

REPORT OF THE DIRECTORS

The Directors of the Company are pleased to present the audited financial statements of the Company for the year ended 31 December 2023 and report that:

PRINCIPAL ACTIVITIES

Our culture is our foundation. Our logo, which reflects our purpose, fight, compass and behavior. Our leadership behaviors are making an impact. Employees are encouraged to own, create, deliver and care. We are inspired by our purposeful brands, and our efforts for a healthier planet and a fairer society.

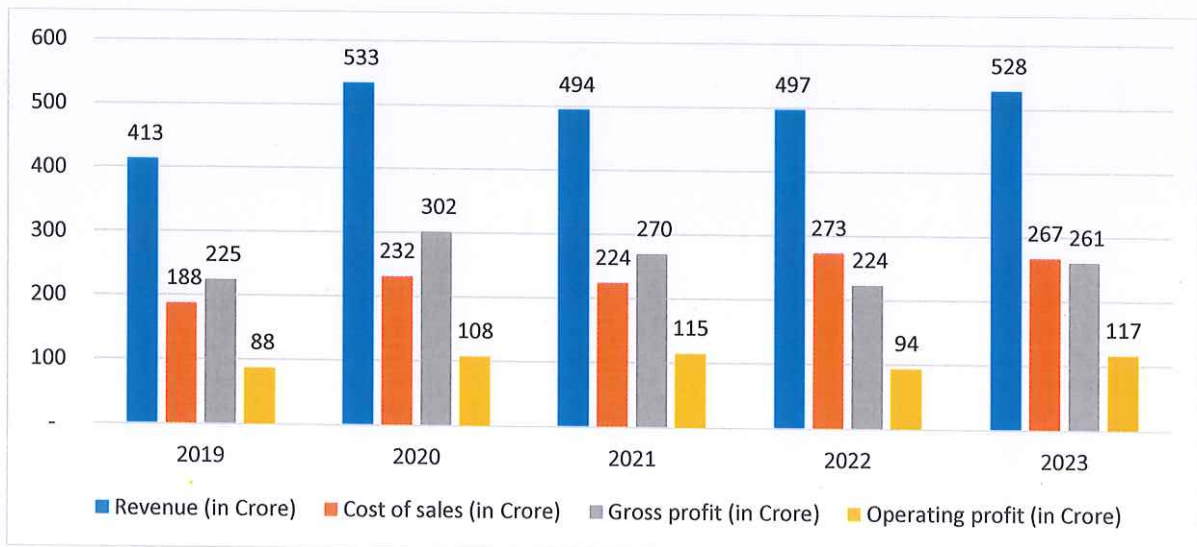
During 2023, there were no major changes in the principal activity of the Company. Reckitt continued manufacturing and marketing of Household (Hygiene), Toiletries and Pharmaceutical (Health) products. Your company also continued to invest in major brands to drive business growth.

ECONOMIC HIGHLIGHT

In 2023, global geo-political challenges coupled with local political situation exacerbated the economic challenges facing the country. We witnessed elevated inflation, steady depreciation of the Taka against US Dollar, reduction in foreign currency reserves and a general scarcity of foreign currency. This impacted normal business operations and led to the introduction of temporary solutions such as UPAS (Usance Payable at Sight) Letter of Credit which at the end of the day increases the cost of doing business and stokes inflation.

BUSINESS HIGHLIGHTS

During 2023, your company's maintained very good performance throughout the year even with the challenges of the volatile economy. Your company worked hard and proactively to improve the profitability in the face of the growing impediments of the economy. The resulting turnover at the end of the year has seen an increase by 6.28% compared to last year.



Five years' Business Performance



COST OF GOOD SOLD, GROSS PROFIT MARGIN, NET PROFIT MARGIN

This year your Company was able to improve the gross profit margin on the back of benign global commodity prices and efficiencies generated from a world class Productivity program partially offset by the continued depreciation of the Taka against US Dollar. Given the downward trend in commodity prices, price adjustments were calibrated. This has helped your Company improve gross profit margin by 14.25% and net profit margin by 23.19%.

NET ASSET, LIABILITY AND EQUITY AND NET OPERATING CASHFLOW

We maintained 69%+ ROE for the year, our Net Operating Cash flow per share stood at Tk 247.41 per share from Tk. 271.66 of last year.



