

Reckitt Benckiser (Bangladesh) Limited
Annual Report and Financial Statements 2019

Rejuvenating RB





HEALTH ▸ HYGIENE ▸ HOME

Our vision is a world where people are healthier and live better.

Our Purpose is to make a difference by giving people innovative solutions for healthier lives and happier homes.

	2019 Tk 000's	2018 Tk 000's	Change %
Revenue	4,126,150	3,561,899	+ 15.84
Profit from operation	879,300	530,518	+65.74
Profit before taxation	879,563	525,645	+67.33
Profit after taxation <small>(including other comprehensive income/items)</small>	619,036	325,301	+90.30
Dividend per share	Tk. 125	Tk. 70.00	+78.57

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Corporate Profile

BOARD OF DIRECTORS

Mr. Rahul Mathur	Chairperson	
Mr. Vishal Gupta	Managing Director	
Mr. C.Q.K. Mustaq Ahmed	Independent Director	
Mr. Nazimuddin Chowdhury	Independent Director	
Mr. Pradeep Krishnamurthi		
Mr. Sourav Mitra		
Ms. Afreen Huda		
Mr. Salahuddin Mahmud		
Mrs. Mahmuda Khanam		(Vacated on 31 March 2020)

CHIEF FINANCIAL OFFICER

Mr. Sourav Mitra

COMPANY SECRETARY

Mr. Mohammad Nazmul Arefin

AUDIT COMMITTEE

Mr. C.Q.K. Mustaq Ahmed	Chairperson	(Independent Director)
Mr. Nazimuddin Chowdhury	Member	(Independent Director)
Mr. Vishal Gupta	Member	
Mr. Sourav Mitra	Member	
Ms. Afreen Huda	Member	
Mr. Mohammad Nazmul Arefin	Secretary	

NRC COMMITTEE

Mr. C.Q.K. Mustaq Ahmed	Chairperson	(Independent Director)
Mr. Rahul Mathur	Member	
Mr. Pradeep Krishnamurthi	Member	
Mr. Mohammad Nazmul Arefin	Secretary	

SHARE COMMITTEE

Mr. Vishal Gupta	Chairperson
Mr. Sourav Mitra	Member
Mr. Mohammad Nazmul Arefin	Secretary

AUDITORS

Rahman Rahman Huq
(Chartered Accountants)

BANKERS

Standard Chartered Bank
The Hongkong & Shanghai Banking Corporation Ltd.

Key Operating and Financial Data

FINANCIAL RESULTS:

	2014	2015	2016	2017	2018	2019
Revenue	2,669,969	2,884,380	3,326,615	3,669,620	3,561,899	4,126,150
Profit before Taxation	292,347	402,709	458,358	542,799	525,645	879,563
Taxation	114,811	125,196	162,272	161,802	193,872	260,302
Profit after Taxation <small>(including other comprehensive income/items)</small>	177,535	277,514	290,798	374,480	325,301	619,036
Dividend	259,875	307,125	366,188	373,275	330,750	590,625

BALANCE SHEET SUMMARY:

Property, Plant & equipment(Including CWIP)	183,593	169,966	258,755	334,101	413,497	509,344
Deferred Tax	7,966	13,605	26,333	17,706	15,190	12,625
Net Current Assets	70,603	84,749	28,321	43,387	52,310	303,114
Non-current liabilities	(50,740)	(62,884)	(77,050)	(91,480)	(95,320)	(151,119)
Net Assets	211,422	205,436	236,359	303,714	385,678	673,964

Share Capital	47,250	47,250	47,250	47,250	47,250	47,250
General Reserves & Retained earnings	164,172	158,186	189,109	256,464	338,428	626,714
Shareholders' Funds	211,422	205,436	236,359	303,714	385,678	673,964

STATISTICS :

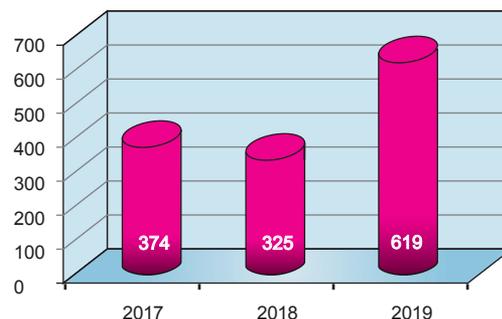
Net assets per share (Taka)	44.75	43.48	50.02	64.28	81.63	142.64
Earning per share (Taka)	37.57	58.73	62.66	80.63	70.22	131.06
Dividend per share (Taka)	55.00	65.00	77.50	79.00	70.00	125.00
Profit before Taxation as % of sales	10.95	13.96	13.78	14.79	14.76	21.32
Return on Capital Employed (%)	1.12	1.53	1.47	1.39	1.09	1.07
Current Ratio (Times)	1.09	1.12	1.02	1.03	1.04	1.19

Key Operating and Financial Data continued

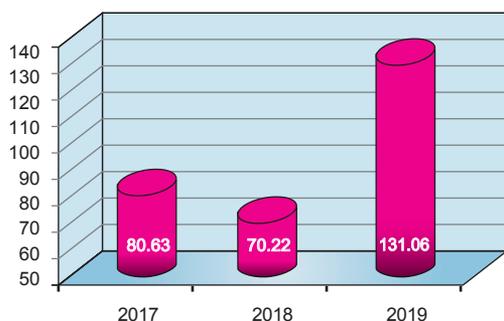
Net Turnover
(Taka in Million)



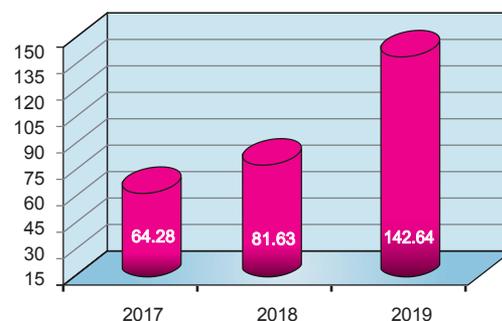
Net Profit
(Taka in Million)



Earnings Per Share
(Taka)



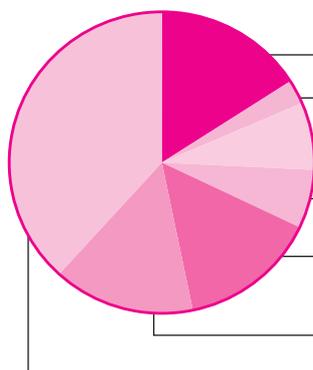
Net Assets per share
(Taka)



Dividend Per Share
(Taka)



Split of Revenue



	2019	2018
Marketing Expenses	15.9%	16.5%
Depreciation and impairment	2.6%	2.0%
Other expenses	7.2%	9.7%
Taxation	6.3%	5.4%
Salaries, wages and benefits	14.7%	14.7%
Profit after tax	15.0%	9.3%
Cost of Materials	38.2%	42.4%

Board Of Directors



Rahul Mathur
Chairperson



Vishal Gupta
Managing Director



Pradeep Krishnamurthi
Director



C.Q.K. Mustaq Ahmed
Independent Director



Nazimuddin Chowdhury
Independent Director



Sourav Mitra
Director & Chief Financial Officer



Ms. Afreen Huda
Director



Mohammad Nazmul Arefin
Company Secretary



Salahuddin Mahmud
Director

Profile : Board Of Directors

Rahul Mathur **(Indian) Chairperson** **Reckitt Benckiser (Bangladesh) Limited**

Rahul Mathur is a Fellow Chartered Certified Accountant (FCCA), and also holds a Bachelor degree of Engineering (BE) in Mechanical. He has over 21 years of experience in industry. Prior to joining RB he has been associated with prominent organisations such as Electrolux and Airtel. He joined Reckitt Benckiser in 2008. In Reckitt Benckiser he has done various roles like Commercial Controller, Regional Supply Controller, Area Financial Controller, Finance Director - Footwear Europe, Finance Director - Thailand, Philippines & Indo-China. During his tenure in RB he has driven Margin improvements, championed complex ERP projects etc. Currently he is Regional Finance Director (Health) of AMESA region.

Pradeep Krishnamurthi **(Indian) Director, Reckitt Benckiser (Bangladesh) Limited**

Pradeep Krishnamurthi is a Bachelor of Mechanical Engineering from Delhi College of Engineering. He has over 25 years of experience in industry. He has worked with large organisations such as Maruti Suzuki India Limited and Hindustan Unilever prior to joining Reckitt Benckiser in 2011. He has done various roles in Reckitt Benckiser like Supply Director (India), Manufacturing Director-Indonesia and has a stellar record of driving efficiency in the manufacturing setup and executing very large and complex supply projects on time and within budget. Currently he is Manufacturing Director of South Asia. He brings with him an in depth expertise on supply chain and project management.

Vishal Gupta (Indian) **Managing Director, Reckitt Benckiser (Bangladesh) Limited**

Vishal Gupta is a Master of Business Administration in Management from the University of Delhi, India and Graduate with Bachelor of Mechanical Engineering from the Institute of Technology Delhi, India. He began his career with Reckitt Benckiser India in 1995. He has worked in various assignments across India, Indonesia, United Kingdom and Philippines. He brings with him a wide ranged experience at Reckitt Benckiser from June 1995 to April 2016 in different roles holding in various positions like General Manager, Marketing Director, Sales Director, Marketing/Brand Manager, Regional Sales Manager and so on in different country like Philippines, United Kingdom, Indonesia and India. During his career with Reckitt, he had fostered strong partnership with customers, step-changed the GTM model, created a robust product portfolio and drove digital marketing initiatives that grew the business significantly which was much faster than the market.

Ms. Afreen Huda (Bangladeshi) **Director**

Afreen Huda is a Bachelor of Business Administration, graduating from the Institute of Business Administration, Dhaka University. She has a professional career of over 15 years in the field of Human Resources, concentrating on HR Transformation and Communication. Prior to her joining RB, She was the Vice President of Engagement and Culture, HR in Robi Axiata Limited. Afreen's career spans across diverse industries, serving flagship organizations like BRAC, Unilever, Standard Chartered Bank and Robi Axiata Limited. She has joined RB in 2018 as the cluster HR Director, responsible for Bangladesh and Sri Lanka.

Nazimuddin Chowdhury (Bangladesh) **Independent Director**

Nazimuddin Chowdhury holds a post graduation degree on Financial Management. He has Joined Government Service as a member of BCS in 1986. He has held several important positions like Chief Account Officer (Ministry of Commerce, health, Agriculture and energy), Director Finance (Bangladesh railway), Deputy Secretary, Joint Secretary, Additional Secretary and lastly retired from Secretary, Ministry of Energy and Mineral resource. He has taken part in several trainings & conference both in local and abroad on audit and business communication.

Salahuddin Mahmud (Bangladesh) **Government nominated Director**

Salahuddin Mahmud holds MSS in International relations in 1983. He has Joined Government Service as a member of BCS in 1986. He has held several important positions like UNO, ADM, Deputy Secretary, Joint Secretary, and Additional Secretary. Now he is working as Additional Secretary in the Ministry of Industries, Dhaka. He has taken part in several trainings namely law & administration (1st), Survey & settlement, executive development program, professional development program, etc.

C. Q. K. Mustaq Ahmed **(Bangladeshi) Independent Director**

Graduated with Honours in economics from Dhaka University in 1975 and M.A in 1976. He has joined government service as a member of BCS (Admin.) in 1981. He has held several important positions like Assistant Commissioner, Joint secretary, Deputy Secretary, Additional Secretary, Secretary and lastly retired from Senior Secretary, Ministry of Home Affairs in 2015. During his service period he worked under several assignments on Banks and NGO. He has taken part in various training & conference both in local and abroad, lastly he attended Bangladesh- Nepal conference on promotion of trade and investment organised by the Embassy of Bangladesh in Nepal in collaboration with FBCCI, FNCCI and the Nepalese Ministry of Commerce.

Sourav Mitra **(Indian) Finance Director**

Sourav Mitra is a qualified Chartered Accountant and member of Institute of Chartered Accountants of India. He has almost 20 years of finance management experience in various multinationals and in diverse industries such as consumer durables, engineering, FMCG etc. He also has rich global experience of working with diverse teams in various geographies such as Africa, South East Asia, India etc. He has made significant improvement to several different RB businesses during a rich 11 year association with the group. His vision is to step change the capability of the finance function to become able partners in the organization's growth.

Mohammad Nazmul Arefin **(Bangladeshi) Company Secretary**

Mohammad Nazmul Arefin is a Graduated in management and an MBA major in finance and has more than 21 years of experience in professional environment as well as industry. He started his career in 1999 in Monico Limited and then to Bangladesh edible oils and then in 2002 he joined in Reckitt Benckiser (Bangladesh) Limited. From 2002 onwards he has held various responsibilities and positions in RB and worked in various functions/positions including management accountant, Finance controller, Supply controller and company secretary. All these assignment were enriched with newer challenges and experience in finance partnership into business growth, compliance, controls were some of other attributes demonstrated by him during his ongoing career with RB.





Notice Of Annual General Meeting

Our Vision is a world where people are healthier and live better.
Our Purpose is to make a difference by giving people innovative solutions for healthier lives and happier homes.



HEALTH ▸ HYGIENE ▸ HOME

Reckitt Benckiser (Bangladesh) Limited
Corporate Office: Plot-2(B), Block-SEC, Road-138, Gulshan-1, Dhaka-1212
Registered Office: 58/59, Nasirabad I/A, Chittagong-4209

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of Reckitt Benckiser (Bangladesh) Limited will be held using Digital Platform (in pursuance with BSEC Order SEC/SRMIC/04-231/932 dated 24 March 2020) on Sunday, 26th July, 2020 at 11.30 a.m. to transact the following business:

AGENDA

1. To confirm the Minutes of the 58th Annual General Meeting held on 30th May 2019.
2. To receive and adopt the Audited Financial Statements as on and for the year ended 31 December 2019 together with the Auditors' and Directors' Report thereon.
3. To approve Dividend as recommended by the Board.
4. To elect Directors.
5. To appoint Auditors for the year 2020 and to fix their remuneration.
6. To appoint Compliance Auditor for the year 2020 and to fix their remuneration.

By order of the Board

Mohammad Nazmul Arefin
Company Secretary

Dhaka, Dated: 5th July 2020

Notes:

1. 3rd June 2020 was the RECORD DATE. Shareholders whose name appeared in the Shares Register of the Company or in the Depository Register on that date will be eligible to join the AGM and receive dividend.
2. The necessary Digital Link for Joining in the audio visual meeting to be publish on due couse. The entire log in process along with link will be also availiabile in Company's website <https://www.rb.com/about-us/rb-bangladesh/> on due time. Members can start log into the specfic link from 11.30 a.m. on 26th July 2020
3. For any IT related guidance Members may contact vide email: anisur.rahman2@rb.com; Mosfiqul.Hassan@rb.com
4. Pursuant to BSEC Order no. SEC/SRMIC/04-231/932 dated 24 March 2020, soft copy of the annual report 2019 will be sent to members though email addresses as available with the Company

For any further clarification members may write to the following email addresses:

Nazmul.Arefin@rb.com; anisur.rahman2@rb.com

CHAIRPERSON'S STATEMENT



2019 was excellent year for RB (Bangladesh) being able to achieve 15.84% growth despite considerable external challenges

Rahul Mathur

Chairperson

Dear Shareholders

It gives me great pleasure to welcome you all to the 59th Annual General Meeting of your Company. I would like to thank the Board of Directors for electing me as the Chairperson.

