



Reckitt Benckiser (Bangladesh) Limited
Annual Report and Financial Statements 2020

BUILDING SHARED SUCCESS



OUR KEY BRANDS



WELCOME

OUR PURPOSE

We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

OUR FIGHT

We have a fight on our hands. A fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege.



About our new logo

Reckitt branding reflects the purpose, fight, compass and behaviors of the company. It symbolizes the energy and can-do spirit of our people and the positive impact that they create on the world.

Designed to be accessible, active and authentic; Reckitt is inspired by our purpose-led brands, and our efforts for a healthier planet and a fairer society.

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2020 AT A GLANCE

Revenue Growth

29.27%

Revenue

Tk 533.38Cr

Gross Profit Ratio

56.55%

Earnings Per Share

Tk 156.38

Dividend Per Share

Tk 140.00

P/E Ratio

x25.88

Net Asset Value
Per Share

Tk 170.95

Net Operating Cash Flow
Per Share

Tk 290.57

Debt Equity Ratio

x3.02

Contribution to National
Exchequer (Excluding Duty
Payment to Government)

Tk 79.14Cr

Contribution to WPPF

Tk 5.38Cr

Return on Capital
Employees

x0.97

CORPORATE PROFILE

BOARD OF DIRECTORS

Rahul Mathur	Chairperson
Vishal Gupta	Managing Director
C.Q.K. Mustaq Ahmed	Independent Director
Nazimuddin Chowdhury	Independent Director
Pradeep Krishnamurthi	
Sourav Mitra	
Afreen Huda	
Md. Golam Yahia	

CHIEF FINANCIAL OFFICER

Sourav Mitra

COMPANY SECRETARY

Mohammad Nazmul Arefin

AUDIT COMMITTEE

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

NRC COMMITTEE

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

SHARE COMMITTEE

Vishal Gupta	Chairperson
Sourav Mitra	Member
Mohammad Nazmul Arefin	Secretary

AUDITORS

Rahman Rahman Huq
(Chartered Accountants)

BANKERS

Standard Chartered Bank
The Hongkong & Shanghai Banking Corporation Ltd.



CHAIRPERSON'S STATEMENT

2020 was a challenging year for all of us but together we've been able to overcome these challenges and not only managed continuity of business but also achieved significant growth (29.27% topline growth).

Dear Shareholders,

It gives me great pleasure to welcome you all to the 60th Annual General Meeting of your Company. I would like to thank the Board of Directors for electing me as the Chairperson.

We are all currently going through one of the most challenging times in the history of mankind. Many of us have lost our near and dear ones and many more are still struggling to stay alive. This pandemic has created 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.

I want to take this opportunity to thank all our employees and partners who have put their personal safety at risk to ensure our supply chains were open and consumers are not deprived of the most needed hygiene products during this pandemic.

All of us in Reckitt are united in one passionate purpose i.e. to continuously pursue a cleaner and healthier world for everyone and this pursuit of ours, is most relevant today. In order to achieve this purpose of ours we will fearlessly innovate across our Hygiene, Health and Nutrition business.

The market and competitive environment

The year 2020 was defined by the coronavirus pandemic and associated havoc across the world.

In this environment, our personal hygiene and home cleaning products were in high demand. However, this also attracted a lot of competition in these categories but despite all that we're very pleased to share that our consumers have continued to stand with us amidst all the challenges. 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, due to high demand of personal hygiene and home cleaning products your Company achieved 29.27% growth in sales, with a turnover of Tk. 5,334 Million. This growth was driven by brands across the portfolio. In addition, the company was also able to expand its gross profit margin by 207 bps vs previous year.

Dividend

The Board is pleased to recommend a final cash dividend of Tk. 140/= per share (1400%) amounting to Tk. 661.50 million for the year 2020.

Future outlook

We believe that the Coronavirus pandemic will continue to have an impact on our lives at least for some time in the future. In the short to medium term, we can see quite a few challenges on supply chain disruptions, volatility of international trade, hike in production cost due to additional investments towards virus safe environments at work, general economic downturn across the world and Bangladesh impacting consumer confidence and affecting consumption patterns etc. However we will continue to strive towards our purpose to achieve a cleaner and healthier world for everyone through innovations and make access to health and hygiene information and products as widely available as possible.

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





MANAGING DIRECTOR'S STATEMENT

We delivered highest ever revenue performance of Tk. 533.38 crore.

Dear Shareholders,

From the very beginning of the year, 2020 showed us a very different picture than the many preceding years. We have seen a pandemic for the first time in our lifetime, which presented our economy, our industry and people of the world with a difficult path ahead. In this situation our company, with the history in health and hygiene tried to provide practical solutions to its consumers and other stakeholders.

Our Product Portfolio

This year have seen 29.27% of growth in revenue than previous year to Tk. 533.38 crore. We are committed to providing quality products to our loyal consumers. Our trusted product brands by the consumers, however, have seen a slightly different pattern. Our health products such as "Dettol" was vigorously demanded by the market during the Covid-19 pandemic. Our soap became the highest demanded product in our portfolio with the highest ever market share.

Contingency planning in 2020 and onward

Around the end of the first quarter of the year, Government initiated lockdown to lessen the effect of the Covid-19 pandemic. Market and the economy dramatically changed within a very short duration. We immediately decided to go for alternate ways to continue our business while being in compliance with the relevant regulations. We had to keep our employees' safety and health at the top of our mind. In relation to this, health and safety protocols were introduced in all functions. We encouraged online meeting for maintaining momentum of work at home. As the pandemic is continuing and many new risk factors are emerging, and we have become accustomed to the slightly difficult way of working, i.e. working without going to office, we are recurrently developing our business continuity plan.

Highest Quality Hygiene

During 2020, we have adapted and evolved our management and ways of working to meet the challenges of COVID-19. We have continued to ensure that positive and high energy is maintained to deliver planned safety and quality products. Our vision is to "fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege".

Our People

Our People are one of our key resources to achieve our goals. At the very start of the pandemic your company took steps to establish work-place safety protocol with regard to individual health. Your company also prompted to insure for health for all its indirect employees. Mental health well-being also came into consideration when employees have started 'work-from-home'. Even in this situation employees were motivated and delivered results and your company continued to reach its targets.

Income Tax and VAT

During 2020 our income tax expense on profit before tax stood at Tk. 34 crore, which is 30.22% higher than previous year. Further during 2020 Reckitt had submitted BDT 48 crore of VAT to the exchequer.

Reporting 2020

We have presented this Annual Report with integrated approach which introduced sustainability reporting, risk management reporting and additional disclosures for corporate governance for engaging with our stakeholders to a greater extent. Sustainability reporting includes our environmental initiative for the year 2020 and integrated reporting. We have compared the integrated reporting (IR) framework with our own business model and reported on the six main capitals of the IR as part of our detailed value creation process. This report along with our audited financial statements for the year 2020 is available in our website at <https://www.reckitt.com/about-us/rb-bangladesh/>.

Appreciation

I would like to sincerely thank our shareholders for trusting us and having confidence in our work. I appreciate my fellow Board members during a very demanding year for their diligence and support and focus on our work throughout the year. I also thank the Reckitt management team for the timeliness, quality, and rigor of their reporting. Finally, we are very thankful to our loyal consumers who have indebted us with their trust, and in response we strive to provide trustworthy products.



Vishal Gupta

Managing Director



59th Annual General Meeting

59th Annual General Meeting
Reckitt Benckiser (Bangladesh) Ltd.
 29th July 2020

৫৯তম বার্ষিক সাধারণ সভা
রেকিট বেনকিসার (বাংলাদেশ) লিমিটেড
 ২৯ জুলাই, ২০২০

Agenda - 1
 To confirm the minutes of the 58th Annual General Meeting held on 30th July 2019.
 ৫৮ তম বার্ষিক সাধারণ সভার মিনিটস নিশ্চিত করা হবে।

Agenda - 2
 To receive and adopt the Audited Financial Statements as on and for the year ended 31 December 2019 together with the Auditor's Report thereon.
 ২০১৯-২০ অর্থবছরের পরিষ্কৃত আর্থিক বিবরণীসহ ৩১ ডিসেম্বর ২০১৯ পর্যন্ত বছরটির পরিষ্কৃত আর্থিক বিবরণীসহ পরিষ্কৃত বিবরণী গ্রহণ করা হবে।

Agenda/Comments

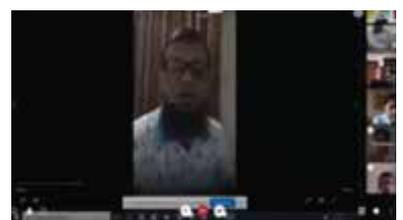
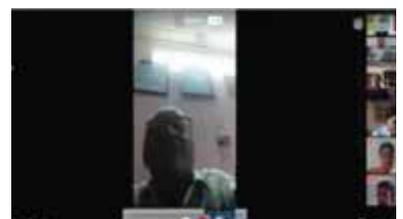
View Information

Total Shareholders: 79
Total Shares: 4095333

Click here to Vote **VOTE HERE**

Click "Start" to record and send your question **Start**

Virtual Shareholder Meeting through Digital Platform. Powered by CamSight Technologies.



