company, segmental assets and liabilities are not considered to be critical for regular review by the management.

Accordingly no disclosure is made regarding the segmental assets and liabilities.



Notes to the financial statements (continued)

15. Revenue

See accounting policy in Note 2.8(B)

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|-----------------------|-------------|----------------------|----------------------|
| Revenue including VAT | | 5,846,960,950 | 5,770,725,431 |
| VAT | | (877,596,148) | (828,679,386) |
| | 15(A) | 4,969,364,802 | 4,942,046,045 |

A. Disaggregation of revenue

| <i>In Taka</i> | Unit of measurement | 2022 | | 2021 | |
|--------------------------|---------------------------|------------------|----------------------|------------------|----------------------|
| | | Quantity | Amount | Quantity | Amount |
| Household and toiletries | Cases | 2,404,074 | 4,822,271,604 | 2,763,490 | 4,739,397,307 |
| Pharmaceuticals | Cases | 51,475 | 147,093,198 | 152,369 | 202,648,738 |
| | | 2,455,549 | 4,969,364,802 | 2,915,858 | 4,942,046,045 |

16. Cost of sales

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|--|-------------|----------------------|----------------------|
| Manufacturing unit | | | |
| Opening balance of raw and packing materials | | 272,630,865 | 307,870,473 |
| Purchases during the year | | 1,973,357,352 | 1,551,950,835 |
| Closing balance of raw and packing materials | 5 | (275,393,186) | (272,630,865) |
| Materials consumed | | 1,970,595,031 | 1,587,190,443 |
| Salaries, wages and welfare expenses | | 213,526,810 | 210,277,614 |
| Outsourced manpower | | 33,323,792 | 33,329,529 |
| Product testing and laboratory expenses | | 1,003,269 | 4,578,564 |
| Exchange (gain)/loss | | 47,339,887 | 4,571,835 |
| Travelling and conveyance | | 6,331,060 | 16,157,934 |
| Power, fuel and utilities | | 18,192,144 | 21,890,306 |
| Vehicle expenses | | 239,774 | 964,550 |
| Repairs, maintenance and others | | 46,166,951 | 45,406,458 |
| Rent, rates and taxes | | 5,289,961 | 5,377,412 |
| Printing, stationery and office supplies | | 362,323 | 1,178,247 |
| Insurance | | 4,254,296 | 4,434,794 |
| Office expenses | | 3,950,676 | 4,402,610 |
| Safety, health and environment | | 11,293,956 | 18,749,515 |
| Staff recruitment, training and development expenses | | 652,068 | 2,793,400 |
| Legal and professional charges | | 1,460,169 | 421,841 |
| Communication, postage, courier | | 1,000,268 | 1,118,030 |
| Depreciation | 3(B) | 118,626,317 | 97,639,417 |
| Manufacturing overhead | | 513,013,721 | 473,292,057 |
| Opening stock of work-in-progress | | 1,207,236 | 2,181,380 |
| Closing stock of work-in-progress | 5 | (2,191,345) | (1,207,236) |
| | | (984,109) | 974,144 |
| Cost of production | | 2,482,624,643 | 2,061,456,644 |
| Opening stock of own manufactured finished goods | | 186,293,149 | 190,603,013 |
| Closing stock of own manufactured finished goods | 5(B)(i) | (130,033,912) | (186,293,149) |
| | | 56,259,237 | 4,309,865 |
| Cost of sales - manufacturing unit | | 2,538,883,881 | 2,065,766,509 |
| Trading unit | | | |
| Opening stock of finished goods | | 92,061,805 | 99,758,551 |
| Purchase of finished goods | 16(A) | 206,302,364 | 171,400,059 |
| Closing stock of finished goods | 5(B)(i) | (105,377,289) | (92,061,805) |
| Cost of sales - trading unit | | 192,986,880 | 179,096,805 |
| Total cost of sales | | 2,731,870,761 | 2,244,863,313 |



Notes to the financial statements (continued)

16. Cost of sales (continued)
A. Cost of sales - trading unit

| In Taka | Unit of measurement | Opening Stock | | Purchase | | Closing Stock | | Cost of Sales - Trading Unit | |
|--------------------------------|---------------------|---------------|-------------------|----------|--------------------|---------------|--------------------|------------------------------|--------------------|
| | | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value |
| Household and toiletries | Metric Ton | 93.63 | 65,109,891 | 60 | 155,782,563 | 32 | 77,333,380 | 122.12 | 143,559,074 |
| | Thousand Litre | 18.10 | 22,496,530 | 14 | 46,475,933 | 10.12 | 25,292,517 | 22.08 | 43,679,946 |
| | Million No. | 0.39 | 2,404,458 | 2 | 4,043,868 | 1 | 2,751,392 | 1.30 | 3,696,934 |
| Pharmaceuticals | Million No. | 5.95 | 2,050,926 | - | - | - | - | 5.95 | 2,050,926 |
| Total for the year 2022 | | | 92,061,805 | | 206,302,364 | | 105,377,289 | | 192,986,880 |
| Household and toiletries | Metric Ton | 93.63 | 82,305,109 | 206.91 | 131,435,676 | 97.76 | 65,109,891 | 202.77 | 148,630,894 |
| | Thousand Litre | 18.10 | 15,347,656 | 70.10 | 31,826,398 | 38.40 | 22,496,530 | 49.81 | 24,677,524 |
| | Million No. | - | - | 0.80 | 4,884,459 | 0.39 | 2,404,458 | 0.40 | 2,480,001 |
| Pharmaceuticals | Million No. | 5.95 | 2,105,786 | 7.95 | 3,253,526 | 2.58 | 2,050,926 | 11.32 | 3,308,386 |
| Total for the year 2021 | | | 99,758,551 | | 171,400,059 | | 92,061,805 | | 179,096,805 |