We are passing a very tough time now, so many have lost their near and dear ones and many more are still struggling to stay alive. The world has come to a standstill and we are staring at massive disruptions in society, economy and life as we know it today. My sympathies are with all those who have suffered or are suffering from this pandemic directly or indirectly. However, with every great destruction comes great new creations and I'm confident that humanity will emerge stronger after this crisis.

THE MARKET AND COMPETITIVE ENVIRONMENT

In 2019, the company faced stiff competition in all major segments and categories that it operates in. However, despite all the challenges, your Company was able to outperform the competition by following smart and focused marketing and distribution strategies. I'm very pleased to share that your company has continued to increase market shares in bar soap category and is still holding the No. 1 position in toilet cleaner category in Bangladesh.

BUSINESS PERFORMANCE

This year, your Company achieved 15.84% growth in sales, with a turnover of Tk.4,126 M. This growth was driven by brands across the portfolio. In addition the company significantly expanded its gross profit margin by 377 bps vs previous year.

DIVIDEND

The Board is pleased to recommend a final cash dividend of Tk.125/= per share (1250%) amounting to Tk.590.62 million for the year 2019.

FUTURE OUTLOOK

Coronavirus pandemic currently sweeping through the world is likely to have a heavy impact on the world as well as Bangladesh not just economically but almost in every area of life. From the perspective of our business we can see quite a few short term challenges on supply chain disruptions, volatility of international trade and currency markets, general economic downturn across the world and Bangladesh impacting consumer confidence and affecting consumption patterns etc. In the medium to long term we expect a larger focus on health and hygiene from consumers, public institutions and governments alike that may lead to lasting changes in consumer and business behaviours. We also expect changes in public policies towards Health and Hygiene in most countries. Your company will continue to navigate all these challenges and relentlessly pursue a cleaner and healthier world by providing innovative solutions to consumers. We will fight to make access to highest quality hygiene, wellness and nourishment a right and not a privilege. We expect that the pandemic and the resulting situations would have significant impact on the 2020 performance of your company especially on product portfolio mix (High Dettol and Lysol demand and lower sales of Veet, Gaviscon etc) due to changes in consumer preferences and profitability due to supply chain disruptions (Volatile international prices and FX markets, shortages of key materials etc)

THANKS

Finally, I would like to take this opportunity to thank all our honorable shareholders and all our business partners and other stakeholders for their continued support and all our employees for their hard work and commitment. I would also like to record my appreciation for my colleagues on the Board for their advice and guidance and the various regulatory bodies of Bangladesh Government for the co-operation extended to us.

Rahul Mathur

Chairperson

Report of The Directors

The Directors of the Company are pleased to submit the audited financial statements of the Company for the year ended 31 December 2019 and report that:

PRINCIPAL ACTIVITIES

There was no major change in the principal activity of the Company. Your Company continued manufacturing and marketing of Household, Toiletries and Pharmaceuticals. Your company also continued to invest heavily behind the major brands like Dettol and Harpic thus driving business growth.

INDUSTRY OUTLOOK

Industry outlook was stable for most part of the year.

BUSINESS HIGHLIGHTS

In 2019, your Company achieved 15.84 % sales growth vs previous year with a turnover of Tk. 4,126 Million. This growth was mainly driven by key brands like Dettol, Harpic and Lysol.

In addition to topline growth your company have also managed to expand the gross profit margin by a significant 377 bps vs previous year.

Cash and cash equivalents (including fixed deposits investment with bank) increased by 391 Million at the end of 2019, as it stood at Tk. 1,341 Million against Tk. 950 Million at the end of 2018.

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

By maintaining an efficient supply infrastructure we've managed to expand gross profit margin to 54.48 % versus 50.71% in the previous year, despite pressures of currency depreciation and increase of prices of some key raw materials in the International market during the year. Net profit increased to 619 Million at the end of 2019 which included a one-time extra ordinary write back of technical services fees of 78 million.

RELATED PARTY TRANSACTIONS

During the year the company made transaction with related parties which includes key management personnel, parent's entity and inter group entity. This is mainly for salaries & benefits, dividend and technical services fees, seller-buyer transaction and support services.

The detail statement on transaction, nature & amount etc. are showing in note no. 28 of the Financial Statements.

SEGMENT WISE PERFORMANCE

The company has two reportable segments based on two strategic business divisions i.e. Household & toiletries and Pharmaceutical's. Detail information reportable for each reportable segment has been shown in note no. 6 of Financial Statements.

RISK AND CONCERNS

Coronavirus pandemic currently sweeping through the world is likely to have a heavy impact on the world as well as Bangladesh not just economically but almost in every area of life. From the perspective of our business we can see quite a few short term challenges on supply chain disruptions, volatility of international trade and currency markets, general economic downturn across the world and Bangladesh impacting consumer confidence and affecting consumption patterns etc. In the medium to long term we expect a larger focus on health and hygiene from consumers, public institutions and governments alike that may lead to lasting changes in consumer and business behaviours. We also expect changes in public policies towards Health and Hygiene in most countries. Your company will continue to navigate all these challenges and relentlessly pursue a cleaner and healthier world by providing innovative solutions. We will fight to make access to highest quality hygiene, wellness and nourishment a right and not a privilege. We expect that the pandemic and the resulting situations would have significant impact on the 2020 performance of your company especially on product portfolio mix (High Dettol and Lysol demand and lower sales of Veet, Gaviscon etc.) due to changes in consumer preferences and profitability due to supply chain disruptions (Volatile international prices and FX markets, shortages of key materials etc.)

EXTRA-ORDINARY GAIN OR LOSS

In 2019 there was no significant extra ordinary gain or losses in the business.

Report of The Directors

continued

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL PERFORMANCE

Annual Earning per share in 2019 is Tk. 131.06 increased significantly versus last year of Tk 70.22 as in 2018 there was an extraordinary write back of Tk 78.39 million in quarter four on account of non-repatriable technical service fees. During the year average earning per share per quarter was Tk. 32.76.

SUMMARY OF FINANCIALS

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

Particulars	2019 Taka
Profit before taxation (including other comprehensive income/items)	879,337,942
Less: Taxation	(260,301,685)
Profit after taxation (including other comprehensive income/items)	619,036,257
Add: Un-appropriated profit from previous year (2018)	338,428,187
Profit available for appropriation	957,464,444
Less: Final cash dividend paid @ Tk.70 (i.e. 700%) per share for 2018	(330,750,000)
Total profit available for appropriation	626,714,444
Appropriation:	
Proposed Final dividend @ Tk.125/- (i.e. 1250%) per share for 2019	(590,625,000)
Un-appropriated profit*	36,089,444

*after recognition of dividend in the period of appropriation

DIVIDEND

The Board is pleased to recommend final cash dividend of Tk.125/= (1250%) per share amounting to Tk.590.62 million for the year 2019, (2018: Tk.70 per share i.e. amounting to Tk.330 Million), this is fully out of the profit from current year of 2019.

EARNINGS PER SHARE

The earnings per share numbers are provided on pages 11, 23 & 38.

CORPORATE GOVERNANCE

We would like to confirm that:

- The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the issuer company have been maintained.
- 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.
- 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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- 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;

Report of The Directors

continued

- 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 2.
- j) During the year six Board meetings were held and the attendance by each director is given on page 80.
- k) The pattern of shareholding is provided on pages 43 & 80.
- 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 14 & 15.
- 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 67 & 68
- 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 73.
- 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 2019:

- | | |
|------------------------------|--|
| 1. Mr. Rahul Mathur | Chairman (Joined on 15.04.2019) |
| 2. Mr. Anupam Jain | Ex-Chairman (Resigned on 15.04.2019) |
| 3. Mr. Vishal Gupta | Managing Director |
| 4. Mr. Sourav Mitra | CFO and Director |
| 5. Mr. Parag Agarwal | Director (Resigned on 15.04.2019) |
| 6. Mr. Pradeep Krishnamurthi | Director (Joined on 15.04.2019) |
| 7. Mr. C.Q.K. Mustaq Ahmed | Independent Director (Reappointed on 29.10.2019) |
| 8. Mr. Nazim Uddin Chowdhury | Independent Director |
| 9. Mr. Salahuddin Mahmud | Director |
| 10. Mrs. Mahmuda Khanam | Director (Vacant on 30.04.2020) |
| 11. Mr. Syed Tanzim Rezwan | Director (Resigned on 29.10.2019) |
| 12. Ms. Afreen Huda | Director (Joined on 29.10.2019) |

Report of The Directors

continued

During the year of 2019, Mr. Anupam Jain, Mr. Parag Agarwal and Mr. Syed Tanzim Rezwan resigned from the Board of Directors on 15.04.2019, 15.04.2019 and 29.10.2019 respectively. Mr. Rahul Mathur, Mr. Pradeep Krishnamurthi and Ms. Afreen Huda joined as Director to the Board on 15.04.2019, 15.04.2019 and 29.10.2019 respectively. Position for Directorship of Mrs. Mahmuda Khanam has been vacant with effect from 30.04.2020.

Mr. C.Q.K. Mustaq Ahmed reappointed as Independent Director on 29.10.2019 and require to the approval in the 59th Annual General Meeting.

The brief resume of directors, expertise, and directorship to other Company (If any) provided on page 5.

ELECTION OF DIRECTORS

As per Article 118A of the Articles of Association of the Company, Mr. Vishal Gupta, Mr. Sourav Mitra and Mr. Nazimuddin Chowdhury 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 59th Annual General Meeting.

AUDITORS

The retiring auditors of the Company, M/s Rahman Rahman Huq, Chartered Accountants, have expressed their willingness to continue in office and being eligible, offer themselves for reappointment, subject to shareholders' approval in the 59th Annual General Meeting.

CERTIFICATION UNDER COMPLIANCE OF CORPORATE GOVERNANCE CODE

During the year 2019, M/s. Rahman Anis & Co., Chartered accountants, have certified the Compliance of the Company under corporate Governance code of BSEC and expressed their willingness to continue in office offer themselves for reappointment, subject to shareholders' approval in the 59th Annual General Meeting.

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.


 Salahuddin Mahmud
 Director


 C.Q.K. Mustaq Ahmed
 Independent Director


 Sourav Mitra
 Director


 Vishal Gupta
 Managing Director

Management's Discussion & Analysis

According to the clause no. 5 (XXV) of notification no. BSEC/CMRRCD/2006158/207/Admin/80 dated June 3, 2018, detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements are as follows:

Accounting policies and estimation:

We have followed International Financial Reporting Standards (IFRSs) and the Companies Act, 1994 in preparation of financial statements. These financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act, 1994. However, the Company also complied with the requirements of following laws and regulations from various Government bodies:

- i. Bangladesh Securities and Exchange Rules 1987;
- ii. The Income Tax ordinance, 1984; and
- iii. The Value Added Tax Act, 1991;
- iv. The Value Added Tax and Supplementary Duty Act, 2012.

In preparing financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in note 27:

Changes in accounting policies and estimation and its effect:

The Company has adopted IFRS 15 & IFRS 16 and its duly impacted in Financial Statement vide note no. 40 & 5 respectively.

Comparative analysis of financial performance of preceding five years:

In 2019 the Company achieved 15.84 % growth vs previous year with a turnover of Tk. 4,126 Million. We also managed to expand our gross profit ratio by 3.77 % vs previous year. By maintaining an efficient supply infrastructure we've managed to expand gross profit margin to 54.48 % versus 50.71% in the previous year, despite severe pressure of currency depreciation and rise in International prices of some key raw materials during the year. Net profit increased to 619 Million at the end of 2019 which included a one-time extra ordinary write back of technical services fees of 78 million.

	2014	2015	2016	2017	2018	2019
FINANCIAL RESULTS:						
Revenue	2,669,969	2,884,380	3,326,615	3,669,620	3,561,899	4,126,150
Profit before Taxation	292,347	402,709	458,358	542,799	525,645	879,563
Taxation	114,811	125,196	162,272	161,802	193,872	260,302
Profit after Taxation (including other comprehensive income/items)	177,535	277,514	290,798	374,480	325,301	619,036
Dividend	259,875	307,125	366,188	373,275	330,750	590,625

BALANCE SHEET SUMMARY:

Property, Plant & equipment(Including CWIP)	183,593	169,966	258,755	334,101	413,497	509,344
Deferred Tax	7,966	13,605	26,333	17,706	15,190	12,625
Net Current Assets	70,603	84,749	28,321	43,387	52,310	303,114
Non-current liabilities	(50,740)	(62,884)	(77,050)	(91,480)	(95,320)	(151,119)
Net Assets	211,422	205,436	236,359	303,714	385,678	673,964

Share Capital	47,250	47,250	47,250	47,250	47,250	47,250
General Reserves & Retained earnings	164,172	158,186	189,109	256,464	338,428	626,714
Shareholders' Funds	211,422	205,436	236,359	303,714	385,678	673,964

Management's Discussion & Analysis

STATISTICS :

	2014	2015	2016	2017	2018	2019
Net assets per share (Taka)	44.75	43.48	50.02	64.28	81.63	142.64
Earning per share (Taka)	37.57	58.73	62.66	80.63	70.22	131.06
Dividend per share (Taka)	55.00	65.00	77.50	79.00	70.00	125.00
Profit before Taxation as % of sales	10.95	13.96	13.78	14.79	14.76	21.32
Return on Capital Employed (%)	1.12	1.53	1.47	1.39	1.09	1.07
Current Ratio (Times)	1.09	1.12	1.02	1.03	1.04	1.19

Financial and economic scenario of the country

Economic scenario and Industry was stable for most part of the year. However depreciation of currency and liquidity in the Foreign exchange market has been a cause of concern. Due to appropriate investment strategies and activities behind key brands, the Company was able to hold the business on stable growth path.

Risks and concerns

Coronavirus pandemic currently sweeping through the world is likely to have a heavy impact on the world as well as Bangladesh not just economically but almost in every area of life. From the perspective of our business we can see quite a few short term challenges on supply chain disruptions, volatility of international trade and currency markets, general economic downturn across the world and Bangladesh impacting consumer confidence and affecting consumption patterns etc. In the medium to long term we expect a larger focus on health and hygiene from consumers, public institutions and governments alike that may lead to lasting changes in consumer and business behaviours. We also expect changes in public policies towards Health and Hygiene in most countries. Your company will continue to navigate all these challenges and relentlessly pursue a cleaner and healthier world by providing innovative solutions. We will fight to make access to highest quality hygiene, wellness and nourishment a right and not a privilege. We expect that the pandemic and the resulting situations would have significant impact on the 2020 performance of your company especially on product portfolio mix (High Dettol and Lysol demand and lower sales of Veet, Gaviscon etc) due to changes in consumer preferences and profitability due to supply chain disruptions (Volatile international prices and FX markets, shortages of key materials etc)

For Reckitt Benckiser (Bangladesh) Limited

Vishal Gupta

Vishal Gupta
Managing Director



Auditor's Report to the Shareholders

Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212, Bangladesh

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Independent Auditor's Report

To the Shareholders of Reckitt Benckiser (Bangladesh) Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reckitt Benckiser (Bangladesh) Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019, 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 2019, 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 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.