Our Purpose: we exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

Our Fight: we have a fight on our hands. A fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege.



Reckitt Benckiser (Bangladesh) Limited

Corporate Office: The Glass House, 9th & 10th Floors, Plot-2, Block- SE (B), 38 Gulshan Avenue, Dhaka-1212

Registered Office: 58/59, Nasirabad I/A, Chittagong-4209

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **60th Annual General Meeting** of Reckitt Benckiser (Bangladesh) Limited will be held using **Digital Platform** (in pursuance with BSEC Order SEC/SRMIC/94-231/25, and SEC/SR-MIC/94-231/91 dated 08 July 2020 and 31 March 2021 respectively) on Tuesday, 22nd June, 2021 at 11.30 a.m. to transact the following business:

AGENDA

1. To confirm the Minutes of the 59th Annual General Meeting held on 26th July 2020.
2. To receive and adopt the Audited Financial Statements as on and for the year ended 31 December 2020 together with the Auditors' and Directors' Report thereon.
3. To approve Dividend as recommended by the Board.
4. To elect Directors.
5. To re-appointment/extension of term of office of Managing Director for further period of Five Years.
6. To appoint Auditors for the year 2021 and to fix their remuneration.
7. To appoint Compliance Auditor for the year 2021 and to fix their remuneration.
8. To adopt following resolution as special resolution:

"RESOLVED THAT the name of the company be and is hereby changed to "Reckitt Benckiser (Bangladesh) PLC." from "Reckitt Benckiser (Bangladesh) Limited as per provision of the Companies (2nd Amendment) Act, 2020."

"FURTHER RESOLVED THAT the old name of the company will be replaced by the new name in all the statutory/title documents, licenses and other relevant documents for which no further approval from shareholders or directors will be required."

By order of the Board

Mohammad Nazmul Arefin
Company Secretary

Dhaka, Dated: 1st June 2021

Notes:

1. 27th May 2021 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 course. The entire log in process along with link will be also available in Company's website <https://www.reckitt.com/about-us/rb-bangladesh/> on due time. The Members will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. Members can start log into the specific link from 11.30 a.m. on 21st June 2021.
3. For any IT related guidance in this regard Members may contact vide email: anisur.rahman2@rb.com; Mosfiqul.Hassan@rb.com.
4. Pursuant to BSEC Order no. SEC/SRMIC/94-231/25, and SEC/SRMIC/94-231/91 dated 08 July 2020 and 31 March 2021 respectively , soft copy of the annual report 2020 will be sent to members through 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

WHO WE ARE

Our Business Model

WHY WE DO IT

Our purpose

We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

Today, our brands like Dettol, Lizol, Harpic, Veet, Mr. Brasso and Trix among others, fight at the frontlines to give our consumers a better life. Why we exist - our purpose, our soul - is clear.

Each word matters. They speak to our portfolio and the categories in which we play. Relentless pursuit captures Reckitt's entrepreneurial and can-do spirit, all in service of creating a cleaner, healthier world.

Our fight

Making access to the highest quality hygiene, wellness and nourishment a right, not a privilege.

HOW WE DO IT

Our key resources

Our people and culture

We employ outstanding people who work in a unique culture that harnesses their passion and allows them to make a real difference.

Our key brands

We have a portfolio of leading brands and other offer faster growth.

Our knowledge and skills

We have deep consumer understanding, quality and innovation capabilities and an agile organization, which gets products to markets fast.

Our stakeholders

We develop strong, trusted relationships with our customers, consumers, suppliers and communities. We access and develop networks and partnerships that extend our impact.

Our infrastructure

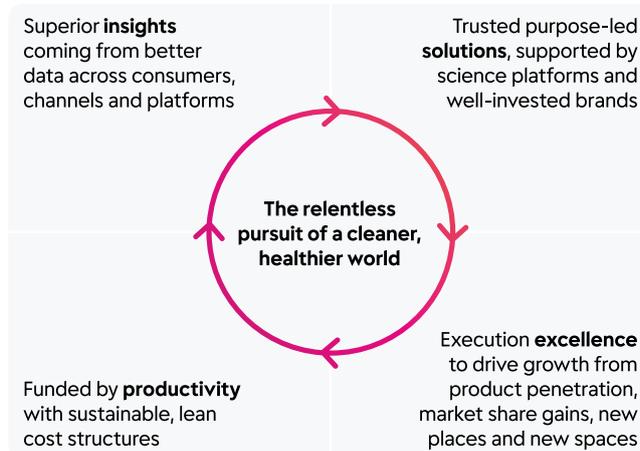
Our business is underpinned by strong manufacturing sites, centres of excellence and logistics center.

Our financial strength

Shareholders' equity, debt and retained profit give us the financial resources to implement our strategy.

A virtuous circle of growth

Overarching our core business model, we seek to **deliver continuous productivity improvements**, allowing for **further investment in the business** – to our brands, capabilities and growth opportunities. In doing so, Reckitt creates a **virtuous circle of growth**.



The value we create

Consumers

Consumers receive innovative, safe and high-quality products, which help them live cleaner, healthier lives.

Customers

Bricks and mortar and e-commerce customers gain from selling our leading brands, growing our categories and driving customer value in relevant channels.

Investors

Investors benefit from strong operational and financial performance, resulting in attractive returns via dividends and long-term share price appreciation.

People

Reckitt provides exciting and challenging careers, with excellent rewards for outstanding performance.

Communities

Our products and social programmes lead to improved health and hygiene standards.

Environment

We recognise the impact we have on the environment we share with others. We are working to reduce our impact by reducing our greenhouse gas emissions, contributing to reducing global warming and climate change.

Our leadership behaviours

In order to deliver on our ambitions around purpose and our business strategy, we need our culture and our people to be operating at their peak. In many ways, our culture today is the shadow we cast as leaders. To evolve that culture and achieve sustainable outperformance, leadership is a key lever to pull. Our leadership behaviours set out how we expect each of our leaders to behave and define what good leadership looks like and how we will evaluate our leaders going forward. Reckitt leaders OWN, CREATE, DELIVER and CARE.

Own

- Live our purpose, fight and compass
- Know our business cold
- Make decisions

Care

- Actively listen, learn and include
- Speak direct with respect
- Act to unleash potential

Create

- Spot opportunities
- Innovate, iterate and scale
- Relentlessly build better

Deliver

- Focus on what matters
- Move boldly and at pace
- Join forces to win bigger

Our compass

Our compass sets out the new values and behaviours for our business. At its heart is the goal of always doing the right thing with clear principles around putting consumers and people first, seeking out new opportunities, striving for excellence and building a culture of shared success. Our compass will guide us to sustainable growth in the future.



Reckitt's strategic priorities

- Rejuvenate Reckitt to deliver shareholder value
- Restore organic top line growth
- Achieve sustainable increased medium-term earnings growth
- Maintain disciplined capital allocation

Who we are continued

Culture and values

Our culture and values define the way that Reckitt does business. Our Code of Conduct reinforces our principles of business conduct and is communicated to all employees each year with mandatory training. Our values underpin our Code of Conduct and were further enhanced in early 2020 with our renewed purpose, fight and compass. Our Code of Conduct sets out the level of conduct expected from all Reckitt employees, contractors, outsourced personnel and joint ventures and the Board of Directors, as accountable, ethical and compliant owners of our business unit. Below is described our top policies on Code of Conduct.

Our policies

Anti-bribery and corruption

Our policy is that our Company, employees and contractors must comply with the anti-bribery, anti-corruption and competition laws. Directors and managers must ensure that the employees and contractors they supervise are aware of and comply with this policy. All employees and contractors must certify annually that they have complied with our Code of Conduct and the internal control team reviews internal audit findings in relation to this.

Employee policies

Reckitt's Code of Conduct governs standards of conduct in relation to our employees, as well as our stakeholders. In addition, Reckitt has policies committing to equal opportunities at work and to providing a safe and healthy working environment. Health and safety performance is monitored, enabling us to investigate any incidents and take any necessary action. We have a Speak Up policy and process, allowing any employee or third party to confidentially report a violation of the Code of Conduct, local law or regulation, or unethical behaviour.

Human rights

Our Human Rights and Responsible Business Policy is based on Labor Law and with group guidelines of Multi-national Enterprises.