Notes to the financial statements (continued)

16. Cost of sales (continued)

B. Raw and packing materials consumed

| In Taka | Unit of measurement | Opening stock | | Purchase | | Closing stock | | Consumption | |
|---------|--------------------------------|---------------|--------------------|-----------|----------------------|---------------|--------------------|-------------|----------------------|
| | | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value |
| | Metric Ton | 1,164.78 | 213,323,208 | 12,069.26 | 1,439,491,885 | 1,017.29 | 221,660,664 | 12,216.75 | 1,431,154,429 |
| | Thousand Pcs | 5,807.28 | 22,018,305 | 59,253.04 | 273,704,930 | 3,476.11 | 21,747,674 | 61,584.22 | 273,975,561 |
| | Thousand Pcs | 5,683.04 | 13,124,617 | 60,345.61 | 169,594,852 | 6,832.96 | 15,998,871 | 59,195.69 | 166,720,598 |
| | Others | 13,258.18 | 24,164,735 | 55,870.65 | 90,565,685 | 13,130.67 | 15,985,976 | 55,998.15 | 98,744,444 |
| | Total for the year 2022 | | 272,630,865 | | 1,973,357,352 | | 275,393,186 | | 1,970,595,031 |
| | Metric Ton | 2,362.59 | 263,409,772 | 11,600.30 | 1,003,401,656 | 1,164.78 | 213,323,208 | 12,798.10 | 1,053,488,220 |
| | Thousand Pcs | 3,611.59 | 11,018,396 | 53,109.00 | 271,939,662 | 5,807.28 | 22,018,305 | 50,913.30 | 260,939,753 |
| | Thousand Pcs | 5,631.06 | 9,869,753 | 63,238.07 | 176,675,804 | 5,683.04 | 13,124,617 | 63,186.09 | 173,420,940 |
| | Others | 13,594.27 | 23,572,552 | 77,051.47 | 99,933,713 | 13,258.18 | 24,164,735 | 77,387.57 | 99,341,530 |
| | Total for the year 2021 | | 307,870,473 | | 1,551,950,835 | | 272,630,865 | | 1,587,190,443 |

C. Percentage of raw materials and packing materials consumed

| In Taka | Note | 2022 | | 2021 | |
|-----------------------------|-------|----------------------|-------------|----------------------|-------------|
| | | Amount | % | Amount | % |
| Raw materials | 16(D) | 1,431,154,429 | 73% | 1,053,488,220 | 66% |
| Packing materials | 16(D) | 539,440,602 | 27% | 533,702,223 | 34% |
| | | 1,970,595,031 | 100% | 1,587,190,443 | 100% |
| Local materials consumed | | 552,125,791 | 28% | 552,795,408 | 35% |
| Imported materials consumed | | 1,418,469,240 | 72% | 1,034,395,035 | 65% |
| | | 1,970,595,031 | 100% | 1,587,190,443 | 100% |



Notes to the financial statements (continued)

17. Other income

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|--|-------------|------------------|------------------|
| Profit/(loss) on sale of property, plant and equipment | | 2,309,919 | 2,214,737 |
| Other income-Forfeited amount PF Fund | | 118,240 | 277,503 |
| | | 2,428,159 | 2,492,240 |

18. Operating expenses

| <i>In Taka</i> | | 2022 | 2021 |
|-----------------------------------|------------|----------------------|----------------------|
| Selling and distribution expenses | 18(A) | 356,799,170 | 340,405,330 |
| Administrative expenses | 18(B) | 304,169,473 | 272,003,251 |
| Royalties/Technical services fees | 11(B)(iii) | 277,083,859 | 233,628,231 |
| Marketing expenses | 18(C) | 361,675,065 | 700,339,826 |
| | | 1,299,727,566 | 1,546,376,638 |