Revenue recognition - sales of goods	
See Note 7 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised when the Company has delivered products to the customers at the shipping point and control has passed. The sales of the Company are derived from a large number of distributors which locate over the country with relatively small amount transactions. As a result, to obtain sufficient audit evidence, magnitude audit work and resource is required.</p> <p>As it is industry practice, the Company enters into numerous types of complex commercial arrangements with retailers and other customers to offer product promotions and discounts. Revenue is measured net of 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 or services from the customer.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - We have understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through cash receipts and customers' outstanding balances. - We have tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers. - We have conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and truck challans. In addition, we confirmed certain customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amounts outstanding with those customers.



Rahman Rahman Huq
Chartered Accountants

Independent Auditor's Report (continued)

Revenue recognition - sales of goods (continued)	
See Note 7 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</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>	<ul style="list-style-type: none"> - We have assessed the completeness of trade spends by obtaining relevant supporting documentation for discounts and rebates settled during the year by: <ul style="list-style-type: none"> • Identifying the key assumptions underpinning the calculation for each type of discounts and rebates, such as forecasted volume of sales of the customers; • Evaluating the process of developing the estimate within the Company's markets; • Agreeing certain assumptions used in making the estimate to relevant documentation, such as customer contracts; and • Challenging the appropriateness of the assumptions used in the calculation of discounts and rebates. - Furthermore, we have tested the sales transactions recognised shortly before and after the balance sheet date, including the sales returns recorded after that date, to examine whether sales transactions were recorded in the correct reporting periods.
Recognition of deferred tax assets	
See Note 14(D) to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company has recognised deferred tax assets for deductible temporary differences that it believes are recoverable.</p> <p>The recoverability of recognised deferred tax assets is in part dependent on the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - We have used our own tax specialists to evaluate the tax strategies that the Company expects will enable the successful recovery of the recognised deferred tax assets taking into account the Company's tax position and our knowledge and experience of the application of relevant tax legislation. - We have assessed the prospective profits by evaluating historical and projected growth rates to assume that it will be sufficient to recover deductible temporary differences. - We have evaluated the adequacy of the financial statements disclosures, including disclosures of key assumptions, judgements and sensitivities.



Rahman Rahman Huq
Chartered Accountants

Independent Auditor's Report (continued)

Tax provisioning	
See Note 14 to the financial statements	
The key audit matter	How the matter was addressed in our audit
At year end the Company reported total income tax expense of BDT 260.30 million. The calculation of the tax expense is a complex process that involves subjective judgments and uncertainties, and requires specific knowledge and competencies.	<p>In this area our audit procedures included:</p> <ul style="list-style-type: none"> - We have used of our own local tax specialists to assess the Company's tax computation. - We have analysed and challenged the assumptions used to determine tax provisions based on our knowledge and experiences of the application of the local legislation. - We have considered the adequacy of the Company's disclosures in respect of tax.
Valuation of inventory	
See Note 17 to the financial statements	
The key audit matter	How the matter was addressed in our audit
Inventory is carried in the Financial Statements at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result there is a risk that the carrying value of inventory exceeds its net realisable value.	<p>Our audit procedures were designed to challenge the adequacy of the Company's provisions against inventory included:</p> <ul style="list-style-type: none"> - We have corroborated on a sample basis that items on the stock ageing listing by items were classified in the appropriate ageing bracket. - We have assessed the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the Directors on the extent to which old inventory can be sold through various channels. - We have considered the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current year. - We have assessed the appropriateness of standard cost and actual cost systems to evaluate the variance deferral accounts and thereof, closing inventory valuation. - We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory.



Rahman Rahman Huq
Chartered Accountants

Independent Auditor's Report (continued)

Employee benefits	
See Note 22 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company maintain defined benefit obligation.</p> <p>At 31 December 2019, the Company recorded net defined benefit obligation of BDT 147.64 million out of which BDT 138.38 million is in non-current liabilities and BDT 9.26 million is in current liabilities.</p> <p>Key assumptions applied under IAS 19 have a significant impact on the defined benefit obligations, pension costs incurred and equity. The accounting requires the company to make assumptions regarding parameters such as the discount rate, the rate of benefit increase and future mortality rates.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> - We have evaluated the assumptions and the methodologies used by the company. - We have tested the disclosure of the employee benefits-gratuity as per IAS 19. - We have assessed the impact of IAS 19 on the statement of financial position and statement of profit or loss and other comprehensive income disclosed appropriately.
Litigation and contingent liabilities	
See Note 33 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>In the normal course of business, potential exposures may arise from general legal proceedings, product liability, guarantees, government investigations and environmental issues. Whether there is a liability which is inherently uncertain, the amounts involved are potentially significant and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective.</p>	<p>Our audit procedures included, on all significant legal cases:</p> <ul style="list-style-type: none"> - We have assessed the correspondence with the Company's external counsel accompanied by discussion and formal confirmations from that counsel. - We have analysed correspondence with regulators, and monitored external sources of information. - We have assessed whether the Company's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Company.

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 auditors' 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.



Rahman Rahman Huq
Chartered Accountants

Independent Auditor's Report (continued)

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 judgment 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.



Rahman Rahman Huq
Chartered Accountants

Independent Auditor's Report (continued)

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 Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those 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.

The engagement partner on the audit resulting in this independent auditor's report is *M. Mehedi Hasan*.

Rahman Rahman Huq
Dhaka, 30 April 2020

Statement of financial position

<i>In Taka</i>	Note	31 December 2019	31 December 2018
Assets			
Property, plant and equipment	16	509,344,345	413,497,375
Deferred tax assets	14(D)	12,625,483	15,190,498
Non-current assets		521,969,828	428,687,873
Inventories	17	451,118,392	301,129,697
Trade and other receivables	18	43,905,926	84,863,618
Advances, deposits and prepayments	19	26,496,342	47,754,330
Cash and cash equivalents	20	1,341,293,136	949,871,155
Current assets		1,862,813,796	1,383,618,800
Total assets		2,384,783,624	1,812,306,673
Equity			
Share capital	21	47,250,000	47,250,000
Retained earnings		626,714,444	338,428,187
Total equity		673,964,444	385,678,187
Liabilities			
Employee benefits	22(A)	138,377,475	95,320,000
Lease liabilities	24	12,742,024	-
Non-current liabilities		151,119,499	95,320,000
Trade and other payables	23	1,354,273,836	1,196,913,294
Employee benefits	22(A)	9,260,000	3,760,000
Lease liabilities	24	16,224,453	-
Current tax liabilities	25	179,941,392	130,635,192
Current liabilities		1,559,699,681	1,331,308,486
Total liabilities		1,710,819,180	1,426,628,486
Total equity and liabilities		2,384,783,624	1,812,306,673

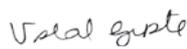
The notes on pages 26 to 66 are an integral part of these financial statements.



Salahuddin Mahmud
Director



Sourav Mitra
Director &
Chief Financial Officer



Vishal Gupta
Managing Director



Md. Nazmul Arefin
Company Secretary

As per our report of same date.



Auditor
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

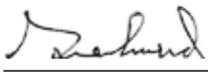
Dhaka, 30 April 2020

Statement of profit or loss and other comprehensive income

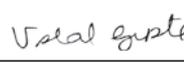
For the year ended 31 December			
<i>In Taka</i>	Note	2019	2018 Restated*
Revenue	7	4,126,150,222	3,561,898,791
Cost of sales	8	(1,878,203,439)	(1,755,638,024)
Gross profit		2,247,946,783	1,806,260,767
Other income	9	982,886	3,853,354
Operating expenses	10	(1,370,180,346)	(1,280,295,456)
Impairment loss reversal on trade receivables	18(A)(i)	551,118	699,211
Operating profit		879,300,441	530,517,876
Finance income	11	46,405,986	21,409,314
Finance costs	12	(2,165,338)	-
Profit before contribution to WPPF		923,541,089	551,927,190
Contribution to WPPF	13	(43,978,147)	(26,282,247)
Profit before tax		879,562,942	525,644,943
Income tax expense	14(A)	(260,301,685)	(193,871,698)
Profit for the year		619,261,257	331,773,245
Other comprehensive income			
Remeasurement of defined benefit liability	22(A)	(300,000)	(8,630,000)
Related tax	14(B)	75,000	2,157,500
Other comprehensive income/(loss) for the year, net of tax		(225,000)	(6,472,500)
Total comprehensive income for the year		619,036,257	325,300,745
Earnings per share			
Basic earnings per share (Taka)	15(A)	131.06	70.22

* The comparative information of the statement of profit or loss and other comprehensive income of prior year number has been restated in compliance with IAS 8. See Note 40.

The notes on pages 26 to 66 are an integral part of these financial statements.


Salahuddin Mahmud
 Director


Sourav Mitra
 Director &
 Chief Financial Officer


Vishal Gupta
 Managing Director


Md. Nazmul Arefin
 Company Secretary

As per our report of same date.


 Auditor
Rahman Rahman Huq
 Chartered Accountants
 KPMG in Bangladesh

Dhaka, 30 April 2020

Statement of changes in equity

For the year ended 31 December 2019

<i>In Taka</i>	<i>Note</i>	Share capital	Retained earnings	Total
Balance at 1 January 2018		47,250,000	256,464,942	303,714,942
Total comprehensive income for the year				
Profit for the year 2018		-	331,773,245	331,773,245
Other comprehensive income/(loss) for the year		-	(6,472,500)	(6,472,500)
Total comprehensive income for the year		-	325,300,745	325,300,745
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2017	23(B)(i)(b)	-	(243,337,500)	(243,337,500)
Total transactions with owners of the Company		-	(243,337,500)	(243,337,500)
Balance at 31 December 2018		47,250,000	338,428,187	385,678,187
Balance at 1 January 2019		47,250,000	338,428,187	385,678,187
Total comprehensive income for the year				
Profit for the year 2019		-	619,261,257	619,261,257
Other comprehensive income/(loss) for the year		-	(225,000)	(225,000)
Total comprehensive income for the year		-	619,036,257	619,036,257
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2018	23(B)(i)(b)	-	(330,750,000)	(330,750,000)
Total transactions with owners of the Company		-	(330,750,000)	(330,750,000)
Balance at 31 December 2019		47,250,000	626,714,444	673,964,444

The notes on pages 26 to 66 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December			
<i>In Taka</i>	<i>Note</i>	2019	2018
Cash flows from operating activities			
Receipts from customers		4,715,828,257	4,059,529,689
Payment to suppliers, employees and others		(3,568,167,446)	(3,203,341,849)
Payment for technical services fee	23(B)(ii)(a)(a.1)	(105,089,000)	(97,917,000)
Cash generated from operating activities		1,042,571,811	758,270,840
Income tax paid	25	(208,355,470)	(147,724,785)
Net cash from operating activities	31	834,216,341	610,546,055
Cash flows from investing activities			
Acquisition of property, plant and equipment		(140,907,938)	(157,682,875)
Proceeds from sale of property, plant and equipment		1,129,813	4,212,400
Income from investment during the year		44,430,711	22,207,228
Net cash used in investing activities		(95,347,414)	(131,263,247)
Cash flows from financing activities			
Dividends paid	23(B)(i)	(330,911,630)	(243,738,459)
Payment of lease liabilities	27(A)(iii)	(16,535,316)	-
Net cash used in financing activities		(347,446,946)	(243,738,459)
Net increase in cash and cash equivalents		391,421,981	235,544,349
Cash and cash equivalents at 1 January		949,871,155	714,326,806
Cash and cash equivalents at 31 December		1,341,293,136	949,871,155

The notes on pages 26 to 66 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Reckitt Benckiser (Bangladesh) Limited ("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.

The address of the Company's registered office is 58/59 Nasirabad Industrial Area, Chittagong.

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

2. Statement of compliance and basis of preparation

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as listed entities.

As the FRS is yet to be issued by FRC hence as per the provisions of the FRA (section-69), the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994. 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.

The Company also complied with the requirements of following laws and regulations from various Government bodies:

- i. Bangladesh Securities and Exchange Rules 1987;
- ii. The Income Tax ordinance, 1984;
- iii. The Value Added Tax Act, 1991*; and
- iv. The Value Added Tax and Supplementary Duty Act, 2012.

* The Value Added Tax Act, 1991 was superseded by The Value Added Tax and Supplementary Duty Act, 2012 from 1 July 2019.

Details of the Company's accounting policies, including changes during the year, if any, are included in Note 41.

These financial statements are authorised for issue by the Company's board of directors on 30 April 2020.

3. 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.

4. 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.

Notes to the financial statements (continued)

4. Use of judgements and estimates (continued)

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:

- Note 27 – lease term: whether the Company is reasonably certain to exercise extension options.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2019 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 7 and Note 23 – revenue recognition: estimate of expected returns;
- Note 22 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 14(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 17 – provision for inventory obsolescence;
- Note 25 – current tax liabilities; and
- Note 41(H) – useful life of property, plant and equipment.

5. Changes in significant accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company initially applied IFRS 16 *Leases* from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

The Company applied IFRS 16 using the modified retrospective approach, under which the effect of initial application is recognised from 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 41(M).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B. As a lessee

As a lessee, the Company leases only buildings. The Company previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 price.

Notes to the financial statements (continued)

5. Changes in significant accounting policies (continued)

B. As a lessee (continued)

i. Leases classified as operating leases under IAS 17

Previously, the Company classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application: the Company applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. rent for sales office);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

C. Impact on financial statements

i. Impact on transition*

On transition to IFRS 16, the Company recognised additional right-of-use assets, and additional lease liabilities. The impact on transition is summarised below.

<i>In Taka</i>	1 January 2019
Right-of-use assets – property, plant and equipment	64,785,711
Lease liabilities	(43,336,455)
Prepayments (Prepaid rent)	(21,449,256)

* For the impact of IFRS 16 on profit or loss for the period, see Note 27(A). For the impact of IFRS 16 on segment information and EBITDA, see Notes 6. For the details of accounting policies under IFRS 16 and IAS 17, see Note 41(M).

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 6.10%.

<i>In Taka</i>	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Company's financial statements	45,423,771
Discounted using the incremental borrowing rate at 1 January 2019	43,336,455

Notes to the financial statements (continued)

6. 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	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.