Product safety policy

The purpose of this policy is to assure our stakeholders of the safety of our products by describing our approach to Safety Assurance for products of Reckitt. We have a responsibility to develop products that are as safe and nourishing as they can be; to monitor their in-use safety and listen to feedback from users, and if things change, to react quickly and effectively to mitigate harm.

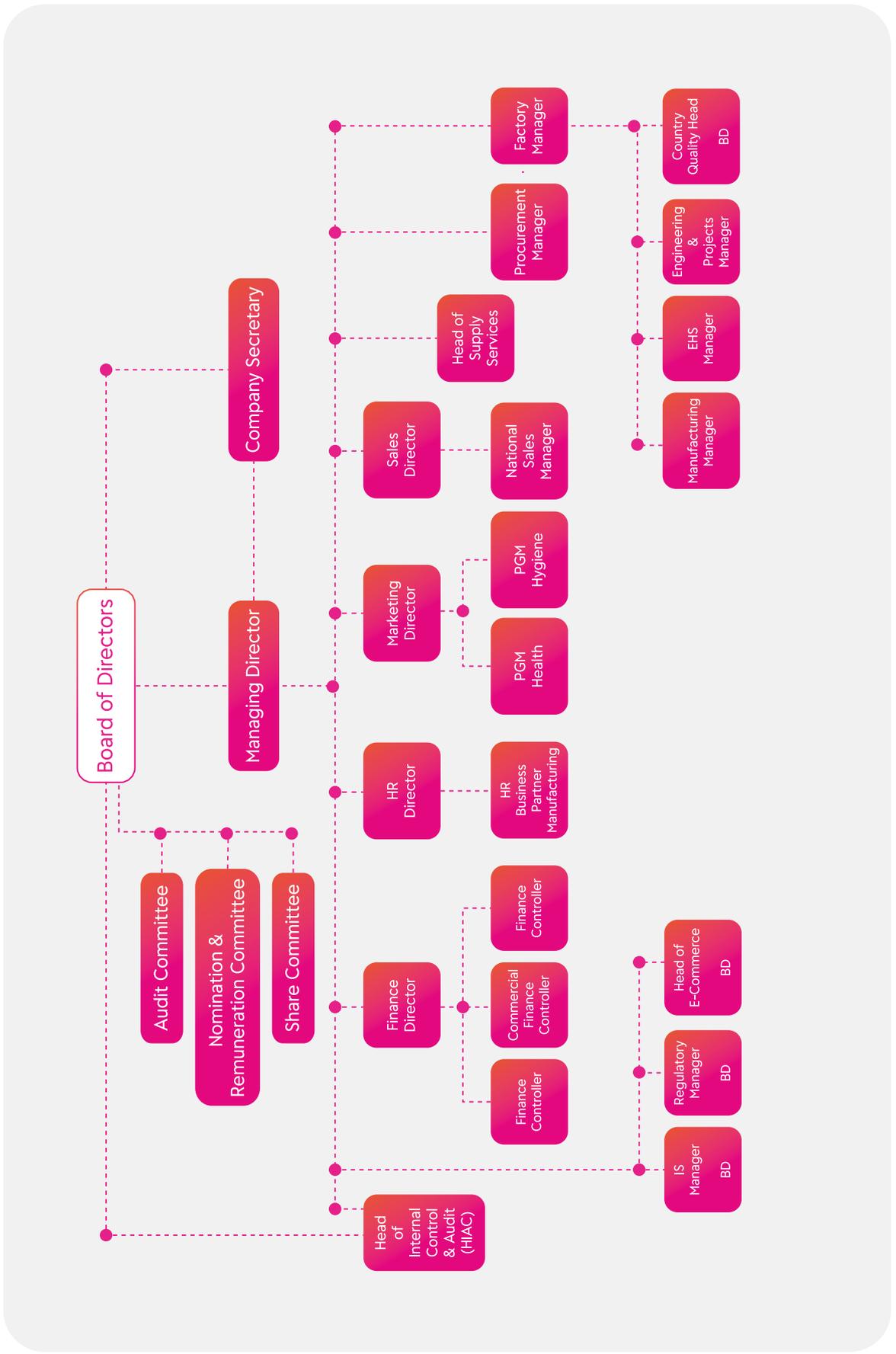
Responsible sourcing policy

This commits us to ensuring that natural raw materials in our products are produced in a manner that meets or goes beyond applicable laws and regulations, respects human rights, safeguards health and safety, protects the environment and generally supports sustainable development.

Environmental policy

This sets out our objectives for reducing our environmental impacts. It requires us to comply with relevant legislation, consider environmental issues in key decisions, and engage with multiple stakeholders for better environmental performance.

RECKITT BENCKISER (BANGLADESH) LIMITED ORGANIZATIONAL CHART



INDUSTRY ANALYSIS

	CURRENT SCENARIO	OUR ROLE
<p>1. Political</p> <p>A stable environment in the economy encourages growth. On top of this, this industry is strictly regulated by the Government authorities.</p>	<p>Due to Covid-19 pandemic strict lockdown had been issued by Government. This resulted in hindrance of multiple business processes.</p>	<p>We immediately came up with contingency plans for efficient running of the business processes. Being a part of this industry, we intended to exploit this situation of pandemic, promoting health and hygiene.</p>
<p>2. Economic</p> <p>Economic factors have a direct or indirect impact on a company. These factors include economic growth, exchange rates, inflation rates, interest rates, disposable income of consumers and unemployment rates.</p>	<p>During 2020 our country's economy took a hit. Our GDP went down by 3% (source : ADB) than the previous year, unemployment rate increased. On the other hand, this specific industry seen a spur during 2020 as consumers drastically changed their preference for health and hygiene products. Also many companies introduced new product lines for health and hygiene.</p>	<p>As we faced some disruption due to economic downturn, we continued to mitigate our risks through contingency planning. On the other hand, we had seen 29.27% of growth in revenue than the previous year.</p>
<p>3. Social</p> <p>Social factors include demographic characteristics, norms, and values of the people in the economy.</p>	<p>Due to Covid-19 pandemic, the population became aware of hygiene rules and social distancing. Awareness for such had been encouraged among people of all demography.</p>	<p>We engaged with certain demography through our initiatives for awareness on the pandemic and health and hygiene.</p>
<p>4. Technological</p> <p>Technological factors are those, which affect the business in an industry.</p>	<p>Government of Bangladesh had been introducing new systems for shift in digital solutions for areas such as VAT, custom and payment method to national exchequer. On top of this, due to Covid-19 pandemic e-commerce industry had seen a wide growth as consumers now prefer shopping online.</p>	<p>Keeping up with the government's initiative, we continued to invest on every online market platform.</p>
<p>5. Environmental</p> <p>These factors represent ecological factors or environmental factors affected by the industry.</p>	<p>Climate change is negatively affecting the whole world. Deforestation and urbanization have led to this issue. If not taken right way forward, Bangladesh may lose land for its habitants due to global warming.</p>	<p>We are ambitious in combating climate change. While doing business we want to add value to the environment as well. We are striving to reduce our own carbon footprint and for creating a healthier planet.</p>
<p>6. Legal</p> <p>This factor includes specific regulations that affect the specific industry.</p>	<p>Our industry for health and hygiene products are heavily regulated. While this may increase economies of scale for new players in the industry, this ensure product safety & quality. NBR, BSTI, DGDA, Environment authority, etc is heavily discouraging to be non-compliant.</p>	<p>While maintaining to be a legally compliant entity, we are always determined to reach our consumers with their very trusted products and possibly more.</p>



Reckitt Benckiser (Bangladesh) Limited Factory Office



Reckitt Benckiser (Bangladesh) Limited Dhaka Distribution Center

BOARD OF DIRECTORS



VISHAL GUPTA
Managing Director



RAHUL MATHUR
Chairperson



C.Q.K. MUSTAQ AHMED
Independent Director



NAZIMUDDIN CHOWDHURY
Independent Director



PRADEEP KRISHNAMURTHI
Director



SOURAV MITRA
Director & Chief
Financial Officer



AFREEN HUDA
Director



MOHAMMAD NAZMUL AREFIN
Company Secretary



MD. GOLAM YAHIA
Director

DIRECTORS' PROFILE

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 22 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 the Regional Finance Director of South Asia.

Pradeep Krishnamurthi

(Indian) Director

Pradeep Krishnamurthi is a Bachelor of Mechanical Engineering from Delhi College of Engineering. He has over 26 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 the Regional Supply Director of South Asia. He brings with him an in depth expertise on supply chain and project management.

Vishal Gupta

(Indian) Managing Director

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.

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 16 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

(Bangladeshi) 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.