SEGMENT WISE PERFORMANCE

The company has two operating segments based on two strategic business divisions i.e. **Health and Hygiene**. Furthermore, we have categorized **health** in two different segments i.e. toiletries and pharmaceutical. These divisions offer different products and are managed separately as they require different technology and marketing strategies. These are:

Reportable segments	Operations
Hygiene	
Household	Manufacturing and trading of hygiene and home care products.
Health	
Toiletries	Manufacturing and trading of health care products.
Pharmaceuticals	Manufacturing of anti-septic products

These two operating segments are the strategic business units of the company and are managed separately based on the Company's management and internal reporting structure. For the year 2023, 61% of the total turnover came from **Toiletries and Pharmaceutical (Health)** products and 39% from **Household (Hygiene)** products.



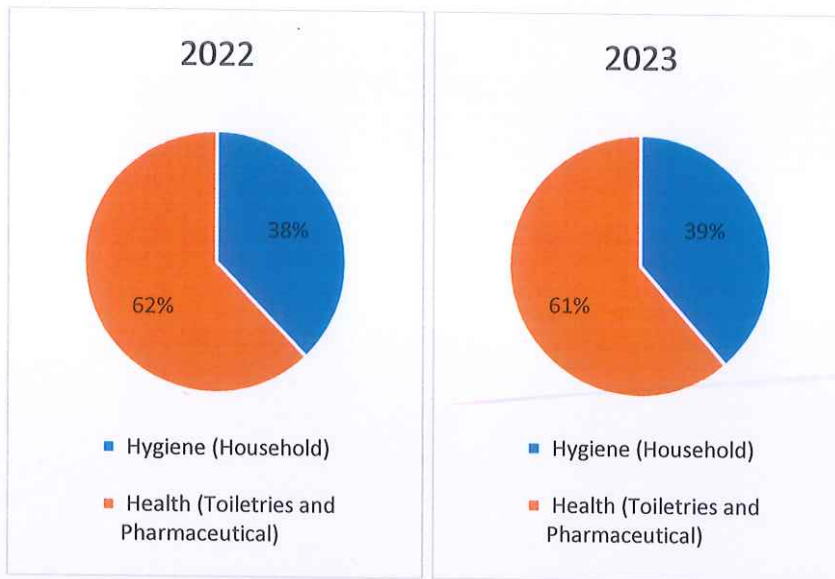


Figure: Composition of health and hygiene on turnover

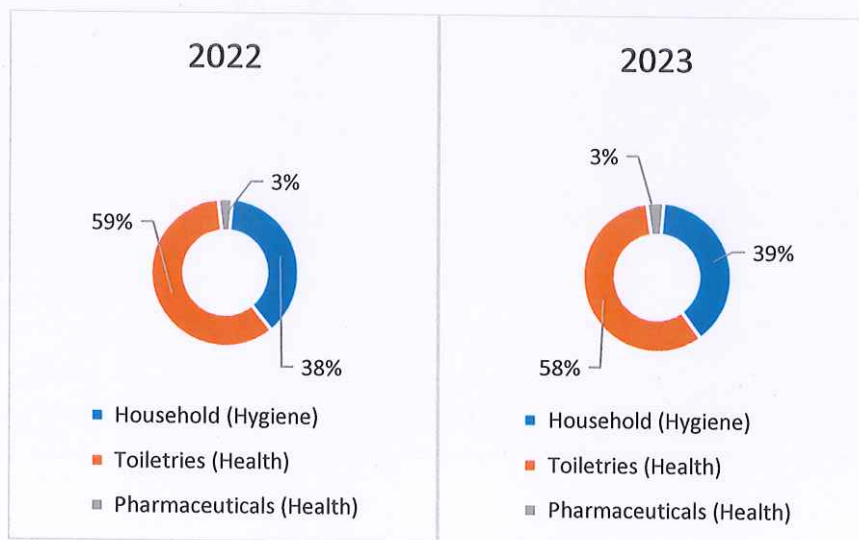


Figure: Composition of all segments and sub-segments on turnover

Detail information reportable for each segment has been demonstrated in note no. 15 of the Notes to the Financial Statements.