A. Selling and distribution expenses

| | | | |
|--|------|--------------------|--------------------|
| Salaries, wages and welfare expenses | | 189,689,569 | 181,230,676 |
| Outsourced manpower | | 3,789,013 | 17,169,192 |
| Carriage outwards | | 63,225,821 | 59,164,437 |
| Depot expenses | | 29,945,279 | 19,807,828 |
| Vehicle expenses | | 7,166,162 | 6,687,525 |
| Printing and stationery | | 311,157 | 450,010 |
| Conveyance, staff meal, travel accommodation | | 24,632,278 | 23,773,258 |
| Sales office rent and expenses | | 2,500,895 | 2,422,622 |
| Insurance | | 2,685,241 | 2,318,087 |
| Depreciation | 3(B) | 28,848,050 | 22,940,527 |
| Staff recruitment, training and development expenses | | 157,663 | 103,011 |
| Repairs and maintenance | | 16,667 | 58,202 |
| Communication, postage, courier | | 2,973,851 | 3,675,479 |
| Safety, health and environment | | 159,830 | 273,915 |
| Others | | 697,695 | 330,560 |
| | | 356,799,170 | 340,405,330 |

B. Administrative expenses

| | | | |
|--|----------|--------------------|--------------------|
| Salaries, wages and welfare expenses | | 210,034,480 | 184,392,281 |
| Outsourced manpower | | 11,952,433 | 13,033,379 |
| Non-executive directors fee | | 573,331 | 775,011 |
| Communication, postage, courier | | 3,876,125 | 4,403,003 |
| Vehicle expenses | | 720,749 | 962,098 |
| Conveyance, staff meal, travel accommodation | | 3,354,574 | 2,281,975 |
| Corporate office expenses | | 19,643,413 | 15,055,272 |
| Repairs and maintenance | | 1,505,170 | 2,692,063 |
| Legal and professional charges | 18(B)(i) | 12,523,813 | 12,244,095 |
| Printing, publication and stationery | | 3,833,243 | 3,444,212 |
| Subscriptions | | 437,300 | 201,800 |
| Staff recruitment, training and development expenses | | 1,187,605 | 162,850 |
| Entertainment | | 119,791 | 113,471 |
| AGM expenses | | 292,667 | 325,000 |
| Bank charges | | 1,666,388 | 513,516 |
| Insurance | | 366,169 | 226,732 |
| Depreciation | 3(B) | 24,111,419 | 26,474,947 |
| Corporate Social Responsibility | | 6,771,028 | 2,922,265 |
| Safety, health and environment | | 839,104 | 1,698,635 |
| Others | | 360,671 | 80,645 |
| | | 304,169,473 | 272,003,251 |



Notes to the financial statements (continued)

18. Net operating expenses (continued)

B. Administrative expenses (continued)
i. Legal and professional charges

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|-----------------------|-------------|-------------------|-------------|
| Audit fee | | 1,327,562 | 1,150,000 |
| Tax services | | 490,553 | 1,040,732 |
| Legal consultancy | | 7,157,116 | 3,190,026 |
| Other consulting fees | | 3,548,582 | 6,863,337 |
| | | 12,523,813 | 12,244,095 |

C. Marketing expenses

| <i>In Taka</i> | | 2022 | 2021 |
|---------------------------|--|--------------------|-------------|
| Media and trade marketing | | 280,983,207 | 636,196,623 |
| Consumer marketing | | 71,611,378 | 55,688,751 |
| Market research | | 9,080,480 | 8,454,452 |
| | | 361,675,065 | 700,339,826 |

19. Finance income

| <i>In Taka</i> | | 2022 | 2021 |
|-----------------|--|-------------------|-------------|
| Interest income | | 10,554,502 | 14,490,193 |
| | | 10,554,502 | 14,490,193 |

20. Finance costs

| <i>In Taka</i> | | 2022 | 2021 |
|---------------------------------------|--|-------------------|-------------|
| Interest expense on lease liabilities | | 13,226,805 | 11,164,549 |
| | | 13,226,805 | 11,164,549 |

21. Contribution to WPPF

| <i>In Taka</i> | | 2022 | 2021 |
|------------------------------------|--|--------------------|---------------|
| Profit before contribution to WPPF | | 937,503,607 | 1,156,576,556 |
| Applicable contribution rate | | 5% | 5% |
| | | 44,643,029 | 55,075,074 |

The Company contributes 5% of the profit before tax after charging such expense as contribution to WPPF. See Note 2.8(C)(iv)



Notes to the financial statements (continued)

22. Income tax expense
See accounting policy in Note 2.8(E)

A. Amounts recognised in profit or loss

| <i>In Taka</i> | Note | 2022 | 2021 |
|---|-------|--------------------|--------------------|
| Current tax expense | | | |
| Current year | | 223,406,035 | 273,680,616 |
| | | 223,406,035 | 273,680,616 |
| Deferred tax (income)/expense | | | |
| Origination/(reversal) of temporary differences | 22(D) | 10,314,936 | 19,699,351 |
| | | 10,314,936 | 19,699,351 |
| Tax expense on continuing operations | | 233,720,971 | 293,379,967 |