Md. Golam Yahia

(Bangladeshi) Government Nominated Director

Md. Golam Yahia holds MSC in Agriculture in 1987. He has Joined Government Service as a member of BCS in 1986. He has held several important positions like 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' like executive development program and 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 21 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 12 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 22 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.

FINANCIAL PERFORMANCE

FINANCIAL RESULTS:	Tk. in thousand				
	2016	2017	2018	2019	2020
Net Revenue	3,326,615	3,669,620	3,561,899	4,126,150	5,333,884
Profit before Taxation	458,358	542,800	525,645	879,563	1,077,842
Taxation	162,272	161,802	193,872	260,302	338,954
Profit after Taxation <small>(including other comprehensive income/items)</small>	290,798	374,480	325,301	619,036	724,380
Dividend	366,188	373,275	330,750	590,625	661,500

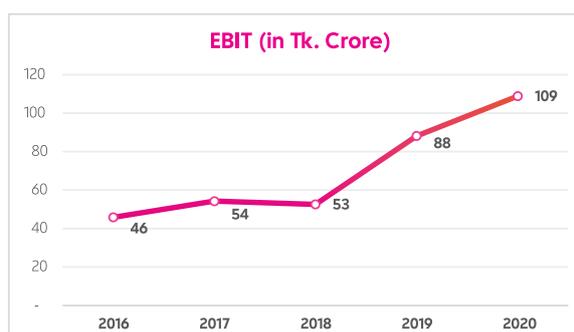
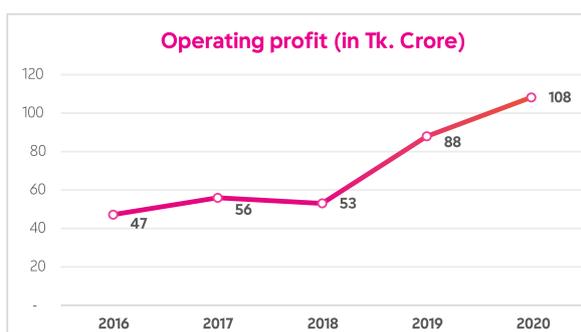
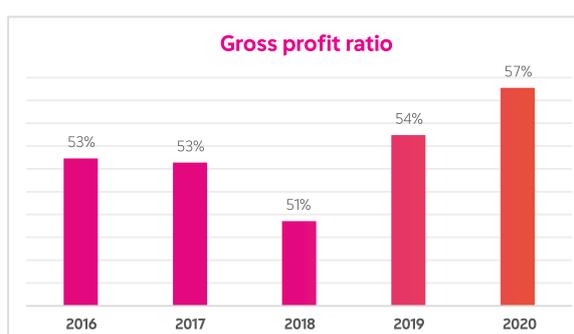
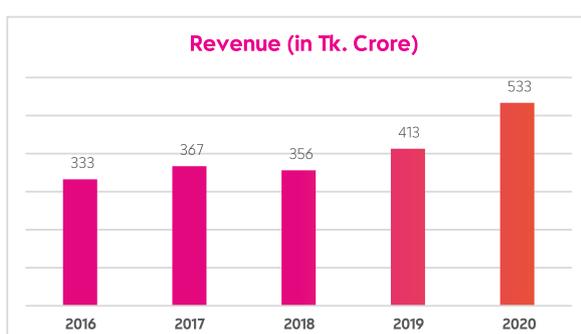
BALANCE SHEET SUMMARY:

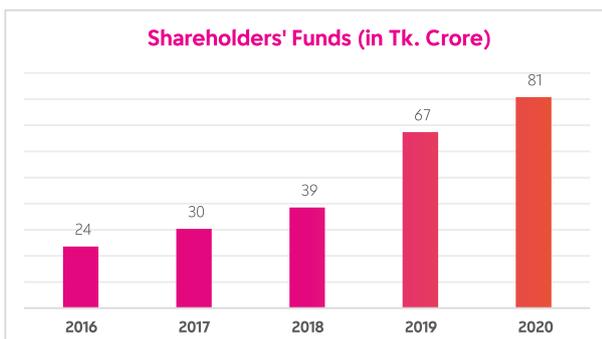
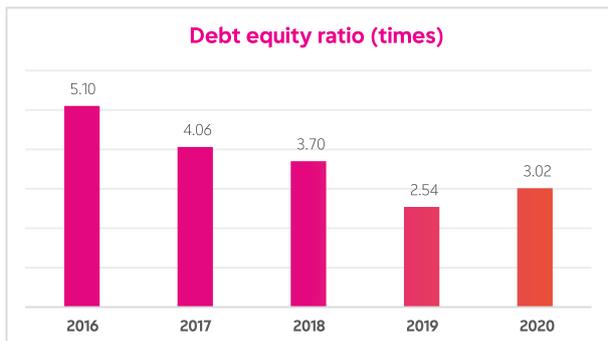
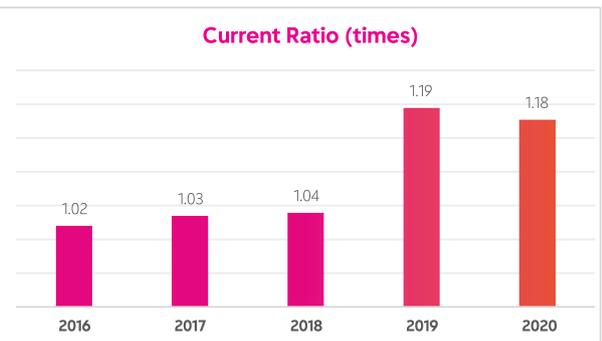
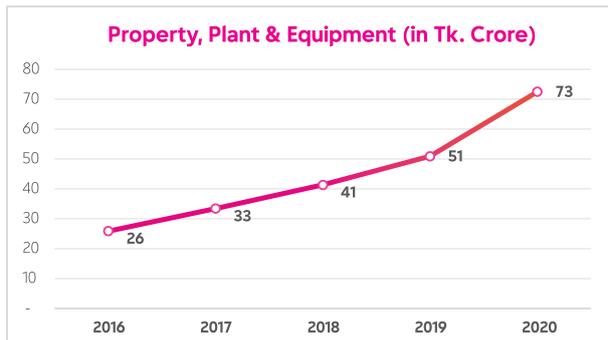
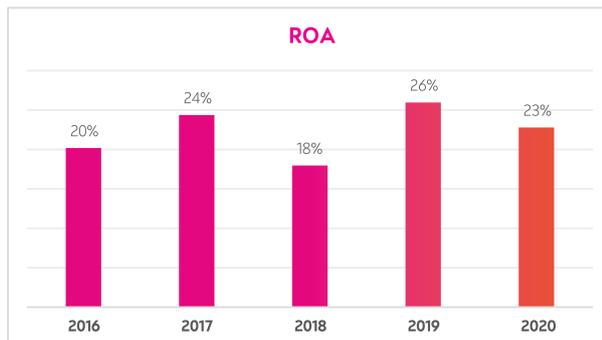
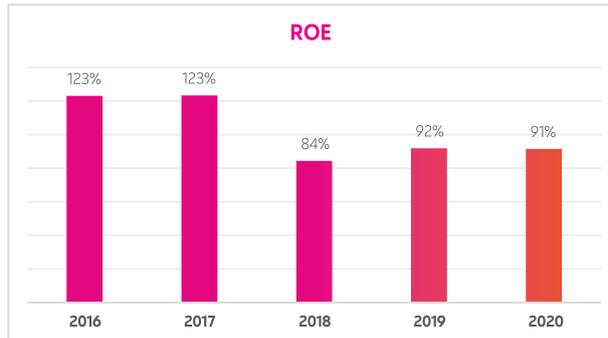
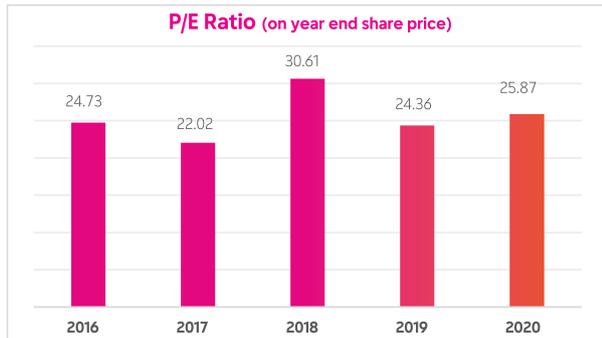
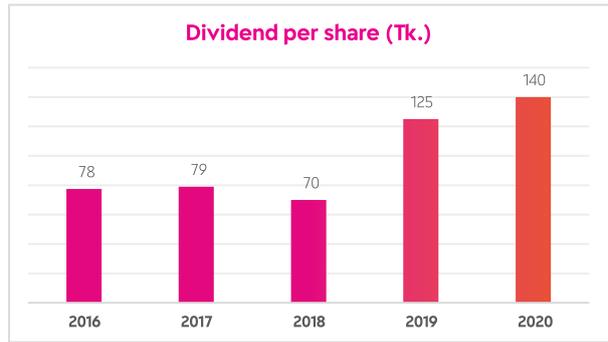
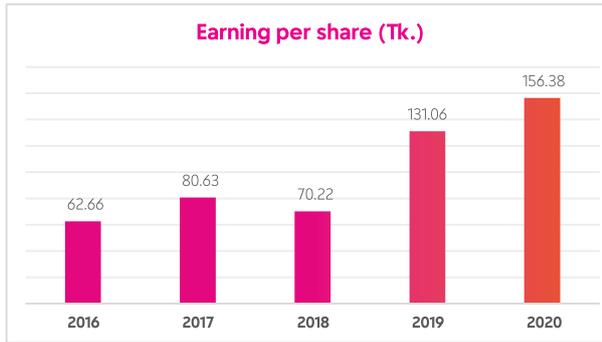
Property, Plant & equipment <small>(Including CWIP)</small>	258,755	334,101	413,497	509,344	725,219
Deferred Tax	26,333	17,706	15,190	12,625	28,760
Net Current Assets	28,321	43,387	52,310	303,114	374,414
Non-current liabilities	(77,050)	(91,480)	(95,320)	(151,119)	(320,673)
Net Assets	236,360	303,714	385,678	673,964	807,720