2019 <i>In Taka</i>	Reportable segments		Total
	Household and toiletries	Pharmaceuticals	
Revenue	3,831,972,963	294,177,259	4,126,150,222
Cost of sales	(1,695,987,354)	(182,216,085)	(1,878,203,439)
Gross profit	2,135,985,609	111,961,174	2,247,946,783
Operating expenses			
Administrative expenses	(203,199,402)	(15,669,017)	(218,868,419)
Marketing expenses	(622,105,087)	(34,946,858)	(657,051,945)
Selling and distribution expenses	(331,462,112)	(11,117,192)	(342,579,304)
Impairment loss reversal on trade receivables	511,826	39,292	551,118
	(1,156,254,775)	(61,693,775)	(1,217,948,550)
Profit from operation	979,730,834	50,267,399	1,029,998,233

2018 <i>In Taka</i>	Reportable segments (restated)*		Total
	Household and toiletries	Pharmaceuticals	
Revenue	3,276,717,666	285,181,125	3,561,898,791
Cost of sales	(1,603,843,978)	(151,794,046)	(1,755,638,024)
Gross profit	1,672,873,688	133,387,079	1,806,260,767
Operating expenses			
Administrative expenses	(200,812,463)	(15,943,954)	(216,756,417)
Marketing expenses	(539,857,535)	(46,669,224)	(586,526,759)
Selling and distribution expenses	(262,396,577)	(19,964,473)	(282,361,050)
Impairment loss reversal on trade receivables	649,773	49,438	699,211
	(1,002,416,802)	(82,528,213)	(1,084,945,015)
Profit from operation	670,456,886	50,858,866	721,315,752

* The Company has restated the previously reported segment information of Revenue and Marketing expenses for the year ended 31 December 2018. See Note 40.

Notes to the financial statements (continued)

6. Operating segments (continued)

C. Reconciliation of information on reportable segments to IFRS measures

<i>In Taka</i>	<i>Note</i>	2019	2018 Restated
<i>i. Revenues</i>			
Total revenue for reportable segments	6(B)	4,126,150,222	3,561,898,791
Revenue for other segments		-	-
Elimination of inter-segment revenue		-	-
Total revenue		4,126,150,222	3,561,898,791
<i>ii. Profit before tax</i>			
Total profit before tax for reportable segments	6(B)	1,029,998,233	721,315,752
Profit before tax for other segments		-	-
Elimination of inter-segment profit		-	-
Amount not related to reported segments	6(C)(iii)	(150,435,291)	(195,670,809)
Total profit before tax		879,562,942	525,644,943
<i>iii. Amount not related to reportable segments</i>			
Other income	9	982,886	3,853,354
Technical services fee	10	(151,680,678)	(194,651,230)
Finance income	11	46,405,986	21,409,314
Finance costs	12	(2,165,338)	-
Contribution to Workers' Profit Participation Fund	13	(43,978,147)	(26,282,247)
		(150,435,291)	(195,670,809)

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.

7. Revenue

See accounting policy in Note 41(B)

<i>In Taka</i>	<i>Note</i>	2019	2018 Restated*
Revenue including VAT		4,822,159,187	4,166,308,176
VAT		(696,008,965)	(604,409,385)
	7(A)	4,126,150,222	3,561,898,791

A. Disaggregation of revenue

<i>In Taka</i>	Unit of measurement	2019		2018 Restated*	
		Quantity	Amount	Quantity	Amount
Household and toiletries	Cases	2,299,828	3,831,972,963	2,032,921	3,276,717,666
Pharmaceuticals	Cases	185,572	294,177,259	161,794	285,181,125
		2,485,400	4,126,150,222	2,194,715	3,561,898,791

* The Company has restated the previously reported revenue for the year ended 31 December 2018. See Note 40.

Notes to the financial statements (continued)

8. Cost of sales

<i>In Taka</i>	<i>Note</i>	2019	2018
Manufacturing unit			
Opening balance of raw and packing materials		174,816,109	186,250,504
Purchases during the year		1,360,149,211	1,148,608,963
Closing balance of raw and packing materials	17	(173,423,635)	(174,816,109)
Materials consumed		1,361,541,685	1,160,043,358
Salaries, wages and welfare expenses		226,996,237	183,934,294
Product testing and laboratory expenses		1,719,468	2,104,329
Exchange (gain)/loss		4,195,585	4,831,212
Travelling and conveyance		3,361,867	2,927,281
Power, fuel and utilities		25,312,083	21,202,486
Vehicle expenses		52,942	84,305
Repairs, maintenance and others		44,850,672	42,550,681
Rent, rates and taxes		3,496,437	3,394,248
Printing, stationery and office supplies		1,037,215	2,711,019
Insurance		3,349,524	3,753,537
Office expenses		5,196,556	4,386,516
Safety, health and environment		1,532,616	-
Depreciation	16(B)	73,096,837	61,488,731
Manufacturing overhead		394,198,039	333,368,639
Opening stock of work-in-progress		1,355,345	3,472,103
Closing stock of work-in-progress	17	(2,012,634)	(1,355,345)
		(657,289)	2,116,758
Cost of production		1,755,082,435	1,495,528,755
Opening stock of own manufactured finished goods		61,796,301	39,101,746
Closing stock of own manufactured finished goods	17(B)(i)	(154,351,051)	(61,796,301)
		(92,554,750)	(22,694,555)
Cost of sales - manufacturing unit		1,662,527,685	1,472,834,200
Trading unit			
Opening stock of finished goods		52,155,803	17,748,718
Purchase of finished goods	8(A)	273,351,093	317,210,909
Closing stock of finished goods	17(B)(i)	(109,831,142)	(52,155,803)
Cost of sales - trading unit		215,675,754	282,803,824
Total cost of sales		1,878,203,439	1,755,638,024

Notes to the financial statements (continued)

8. 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	48.54	41,690,276	280.01	198,750,936	106.30	91,493,286	222.26	148,947,926
	Thousand Litre	0.49	395,067	176.88	23,588,458	2.67	1,471,699	174.70	22,511,826
	Million No.	0.04	2,042,379	-	-	-	-	0.04	2,042,379
Pharmaceuticals	Million No.	2.70	2,445,587	-	-	-	-	2.70	2,445,587
	Thousand Litre	14.85	5,582,494	154.60	51,011,699	45.95	16,866,157	123.50	39,728,036
	Metric Ton	-	-	-	-	-	-	-	-
Total for the year 2019			52,155,803		273,351,093		109,831,142		215,675,754
Household and toiletries	Metric Ton	23.00	10,064,377	494.00	260,214,244	48.54	41,690,276	468.46	228,588,345
	Thousand Litre	7.00	1,498,290	16.00	8,253,905	0.49	395,067	22.51	9,357,128
	Million No.	-	-	0.14	2,654,835	0.04	2,042,379	0.10	612,456
Pharmaceuticals	Million No.	4.00	2,562,732	11.06	9,092,884	2.70	2,445,587	12.35	9,210,029
	Thousand Litre	15.14	3,623,319	115.76	36,995,041	14.85	5,582,494	116.06	35,035,866
	Metric Ton	-	-	-	-	-	-	-	-
Total for the year 2018			17,748,718		317,210,909		52,155,803		282,803,824

Notes to the financial statements (continued)

8. 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
Various raw material	Metric Ton	1,269.40	147,081,721	11,085.62	876,644,439	1,211.46	136,384,803	11,143.56	887,341,357
Blow moulding and injection	Thousand Pcs	2,157.39	8,556,830	44,180.11	232,856,075	2,494.27	10,453,337	43,843.24	230,959,568
Boxes solid board and corrugated	Thousand Pcs	3,353.44	7,181,929	63,115.14	160,016,164	6,238.27	10,258,640	60,230.30	156,939,453
Others		7,481.45	11,995,629	71,597.71	90,632,533	10,107.58	16,326,855	68,971.58	86,301,307
Total for the year 2019			174,816,109		1,360,149,211		173,423,635		1,361,541,685
Various raw material	Metric Ton	1,473.00	159,746,315	10,103.40	757,274,896	1,269.40	147,081,721	10,307.00	769,939,490
Blow moulding and injection	Thousand Pcs	3,071.00	11,640,102	38,738.39	180,275,522	2,157.39	8,556,830	39,652.00	183,358,794
Boxes solid board and corrugated	Thousand Pcs	3,335.00	5,334,910	56,273.44	122,835,215	3,353.44	7,181,929	56,255.00	120,988,196
Others		12865.00	9,529,177	64,577.45	88,223,330	7,481.45	11,995,629	69,961.00	85,756,878
Total for the year 2018			186,250,504		1,148,608,963		174,816,109		1,160,043,358

- C. Percentage of raw materials and packing materials consumed

In Taka	Note	2019		2018	
		%	Amount	%	Amount
Raw materials	8(D)	65%	887,341,357	66%	769,939,490
Packing materials	8(D)	35%	474,200,328	34%	390,103,868
		100%	1,361,541,685	100%	1,160,043,358
Local materials consumed		35%	471,315,496	33%	386,472,012
Imported materials consumed		65%	890,226,189	67%	773,571,346
		100%	1,361,541,685	100%	1,160,043,358

Notes to the financial statements (continued)

8. Cost of sales (continued)

D. Analysis of material consumed

<i>In Taka</i>	<i>Note</i>	2019	2018
Raw material			
Soap Noodles		473,138,529	444,426,444
BIS/2 Hydroxyl Ethyl Oleylamine		51,023,065	45,670,201
Cetyl Trimethyl Amm. Chloride		36,935,340	36,395,351
Pine Oil 85%min BP		75,167,593	44,047,581
PCMX		40,404,494	30,451,975
Hydrochloric acid		24,938,308	19,962,068
Snowfresh 228093 D		19,898,977	17,452,705
Frosty Int - AAD07282/00		13,410,597	3,293,605
LABSA		14,520,228	15,191,906
Climbazole		2,487,984	6,319,392
Color Pigment Yelow		3,974,659	3,530,487
Granular Soda Dyed		5,223,336	4,766,982
Galaxy MW 257		8,145,646	7,682,429
CX-140		8,582,338	6,955,628
Texapon Als IS T		7,552,332	7,773,393
Isopropyl Alcohol		7,944,632	7,352,340
Na Lauryl Ether		5,939,742	7,247,567
Castor Oil		5,373,589	5,065,936
Pamplozest		6,659,840	4,914,779
Perfume jasmina		499,249	473,504
Challenge 157708 B		3,736,103	-
Lemon Grass Oil		3,294,693	-
Dolomite BD For Harpic Total		8,579,186	-
Others		59,910,897	50,965,217
		887,341,357	769,939,490
Packing material			
Skillet		94,696,745	77,600,534
Outer and cartons		62,242,708	43,387,662
Plastic container		199,296,106	160,201,982
Label		39,879,963	44,881,589
Polybag /HDPE		31,747,728	27,460,050
Cap		31,663,463	23,156,811
Others		14,673,615	13,415,240
		474,200,328	390,103,868
		1,361,541,685	1,160,043,358

E. Value of imports - at cost and freight basis

Raw and packing materials and finished goods for re-sale	804,841,601	739,210,589
Capital goods	60,989,236	91,586,253
	865,830,837	830,796,842

Notes to the financial statements (continued)

8. Cost of sales (continued)

F. Statement of production

i. Own manufacture

Line of business	Unit of measurement	Installed capacity shift single basis	Multiple shifts as applicable		Percentage increase/ (decrease)
			2019	2018	
Household & toiletries	Thousand Litre	14,041	31,623	6,688	373%
	Million No.	-	-	202	-100%
	Metric Ton	5,439	16,316	10,080	62%
Pharmaceuticals	Million Tablets	-	-	-	0%
	Thousand Litre	220	661	323	105%
Total	Million Tablets	-	-	-	0%
	Metric Ton	5,439	16,316	10,080	62%
	Thousand Litre	14,261	32,283	7,011	360%
	Million No.	-	-	202	-100%

ii. Imports for re-sale

Total business	Million No.	-	10	-100%
	Metric Ton	280	-	100%
	Thousand Litre	331	569	-42%

9. Other income

<i>In Taka</i>	2019	2018
Profit/(loss) on sale of property, plant and equipment	982,886	3,853,354
	982,886	3,853,354

10. Operating expenses

<i>In Taka</i>	Note	2019	2018 Restated
Selling and distribution expenses	10(A)	342,579,304	282,361,050
Administrative expenses	10(B)	218,868,419	216,756,417
Royalties/Technical services fees	23(B)(ii)	151,680,678	194,651,230
Marketing expenses	10(C)	657,051,945	586,526,759
		1,370,180,346	1,280,295,456

A. Selling and distribution expenses

Salaries, wages and welfare expenses		219,183,015	179,197,229
Carriage outwards		46,470,422	41,612,947
Depot expenses		25,717,583	27,872,948
Entertainment		-	10,445
Vehicle expenses		10,291,383	8,618,998
Printing and stationery		380,918	854,440
Travelling		18,755,772	16,172,750
Sales office expenses		2,615,625	2,094,400
Insurance		401,402	450,795
Depreciation	16(B)	18,763,184	5,466,098
Others		-	10,000
		342,579,304	282,361,050

Notes to the financial statements (continued)

10. Operating expenses (continued)

B. Administrative expenses

<i>In Taka</i>	<i>Note</i>	2019	2018
Salaries, wages and welfare expenses		158,968,211	161,242,632
Non-executive directors fee		555,897	318,750
Trademarks and patents		-	72,000
Communication		5,281,866	5,706,794
Vehicle expenses		2,064,188	1,090,121
Travelling		2,954,130	2,299,535
Corporate office expenses		9,476,860	19,044,820
Repairs and maintenance		6,689,618	5,061,139
Legal and professional charges	10(B)(i)	10,213,448	11,788,041
Printing and stationery		3,165,502	2,732,255
Subscriptions		321,800	209,550
Staff recruitment, training and development expenses		1,467,403	678,196
Entertainment		136,671	86,594
AGM expenses		558,101	410,044
Bank charges		716,429	1,079,326
Insurance		249,865	479,882
Depreciation	16(B)	16,013,230	4,394,352
Others		35,200	62,386
		218,868,419	216,756,417

i. Legal and professional charges

<i>In Taka</i>	<i>Note</i>	2019	2018
Audit fee		1,000,000	951,720
Tax services		1,796,256	996,300
Legal consultancy		2,145,614	3,484,652
Other consulting fees		5,271,578	6,355,369
		10,213,448	11,788,041

C. Marketing expenses

<i>In Taka</i>	2019	2018
		Restated*
Media	300,464,747	274,427,517
Consumer marketing	115,548,388	107,879,698
Market research	4,313,906	2,810,634
Trade marketing	236,724,904	201,408,910
	657,051,945	586,526,759

* The Company has restated the previously reported trade marketing under marketing expenses for the year ended 31 December 2018. See Note 40.

11. Finance income

<i>In Taka</i>	2019	2018
Interest income	46,405,986	21,409,314
	46,405,986	21,409,314

12. Finance costs

<i>In Taka</i>	2019	2018
Interest expense on lease liabilities	2,165,338	-
	2,165,338	-

13. Contribution to WPPF

<i>In Taka</i>	2019	2018
Profit before contribution to WPPF	923,541,089	551,927,190
Applicable contribution rate	5%	5%
	43,978,147	26,282,247

The Company contributes 5% of the profit before tax after charging such expense as contribution to WPPF. See Note 41(C)(iv).