B. Amounts recognised in OCI

| <i>In Taka</i> | 2022 | | | 2021 | | |
|--|-------------------|-----------------------|------------------|--------------------|-----------------------|--------------------|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Items that will not be reclassified to profit or loss | | | | | | |
| Remeasurement of defined benefit plan | 10,090,000 | (2,270,250) | 7,819,750 | (8,110,000) | 1,824,750 | (6,285,250) |
| | 10,090,000 | (2,270,250) | 7,819,750 | (8,110,000) | 1,824,750 | (6,285,250) |

C. Reconciliation of effective tax rate

| <i>In Taka</i> | 2022 | | 2021 | |
|---|---------------|--------------------|---------------|--------------------|
| Profit before tax | | 892,860,578 | | 1,101,501,482 |
| Tax using the Company's tax rate | 22.50% | 200,893,630 | 22.50% | 247,837,833 |
| Factors affecting the tax charge for current period: | | | | |
| Excess/(deficit) of accounting depreciation over fiscal depreciation | 0.73% | 6,487,640 | 0.45% | 4,911,157 |
| Excess/(deficit) of rental payment over expenses under IFRS-16 | 0.43% | 3,872,454 | 0.21% | 2,260,636 |
| Provision release for earlier year tax rate adjustment | -3.10% | (27,689,850) | -3.54% | (39,000,000) |
| Provision for stock obsolescence and Impairment (loss)/gain reversal on trade receivables | 0.09% | 804,329 | -0.29% | (3,237,295) |
| Permanent difference as per Income Tax Ordinance 1984 | 0.79% | 7,083,040 | 1.25% | 13,736,972 |
| Excess of gratuity provision over payment of gratuity | -1.60% | (14,319,608) | 0.43% | 4,781,582 |
| Excess of technical services fee over payment of technical services fee/royalty | 5.18% | 46,274,398 | 3.85% | 42,389,731 |
| Movement of temporary differences: as above | 1.16% | 10,314,936 | 1.79% | 19,699,351 |
| | 26.18% | 233,720,971 | 26.63% | 293,379,967 |



Notes to the financial statements (continued)

22. Income tax expense (continued)
D. Movement in deferred tax balances

| 2022 <i>In Taka</i> | Net balance at 1 January | Recognised in profit or loss | Recognised in OCI | Balance as at 31 December | | |
|--------------------------------------|-----------------------------|------------------------------------|----------------------|---------------------------|------------------------|-----------------------------|
| | | | | Net | Deferred tax assets | Deferred tax liabilities |
| Property, plant and equipment | (15,123,319) | (1,548,277) | - | (16,671,596) | - | (16,671,596) |
| Employee benefits | 22,089,997 | (12,112,358) | (2,270,250) | 7,707,389 | 7,707,389 | - |
| Trade and other receivables | 50,782 | 4,213 | - | 54,995 | 54,995 | - |
| Inventories | 2,020,801 | 808,542 | - | 2,829,343 | 2,829,343 | - |
| RoU assets- Impact of IFRS 16 | (34,970,916) | (2,802,165) | - | (37,773,081) | - | (37,773,081) |
| Lease liabilities- Impact of IFRS 16 | 36,818,109 | 5,335,109 | - | 42,153,218 | 42,153,218 | - |
| Net deferred tax | 10,885,454 | (10,314,936) | (2,270,250) | (1,699,732) | 52,744,945 | (54,444,677) |

| 2021 <i>In Taka</i> | Net balance at 1 January | Recognised in profit or loss | Recognised in OCI | Balance as at 31 December | | |
|--|-----------------------------|------------------------------------|----------------------|---------------------------|------------------------|-----------------------------|
| | | | | Net | Deferred tax assets | Deferred tax liabilities |
| Property, plant and equipment | (25,440,385) | 10,317,066 | - | (15,123,319) | - | (15,123,319) |
| Employee benefits | 50,702,500 | (30,437,253) | 1,824,750 | 22,089,997 | 22,089,997 | - |
| Trade and other receivables | 44,569 | 6,213 | - | 50,782 | 50,782 | - |
| Inventories | 5,854,185 | (3,833,384) | - | 2,020,801 | 2,020,801 | - |
| RoU assets- Impact of IFRS 16 | (44,285,114) | 9,314,198 | - | (34,970,916) | - | (34,970,916) |
| Lease liabilities- Impact of IFRS 16 | 41,884,301 | (5,066,191) | - | 36,818,110 | 36,818,110 | - |
| Net deferred tax assets (liabilities) | 28,760,056 | (19,699,351) | 1,824,750 | 10,885,455 | 60,979,690 | (50,094,235) |

23. Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

i. Profit attributable to ordinary shareholders (basic)

| <i>In Taka</i> | Note | 2022 | 2021 |
|--|------|-------------|-------------|
| Net profit after tax for the year, attributable to the owners of the company | | 659,139,607 | 808,121,515 |
| Profit/(loss) attributable to ordinary shareholders | | 659,139,607 | 808,121,515 |

ii. Weighted-average number of ordinary shares (basic)

| | Note | 2022 | 2021 |
|---|------|---------------|---------------|
| Issued ordinary shares at 31 December | 9(A) | 4,725,000 | 4,725,000 |
| Weighted-average number of ordinary shares at 31 December | | 4,725,000 | 4,725,000 |
| Basic earnings per share (EPS) | | 139.50 | 171.03 |

Weighted average number of ordinary shares was not changed during the current and prior year.