Share Capital	47,250	47,250	47,250	47,250	47,250
General Reserves & Retained Earnings	189,110	256,464	338,428	626,714	760,470
Shareholders' Funds	236,360	303,714	385,678	673,964	807,720

STATISTICS :

Net asset value per share (Taka)	50.02	64.28	81.63	142.64	170.95
Net operating cash flow per share (Taka)	128.13	93.37	129.22	176.55	290.57
Earning per share (Taka)	62.66	80.63	70.22	131.06	156.38
Dividend per share (Taka)	77.50	79.00	70.00	125.00	140.00
Profit before Taxation as % of sales	13.78	14.79	14.76	21.32	20.21
Return on Capital Employed (Times)	1.47	1.39	1.09	1.07	0.97
Current Ratio (Times)	1.02	1.03	1.04	1.19	1.18





HORIZONTAL ANALYSIS FOR STATEMENT OF FINANCIAL POSITION

Horizontal analysis is a technique that shows changes in the amounts of corresponding financial statement items over a period. In our analysis we have taken the year 2016 as base year and presented this analysis over five years' timeline.

	2020	2019	2018	2017	2016
Assets					
Property, plant and equipment	180.27%	96.84%	59.80%	29.12%	100%
Deferred tax assets	9.22%	-52.05%	-42.31%	-32.76%	100%
Non-current assets	164.47%	83.09%	50.37%	23.40%	100%
Inventories	110.20%	52.54%	1.83%	-7.10%	100%
Trade and other receivables	55.38%	167.53%	417.10%	694.82%	100%
Advances, deposits and prepayments	-28.33%	-64.75%	-36.47%	-11.71%	100%
Cash and cash equivalents	132.53%	74.33%	23.46%	-7.16%	100%
Current assets	115.27%	61.05%	19.62%	2.52%	100%
Total assets	125.00%	65.40%	25.70%	6.65%	100%
Equity					
Share capital	0.00%	0.00%	0.00%	0.00%	100%
Retained earnings	302.13%	231.40%	78.96%	35.62%	100%
Total equity	241.73%	185.14%	63.17%	28.50%	100%
Liabilities					
Employee benefits	130.12%	85.84%	28.02%	17.94%	100%
Lease liabilities	1071.90%	100.00%	-	-	
Non-current liabilities	330.67%	102.95%	28.02%	17.94%	100%
Trade and other payables	80.51%	32.40%	17.01%	2.97%	100%
Employee benefits	1114.67%	257.53%	45.17%	41.31%	100%
Lease liabilities	12.26%	100.00%	-	-	-
Current tax liabilities	108.12%	70.56%	23.83%	-15.49%	100%
Current liabilities	87.07%	37.91%	17.71%	1.34%	100%
Total liabilities	102.11%	41.93%	18.35%	2.37%	100%
Total equity and liabilities	125.00%	65.40%	25.70%	6.65%	100%

HORIZONTAL ANALYSIS FOR STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2020	2019	2018	2017	2016
Revenue	60.34%	24.03%	7.07%	10.31%	100%
Cost of sales	49.70%	21.32%	13.40%	10.75%	100%
Gross profit	69.60%	26.40%	1.57%	9.93%	100%
Other income	-85.39%	-74.49%	100.00%	-	-
Operating expenses	48.06%	4.86%	-2.02%	6.79%	100%
Impairment loss reversal on trade receivables	-83.90%	-21.18%	100.00%	-	-
Operating profit	129.42%	86.41%	12.47%	18.61%	100%
Finance income	533.81%	385.30%	123.89%	9.01%	100%
Finance costs	411.62%	100.00%	-	-	-
Profit before contribution to WPPF	135.15%	91.89%	14.68%	18.42%	100%
Contribution to WPPF	135.15%	91.89%	14.68%	18.42%	100%
Profit before tax	135.15%	91.89%	14.68%	18.42%	100%
Income tax expense	108.88%	60.41%	19.47%	-0.29%	100%
Profit for the year	149.55%	109.15%	12.05%	28.68%	100%
Other comprehensive income					
Remeasurement of defined benefit liability	265.82%	-94.33%	63.22%	23.26%	100%
Related tax	124.14%	-96.52%	100.00%	-	-
Other comprehensive income/(loss) for the year, net of tax	174.37%	-95.74%	22.41%	23.26%	100%
Total comprehensive income for the year	149.10%	112.87%	11.86%	28.78%	100%

VERTICAL ANALYSIS FOR STATEMENT OF FINANCIAL POSITION

Vertical analysis is a method of analyzing financial statements that list each line item as a percentage of a base figure. We have presented vertical analysis of five years' statement of financial position and taking total asset as base value and vertical analysis of statement of profit and loss, taking revenue as base value.

	2020	2019	2018	2017	2016
Assets					
Property, plant and equipment	22.36%	21.36%	22.82%	21.73%	17.95%
Deferred tax assets	0.89%	0.53%	0.84%	1.15%	1.83%
Non-current assets	23.24%	21.89%	23.65%	22.88%	19.77%
Inventories	19.16%	18.92%	16.62%	17.87%	20.51%
Trade and other receivables	0.79%	1.84%	4.68%	8.48%	1.14%
Advances, deposits and prepayments	1.66%	1.11%	2.64%	4.32%	5.21%
Cash and cash equivalents	55.15%	56.24%	52.41%	46.46%	53.36%
Current assets	76.76%	78.11%	76.35%	77.12%	80.23%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%
Equity					
Share capital	1.46%	1.98%	2.61%	3.07%	3.28%
Retained earnings	23.44%	26.28%	18.67%	16.68%	13.12%
Total equity	24.90%	28.26%	21.28%	19.75%	16.39%
Liabilities					
Employee benefits	5.28%	5.80%	5.26%	5.71%	5.16%
Lease liabilities	4.60%	0.53%	0.00%	0.00%	0.00%
Non-current liabilities	9.88%	6.34%	5.26%	5.71%	5.16%
Trade and other payables	56.92%	56.79%	66.04%	68.50%	70.95%
Employee benefits	0.97%	0.39%	0.21%	0.24%	0.18%
Lease liabilities	0.56%	0.68%	0.00%	0.00%	0.00%
Current tax liabilities	6.77%	7.55%	7.21%	5.80%	7.32%
Current liabilities	65.22%	65.40%	73.46%	74.54%	78.44%
Total liabilities	75.10%	71.74%	78.72%	80.25%	83.61%
Total equity and liabilities	100.00%	100.00%	100.00%	100.00%	100.00%