Notes to the financial statements (continued)

14. Income tax expense

See accounting policy in Note 41(E)

A. Amounts recognised in profit or loss

<i>In Taka</i>	Note	2019	2018
Current tax expense			
Current year		257,661,670	189,198,659
		257,661,670	189,198,659
Deferred tax (income)/expense			
Origination/(reversal) of temporary differences	14(D)	2,640,015	4,673,039
		2,640,015	4,673,039
Tax expense on continuing operations		260,301,685	193,871,698

B. Amounts recognised in OCI

<i>In Taka</i>	2019			2018		
	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 liability	(300,000)	75,000	(225,000)	(8,630,000)	2,157,500	(6,472,500)
	(300,000)	75,000	(225,000)	(8,630,000)	2,157,500	(6,472,500)

C. Reconciliation of effective tax rate

<i>In Taka</i>	2019		2018	
Profit before tax		879,562,942		525,644,943
Tax using the Company's tax rate	25.00%	219,890,736	25.00%	131,411,236
Factors affecting the tax charge for current period:				
Excess/(deficit) of accounting depreciation over fiscal depreciation	-1.21%	(10,629,095)	0.63%	3,329,601
Excess/(deficit) of rental payment over expenses under IFRS-16	0.34%	2,989,502	0.00%	-
Provision for stock obsolescence	0.02%	215,478	0.00%	-
Non-deductible expenses	3.31%	29,072,287	5.91%	31,040,265
Excess of gratuity provision over payment of gratuity	1.37%	12,064,369	-0.05%	(257,500)
Excess of technical services fee over payment of technical services fee	2.74%	24,133,005	7.26%	38,140,768
Excess of accounting profit over fiscal tax profit on property, plant and equipment	-0.10%	(907,884)	-0.14%	(714,282)
Allowable deductions	-2.18%	(19,166,728)	-2.62%	(13,751,429)
Movement of temporary differences: as above	0.30%	2,640,015	0.89%	4,673,039
	29.59%	260,301,685	36.88%	193,871,698

Notes to the financial statements (continued)

14. Income tax expense (continued)

D. Movement in deferred tax balances

2019	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
<i>In Taka</i>						
Property, plant and equipment	(13,246,714)	(15,281,251)	-	(28,527,965)	-	(28,527,965)
Employee benefits	24,770,000	12,064,369	75,000	36,909,369	36,909,369	-
Trade and other receivables	210,500	(137,780)	-	72,720	72,720	-
Inventories	3,456,712	215,478	-	3,672,190	3,672,190	-
RoU assets- Impact of IFRS 16	-	(6,742,450)	-	(6,742,450)	-	(6,742,450)
Lease liabilities- Impact of IFRS 16	-	7,241,619	-	7,241,619	7,241,619	-
Net deferred tax assets (liabilities)	15,190,498	(2,640,015)	75,000	12,625,483	47,895,898	(35,270,415)

2018	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
<i>In Taka</i>						
Property, plant and equipment	(12,988,391)	(258,323)	-	(13,246,714)	-	(13,246,714)
Employee benefits	22,870,000	(257,500)	2,157,500	24,770,000	24,770,000	-
Trade and other receivables	-	210,500	-	210,500	210,500	-
Inventories	7,824,428	(4,367,716)	-	3,456,712	3,456,712	-
Net deferred tax assets (liabilities)	17,706,037	(4,673,039)	2,157,500	15,190,498	28,437,212	(13,246,714)

15. 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	2019	2018
Net profit after tax for the year, attributable to the owners of the company		619,261,257	331,773,245
Profit/(loss) attributable to ordinary shareholders		619,261,257	331,773,245

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

Issued ordinary shares at 31 December	21(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)		131.06	70.22

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)

16. **Property, plant and equipment**
See accounting policy in Note 41(H)

A. Reconciliation of carrying amount

<i>In Taka</i>	Leasehold land	Buildings	Plant and machinery	Furniture fixtures and equipment	Computers	Vehicles	Under construction	Total
Cost								
Balance at 1 January 2018	209,490	229,044,435	264,213,168	106,483,701	31,685,242	54,808,028	55,745,618	742,189,682
Additions	-	-	-	1,129,088	4,167,735	1,958,913	143,848,693	151,104,429
Transfers/capitalised	-	15,780,686	29,072,887	22,295,502	-	-	(67,149,075)	-
Disposal/adjustment	-	-	(78,580,360)	(1,305,859)	-	-	-	(79,886,219)
Balance at 31 December 2018	209,490	244,825,121	214,705,695	128,602,432	35,852,977	56,766,941	132,445,236	813,407,892
Balance at 1 January 2019	209,490	244,825,121	214,705,695	128,602,432	35,852,977	56,766,941	132,445,236	813,407,892
Recognition of right-of-use asset on initial application of IFRS 16	-	64,785,711	-	-	-	-	-	64,785,711
Adjusted balance at 1 January 2019	209,490	309,610,832	214,705,695	128,602,432	35,852,977	56,766,941	132,445,236	878,193,603
Additions	-	-	-	3,554,998	6,873,773	-	128,652,666	139,081,437
Transfers/capitalised	-	63,564,761	143,852,405	28,720,327	173,000	-	(236,310,493)	-
Disposal/adjustment	-	(1,449,097)	(8,760,159)	(3,050,857)	(2,131,784)	-	-	(15,391,897)
Balance at 31 December 2019	209,490	371,726,496	349,797,941	157,826,900	40,767,966	56,766,941	24,787,409	1,001,883,143
Accumulated depreciation								
Balance at 1 January 2018	209,490	114,331,355	165,169,793	61,384,568	28,732,911	38,260,392	-	408,088,509
Depreciation for the year	-	14,449,008	28,920,531	18,136,742	3,069,467	6,773,433	-	71,349,181
Disposal/adjustment	-	-	(78,580,035)	(947,138)	-	-	-	(79,527,173)
Balance at 31 December 2018	209,490	128,780,363	115,510,289	78,574,172	31,802,378	45,033,825	-	399,910,517
Balance at 1 January 2019	209,490	128,780,363	115,510,289	78,574,172	31,802,378	45,033,825	-	399,910,517
Adjusted balance at 1 January 2019	209,490	128,780,363	115,510,289	78,574,172	31,802,378	45,033,825	-	399,910,517
Depreciation for the year	-	44,496,636	35,496,903	18,602,215	3,828,138	5,449,359	-	107,873,251
Disposal/adjustment	-	(1,413,056)	(8,710,131)	(2,990,055)	(2,131,728)	-	-	(15,244,970)
Balance at 31 December 2019	209,490	171,863,943	142,297,061	94,186,332	33,498,788	50,483,184	-	492,538,798
Carrying amounts								
At 1 January 2018	-	114,713,080	99,043,375	45,099,133	2,952,331	16,547,636	55,745,618	334,101,173
At 31 December 2018	-	116,044,758	99,195,406	50,028,260	4,050,599	11,733,116	132,445,236	413,497,375
At 31 December 2019	-	199,862,553	207,500,880	63,640,568	7,269,178	6,283,757	24,787,409	509,344,345

B. Allocation of depreciation

<i>In Taka</i>	2019	2018
Cost of sales	73,096,837	61,488,731
Selling and distribution expenses	18,763,184	5,466,098
Administrative expenses	16,013,230	4,394,352
	107,873,251	71,349,181

Notes to the financial statements (continued)

16. Property, plant and equipment (continued)

C. Under construction

See accounting policy in Note 41(I)

<i>In Taka</i>	Furniture fixtures and equipment	Buildings	Plant and machinery	Computers	Total
Cost					
Balance at 1 January 2018	7,697,450	13,494,987	34,553,181	-	55,745,618
Additions	21,186,630	27,217,761	95,444,302	-	143,848,693
Transfers/capitalised	(22,295,502)	(15,780,686)	(29,072,887)	-	(67,149,075)
Balance at 31 December 2018	6,588,578	24,932,062	100,924,596	-	132,445,236
Balance at 1 January 2019	6,588,578	24,932,062	100,924,596	-	132,445,236
Additions	43,530,263	40,903,535	43,896,668	322,200	128,652,666
Transfers/capitalised	(28,720,327)	(63,564,761)	(143,852,405)	(173,000)	(236,310,493)
Balance at 31 December 2019	21,398,514	2,270,836	968,859	149,200	24,787,409

17. Inventories

See accounting policy in Note 41(G)

<i>In Taka</i>	Note	2019	2018
Raw and packing materials	17(A)	178,522,343	179,766,729
Provision for inventory obsolescence		(5,098,708)	(4,950,620)
Net raw and packing materials		173,423,635	174,816,109
Finished goods		273,772,243	122,828,330
Provision for inventory obsolescence		(9,590,050)	(8,876,226)
Net finished goods	17(B)	264,182,193	113,952,104
Work-in-progress		2,012,634	1,355,345
Inventory in transit	17(C)	11,499,930	11,006,139
		13,512,564	12,361,484
		451,118,392	301,129,697

A. Raw and packing materials

Raw materials	141,483,511	152,032,341
Packing materials	37,038,832	27,734,388
	178,522,343	179,766,729

B. Finished goods

i. Operational allocation of finished goods

Manufacturing unit	154,351,051	61,796,301
Trading unit	109,831,142	52,155,803
	264,182,193	113,952,104

Notes to the financial statements (continued)

17. Inventories (continued)

B. Finished goods (continued)

ii. Business line-wise allocation of finished goods

Business line	Unit of measurement	2019		2018	
		Quantity Unit	Amount Taka	Quantity Unit	Amount Taka
Household and toiletries	Metric Ton	671	199,125,874	534	74,553,727
	Thousand Litre	593	41,827,292	346	22,420,304
	Million No.	-	-	0.04	2,042,379
			240,953,166		99,016,410
Pharmaceuticals	Thousand Litre	75	23,229,027	50	12,490,107
	Million No.	-	-	2.70	2,445,587
			23,229,027		14,935,694
			264,182,193		113,952,104

C. Inventory in transit

<i>In Taka</i>	2019	2018
Raw and packing materials	5,306,604	1,566,110
Finished goods	6,193,326	9,440,029
	11,499,930	11,006,139

18. Trade and other receivables

<i>In Taka</i>	Note	2019	2018
Trade receivables	18(A)	40,888,404	81,090,165
Other receivables	18(B)	3,017,522	3,773,453
		43,905,926	84,863,618

A. Trade receivables

Trade receivables		41,179,284	81,932,163
Allowance for impairment of trade receivables	18(A)(i)	(290,880)	(841,998)
		40,888,404	81,090,165

i. Allowance for impairment of trade receivables

Balance at 1 January		841,998	1,541,209
Provision made during the year		(551,118)	(699,211)
Balance at 31 December		290,880	841,998

B. Other receivables

Inter-company receivables	18(B)(i)	513,078	3,244,284
Interest receivables		2,504,444	529,169
		3,017,522	3,773,453

i. Inter-company receivables

Reckitt Benckiser Corporate Services Limited, UK		513,078	523,192
Reckitt Benckiser (India) Ltd.		-	2,721,092
		513,078	3,244,284

Notes to the financial statements (continued)

19. Advances, deposits and prepayments

<i>In Taka</i>	2019	2018
Advances		
Advance to suppliers	10,697,725	8,812,046
Advance to employees	3,511,550	2,835,636
	14,209,275	11,647,682
Deposits		
Security deposit	1,056,000	1,056,000
VAT current account	-	1,194,636
	1,056,000	2,250,636
Prepayments		
Prepaid insurance	1,632,230	2,159,800
Prepaid others	1,341,590	1,298,492
Prepaid government fees*	6,979,087	13,227,964
Prepaid rent	1,278,160	17,169,756
	11,231,067	33,856,012
	26,496,342	47,754,330

* Prepaid government fees includes Taka 1,983,526 (2018: Taka 1,983,526) for claiming VAT refund and Taka 3,944,343 (2018: 3,944,343) for claiming duty drawback refund for exporting goods on which VAT was paid at the time of import.

20. Cash and cash equivalents

<i>In Taka</i>	Note	2019	2018
Cash in hand		106,000	195,007
Cash at bank	20(A)	1,341,187,136	949,676,148
		1,341,293,136	949,871,155

A. Cash at bank

Hong Kong and Shanghai Banking Corporation Limited	43,090,123	50,096,546
Standard Chartered Bank	98,097,013	399,579,602
Short term deposits*	1,200,000,000	500,000,000
	1,341,187,136	949,676,148

*As at 31 December 2019, the company had four short term deposits with HSBC and SCB with maturity of less than three months.

Notes to the financial statements (continued)

21. Share capital

See accounting policy in Note 41(F)

<i>In Taka</i>	2019	2018
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 2019		At 31 December 2018	
		Face value Taka	Percentage of holding %	Face value Taka	Percentage of holding %
Parent company					
Reckitt Benckiser plc, UK	3,919,918	39,199,180	82.96	39,199,180	82.96
Bangladeshi shareholders:					
ICB Unit Fund	16,778	167,780	0.36	256,000	0.54
Investment Corporation of Bangladesh (ICB)	15,774	157,740	0.33	430,640	0.91
ICB Mutual Funds	300	3,000	0.01	3,000	0.01
Individuals	322,504	3,225,040	6.83	2,657,500	5.62
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	192,328	1,923,280	4.07	2,129,700	4.51
	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 2019		At 31 December 2018	
	Number of holders	Percentage of holdings	Number of holders	Percentage of holdings
Less than 500 shares	2,434	3.12	2,059	2.75
500 to 5,000 shares	93	2.18	80	1.89
5,001 to 10,000 shares	6	0.94	3	0.47
10,001 to 20,000 shares	4	1.25	3	0.95
20,001 to 30,000 shares	-	-	1	0.54
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	1	0.91
50,001 to 100,000 shares	2	3.00	2	3.00
100,001 to 1,000,000 shares	2	6.55	2	6.52
Over 1,000,000 shares	1	82.96	1	82.96
	2,542	100.00	2,152	100.00

C. Dividends

The following final dividends were declared and paid by the Company for the year.