B. Diluted earnings per share

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



Notes to the financial statements (continued)

24. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Further, for the current year the fair value disclosure of lease liabilities is also not required.

| In Taka | Note | Fair value- hedging instruments | Mandatorily at FVTPL – others | FVOCI – debt instruments | FVOCI – equity instruments | Carrying amount | | | Total |
|---|------|---------------------------------------|----------------------------------|-----------------------------|-------------------------------|--|-----------------------------------|-----------------|-----------------|
| | | | | | | Financial assets at amortised cost | Other financial liabilities | | |
| 31 December 2022 | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Trade and other receivables | 6 | - | - | - | - | 60,207,313 | - | - | 60,207,313 |
| Cash and cash equivalents | 8 | - | - | - | - | 1,978,229,020 | - | - | 1,978,229,020 |
| | | - | - | - | - | 2,038,436,333 | - | - | 2,038,436,333 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Trade and other payables | 11 | - | - | - | - | - | (2,186,139,227) | (2,186,139,227) | (2,186,139,227) |
| | | - | - | - | - | - | - | (2,186,139,227) | (2,186,139,227) |
| 31 December 2021 | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Trade and other receivables | 6 | - | - | - | - | 69,006,591 | - | - | 69,006,591 |
| Cash and cash equivalents | 8 | - | - | - | - | 1,629,066,314 | - | - | 1,629,066,314 |
| | | - | - | - | - | 1,698,072,904 | - | - | 1,698,072,904 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Trade and other payables | 11 | - | - | - | - | - | (1,665,931,472) | (1,665,931,472) | (1,665,931,472) |
| | | - | - | - | - | - | - | (1,665,931,472) | (1,665,931,472) |

The Company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, and trade and other payables because their carrying amounts are a reasonable approximation of fair values.



Notes to the financial statements (continued)

24. Financial instruments - Fair values and risk management (continued) B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Risk management framework ((see (B)(i));
- Credit risk (see (B)(ii));
- Liquidity risk (see (B)(iii)); and
- Market risk (see (B)(iv)).

i. Risk management framework

The Company's board of directors 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.

ii. Credit risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, aging profile etc. Trade and other receivables are mainly related to the interest receivables and other fees.

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:

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|-----------------------------|-------------|----------------------|----------------------|
| Trade and other receivables | 6 | 60,207,313 | 69,006,591 |
| Cash and cash equivalents | 8 | 1,978,229,020 | 1,629,066,314 |
| | | 2,038,436,333 | 1,698,072,904 |



Notes to the financial statements (continued)

24. Financial instruments - Fair values and risk management (continued)

B. Financial risk management (continued)

(a.1) Trade and other receivables

The exposure to credit risk for Trade and other receivables at the end of the reporting year by external and intercompany was:

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|---------------------------|-------------|-------------------|-------------------|
| Trade receivables | 6 | 57,917,245 | 67,935,733 |
| Interest receivables | 6(B) | 2,416,250 | 858,000 |
| Inter-company receivables | 6(B)(i) | - | 438,556 |
| | | 60,333,495 | 69,232,289 |

The aging of trade receivables at 31 December

| | | |
|------------------------|-------------------|-------------------|
| Past due 1-30 days | 57,927,909 | 66,391,962 |
| Past due 31-60 days | 181,434 | 1,543,771 |
| Past due 61-90 days | - | - |
| Past due 91-180 days | - | - |
| Past due over 180 days | - | - |
| | 58,109,343 | 67,935,733 |

The aging of interest receivables at 31 December

| | | |
|------------------------|------------------|----------------|
| Past due 1-30 days | 2,416,250 | 858,000 |
| Past due 31-60 days | - | - |
| Past due 61-90 days | - | - |
| Past due 91-180 days | - | - |
| Past due over 180 days | - | - |
| | 2,416,250 | 858,000 |

The aging of inter-company receivables at 31 December

| | | |
|------------------------|---|----------------|
| Past due 1-30 days | - | - |
| Past due 31-60 days | - | 438,556 |
| Past due 61-90 days | - | - |
| Past due 91-180 days | - | - |
| Past due over 180 days | - | - |
| | - | 438,556 |

(a.2) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents at the end of the reporting year was:

| <i>In Taka</i> | <i>Note</i> | 2022 | 2021 |
|----------------|-------------|----------------------|----------------------|
| Cash in hand | 8 | - | 50,000 |
| Cash at bank | 8(A) | 1,978,229,020 | 1,629,016,314 |
| | | 1,978,229,020 | 1,629,066,314 |

Cash at bank are held with HSBC and SCB which are rated ST-1 & AAA based on ratings by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL) respectively.