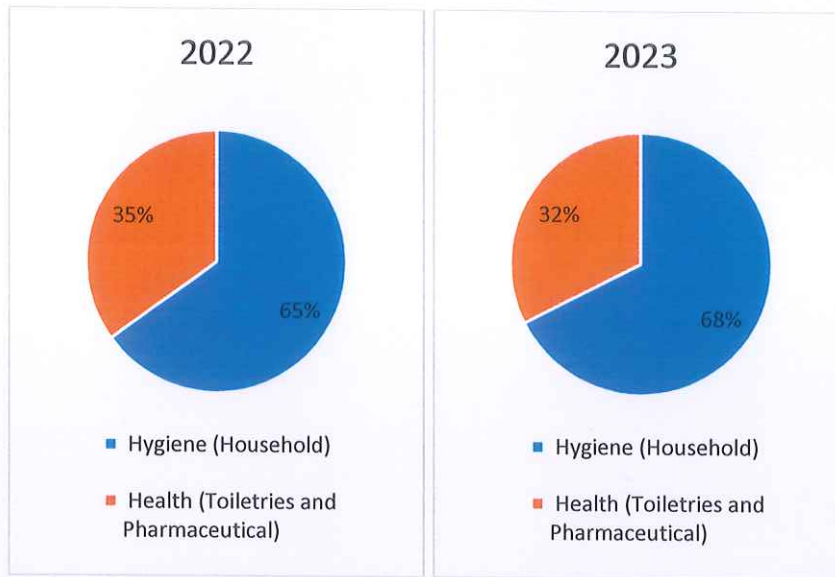


Figure: Composition of health and hygiene on operating profit

RELATED PARTY TRANSACTIONS

During the year the company made transaction with related parties which includes key management personnel, parent's entity and inter group entities. These are for salaries & benefits, royalties, import of finished goods and support services.

The detail statement on transaction, nature and amount are presented in note no. 26 of the Notes to the Financial Statements.

EXTRAORDINARY GAIN OR LOSS

During the year 2023, there was no extraordinary gain or losses incurred to the business.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL PERFORMANCE

During the year, quarterly revenue was steady. However, cost of sales and operating expense reduced consistently as quarter progressed. This is mainly driven by reduction in basic raw material cost and better control over operating expenses. We have also taken one off royalty write back in quarter 4 which had a favorable impact on operating expenses resulting in a quarter-on-quarter progressive EPS.

Amount in Thousand Taka	Total	Q4	Q3	Q2	Q1
Revenue	5,281,571	1,228,232	1,374,943	1,312,054	1,366,342
Cost of sales	2,671,229	573,674	693,531	675,085	728,939
Operating and other expenses	1,446,785	290,751	351,067	403,731	401,236
Tax expenses	280,453	45,950	88,913	71,490	74,100
Profit for the year	820,498	296,870	224,591	146,980	152,057
Basic earnings per share (Taka)	173.65	62.83	47.53	31.11	32.18



SUMMARY OF FINANCIALS

We are pleased to present the following summarized financials of the Company before you:

Particulars	2023	2022
	Taka	Taka
Profit before taxation (including other comprehensive income/items)	1,102,070,608	900,950,328
Less: Taxation	(280,452,819)	(235,991,221)
Profit after taxation (including other comprehensive income/items)	821,617,789	666,959,357
Add: Un-appropriated profit from previous year	788,140,470	900,806,113
Profit available for appropriation	1,609,758,259	1,567,765,470
Less: Final cash dividend paid @ Tk.98 (i.e. 980%) per share for 2022	(463,050,000)	(779,625,000)
Total profit available for appropriation	1,146,708,259	788,140,470
Appropriation:		
Proposed Final Cash Dividend @ Tk.55 (i.e. 550%) per share	(259,875,000)	(463,050,000)
Un-appropriated profit *	<u>886,833,259</u>	<u>325,090,470</u>

*After recognition of dividend in the period of appropriation

DIVIDEND

The Board is pleased to recommend final cash dividend of Tk.55/= (550%) per share amounting to Tk.25.99 crores for the year 2023, (2022: Tk.98 per share i.e. amounting to Tk 46.31 crores), this is fully out of the profit from current year of 2023.

The above recommendation of dividend is as per the Board approved dividend policy which is disclosed in the "Dividend Distribution Policy" section of the Annual Report 2023 on page ----- (Will be addressed in Published Annual Reports 2023).