<i>In Taka</i>	2019	2018
BDT 70 per qualifying ordinary share (2018: BDT 51.50)	330,750,000	243,337,500
	330,750,000	243,337,500

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>	2019	2018
BDT 125 per qualifying ordinary share (2018: BDT 70)	590,625,000	330,750,000
	590,625,000	330,750,000

Notes to the financial statements (continued)

22. Employee benefits

See accounting policy in Note 41(C)

<i>In Taka</i>	2019	2018
Net defined benefit asset	-	-
Total employee benefit asset	-	-
Net defined benefit liability	147,637,475	99,080,000
Total employee benefit liabilities	147,637,475	99,080,000

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	
	2019	2018	2019	2018	2019	2018
Balance at 1 January	99,080,000	91,480,000	-	-	99,080,000	91,480,000
Included in profit or loss						
Current service cost	16,167,416	10,695,221	-	-	16,167,416	10,695,221
Past service costs	32,000,000	-	-	-	32,000,000	-
Interest cost/(income)	8,260,000	7,620,000	-	-	8,260,000	7,620,000
	56,427,416	18,315,221	-	-	56,427,416	18,315,221
Included in OCI						
Actuarial (gain)/loss arising from:						
Return on plan assets	-	-	-	-	-	-
Financial assumption	-	-	-	-	-	-
Experience adjustment	300,000	8,630,000	-	-	300,000	8,630,000
	56,727,416	26,945,221	-	-	56,727,416	26,945,221
Other						
Contribution paid by the employer						
Benefits paid	(8,169,941)	(19,345,221)	-	-	(8,169,941)	(19,345,221)
	(8,169,941)	(19,345,221)	-	-	(8,169,941)	(19,345,221)
Balance at 31 December	147,637,475	99,080,000	-	-	147,637,475	99,080,000
<i>In Taka</i>					2019	2018
Current portion					9,260,000	3,760,000
Non Current portion					138,377,475	95,320,000
					147,637,475	99,080,000

B. Actuarial assumptions

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

	2019	2018
Financial assumptions:		
Discount rate	9.25%	8.50%
Salary escalation rate	8.50%	7.50%
Demographic assumptions:		
Withdrawal rate	2.00%	2.00%

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.

C. 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 2019		31 December 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(133,240,000)	165,510,000	(9,940,000)	11,870,000
Future salary growth (1% movement)	165,470,000	(133,020,000)	11,870,000	(10,120,000)

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.

Notes to the financial statements (continued)

23. Trade and other payables

<i>In Taka</i>	<i>Note</i>	2019	2018
Trade payables	23(A)	148,121,451	161,903,457
Other payables	23(B)	1,206,152,385	1,035,009,837
		1,354,273,836	1,196,913,294

A. Trade payables

Inter-company trade payables	23(A)(i)	5,382,092	2,642,994
Third party trade payables		142,739,359	159,260,463
		148,121,451	161,903,457

i. Inter-company trade payables

Reckitt Benckiser (India) Ltd.		3,079,966	-
Reckitt Benckiser (Pakistan) Ltd.		2,302,126	2,642,994
		5,382,092	2,642,994

B. Other payables

Third party other payables	23(B)(i)	781,428,474	656,877,604
Inter-company other payables	23(B)(ii)	424,723,911	378,132,233
		1,206,152,385	1,035,009,837

i. Third party other payables

Payable for employee remuneration and other expenses		628,068,450	569,487,812
Advance from customers		30,109,345	-
Advance from third parties		1,099,996	1,099,996
Withholding tax and VAT payables		26,433,691	8,880,294
Worker's profit participation fund	13	43,978,147	26,282,247
Payable for capital expenditure		10,953,012	12,779,513
Return provision		31,820,989	31,448,933
Unclaimed dividend	23(B)(i)(a)	8,964,844	6,898,809
		781,428,474	656,877,604

a. Unclaimed dividend

<i>In taka</i>	2019	2018
Final 2018	1,345,624	-
Final 2017	862,341	-
2017 Interim	507,634	526,746
2016 Final	614,434	636,746
2016 1st Interim	622,578	254,998
2015 2nd Interim	249,260	637,878
2015 1st Interim	735,863	752,863
2014 Final	149,515	154,190
2014 2nd Interim	506,878	513,572
2014 1st Interim	1,356,295	1,367,432
2013 Final	1,020,430	1,036,632
2012 Final	429,878	448,778
2011 Final	235,272	237,432
2011 Interim	328,842	331,542
	8,964,844	6,898,809

Notes to the financial statements (continued)

23. Trade and other payables (continued)

B. Other payables (continued)

i. Third party other payables (continued)

b. Dividend paid during the year

<i>In taka</i>	2019	2018
Reckitt Benckiser plc, UK	274,394,260	201,875,777
Foreign shareholders	274,394,260	201,875,777
ICB Unit Fund	1,250,200	1,996,810
Investment Corporation of Bangladesh (ICB)	1,767,710	2,835,794
Mutual Funds	1,035,790	2,260,181
Individuals	21,197,750	11,827,490
Government of Bangladesh	12,483,730	9,184,459
Sadharan Bima Corporation (SBC)	5,513,130	4,056,089
Institutions	13,107,430	9,300,900
Bangladeshi shareholders	56,355,740	41,461,723
Dividend declared and paid in the year	330,750,000	243,337,500

c. Payment during the year from unclaimed dividend

2017 Final	19,699	-
2017 Interim	19,112	2,338
2016 Final	22,312	36,656
2016 Interim	15,300	5,100
2015 2nd Interim	5,738	1,913
2015 Interim	17,001	11,263
2014 Final	4,675	8,075
2014 2nd Interim	6,694	14,134
2014 1st Interim	11,138	4,950
2013 Final	16,200	309,600
2012 Final	18,901	4,050
2011 Final	2,160	1,800
2011 Interim	2,700	1,080
	161,630	400,959
Payment during the year	330,911,630	243,738,459

ii. Inter-company other payables

<i>In Taka</i>	Note	2019	2018
Payable for technical services fees			
Reckitt and Colman Overseas Limited, UK	23(B)(ii)(a)	194,651,230	378,132,233
		194,651,230	378,132,233
Payable for royalties			
Reckitt Benckiser Health Limited, UK	23(B)(ii)(b)	157,067,055	-
Reckitt Benckiser (ENA) B.V., Netherlands	23(B)(ii)(c)	73,005,626	-
		230,072,681	-
		424,723,911	378,132,233

a. Payable for technical services fees

Balance at 1 January		378,132,233	281,398,003
Charge for the year		-	194,651,230
Write back of unapproved portion of technical services fees		(78,392,003)	-
Net charge for the year		(78,392,003)	194,651,230
Paid during the year	23(B)(ii)(a)(a.1)	(105,089,000)	(97,917,000)
Balance at 31 December		194,651,230	378,132,233

Notes to the financial statements (continued)

23. Trade and other payables (continued)

B. Other payables (continued)

ii. Inter-company other payables (continued)

a.1. Paid during the year

<i>In Taka</i>	2019	2018
Paid to Reckitt and Colman Overseas Limited, UK	(68,307,850)	(63,646,050)
VAT on technical services fee	(15,763,350)	(14,687,550)
AIT on technical services fee	(21,017,800)	(19,583,400)
	(105,089,000)	(97,917,000)

b. Payable for royalties - Reckitt Benckiser Health Limited

Balance at 1 January	-	-
Charge for the year	157,067,055	-
	157,067,055	-
Paid during the year	-	-
Balance at 31 December	157,067,055	-

c. Payable for royalties - Reckitt Benckiser (ENA) B.V.

Balance at 1 January	-	-
Charge for the year	73,005,626	-
	73,005,626	-
Paid during the year	-	-
Balance at 31 December	73,005,626	-

24. Lease liabilities

<i>In Taka</i>	2019	2018
Current portion of lease liabilities	16,224,453	-
Non-current portion of lease liabilities	12,742,024	-
	28,966,477	-

25. Current tax liabilities

<i>In Taka</i>	Note	2019	2018
Balance at 1 January		130,635,192	89,161,318
Provision made during the year	14(A)	257,661,670	189,198,659
		388,296,862	278,359,977
Payment made under sections 64 and 74		(159,389,326)	(105,093,880)
Withholding tax		(48,966,144)	(42,630,905)
Payment made during the year		(208,355,470)	(147,724,785)
Balance at 31 December		179,941,392	130,635,192

Notes to the financial statements (continued)

26. 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	Carrying amount					Total
		Fair value- hedging instruments	Mandatorily at FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	
31 December 2019							
Financial assets not measured at fair value							
Trade and other receivables	18	-	-	-	-	43,905,926	43,905,926
Cash and cash equivalents	20	-	-	-	-	1,341,293,136	1,341,293,136
		-	-	-	-	1,385,199,062	1,385,199,062
Financial liabilities not measured at fair value							
Trade and other payables	23	-	-	-	-	-	(1,354,273,836)
		-	-	-	-	-	(1,354,273,836)
31 December 2018							
Financial assets not measured at fair value							
Trade and other receivables	18	-	-	-	-	84,863,618	84,863,618
Cash and cash equivalents	20	-	-	-	-	949,871,155	949,871,155
		-	-	-	-	1,034,734,773	1,034,734,773
Financial liabilities not measured at fair value							
Trade and other payables	23	-	-	-	-	-	(1,196,913,294)
		-	-	-	-	-	(1,196,913,294)

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)

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

B. Financial risk management

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

- 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>	2019	2018
Trade and other receivables	18	43,905,926	84,863,618
Cash and cash equivalents	20	1,341,293,136	949,871,155
		1,385,199,062	1,034,734,773

Notes to the financial statements (continued)

26. 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>	2019	2018
Trade receivables	18(A)	41,179,284	81,932,163
Interest receivables	18(B)	2,504,444	529,169
Inter-company receivables	18(B)(i)	513,078	3,244,284
		44,196,806	85,705,616

The aging of trade receivables at 31 December

Past due 1-30 days	40,048,157	77,173,380
Past due 31-60 days	1,131,127	4,758,783
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	-
	41,179,284	81,932,163

The aging of interest receivables at 31 December

Past due 1-30 days	2,504,444	529,169
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	-
	2,504,444	529,169

The aging of inter-company receivables at 31 December

Past due 1-30 days	513,078	523,192
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	-	2,721,092
	513,078	3,244,284

(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>	2019	2018
Cash in hand	20	106,000	195,007
Cash at bank	20(A)	1,341,187,136	949,676,148
		1,341,293,136	949,871,155

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)

26. 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	Contractual cash flows				
			Total	6 months or less	6-12 months	1-2 years	2-5 years
31 December 2019							
Non-derivative financial liabilities							
Third party trade payables	23(A)	142,739,359	(142,739,359)	(142,739,359)	-	-	-
Inter-company trade payables	23(A)(i)	5,382,092	(5,382,092)	(5,382,092)	-	-	-
Third party other payables	23(B)(i)	781,428,474	(781,428,474)	(772,463,630)	(8,964,844)	-	-
Inter-company other payables	23(B)(ii)	424,723,911	(424,723,911)	-	(424,723,911)	-	-
Lease liabilities	24	28,966,477	(29,619,475)	(8,518,997)	(7,770,812)	(13,329,666)	-
		1,383,240,313	(1,383,893,311)	(929,104,078)	(441,459,567)	(13,329,666)	-
31 December 2018							
Non-derivative financial liabilities							
Third party trade payables	23(A)	159,260,463	(159,260,463)	(159,260,463)	-	-	-
Inter-company trade payables	23(A)(i)	2,642,994	(2,642,994)	(2,642,994)	-	-	-
Third party other payables	23(B)(i)	656,877,604	(656,877,604)	(649,978,795)	(6,898,809)	-	-
Inter-company other payables	23(B)(ii)	378,132,233	(378,132,233)	-	(378,132,233)	-	-
		1,196,913,294	(1,196,913,294)	(811,882,252)	(385,031,042)	-	-

Notes to the financial statements (continued)

26. 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 2019				31 December 2018			
	BDT	USD	EUR	GBP	BDT	USD	EUR	GBP
Foreign currency denominated assets								
Receivables due from related parties	513,078	6,043	-	-	3,244,284	38,782	-	-
Total assets	513,078	6,043	-	-	3,244,284	38,782	-	-
Foreign currency denominated liabilities								
Trade payables due to related parties	(5,382,092)	(63,390)	-	-	(2,642,994)	(31,595)	-	-
Total liabilities	(5,382,092)	(63,390)	-	-	(2,642,994)	(31,595)	-	-
Net exposure	(4,869,014)	(57,347)	-	-	601,290	7,187	-	-

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

	2019	2018
Average rate		
USD	84.34	83.89
EUR	94.41	99.07
GBP	107.69	111.99
Year end spot rate		
USD	84.90	83.65
EUR	95.19	95.93
GBP	112.56	106.69

(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 2019.

Notes to the financial statements (continued)

27. Leases

See accounting policy in Note 41(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 8 years, with an option to renew the lease after that date.

The leases for distribution centers and head-office were entered into many years ago. Previously, these leases were classified as operating leases under IAS 17.

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

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 16(A)).

<i>In Taka</i>	Buildings
2019	
Balance at 1 January	64,785,711
Depreciation charge for the year	(26,327,985)
Additions to right-of-use assets	-
Derecognition of right-of-use assets	-
Balance at 31 December	38,457,726

ii. Amounts recognised in profit or loss

<i>In Taka</i>	2019
2019 – Leases under IFRS 16	
Interest on lease liabilities	2,165,338
Expenses relating to short-term leases and leases of low-value assets	1,139,918
	3,305,256
2018 – Operating leases under IAS 17	
Lease expense	28,604,579
	28,604,579

iii. Amounts recognised in statement of cash flows

<i>In Taka</i>	2019
Total cash outflow for leases	16,535,316

iv. 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.

Notes to the financial statements (continued)

28. Related parties

A. Parent and ultimate controlling party

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

B. Transactions with key management personnel

i. Key management personnel compensation

Key management personnel compensation comprised the following.