VERTICAL ANALYSIS FOR STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2020	2019	2018	2017	2016
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	-43.45%	-45.52%	-49.29%	-46.73%	-46.54%
Gross profit	56.55%	54.48%	50.71%	53.27%	53.46%
Other income	0.01%	0.02%	0.11%	0.00%	0.00%
Operating expenses	-36.27%	-33.21%	-35.94%	-38.03%	-39.28%
Impairment loss reversal on trade receivables	0.00%	0.01%	0.02%	0.00%	0.00%
Operating profit	20.29%	21.31%	14.89%	15.25%	14.18%
Finance income	1.14%	1.12%	0.60%	0.28%	0.29%
Finance costs	-0.21%	-0.05%	0.00%	0.00%	0.00%
Profit before contribution to WPPF	21.22%	22.38%	15.50%	15.53%	14.47%
Contribution to WPPF	-1.01%	-1.07%	-0.74%	-0.74%	-0.69%
Profit before tax	20.21%	21.32%	14.76%	14.79%	13.78%
Income tax expense	-6.35%	-6.31%	-5.44%	-4.41%	-4.88%
Profit for the year	13.85%	15.01%	9.31%	10.38%	8.90%
Other comprehensive income	0.00%	0.00%	0.00%	0.00%	0.00%
Remeasurement of defined benefit liability	-0.36%	-0.01%	-0.24%	-0.20%	-0.16%
Related tax	0.09%	0.00%	0.06%	0.00%	0.00%
Other comprehensive income/(loss) for the year, net of tax	-0.27%	-0.01%	-0.18%	-0.18%	-0.16%
Total comprehensive income for the year	13.58%	15.00%	9.13%	10.20%	8.74%

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Value added is the extra value created over and above the original value. There are several types of Value Added metrics:

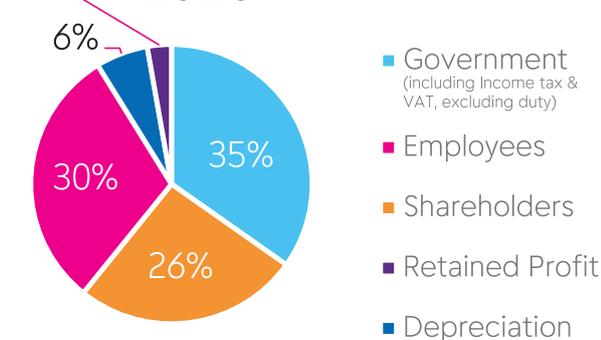
1. Gross Value Added
2. Economic Value Added
3. Market Value Added

Gross Value Added

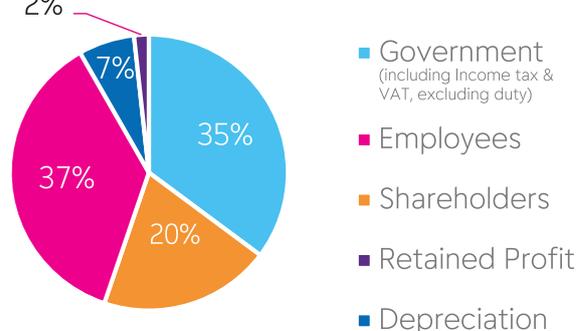
Gross Value Added helps to measure the contribution to an economy of an individual company.

	2020		2019	
	Tk.	%	Tk.	%
Gross value added				
Net Revenue	5,333,883,576		4,126,150,222	
Cost of materials and service	(4,013,185,784)		(3,214,605,864)	
	1,320,697,792		911,544,358	
Indirect tax with revenue	892,081,120		696,008,965	
Other Income/ (expenses)	562,867		982,886	
Finance Income	60,607,204		46,405,986	
Available for distribution	2,273,948,983	100%	1,654,942,195	100%
Distribution				
Government (including Income tax & VAT, excluding duty)	791,449,076	35%	582,760,224	35%
Shareholders	590,625,000	26%	330,750,000	20%
Employees	692,281,015	30%	605,147,463	37%
	2,074,355,091	91%	1,518,657,687	92%
Value reinvested and retained				
Depreciation	136,713,488	6%	107,873,251	7%
Retained Profit	62,880,404	3%	28,411,257	2%
	199,593,892	9%	136,284,508	8%
	2,273,948,983	100%	1,654,942,195	100%

2020



2019



Economic Value Added

Economic Value Added (EVA) can be defined as the incremental difference between a company's rate of return and its cost of capital. EVA is used to measure the value that a company generates from the funds invested in it.

$$\text{EVA} = \text{NOPAT} - (\text{Invested Capital} * \text{WACC})$$

Where:

NOPAT- Net Operating Profit After Tax is the profit generated by a company through its operations, after adjusting for taxes but before adjusting for financing costs and noncash costs.

Invested Capital - Capital Employed is the amount of cash that is invested in the business.

WACC - Weighted Average Cost of Capital is the minimum rate of return expected by the provider of capital – the investors in the business.

	2020 Tk.	2019 Tk.
NOPAT (net operating profit after tax)		
Operating Profit	1,082,205,263	879,300,441
Tax	(338,954,483)	(260,301,685)
	743,250,780	618,998,756
Capital Employed		
Total Asset	3,244,052,035	2,384,783,624
Current Liability	(2,115,658,794)	(1,559,699,681)
	1,128,393,241	825,083,943
Economic Value added		
NOPAT	743,250,780	618,998,756
Capital Employed	1,128,393,241	825,083,943
Cost of Equity	25%	25%
Capital Charge	280,026,950	203,773,746
Value added	463,223,830	415,225,010

Market Value Added Statement

Market value added statement reflects market's perception on the company's performance through share price of the company. A high value addition indicates high value created for its investors on one hand, on the other hand it also means investors have high confidence in the company's performance.

	31-Dec-20 Tk.	31-Dec-19 Tk.
Market value of shares outstanding	19,121,130,000	15,088,342,500
Book value of shares outstanding	(47,250,000)	(47,250,000)
Market value added	19,073,880,000	15,041,092,500

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 2020 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 Pharmaceutical products. Your company also continued to invest heavily behind the major brands like Dettol and Harpic thus driving business growth.

Industry outlook

Due to Coronavirus pandemic our Health and Hygiene products demand saw a sudden increase in demand albeit temporary, but we do believe that this pandemic will increase personal and home hygiene awareness among the consumers.

Business highlights

In 2020, your Company achieved 29.27 % sales growth vs previous year with a turnover of Tk. 5,334 Million. This growth was mainly driven by key brands like Dettol, Harpic and Lizol.

In addition to topline growth your company have also managed to expand the gross profit margin by a significant 207 bps vs previous year.

Cash and cash equivalents (including fixed deposits investment with bank) increased by 448 Million at the end of 2020, as it stood at Tk. 1,789 Million against Tk. 1,341 Million at the end of 2019.

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 56.55 % versus 54.48% in the previous year, despite huge price hike in international freight cost and pressures from increase of prices of some key raw materials in the International market during the year. Net profit increased to 724 Million at the end of 2020 which included a one-time extra ordinary write back of technical services fees of 32 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. 27 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. 5 of Financial Statements.

Risk and concerns

We believe that the Coronavirus pandemic will continue to have an impact on our lives at least for some time in the future. In the short to medium term, we can see quite a few challenges on supply chain disruptions, volatility of international trade, hike in production cost due to additional investments towards virus safe environments at work, general economic downturn across the world and Bangladesh impacting consumer confidence and affecting consumption patterns etc. However, we will continue to strive towards our purpose to achieve a cleaner and healthier world for everyone through innovations and make access to health and hygiene information and products as widely available as possible.

Extra-ordinary gain or loss

In 2020, there was no significant extra ordinary gain or losses in the business.

Significant variance between quarterly and annual financial performance

Annual Earning per share in 2020 is Tk. 156.38 increased significantly verses last year of Tk 131.06 as in 2019 there was an extraordinary write back of Tk 32 million in quarter three on account of non-repatriable technical service fees. During the year, average earning per share per quarter was Tk. 39.09.

SUMMARY OF FINANCIALS

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

Particulars	2020 Taka
Profit before taxation (including other comprehensive income/items)	1,063,334,887
Less: Taxation	(338,954,483)
Profit after taxation (including other comprehensive income/items)	724,380,404
Add: Un-appropriated profit from previous year (2019)	<u>626,714,444</u>
Profit available for appropriation	1,351,094,848
Less: Final cash dividend paid @ Tk.125 (i.e. 1250%) per share for 2019	(590,625,000)
Total profit available for appropriation	760,469,848
Appropriation	
Proposed Final dividend @ Tk.140/- (i.e. 1400%) per share for 2020	(661,500,000)
Un-appropriated profit *	98,969,848

*after recognition of dividend in the period of appropriation

Dividend

The Board is pleased to recommend final cash dividend of Tk.140/= (1400%) per share amounting to Tk.661.50 million for the year 2020, (2019: Tk.125 per share i.e. amounting to Tk.590.62 Million), this is fully out of the profit from current year of 2020.

The above recommendation of dividend is as per the Board approved dividend policy which is disclosed in the "Dividend Distribution Policy" section of the Annual Report 2020 on page 44-47.

Earning per share

The earnings per share numbers are provided on pages 85, 101 & 132.