EARNINGS PER SHARE

The earnings per share numbers are provided on pages ____, ____ & ____ (Will be addressed in Published Annual Reports 2023).

SUSTAINABILITY

We continued our sustainability effort towards the environment and society. Trust originates from our safe and effective brands which is reinforced by our attention to wider issues that matter to consumers and society as a whole. Our sustainability commitments, on climate change, plastics, the economy and human rights, resonate strongly with our consumers and customers. But our sustainability agenda is not just limited to satisfying consumers. Rather, broader considerations inform and infuse our approach, such as the increasing connection between a healthy planet and healthy lives for us all. Our aim is to generate business growth through the positive



impact we have on the world. Our progress rests on three main pillars: purpose-led brands, combating climate change for a healthier world and enabling a fairer, more diverse and inclusive society.

We are enthusiastic to help people feel better as we believe, wellness and nourishment is a right and not a privilege. We continue to contribute through our existing program Dettol Harpic Porichchhonno Bangladesh (DHPB). DHPB has been playing the pivotal role through partnering with likeminded stakeholders for the last 6 years.

Additionally, in 2023, we have partnered with Amar Ekushey Boimela as hygiene partner to provide hygiene support to 6 million people. DHPB also partnered with Scout for 11th National Scout Jamboree, a 9-day long campaign. In addition to this we have produced hygiene curriculum for children aging 5 to 10 years under the national campaign “Clean City, Clean Village”.

ENVIRONMENT, HEALTH, AND SAFETY

Our strategy is all about creating positive impact. We want to be a regenerative business that adds value to society and the environment. We are combating climate change with ambitious plans to reduce our own carbon footprint, by reducing energy use, reducing water usage and reducing waste generation. We are taking steps to improve the environmental performance of our products, factories, and suppliers. And all these activities support the planet. By sourcing raw materials, ingredients, and packaging responsibly we protect communities and the ecosystems in which they operate. By respecting colleagues, contractors and suppliers we are encouraging fairness across the value chain. By producing safer, sustainable products, reducing waste, and maximizing recycling and reuse, we enable and promote circular economic principles.

External Recognition and Accomplishments

During the year 2023, your company received several external recognitions on different grounds from various national and international institutions. It is the recognition to our high performing, driven and inspired employees. During the year the following accolades were achieved:

1. Certificate of Merit Award from ICAB for Best Presented Annual Report 2022
2. Silver Award from ICMAB for Best Corporate Award 2022
3. Best Impact Partner Award from Bangladesh Scouts for the years 2023
4. Silver Award by COMMWARD 2023 by BFF for best use of Branded Content
5. Hygiene Partner Award 2023 by Bangla Academy
6. Second Most Loved Brand in Soap and Handwash Category by BFF

CORPORATE GOVERNANCE

We would like to confirm that:

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



- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- g) There are no significant doubts upon the Company's ability to continue as a going concern.
- h) Significant deviations from last year's operating results of the Company have been highlighted in the report and reasons thereof have been explained.
- i) Key operating and financial data of preceding five years have been provided on page _____ (Will be addressed in Published Annual Reports 2023).
- j) During the year five Board meetings were held and the attendance by each director is given on page _____ (Will be addressed in Published Annual Reports 2023).
- k) The pattern of shareholding is provided on pages _____ & _____ (Will be addressed in Published Annual Reports 2023).
- l) A management discussion and analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with brief discussion of changes in the financial statements, is provided on page _____ (Will be addressed in Published Annual Reports 2023).
- m) Declaration or certification by the CEO and the CFO to the Board as required under condition no. 3(3) of Corporate Governance Code; is provided on page _____ (Will be addressed in Published Annual Reports 2023).
- n) In accordance with the requirement of the Bangladesh Securities and Exchange Commission, "Compliance of conditions of Corporate Governance Code as required under condition no. 9" is provided on page _____ (Will be addressed in Published Annual Reports 2023).
- o) During the year the company did not pay any remuneration to its non-whole time Directors including Independent Director. Only meeting attendance fees, however, at approved scales were paid to selective non-whole-time directors.

DIRECTORS

Following were members of the Board of Directors of the company during 2023.