Notes to the financial statements (continued)

24. Financial instruments - Fair values and risk management (continued)
B. Financial risk management (continued)
iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains sufficient cash and cash equivalents to meet expected operational expenses for periods which the Company thinks appropriate. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. Moreover, the Company may also get support from the parent in the form of shareholder's loan/capital contribution to ensure payment of obligation in the event that there is insufficient cash to make the required payment.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

| In Taka | Note | Carrying amount | Total | Contractual cash flows | | | | |
|---|-------|----------------------|------------------------|------------------------|----------------------|---------------------|---------------------|----------------------|
| | | | | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
| 31 December 2022 | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | |
| Third party trade payables | 11(A) | 377,104,271 | (377,104,271) | (377,104,271) | - | - | - | - |
| Inter-company trade payables | 11(A) | 20,541,270 | (20,541,270) | (20,541,270) | - | - | - | - |
| Third party other payables | 11(B) | 934,086,421 | (934,086,421) | (931,053,765) | (3,032,656) | - | - | - |
| Inter-company other payables | 11(B) | 854,407,265 | (854,407,265) | (854,407,265) | - | - | - | - |
| Lease liabilities | 4(A) | 187,347,635 | (187,347,635) | (19,246,711) | (17,693,420) | (36,259,001) | (61,681,795) | (52,466,708) |
| | | 2,373,486,862 | (2,373,486,862) | (1,347,946,017) | (875,133,341) | (36,259,001) | (61,681,795) | (52,466,708) |
| 31 December 2021 | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | |
| Third party trade payables | 11(A) | 198,550,005 | (198,550,005) | (198,550,005) | - | - | - | - |
| Inter-company trade payables | 11(A) | 33,804,717 | (33,804,717) | (33,804,717) | - | - | - | - |
| Third party other payables | 11(B) | 856,253,344 | (856,253,344) | (853,220,687) | (3,032,656) | - | - | - |
| Inter-company other payables | 11(B) | 577,323,406 | (577,323,406) | (577,323,406) | (577,323,406) | - | - | - |
| Lease liabilities | 4(A) | 163,636,046 | (163,636,046) | (4,394,762) | (5,692,218) | (12,050,101) | (25,374,946) | (116,124,020) |
| | | 1,829,567,518 | (1,829,567,518) | (1,089,970,171) | (586,048,281) | (12,050,101) | (25,374,946) | (116,124,020) |



Notes to the financial statements (continued)

24. Financial instruments - Fair values and risk management (continued)

B. Financial risk management (continued)

iv. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings 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 sales, purchases and borrowings incurred in foreign currencies. The Company's foreign currency transactions are denominated in USD, EUR and GBP.

(b) Exposure to currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts:

| | 31 December 2022 | | | | 31 December 2021 | | | |
|---|---------------------|------------------|----------|----------|---------------------|------------------|-----------------|----------|
| | BDT | USD | EUR | GBP | BDT | USD | EUR | GBP |
| Foreign currency denominated assets | | | | | | | | |
| Receivables due from related parties | - | - | - | - | 438,556 | 5,106 | - | - |
| Total assets | - | - | - | - | 438,556 | 5,106 | - | - |
| Foreign currency denominated liabilities | | | | | | | | |
| Trade payables due to related parties | (21,026,203) | (203,603) | - | - | (33,804,717) | (378,902) | (17,862) | - |
| Total liabilities | (21,026,203) | (203,603) | - | - | (33,804,717) | (378,902) | (17,862) | - |
| Net exposure | (21,026,203) | (203,603) | - | - | (33,366,161) | (373,796) | (17,862) | - |

(c) The following significant exchange rates have been applied during the year

| | 2022 | 2021 |
|---------------------------|--------|--------|
| Average rate | | |
| USD | 93.24 | 85.07 |
| EUR | 98.28 | 100.58 |
| GBP | 115.30 | 117.04 |
| Year end spot rate | | |
| USD | 103.27 | 85.89 |
| EUR | 110.48 | 97.73 |
| GBP | 124.78 | 116.23 |

(d) Market risk-interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. All payables of the company are interest free. Therefore no interest rate risk arises for the company as at 31 December 2022.



Notes to the financial statements (continued)

25. Related parties

A. Parent and ultimate controlling party

Reckitt Benckiser Limited, UK has 82.96% shareholding of the Company. As a result, the parent and ultimate controlling party of the Company is Reckitt Benckiser Limited, UK.