Report of the Directors continued

Corporate governance

We would like to confirm that:

- a) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the issuer company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;
- g) There are no significant doubts upon the Company's ability to continue as a going concern.
- h) Significant deviations from last year's operating results of the Company have been highlighted in the report and reasons thereof have been explained.
- i) Key operating and financial data of preceding five years have been provided on page 18.
- j) During the year, four Board meetings were held and the attendance by each director is given on page 61.
- k) The pattern of shareholding is provided on pages 32 & 106.
- 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 30-31.
- 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 33-34.
- 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 35.
- 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

Directors

Following were members of the Board of Directors of the Company during 2020:

1.	Rahul Mathur	Chairperson
2.	Vishal Gupta	Managing Director
3.	Sourav Mitra	CFO and Director
4.	Pradeep Krishnamurthi	Director
5.	C.Q.K. Mustaq Ahmed	Independent Director
6.	Nazimuddin Chowdhury	Independent Director
7.	Salahuddin Mahmud	Director (Resigned on 31 March 2021)
8.	Afreen Huda	Director

Mr. Golam Yahia has been appointed as Government Nominated Director in place of Mr. Salahuddin Mahmud on 31 March, 2021 and require to the approval in the 60th Annual General Meeting.

The brief resume of directors, expertise, and directorship to other Company (If any) provided on page 17.

Election of directors

As per Article 118A of the Articles of Association of the Company, Mr. Rahul Mathur , Mr. Pradeep Krishnamurthi and Ms. Afreen Huda 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 60th Annual General Meeting.

Auditors

As per the Companies Act 1994 and the Articles of Association of Reckitt Benckiser (Bangladesh) Limited, the statutory auditors of the Company, Rahman Rahman Huq, Chartered Accountants (Member firm of KPMG), shall retire at this AGM. As per BSEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July 2011, an audit firm cannot be engaged for more than three consecutive years as statutory auditors of the same Company. Rahman Rahman Huq, Chartered Accountants has been the statutory auditors of the Company since 2018. In compliance with the BSEC order, we are required to appoint new statutory auditors for the Company. A. Qasem & Co., Chartered Accountants (Member firm of Member Firm of ECOVIS International) has offered their willingness to be appointed as statutory auditors of Reckitt Benckiser (Bangladesh) Limited. On the suggestion of the Audit Committee, the Board recommends their appointment for the year 2021 and continuation till the next AGM.

Certification under compliance of corporate governance code

During the year 2020, 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 60th Annual General Meeting.

Independent Scrutinizer of the AGM

On last 10 March 2021 Bangladesh Securities and Exchange Commission (BSEC) directed to appoint an Independent scrutinizer to overview "The due process of election and detailed information of voting results" and report the same shall be submitted before the commission. The Board has appointed M/S MOHAMMAD SANALLAH & ASSOCIATES, Chartered Secretaries, as Independent Scrutinizer for 60th AGM of Reckitt Benckiser (Bangladesh).

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.



Md. Golam Yahia
Director



C.Q.K. Mustaq Ahmed
Independent Director



Sourav Mitra
Director



Vishal Gupta
Managing Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

According to the clause no. 5 (XXV) of notification no. BSEC/CMRRCD/2006 158/207/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 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 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 4:

Comparative analysis of financial performance of preceding five years:

In 2020 the Company achieved 29.27 % growth vs previous year with a turnover of Tk. 5,334 Million. We also managed to expand our gross profit ratio by 2.07 % vs previous year. By maintaining an efficient supply infrastructure we've managed to expand gross profit margin to 56.55 % versus 54.48% 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 by 724 Million at the end of 2020 which included a one-time extra ordinary write back of technical services fees of 32 million.

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 demand on Dettol and Lizol 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
Managing Director



3D Model of Reckitt Benckiser (Bangladesh) Limited factory



Board of Directors Visting Reckitt Benckiser (Bangladesh) Limited Soap Plant

PATTERN OF SHAREHOLDING AS AT 31 DECEMBER 2020

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 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



Our product portfolio

DECLARATION BY CEO AND CFO

The Board of Directors
Reckitt Benckiser (Bangladesh) Limited
The Glass House, 9th and 10th Floors, Block-SE (B),
38 Gulshan Avenue, Dhaka-1212, Bangladesh.

Date: 29 April 2021

Subject: Declaration on Financial Statements for the year ended on 31 December 2020

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRC-D/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 2020 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.

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 2020 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
Managing Director
Date: 29 April 2021



Sourav Mitra
Chief Financial Officer (CFO)
Date: 29 April 2021



Corporate Office of Reckitt Benckiser (Bangladesh) Limited



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, 2020. This Code relates to the Notification No. BSEC/CMRRCD/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 29, 2021
Place: Dhaka, Bangladesh




Rahman Anis & Co.
Chartered Accountants

STATUS OF COMPLIANCE ON CORPORATE GOVERNANCE GUIDELINES BY BSEC

Status of compliance for the year ended 31 December 2020 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:

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 member 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.	✓		

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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 Commission.	None		
1.(4)	Chairman 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. 27 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		

Status of Compliance on Corporate Governance Guideline by BSEC continued

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(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 2020
(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 2020
(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.	✓		

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(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;	✓		
(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;	None		

Status of Compliance on Corporate Governance Guideline by BSEC continued

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(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			
(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 subcommittee 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.	✓		
(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).	✓		

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	(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 of the Board;	✓		

Status of Compliance on Corporate Governance Guideline by BSEC continued

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(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;	✓		

Condition No.	Title	Compliance status (Put tick mark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	(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.	✓		
	(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



C.Q.K. Mustaq Ahmed
Independent Director

Dated: Dhaka, April 29, 2021

DIVIDEND DISTRIBUTION POLICY OF RECKITT BENCKISER (BANGLADESH) LIMITED

OBJECTIVE:

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Company before recommending dividend to its shareholders for a financial year. The policy is framed in compliance with the Bangladesh Securities and Exchange Commission's Directive No. BSEC/CMRRCD/2021-386/03-dated on January 14, 2021.

CRITERIA TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND:

The Board will consider the following factors before recommending dividend:

Statutory and Regulatory Compliance:

- The company shall declare dividend only after ensuring compliance with the regulatory guidelines on dividend declaration e.g. in line with the directives of the Finance Act and or by fulfilling other restrictions, if there is any, from the regulators like; Bangladesh Bank and Bangladesh Securities Exchange Commission (BSEC) etc.
- As per BFRS: ISA 1:137(a):- An entity shall disclose in the notes the amount of dividends proposed or declared before the financial statements were authorized for issue but not recognized as a distribution to owners during the period, and the related amount per share.
- ISA 10:12:- If an entity declares dividends to holders of equity instruments (as defined in ISA 32 Financial Instruments: Presentation) after the reporting period, the entity shall not recognize those dividends as a liability at the end of the reporting.
- ISA 10:13:- If dividends are declared after the reporting period but before the financial statements are authorized for issue, the dividends are not recognized as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes in accordance with IAS 1 presentation of Financial Statements.
- As per Schedule-XI of the Companies Act 1994: Part-I-Balance sheet A. Horizontal Form: Dividends stated to be in respect of the period covered by the financial statements and that are proposed or declared after the balance sheet date but before approval of the financial statements should be either adjusted or disclosed. Notes (h) of general instruction for preparation of balance sheet: Assets and liabilities should be adjusted for events occurring after the balance sheet date that provide additional evidence to assist with the estimation of amounts relating to conditions existing at the balance sheet date or that indicate that going concern assumption in relation to the whole or part of the enterprise is not appropriate. Assets and liabilities should not be adjusted for, but disclosure should be made of, those events occurring after the balance sheet date that do not affect the condition of assets or liabilities at the balance sheet date but are of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluation and decision.

- As per section 184 (1) of the Companies Act 1994 :- There shall be attached to every balance sheet laid before a company in general meeting a report by its Board of Directors, with respect to-
 - (a) the state of the company's affairs;
 - (b) the amount, if any, which the Board proposes to carry to any reserve in such balance sheet;
 - (c) the amount, if any, which the Board recommends should be paid by way of dividend;
 - (d) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the balance sheet related and the date of the report.
- The procedures to remit the dividends as per the Guidelines for foreign exchange transactions issued by Bangladesh Bank are as follows:
- The company may apply for remittance of dividends (both final and interim) through authorized dealer bank (AD) to the non-resident shareholders through application in the prescribed form (Appendix 5/60) in triplicate duly certified by the company's Auditors and supported by the required documents:
- Each company will apply for dividend remittances through one nominated AD whose name should be communicated beforehand to the Foreign Exchange Investment Department, Bangladesh Bank, Head Office, Dhaka. Any change in the nominated AD bank should likewise be notified to the Bangladesh Bank well in advance.
- While allowing remittance of dividend the ADs should satisfy themselves that profit shown in the Balance Sheet and Profit & Loss Account has arisen out of the normal trading/business activities of the company or out of past accumulated reserves which were remittable. In arriving at the profit out of which dividend has been declared and applied for remittance, ADs should in particular verify to ensure that all previous losses/tax liabilities, if any, have been fully adjusted against current year's net profit or against general/revenue reserve. Also, any cash subsidy granted by Govt. to the company should be deducted from profit in arriving at the divisible profit, unless allowed otherwise by the Bangladesh Bank.
- Remittance of dividend should be approved in Taka first and be effected after converting the Taka into equivalent foreign exchange at the rate ruling on the date of remittance.
- Income Tax deduction at source on Dividends: Based on the DTA agreement between the Government of the Peoples Republic of Bangladesh and country in which dividend to be distributed, the prescribe rate of tax deduction at source on dividend for the corporate shareholder are to be deducted. A certificate from NBR to be obtained required regarding applicability of reduced tax rate on dividend U/S 56 of ITO 1984.