<i>In Taka</i>	2019		2018	
	Managing Director	Directors and managers	Managing Director	Directors and managers
Remuneration, bonus and other benefits	38,526,087	298,103,881	45,606,041	256,373,691
Housing rental	-	58,794,303	-	57,655,909
Leave passage	-	7,906,184	-	7,599,873
Medical	-	6,309,759	-	2,078,053
Short-term employee benefits	38,526,087	371,114,127	45,606,041	323,707,526
Gratuity provision	-	55,842,416	-	15,249,667
Provident fund	-	13,694,558	-	11,752,234
Post-employment benefits	-	69,536,974	-	27,001,901
	38,526,087	440,651,101	45,606,041	350,709,427
Number	1	153	1	97

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	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2019	2018	2019	2018
Parent of the Company					
Dividend paid					
Reckitt Benckiser plc, UK	23(B)(i)(b)	274,394,260	201,875,777	-	-
Fellow subsidiaries of the Company					
Import of raw materials and finished goods					
Reckitt Benckiser (India) Ltd.		132,329,968	52,204,009	3,079,966	-
Reckitt Benckiser Healthcare (UK) Ltd.		57,031,611	24,506,754	-	-
Reckitt Benckiser (Pakistan) Ltd.		10,455,832	5,030,305	2,302,126	2,642,994
Technical services fees					
Reckitt and Colman Overseas Limited, UK		-	194,651,230	194,651,230	378,132,233
Royalties					
Reckitt Benckiser Health Limited, UK		157,067,055	-	157,067,055	-
Reckitt Benckiser (ENA) B.V., Netherlands		73,005,626	-	73,005,626	-
Sale of goods					
Reckitt Benckiser (India) Ltd.		-	3,290,198	-	2,721,092
Systems support services					
Reckitt Benckiser Corporate Services Limited, UK		3,568,753	3,165,758	513,078	523,192

Notes to the financial statements (continued)

29. Net asset value per share

<i>In Taka</i>	2019	2018
Net Asset	673,964,444	385,678,187
Weighted average number of ordinary shares outstanding during the year	4,725,000	4,725,000
Net asset value per share	142.64	81.63

30. Net operating cash flow per share

<i>In Taka</i>	2019	2018
Net operating cash flow	834,216,341	610,546,055
Weighted average number of ordinary shares outstanding during the year	4,725,000	4,725,000
Net operating cash flow per share	176.55	129.22

31. Reconciliation of net operating cash flow

<i>In Taka</i>	Note	2019	2018
Profit before tax		879,562,942	525,644,943
Adjustment for:			
- Depreciation	16(B)	107,873,251	71,349,181
- (Gain)/Loss on sale of property, plant and equipment	9	(982,886)	(3,853,354)
- Impairment loss reversal on trade receivables	18(A)(i)	(551,118)	(699,211)
- Finance costs	12	2,165,338	-
- Finance income	11	(46,405,986)	(21,409,314)
		941,661,541	571,032,245
Changes in:			
- Inventories		(149,988,695)	(26,404,019)
- Trade and other receivables		42,932,967	45,578,293
- Advances, deposits and prepayments		21,257,988	18,608,606
- Trade and other payables		138,150,535	150,485,715
- Employee benefits		48,557,475	(1,030,000)
Cash generated from operating activities		1,042,571,811	758,270,840
Income tax paid	25	(208,355,470)	(147,724,785)
Net cash generated by operating activities		834,216,341	610,546,055

32. Commitments

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

A. Capital expenditure commitment

<i>In Taka</i>	2019	2018
Financial expenditures - outstanding purchase orders	-	12,734,680
	-	12,734,680

Notes to the financial statements (continued)

33. Contingent liabilities

There are contingent liabilities of Taka 116,681,135 (2018: Taka 74,833,620) on account of bank guarantees, acceptance trust receipt under letter of credit and Taka 236,389,485 (2018: Taka 210,255,506) on account of ordinary letter of credit issued by Standard Chartered Bank in favour of the Company.

Out of Taka 7,912,508, Taka 6,068,041 for bank guarantees (2018: Taka 7,544,501) and Taka 1,844,467 for performance bond guarantees (2018: Taka 958,087) on behalf of Reckitt Benckiser (Bangladesh) Limited.

There is a documentary credit of Taka 8,172,329 (2018: Taka 17,286,332) and import bills/bills receivable Taka 2,589,510 (2018: Taka 6,931,362) have been issued by SCB and HSBC on behalf of Reckitt Benckiser (Bangladesh) Limited.

<i>In Taka</i>	2019	2018
Guarantees issued by the Company's scheduled bankers to third parties on counter - indemnities given by the Company	7,912,508	8,502,588
Irrevocable letter of credit opened by the scheduled banks net of on account payment	355,919,951	300,804,231
	363,832,459	309,306,819

34. Number of employees

The company employed 230 (2018: 211) 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.

35. Events after the reporting date

For the year 2019, the Board of Directors recommended a final dividend of Taka 125 per share amounting to Taka 590,625,000 at the board meeting held on 30 April 2020.

Above recommended dividend represents 95.38% of net profit after tax of the Company for the income year year ended 31 December 2019. As a result, the Company shall not be attracted any tax liability as per section 16G of Income Tax Ordinance, 1984.

On 11 March 2020, coronavirus disease (COVID-19) has been declared a pandemic by the World Health Organization, and most governments including Bangladesh have taken restrictive measures to contain its further spread affecting free movement of people and goods.

The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Company's activities, is hard to estimate at this stage. As such, these events, which occurred subsequent to the balance sheet date, together are material without requiring any adjustments in these financial statements.

While no material effects on the Company's financial position, results of operations and cash flows have yet been identified at the date of these financial statements, management will continue monitoring and evaluating them during the 2020 financial year.

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 2019.

Notes to the financial statements (continued)**36. Remittance made in foreign currency (FC)**

Currency	2019		2018	
	FC	Taka	FC	Taka
Dividend paid to Reckitt Benckiser Plc, UK (GBP)	2,273,986	246,954,834	1,684,169	181,688,199
Reckitt and Colman Overseas Ltd. (GBP)	604,494	68,307,850	537,097	63,646,050
Tower Watson India Private Limited (USD)	1,600	135,200	1,600	134,240
Total		315,397,884		245,468,489

37. Receipt in foreign currency (FC)

Currency	2019		2018	
	FC	Taka	FC	Taka
Reckitt Benckiser Corporate Services Ltd. System Support Service	24,304	2,028,654	18,865	1,582,180
Total	24,304	2,028,654	18,865	1,582,180

38. Production capacity

Line of business	Unit of measurement	Installed capacity for the year 2019	Production for the year 2019
Household & toiletries	Thousand Litre	31,623	11,224
Pharmaceuticals	Metric Ton	16,316	6,985
	Thousand Litre	661	607
Total	Thousand Litre	32,283	11,831
	Metric Ton	16,316	6,985

Notes to the financial statements as at and for the year ended 31 December 2019

39. 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 41(C).

40. Impact of restatement

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. During 2019, the Company discovered that certain trade spend incentives provided to the customer (or to other parties that purchase the entity's goods or services from the customer) were reported under head of operating expenses in the statement of profit or loss and other comprehensive income for the year of 2018. However, in light of IFRS 15, such incentives meet the criteria of consideration payable to customer which shall be accounted as a reduction of the transaction price and therefore, of revenue. As a consequence, revenue and operating expenses have been overstated in that year. However, the restatement of financial statements does not have any impact on profit and EPS of the company for the current and prior year. Also, there is no impact on the total operating, investing or financing cash flows for the year ended 31 December 2018.

The necessary adjustments have been made by restating each of the affected financial statement line items for prior year. The effect of restatement only caused the Company to change the comparative figures to the respective financial statement line items i.e. revenue and operating expenses.

The following tables summarise the impacts on the Company's financial statements.

i. Statement of financial position

The restatement did not cause any changes in the statement of financial position of the Company for the year of 2018.

ii. Statement of profit or loss and OCI

For the year ended 31 December 2018 <i>In Taka</i>	Impact of restatement		
	As previously reported	Adjustments	As restated
Revenue	3,893,024,596	(331,125,805)	3,561,898,791
Operating expenses	(1,611,421,261)	331,125,805	(1,280,295,456)
Profit	2,281,603,335	-	2,281,603,335

41. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 5).

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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Notes to the financial statements (continued)

41. Significant accounting policies (continued)

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.

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 an unfunded gratuity scheme. The Company's net obligation in respect of defined plans is calculated separately for each plan by estimating benefit that employees have earned in the current period, discounting that amount and deducting the fair value of any plan assets.

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.

Notes to the financial statements (continued)

41. Significant accounting policies (continued)

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 25% 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.

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.

Notes to the financial statements (continued)

41. Significant accounting policies (continued)

H. Property, plant and equipment (continued)

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.

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:

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 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.

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.

Notes to the financial statements (continued)

41. Significant accounting policies (continued)

J. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets (continued)

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.

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.

Notes to the financial statements (continued)

41. Significant accounting policies (continued)

J. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

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.

(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)

41. 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

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

i. Policy applicable from 1 January 2019

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.

This policy is applied to contracts entered into, on or after 1 January 2019.

(a) 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.

Notes to the financial statements (continued)

41. Significant accounting policies (continued)

M. Leases (continued)

i. Policy applicable from 1 January 2019 (continued)

(a) As a lessee (continued)

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.

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.

(b) 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.

ii. Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(a) As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Notes to the financial statements (continued)

41. Significant accounting policies (continued)

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 15.

P. 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.

Q. Reporting period

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

R. 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.

42. 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.

43. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- *Amendments to References to Conceptual Framework in IFRS Standards.*
- *Definition of a Business (Amendments to IFRS 3).*
- *Definition of Material (Amendments to IAS 1 and IAS 8).*
- *IFRS 17 Insurance Contracts.*

Reckitt Benckiser (Bangladesh) Limited

Declaration by CEO and CFO

Date: 30 April 2020

The Board of Directors
Reckitt Benckiser (Bangladesh) Limited
Gulshan-1, Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on 31 December 2019

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 10 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of Reckitt Benckiser (Bangladesh) Limited for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Reckitt Benckiser (Bangladesh) Limited
Declaration by CEO and CFO
continued

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief:
- a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Vishal Gupta

Vishal Gupta
Managing Director
Date: 30 April 2020

Sourav Mitra

Sourav Mitra
Chief Financial Officer (CFO)
Date: 30 April 2020

Report of the Audit Committee For the year ended 31 December 2019

Audit Committee of Reckitt Benckiser (Bangladesh) Limited, a sub-committee of the Board of Directors, supports the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good control monitoring system within the business.

Composition of the Audit Committee:

The Audit Committee, appointed by and responsible to the Board of Directors, comprises of 5 members and the Company Secretary as the Secretary of the Audit Committee, out of them, two members are independent Non Executive Directors and the Committee is chaired by one of two independent Non Executive Directors. Chief Financial Officer is also a member of the Audit Committee.

Role of the Audit Committee:

The Audit Committee's role flows directly from the Board and the Committee reports regularly to the Board on its activities. The Committee's main responsibilities consist of:

- Reviewing the annual, half-yearly and quarterly financial statements and other financial results, and upon its satisfaction of the review, recommend the same to the Board;
- Reviewing the adequacy and effectiveness of financial reporting process, internal control system, risk management, auditing matters, and the Company's processes for monitoring compliance with laws and regulations and the Codes of Conduct;
- Monitoring and reviewing the arrangements for ensuring the objectivity and effectiveness of the external and internal audit functions;
- Reviewing the effectiveness of internal audit function including performance, structure, adequacy of resources, and compliance with professional standards, regulatory and financial reporting requirements, examining audit findings and material weaknesses and monitoring implementation of audit action plans;
- Recommending to the Board the appointment, reappointment or removal of the external auditors;
- Performing other activities as and when requested by the board of directors.

Meetings and Attendance:

During the year of 2019, a total of 4 (Four) meetings were held. The attendance of the members at these meetings were as follows:

Name of Members	Category	Number of meetings held	Meetings attended	Remarks
Mr. C.Q.K. Mustaq Ahmed	Chairperson (Independent non-executive director)	4	4	
Mr. Vishal Gupta (Managing Director)	Member	4	4	
Mr. Nazim Uddin Chowdhury	(Independent non-executive director)	4	4	
Mr. Sourav Mitra	Member/ CFO	4	4	
Mr. Syed Tanzim Rezwani	Member	2	1	Joined on 15 April 2019 and leave granted and resigned on 29 October 2019
Ms. Afreen Huda	Member	1	1	Joined on 29 October 2019
Mr. Mohammad Nazmul Arefin (Secretary)	Secretary	4	4	

Report of the Audit Committee For the year ended 31 December 2019

continued

Major activities of the Audit Committee carried out during the year:

- Reviewed the quarterly, half yearly, and annual financial statements for the year ended 31 December 2019 along with receiving the statutory audit report and raising necessary questions on statutory auditors in case of doubts;
- Approved the internal audit plan for 2019, monitored progress and effected revisions when necessary;
- Discussed internal audit reports and findings in detail with members of the management and monitored the status of implementation of audit action plans and provided guidance to ensure timely completion of action plans;
- The committee reviewed the effectiveness of the internal financial controls, procedures and reviewed external audit report.
- Considered and made recommendation to the Board on the appointment and remuneration of external auditors;
- Review of financial and accounting matters as reported by the Chief Financial Officer on the financial performance and accounting treatment of the company;
- Reviewed and received report on the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC);
- Conducted a meeting with the statutory auditors for review of the annual financial statements;
- Reviewed the Management's Discussion and Analysis;
- Reviewed statement of all related party transactions submitted by the management;
- Reviewed Management Letters issued by statutory auditor;
- Reviewed current year audit fees based on scope and magnitude, level of expertise deployed, and time required for effective audit and evaluate the performance of external auditors.

There are no significant breaches of control which came to the notice of the audit committee while reviewed. Therefore, the committee is of the opinion that adequate controls and procedures are in place to provide reasonable assurance that the company's assets are safeguarded and that the financial position of the company is adequately managed.

On behalf of the Audit Committee



C.Q.K. Mustaq Ahmed
Chairperson
Audit Committee

Dated: 30 April 2020

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC) OF RECKITT BENCKISER (BANGLADESH) LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2019

As a sub-committee of the Board, the responsibility of Nomination and Remuneration Committee (NRC) is to assist the Board of the company in formulation of the nomination and remuneration policy and criteria of director (executive/non-Executive/independent) and top-level executives of the company. The board has adopted a nomination and remuneration criteria and policy of NRC during the year 2019.

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE (NRC):

The Board of Director established a "Nomination and Remuneration Committee (NRC)" as a sub-committee of the Board on 27th December 2018, which is in line with Bangladesh Securities and Exchange Commission notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.

Nomination and Remuneration Committee (NRC) comprises with the following three members with effect from 15 April 2019 are:

- | | | |
|----|---------------------------|---------------|
| 1. | Mr. C.Q.K. Mustaq Ahmed | - Chairperson |
| 2. | Mr. Rahul Mathur | - Member |
| 3. | Mr. Pradeep Krishnamurthi | - Member |

The Nomination and Remuneration Committee (NRC) co-opted Ms. Afreen Huda, Head of Human Resource of the company as non-voting member of NRC on 29th May to take necessary assistance from Ms. Afreen Huda, Head of Human Resources of the company for fulfilling the role and responsibility of the NRC.

MEETING AND ATTENDANCE OF NOMINATION AND REMUNERATION COMMITTEE (NRC):

Nomination and Remuneration committee meeting and attendance during the year ended 31st December 2019.