B. Transactions with key management personnel

i. Key management personnel compensation

Key management personnel compensation comprised the following.

| <i>In Taka</i> | 2022 | | 2021 | |
|--|-------------------|--------------------------|-------------------|--------------------------|
| | Managing Director | Directors and management | Managing Director | Directors and management |
| Remuneration, bonus and other benefits | 55,509,625 | 380,698,067 | 40,503,025 | 311,170,820 |
| Housing rental | - | 76,874,148 | - | 72,753,122 |
| Leave passage | - | 13,286,328 | - | 10,289,451 |
| Medical | - | 17,877,284 | - | 16,396,529 |
| Short-term employee benefits | 55,509,625 | 488,735,828 | 40,503,025 | 410,609,923 |
| Gratuity provision | - | 37,331,903 | - | 42,078,374 |
| Provident fund | - | 19,529,048 | - | 18,200,764 |
| Post-employment benefits | - | 56,860,951 | - | 60,279,138 |
| | 55,509,625 | 545,596,778 | 40,503,025 | 470,889,061 |
| Number | 1 | 202 | 1 | 201 |

Compensation for Reckitt's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan and provident fund. These expenses are included in operating expenses.

Managing director and certain managers are provided with Company's car, subject to certain limit.

C. Other related party transactions

| <i>In Taka</i> | Note | Nature of Relationship | Transaction values for the year ended 31 December | | Balance outstanding as at 31 December | |
|---|-------|----------------------------------|---|-------------|---------------------------------------|-------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| Parent of the Company | | | | | | |
| Dividend paid | | | | | | |
| Reckitt Benckiser Limited, UK | 13(B) | Reckitt Benckiser Parent Company | 646,786,470 | 548,788,520 | - | - |
| Fellow subsidiaries of the Company | | | | | | |
| Import of raw materials and finished goods | | | | | | |
| Reckitt Benckiser (India) Ltd. | | Reckitt Benckiser Group Company | 47,712,105 | 51,749,225 | 20,541,270 | 30,787,257 |
| Reckitt Benckiser Health Ltd., UK | | Reckitt Benckiser Group Company | 1,719,003 | 549,264 | - | - |
| Reckitt Benckiser (India) Private Ltd. | | Reckitt Benckiser Group Company | - | 1,271,881 | - | 1,271,881 |
| Reckitt Benckiser Bahrain WLL | | Reckitt Benckiser Group Company | 3,609,411 | 2,910,139 | - | - |
| Reckitt Benckiser Chartres, France | | Reckitt Benckiser Group Company | 3,300,654 | 3,629,654 | - | 1,745,579 |
| Royalties | | | | | | |
| Reckitt Benckiser Health Limited, UK | | Reckitt Benckiser Group Company | 185,689,074 | 187,812,966 | 588,618,824 | 402,929,750 |
| Reckitt Benckiser (ENA) B.V., Netherlands | | Reckitt Benckiser Group Company | 91,394,784 | 88,705,955 | 265,788,441 | 174,393,657 |
| Systems support services | | | | | | |
| Reckitt Benckiser Corporate Services Limited, UK | | Reckitt Benckiser Group Company | 1,768,300 | 1,292,073 | - | 438,556 |

D. Significant contract where the Company is party and wherein Directors have interest

No such transactions/contact has occurred during the year.



Notes to the financial statements (continued)

26. Net asset value per share

| <i>In Taka</i> | 2022 | 2021 |
|--|---------------|---------------|
| Net Asset | 835,390,470 | 948,056,113 |
| Weighted average number of ordinary shares outstanding during the year | 4,725,000 | 4,725,000 |
| Net asset value per share | 176.80 | 200.65 |

27. Net operating cash flow per share

| <i>In Taka</i> | 2022 | 2021 |
|--|---------------|---------------|
| Net operating cash flow | 1,283,587,123 | 637,380,749 |
| Weighted average number of ordinary shares outstanding during the year | 4,725,000 | 4,725,000 |
| Net operating cash flow per share | 271.66 | 134.90 |

28. Reconciliation of net operating cash flow

| <i>In Taka</i> | Note | 2022 | 2021 |
|--|------|----------------------|----------------------|
| Profit before tax | | 892,860,578 | 1,101,501,481 |
| Adjustment for: | | | |
| - Depreciation and impairment loss | 3(B) | 173,467,590 | 147,054,891 |
| - (Gain)/Loss on sale of property, plant and equipment | 17 | (2,428,159) | (2,492,240) |
| - Impairment loss reversal on trade receivables | 6 | 18,724 | 47,422 |
| - Finance costs | 20 | 13,226,805 | 11,164,549 |
| - Finance income | 19 | (10,554,502) | (14,490,193) |
| | | 1,066,591,036 | 1,242,785,910 |
| Changes in: | | | |
| - Inventories | | 4,745,635 | 36,794,604 |
| - Trade and other receivables | | 8,799,279 | (43,505,645) |
| - Advances, deposits and prepayments | | 14,026,737 | 30,339,830 |
| - Trade and other payables | | 520,207,755 | (224,144,641) |
| - Employee benefits | | (63,922,700) | (98,848,949) |
| Cash generated from operating activities | | 1,550,447,742 | 943,421,110 |
| Income tax paid | 12 | (266,860,619) | (306,040,361) |
| Net cash generated by operating activities | | 1,283,587,123 | 637,380,749 |



Notes to the financial statements (continued)

29. Commitments

At 31 December, there were some outstanding purchase orders for the company for capital expenditures.