1	Mr. Rahul Mathur	Chairperson
2	Mr. Vishal Gupta	Managing Director
3	Mr. Sourav Mitra	Director
4	Mr. Pradeep Krishnamurthi	Director
5	Mr. Nazimuddin Chowdhury	Independent Director
6	Mr. Tanmay Gupta	Director
7	Mr. Sheikh Faezul Amin	Government Nominated Director
8	Mr. Rajesh Kumar Jha	Director
9	Mr. Istiaque Ahmad	Independent Director



Mr. Istiaque Ahmad has been appointed as Independent Director with effect from 27 October 2022 though it has been accorded by Bangladesh Securities and Exchange Commission (BSEC) dated 16 March 2023 and require the approval in the 63rd Annual General Meeting.

Further, Mr. Aritra Banerjee, and Ms. Asha Gopalakrishnan have been appointed as nominee directors in the place of Mr. Tanmay Gupta, and Mr. Rahul Mathur respectively with effect from 28th March 2024 and require the approval in the 63rd Annual General Meeting.

Further, Ms. Asha Gopalakrishnan has been appointed as chairperson of the board in the place of Mr. Rahul Mathur, with effect from 28th March 2024.

The brief resume of directors, expertise, and directorship to other Company (If any) provided on page _____ (Will be addressed in Published Annual Reports 2023).

ELECTION OF DIRECTORS

As per Article 118A of the Articles of Association of the Company, Mr. Vishal Gupta, Mr. Nazimuddin Chowdhury, and Mr. Rajesh Kumar Jha will retire from the Board of Directors and being eligible offer themselves for re-election.

The elections of new Directors are subject to approval in the 63rd Annual General Meeting.

AUDITORS

As per the Companies Act 1994 and the Articles of Association of Reckitt Benckiser (Bangladesh) PLC, the statutory auditors of the Company, A. Qasem & Co., Chartered Accountants (Member firm of Member Firm of ECOVIS International), shall retire at this (63rd) AGM. As per BSEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July 2011, an audit firm cannot be engaged for more than three consecutive years as statutory auditors of the same Company. A. Qasem & Co., Chartered Accountants has been the statutory auditors of the Company since 2021. In compliance with the BSEC order, we are required to appoint new statutory auditors for the Company. Rahman Rahman Huq, Chartered Accountants (Member firm of KPMG) has offered their willingness to be appointed as Statutory Auditor of Reckitt Benckiser (Bangladesh) PLC.

On the suggestion of the Audit Committee, the Board recommends Rahman Rahman Huq, Chartered Accountants (Member firm of KPMG) to appoint the auditor of the company for the year 2024 and continuation till the next AGM.

CERTIFICATION UNDER COMPLIANCE OF CORPORATE GOVERNANCE CODE

During the year 2023, M/s. Rahman Anis & Co., Chartered accountants, have certified the Compliance of the Company under corporate Governance code of BSEC.

Meanwhile, M/S MOHAMMAD SANAULLAH & ASSOCIATES, Chartered Secretaries, has offered their willingness to be appointed as Corporate Governance Auditor of Reckitt Benckiser (Bangladesh) PLC. As recommended by the Audit Committee, the Board recommends M/S MOHAMMAD SANAULLAH & ASSOCIATES, Chartered Secretaries, to appoint as Corporate Governance Auditor for the year 2024 and continuation till the next AGM.



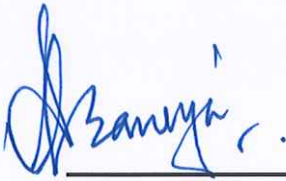
INDEPENDENT SCRUTINIZER FOR THE AGM

The Board has appointed M/S MOHAMMAD SANAULLAH & ASSOCIATES, Chartered Secretaries, as Independent Scrutinizer for 63rd AGM of Reckitt Benckiser (Bangladesh) PLC.

ACKNOWLEDGEMENT

The Board of Directors reiterate their sincere appreciation and gratitude to all honorable shareholders, business partners, customers, suppliers and other stakeholders in the Company for their confidence and support.

The Directors also take this opportunity to acknowledge with great appreciation the dedication and hard work of the employees which has been the driving force behind the sustained results of the Company.



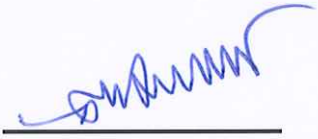
Aritra Banerjee
Director



Vishal Gupta
Managing Director



Istiaque Ahmud
Independent Director



Nazimuddin Chowdhury
Independent Director