SL	Name of Directors	Number of meetings held whilst a member	Meetings attended
1	Mr. C.Q.K. Mustaq Ahmed	1	1
2	Mr. Rahul Mathur	1	1
3	Mr. Pradeep Krishnamurthi	1	1
4	Mr. Mohammad Nazmul Arefin (Secretary)	1	1
5	Ms. Afreen Huda (Non-Voting member)	1	1

TERMS OF REFERENCE/ROLE OF NOMINATION AND REMUNERATION COMMITTEE (NRC):

- **NRC shall be independent and responsible or accountable to the Board and to the Shareholders;**
- **NRC shall oversee, among others, the following matters and make report with recommendation to the Board:**
 - formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the Company successfully;
 - the relationship of remuneration to performance is clear and meets appropriate performance bench marks; and
 - remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE (continued)

- devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- formulating the criteria for evaluation of performance of independent directors and the Board; and
- identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and developing, recommending and reviewing annually the Company's human resources and training policies;

ACTIVITIES OF THE NRC FOR THE YEAR ENDED 31ST DECEMBER 2019:

- The committee adopted the Policy which was approved by the Board of Directors of the Company on 27th December 2018.
- The committee recommend a Code of Conduct for the Chairperson of the Board, other Board members and Chief Executive Officer for the approval of the Board of directors of the company."
- The committee recommend the nomination criterion and process of considering remuneration of Directors and top-level executives of the Company.
- The committee recommend the process and criteria of appointment of Directors and top-level executives of the company. The committee reviewed and endorsed the appointment of existing directors and top-level executives of the company who was appointed on or before establishing the NRC.
- The committee evaluated the performance of Independent Directors and the Board of the company so as to ensure proper discharge of responsibility by the Board of Directors in the best interest of the company.
- The committee identified the needs of the company for employment at different levels and making evaluation the performance and review of the Human resources and training policies of the company. The committee reviewed all required documents including a) detail organogram; b) existing published Human resource policies (with effect from May 2015); c) Job description of the leadership positions of the company. The committee also reviewed the selection, transfer or replacement and promotion criteria of all existing employees of the company. All the criteria and process are in line with the guideline of RB Plc.
- The committee reviewed the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management. The committee also reviewed the size and composition of the Top-level executives as per the requirement of the business volume of the company. The committee ensured that the Board and top-level executives are structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.
- The committee reviewed the recruitment and removal of executive and independent directors and the top-level executives of the company as per the criteria set by RB Plc. in determining qualifications for key management positions and recommend candidates upon evaluating them against the RB Leadership characteristics and values. The committee procured the company's Job description and assess the proposed candidates to ensure that the right candidate is being appointed for the right position in line with RB Plc.'s Talent Acquisition framework of Qualification, Experience, Agility, and Culture.

On behalf of the NRC committee



C.Q.K. Mustaq Ahmed
Chairperson of NRC

Dated : 30 April 2020

Report to the Shareholders of Reckitt Benckiser (Bangladesh) Limited on Compliance on the Corporate Governance Code

[Certificate as per condition No. 1(5) (xxvii) of BSEC Corporate Governance Code]

We have examined the compliance status to the Corporate Governance Code by Reckitt Benckiser (Bangladesh) Limited for the year ended on December 31, 2019. This Code relates to the Notification No. BSEC/CMR-RCD/2006-158/207/Admin/80 dated June 3, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

Date: April 23, 2020
Place: Dhaka, Bangladesh



A handwritten signature in black ink, appearing to be "Rahman Anis & Co." written in a stylized cursive script.

Rahman Anis & Co.
Chartered Accountants

Status of compliance of Securities and Exchange Commission (Continued)

Annexure-C

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission:

Status of compliance for the year ended 31st December 2019 with conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is presented below:

(Report under Condition No. 9.00)

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	Board of Directors			
1. (1)	Board's Size The number of Board Directors should not be less than 5 (five) and more than 20 (twenty).	✓		9 (Nine) Board members including 2 (two) Independent Directors
1. (2)	Independent Directors			
(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		There are two independent directors in the Board
(b)	Purpose of Clause "Independent Director":			
(b) (i)	Who either does not hold any share or holds less than 1% shares to the total paid-up shares of the company;	✓		
(b) (ii)	Who is not a sponsor of the company and is not connected with the companies any sponsor or director or nominee director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding Entities who holds one percent (1%) or more share of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.	✓		
(b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years.	✓		
(b) (iv)	Who does not have any other relationship whether pecuniary or otherwise, with the company or its subsidiary/ associated companies.	✓		
(b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange.	✓		
(b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market.	✓		
(b) (vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code.	✓		
(b) (viii)	Who shall not be an independent director in more than 5 (five) listed companies.	✓		
(b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI).	✓		
(b) (x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
(d)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days.	✓		
(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.(3)	Qualification of Independent Director (ID)			
(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
(b)	Independent director shall have following qualifications:			
(b) i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
(b) ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓		
(b) iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	✓		
(b) iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
(b) v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
(d)	In special cases the above qualifications may be relaxed subject to prior approval of the	None		

Status of compliance of Securities and Exchange Commission (Continued)

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	Commission.			
1.(4)	Chairperson of the Board and Chief Executive Officer			
(a)	The positions of the Chairman of the Board and the Managing Director (MD) and/or the Chief Executive Officer of the companies shall be filled by different individuals.	✓		
(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.(5)	The Directors' Report to Shareholders			
(i)	Industry outlook and possible future development in the industry.	✓		
(ii)	Segment-wise or product-wise performance.	✓		
(iii)	Risks and concerns.	✓		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	None		
(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.			Explanation given in notes no. 28 of the Financial Statements
(vii)	Utilization of proceeds from public issues, rights issues and / or through any other instruments.	N/A		
(viii)	An explanation if the financial result deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A		
(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	None		
(x)	Remuneration to directors including independent directors.	None		No remuneration are to be paid to its non-whole time Directors
(xi)	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.	✓		
(xii)	Proper books of account of the issuer company have been maintained.	✓		
(xiii)	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.	✓		
(xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	✓		
(xvii)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	None		
(xviii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
(xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		Dividend has been recommended for the year ended 31 December 2019
(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	N/A		No bonus share or stock dividend has been declared as interim dividend during the year 2019
(xxii)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
(xxiii)	The pattern of shareholdings and name wise details disclosing the aggregate number of shares:			
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	✓		
(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details).	✓		
(xxi) c)	Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit).	✓		
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
(xxiv)	Appointment/Reappointment of Directors:			
(xxiv) a)	A brief resume of the director.	✓		
(xxiv) b)	Nature of his/her expertise in specific functional areas.	✓		
(xxiv) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	✓		
(xxv) a)	accounting policies and estimation for preparation of financial statements;	✓		

Status of compliance of Securities and Exchange Commission (Continued)

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(xxv) b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
(xxv) c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
(xxv) d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
(xxv) e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
(xxv) f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
(xxv) g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		
(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1.(6)	Meetings of the Board of Directors The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1.(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:			
(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
2.	Governance of Board of Directors of Subsidiary Company			
(a)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A		
(b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A		
(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	N/A		
(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	N/A		
(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A		
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):			
(1)	Appointment:			
(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	N/A		
(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	None		
(2)	Requirement to attend Board of Directors' Meetings: The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		
(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4.	Board of Directors' Committee: For ensuring good governance in the company, the Board shall have at least following subcommittees: (i) Audit Committee; and (ii) Nomination and Remuneration Committee.	✓		
5	Audit Committee			
(1)	Responsibility to the Board of Directors			
(a)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
(2)	Constitution of the Audit Committee			
(a)	The Audit Committee shall be composed of at least 3 (three) members.	✓		

Status of compliance of Securities and Exchange Commission (Continued)

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	None		
(e)	The company secretary shall act as the secretary of the Committee.	✓		
(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
(3)	Chairman of the Audit Committee			
(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
(c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
(4)	Meeting of the Audit Committee			
(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
(5)	Role of Audit Committee			
(a)	Oversee the financial reporting process.	✓		
(b)	Monitor choice of accounting policies and principles.	✓		
(c)	Monitor Internal Control Risk management process.	✓		
(d)	Oversee hiring and performance of external auditors	✓		
(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
(f)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
(h)	Review the adequacy of internal audit function.	✓		
(i)	review the Management’s Discussion and Analysis before disclosing in the Annual Report;	✓		
(j)	Review statement of significant related party transactions submitted by the management.	✓		
(k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	N/A		
(6)	Reporting of the Audit Committee			
(a)	Reporting to the Board of Directors			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
(ii) (a)	Report on conflicts of interests.	None		
(ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	None		
(ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations.	None		
(ii) (d)	Any other matter which shall be disclosed to the Board of Directors immediately.	None		
(b)	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	None		
(7)	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6.	Nomination and Remuneration Committee (NRC)			
(1)	Responsibility to the Board of Directors			
(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee	✓		

Status of compliance of Securities and Exchange Commission (Continued)

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	of the Board;			
(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).	✓		
(2)	Constitution of the NRC			
(a)	The Committee shall comprise of at least three members including an independent director;	✓		
(b)	All members of the Committee shall be non-executive directors;	✓		
(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓		
(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	✓		
(g)	The company secretary shall act as the secretary of the Committee;	✓		
(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
(3)	Chairperson of the NRC			
(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	✓		
(4)	Meeting of the NRC			
(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
(5)	Role of the NRC			
(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7.	External /Statutory Auditors			
(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
(i)	Appraisal or valuation services or fairness opinions.	✓		
(ii)	Financial information systems design and implementation.	✓		
(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
(iv)	Broker-dealer services.	✓		
(v)	Actuarial services.	✓		
(vi)	Internal audit services.	✓		
(vii)	Any other service that the Audit Committee determines.	✓		
(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
(ix)	any other service that creates conflict of interest.	✓		

Status of compliance of Securities and Exchange Commission

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8.	Maintaining a website by the Company.-			
(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
(2)	The company shall keep the website functional from the date of listing.	✓		
(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	Reporting and Compliance of Corporate Governance			
(1)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
(3)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

For and on behalf of the Board of Directors

Dated: Dhaka, April 23, 2020



C.Q.K. Mustaq Ahmed
Independent Director

Attendance At Board Meetings During The Year Ended 31 December 2019

S/L	Name of Directors	Number of meetings held whilst a board member	Meetings attended	Remarks
1	Mr. Anupam Jain (Ex-Chairperson)	1	1	Ms. Afreen Huda attended 1 meeting of the Board as alternate Director of Mr. Anupam Jain & resigned on 15 April 2019
2	Mr. Rahul Mathur (Chairperson)	5	4	Joined on 15 April 2019 and Ms. Afreen Huda attended 3 meeting of the Board as alternate Director of Mr. Rahul Mathur and leave granted
3	Mr. Vishal Gupta	6	6	
4	Mr. Parag Agarwal	1		Leave granted and resigned from the Board on 15 April 2019
5	Mr. Sourav Mitra	6	6	
6	Mr. Salahuddin Mahmud	6	5	Leave granted
7	Mrs. Mahmuda Khanam	6		Leave granted for 4 meeting of the Board and absent 2 meeting of the Board
8	Mr. Syed Tanzim Rezwan	5	4	Leave granted and resigned on 29 October 2019
9	Mr. C.Q.K. Mustaq Ahmed (Independent Director)	6	6	
10	Mr. Nazimuddin Chowdhury (Independent Director)	6	6	
11	Mr. Pradeep Krishnamurthi	5	4	Joined on 15 April 2019 and Mr. Bishwajit Kumar Das attended 3 meeting of the Board as alternate Director of Mr. Pradeep Krishnamurthi and leave granted
12	Ms. Afreen Huda	1	1	Joined on 29 October 2019

Pattern Of Shareholding As At 31 December 2019

Shareholders' Category	No. of Shareholders	No. of Shares held
a) Parent / Subsidiary / Associated Companies and other related parties Reckitt Benckiser PLC, United Kingdom - Parent Company	1	3,919,918
b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children	Nil	Nil
c) Top five Executives	Nil	Nil
d) Shareholders holding 10% or more voting interest Reckitt Benckiser PLC, United Kingdom	1	3,919,918

RECKITT BENCKISER (BANGLADESH) LIMITED

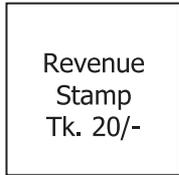
Registered Office: 58/59 Nasirabad Industrial Area, Chittagong - 4209
Corporate Office: House-2(B), Block-SE(C), Road-138, Gulshan-1, Dhaka-1212

PROXY FORM

I/we, the undersigned being a Member of the above named Company appoint Mr./Mrs./Miss _____ of _____ (Folio no./BO ID no. _____) as my / our proxy to vote and act for me/us, and on my/our behalf, at the 59th Annual General Meeting of the Company to be held using Digital Platform (in pursuance with BSEC Order SEC/SRMIC/04-231/932 dated 24 March 2020) on Sunday, 26th July, 2020 at 11.30 a.m. and at any adjournment thereof.

Dated this _____ day of _____ 2020.

Signature of the Proxy



Signature of the Shareholder (s)

Signature of the Witness

Name of the Shareholder (s)

Folio no. /BO ID no. _____

Note:

According to the Articles of Association of the Company, Proxy can only be given to a person who is a Member (shareholder) of the Company, The Proxy Form, duly stamped, must reach the Registered Office / Corporate Office of the Company not less than 72 hours before the time fixed for the meeting.

However, based on the pandemic scenario and reference to the BSEC order SEC/SRMIC/04-231/932 dated 24 March 2020 and as guidance by the BSEC , would request to send the scan copy of fully completed proxy form to the email addresses: Nazmul.Arefin@rb.com; anisur.rahman2@rb.com.

RECKITT BENCKISER (BANGLADESH) LIMITED

Registered Office: 58/59 Nasirabad Industrial Area, Chittagong - 4209
Corporate Office: House-2(B), Block-SE(C), Road-138, Gulshan-1, Dhaka-1212

ATTENDANCE SLIP

“Not applicable, as AGM will conduct through digital platform”



HEALTH



Good health is the key to happiness

Reckitt Benckiser Health brands provide trusted, innovative solutions that help people live healthier, more fulfilling lives.



HYGIENE HOME



Hygiene is the foundation of healthy living while home is the center of family life

Reckitt Benckiser Hygiene Home brands promote home hygiene to create a safe haven for you and your family.

COMPANY OFFICES

REGISTERED OFFICE

58/59 Nasirabad Industrial Area
Chittagong – 4209
Bangladesh

CORPORATE OFFICE

House – 2(B), Block – SE(C)
Road – 138, Gulshan – 1
Dhaka – 1212

FACTORY

58/59 Nasirabad Industrial Area
Chittagong – 4209
Bangladesh

DHAKA DEPOT

R.S Plot No-415 & 455, Moza-Khadun,
Tarabo Poursava, Ward No. 5,
Rupgonj, Rupshi-1460, Narayanganj

CHITTAGONG DEPOT

Ruby Gate, 1123 Nasirabad Industrial
Area, P.s-Baizid, Dis.
Chittagong

SALES OFFICE, KHULNA

Plot No: 30,
Mujgunni Main Road
Sonadanga, Khulna

SALES OFFICE, BOGRA

House No.17, Nishindara
Upashahar Housing State
Main Road, Bogra

SALES OFFICE, BARISHAL

803, Rosarium
West College Avenue
C&B Road, Word 21,
Barisal

SALES OFFICE, RAJSHAHI

House No.483
Block B, Sector 1
Upashahar Housing Estate
Rajshahi

SALES OFFICE, COMILLA

Shaplin, House No - 6,
Block - K, Section - 1,
Housing Estate, Comilla

SALES OFFICE, SYLHET

House No -77, Nobarrun R/A
Sonarpara, Shibgonj
Sylhet

SALES OFFICE, NARAYANGONJ

Lutfu Tower (9th Floor)
Chasharamore,
Narayanganj

SALES OFFICE, GAZIPUR

House No. 126/2,
Lalmatia, Uttar Sayabithy
Joydevpur, Gazipur

Reckitt Benckiser (Bangladesh) Limited

Registered office : 58/59 Nasirabad Industrial Area, Chittagong-4209, Bangladesh

Corporate Office : Plot-2(B), Block-SE(C), Road-138, Gulshan-1, Dhaka-1212, Bangladesh

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