A. Capital expenditure commitment

| <i>In Taka</i> | 2022 | 2021 |
|--|--------------------|------------------|
| Financial expenditures - outstanding purchase orders | 123,143,415 | 4,341,373 |
| | 123,143,415 | 4,341,373 |

30. Contingent liabilities

There are contingent liabilities of Taka 39,495,729 (2021: Taka 31,178,534) on account of bank guarantees, acceptance trust receipt under letter of credit and Taka 603,297,693 (2021: Taka 378,464,641) on account of ordinary letter of credit issued by Standard Chartered Bank and HSBC in favour of the Company.

Out of Taka 39,495,729, Taka 31,519,979 for shipping guarantees (2021: Taka 22,844,525) and Taka 7,975,750 for guarantees (2021: Taka 8,334,008) on behalf of Reckitt Benckiser (Bangladesh) PLC.

Import bills/bills receivable Taka 140,067,712 (2021: Taka 10,303,112) have been issued by SCB and HSBC on behalf of Reckitt Benckiser (Bangladesh) PLC.

| <i>In Taka</i> | 2022 | 2021 |
|---|------------------|------------------|
| Guarantees issued by the Company's scheduled bankers to third parties on counter - indemnities given by the Company | 7,975,750 | 8,334,008 |
| Irrevocable letter of credit opened by the scheduled banks net of on account payment | - | - |
| | 7,975,750 | 8,334,008 |

31. Number of employees

The company employed 281 (2021: 274) permanent employees and a varying number of casual and temporary employees as required. All permanent employees receive total remuneration in excess of Taka 36,000 per annum.



Notes to the financial statements (continued)

32. Remittance made in foreign currency (FC)

| Currency | 2022 | | 2021 | |
|---|------------------|--------------------|------------------|--------------------|
| | FC | Taka | FC | Taka |
| Reckitt Benckiser Health Limited, Uk (GBP) | - | - | 816,994 | 95,343,200 |
| Reckitt Benckiser (ENA) B. V., The Netherland (GBP) | - | - | 466,173 | 54,402,400 |
| Reckitt Benckiser Limited, UK (GBP) | 4,729,124 | 582,107,823 | 4,200,984 | 493,909,668 |
| Mobisy Technologies Private Limited (USD) | 22,055 | 2,069,532 | | |
| Willis Tower Wattson India Private Limited (USD) | 1,800 | 156,150 | 1,600 | 135,920 |
| Total | 4,752,979 | 584,333,505 | 5,485,751 | 643,791,188 |

33. Receipt in foreign currency (FC)

| Currency | 2022 | | 2021 | |
|---|---------------|------------------|---------------|------------------|
| | FC | Taka | FC | Taka |
| Reckitt Benckiser Corporate Services Ltd. (USD) | 19,504 | 1,768,300 | 20,399 | 1,718,623 |
| Reckitt Benckiser Corporate Services Ltd. (GBP) | - | - | 4,715 | 549,296 |
| Total | 19,504 | 1,768,300 | 25,114 | 2,267,919 |

34. Production capacity

| Line of business | Unit of measurement | Installed capacity for the year 2022 | Production for the year 2022 |
|------------------------|-----------------------|--------------------------------------|------------------------------|
| Household & toiletries | Thousand Litre | 37,306 | 14,959 |
| Pharmaceuticals | Metric Ton | 16,316 | 6,642 |
| Pharmaceuticals | Thousand Litre | 1,806 | 462 |
| Total | Thousand Litre | 39,112 | 15,420 |
| | Metric Ton | 16,316 | 6,642 |



35. Events after the reporting date

For the year 2022, the Board of Directors recommended a final dividend of Taka 98 per share amounting to Taka 463,050,000 at the board meeting held on 16 February 2023.

Above recommended dividend represents 70.25% of net profit after tax of the Company for the income year ended 31 December 2022. As a result, the Company shall not be attracted any tax liability as per section 16G of Income Tax Ordinance, 1984.

There is no any other significant events after balance sheet date that may affect financial statements of the Company for the year ended 31 December 2022.

36. Recent world issues & Forex rate

Company has faced higher freight cost and unprecedented price increase of core raw material due to the disruption in world supply chain because of ongoing war between Ukraine Russia.

Moreover in the second half of the year due to higher foreign exchange rate, price of raw material further increased which also adversely impacted COGS for the year.

37. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; the Company has not early adopted the new or amended standards in preparing these financial statements. However, this has no financial impact on the financial position of the Company during the year.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

38. Comparative information

To enable comparison, certain relevant balances concerning to the previous year have been rearranged and reclassified whenever considered necessary to correspond to current year's presentation.