Dividend Distribution Policy of Reckitt Benckiser (Bangladesh) Limited continued

FINANCIAL CRITERIA:

- Financial performance of the Company for the year for which dividend is recommended
- Requirements for capex financing
- Working capital financing plan
- Dividend payout trends (the dividend payout ratio will be calculated as a percentage of dividend (including dividend tax) recommended for the year to the net profit for that year)
- Tax Implications if any, on distribution of dividends
- Cost of raising funds from alternate sources of capital
- Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/ associates of the Company
- Such other factors and/or material events which the Company's Board may consider

EXTERNAL FACTORS:

- Shareholder expectations including individual shareholders
- Macro-economic environment
- Industry dividend pay out rate

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board of the Company may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been met by the Company, including any regulatory restriction placed on the Company on declaration of dividend or if the Board strongly believes the need to conserve capital for growth or other exigencies which will be spelt.

DIVIDEND DISTRIBUTION:

- Company shall pay of the dividend (cash/stock) to the shareholders within 30 days of declaration or approval or record date as the case may be.
- Company shall pay off the cash dividend to the bank account of the entitled shareholder as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer

- Network (BEFTN) or through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible through BEFTN.
- Dividend of the margin client of stockbroker or merchant banker shall pay of to the Consolidated Customer's Bank Account (CCBA) of the stockbroker or to the separate bank account of the merchant banker or portfolio manager through BEFTN.
- In case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system and for the member who have not been converted in Dematerialization (DEMAT) shares, shall issue cash dividend warrant and shall send It by post to the shareholder.
- Company shall credit the stock dividend (if any) to the BO account or issue bonus share certificate of the entitled shareholder.
- Company shall follow the directives/circulars in force of the securities regulator, related to dividend distribution from time to time

UTILISATION OF RETAINED EARNINGS

The Company would utilize the retained earnings of the Company in a manner which is beneficial to the interest of the Company and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the Company's future business growth / expansion and strategic plans or such other purpose the Board may deem fit from time to time in the interest of the Company and its stakeholders.

PAREMETERS FOR VARIOUS CLASSES OF SHARES

Currently, the Company does not have any other class of shares (including shares with differential voting rights/preference shares) other than equity shares. In the absence of any other class of shares and/or share with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

CONFLICT IN POLICY

In the event of a conflict between this policy and relevant regulations, the regulations shall prevail.

AMMENDMENTS / MODIFICATIONS

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the board for noting and necessary ratification.

REVIEW OF POLICY

The board of directors of the Company may review the policy, if the Board proposes to declare dividend on the basis of criteria in addition to those specified in the policy, or proposes to modify the criteria, it shall disclose such changes along with the rationale for the same on the Company's website and in the Annual Report.

DISCLOSURE OF POLICY

The policy will be available on the Company's Website and will also be disclosed in the Company's Annual Report.

REPORT OF THE AUDIT COMMITTEE

For the year ended 31 December 2020

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 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 member of the Audit Committee.

As required all members of the audit committee are 'financially literate' and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. More than one member has fifteen years plus experience with thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting of the company.

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 2020, 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
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
Ms. Afreen Huda	Member	4	4
Mr. Mohammad Nazmul Arefin (Secretary)	Secretary	4	4

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 2020 along with receiving the statutory audit report and raising necessary questions on statutory auditors in case of doubts;
- Approved the internal audit plan for 2020, 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's;
- 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 is came to 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: 29 April 2021



REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC) OF RECKITT BENCKISER (BANGLADESH) LIMITED

For the year ended 31 December 2020

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 are:

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

The Nomination and Remuneration Committee (NRC) co-opted Ms. Afreen Huda, Human Resource Director of the company as non-voting member of NRC to take necessary assistance from Ms. Afreen Huda, Human Resource Director 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 2020.

SL	Name of Directors	Number of meetings held whilst a member	Meetings attended
1	C.Q.K. Mustaq Ahmed	1	1
2	Rahul Mathur	1	
3	Pradeep Krishnamurthi	1	1
4	Mohammad Nazmul Arefin (Secretary)	1	1
5	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 benchmarks; 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;
 - 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 31 DECEMBER 2020:

- 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.

Report of the Nomination and Remuneration Committee (NRC) of Reckitt Benckiser (Bangladesh) Limited continued

- 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; 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 pre 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
Date: 29 April 2021

CORPORATE GOVERNANCE REPORT 2020

Procedure for the appointment of Directors

The Board is led by a Chairperson and the Managing Director leads the management team. The roles performed by the Chairman and Managing Director are mutually exclusive. The company fully complies with the regulations issued by the authorities regarding the appointment of Directors. We are in full compliance with BSEC notifications and the Companies Act. Directors are subject to retirement in accordance with the Companies Act, 1994. At least one-third of the Directors are required to retire by rotation at every AGM. A director can be appointed by the Board and approved in the AGM. An independent director can be appointed for two consecutive tenures of three years each. The company complies with all the relevant rules and regulations of the respective regulatory bodies in relation to directors' nomination, removal, and casual vacancy.

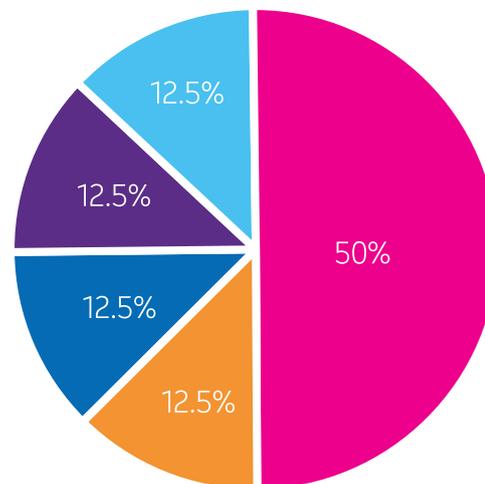
Constitution of the Board of Directors

The Board of Directors of Reckitt consists of a Chairperson, a Managing Director and among the other seven Directors on the Board, there are five Non-executive Directors and two of them are Independent Directors who are also senior officials or ex-officials of the Bangladesh Government and corporate leaders. The role of the Company Secretary is entrusted to Governance.

Training and Development of the Board of Directors

The Board understands the significance of continuously developing or enhancing the required knowledge and skills of the Directors for the fulfillment of their duties effectively. The newly appointed Directors of the Board take appropriate time to acquaint themselves with the policies, work ethics, business strategies, corporate functions, audit and compliance of the company. Managing Directors and other Senior Management take significant part in the orientation of the new director(s). The Company Secretary also make available information regarding disclosure obligations of the Directors and furnish to the board.

Professional Background of Board of Directors



- Accounting & Finance
- Economics
- Engineering
- Agriculture
- HR Management

Independence of Independent Directors

In compliance with the guideline, two (2) Directors out of the total nine (9) Directors are independent, having no share or interest in Reckitt. Independence of the respective Independent Directors is confirmed during selection and appointment of the Directors and they remain committed to continue with such independence throughout their tenure.

Responsibilities of the Chairperson

- Leading the board and taking responsibility for the Board's overall effectiveness in directing the company.
- Setting meeting agendas.
- Ensuring an appropriate balance is maintained between the interests of shareholders and other stakeholders.
- Exercising control over quality, adequacy and timelines of the flow of information between management and the board.
- Engaging the Board in assessing and improving its performance.

Corporate Governance 2020 continued

- Promoting the highest standards of corporate governance;
- Ensuring the long-term sustainability of the company.

Annual appraisal of the Board

Appraising the board's performance is an essential part for the business as it leads to clarification of the individual as well as collective roles and responsibilities of the Directors. Higher efficiency and more effective performance are obtained because of the annual appraisal of the board. The appraisal of the Board of Directors is done by the NRC committee of the Company. The committee evaluate the below list of criteria:

Based on the below criteria the NRC committee has expressed their satisfaction for the below:

- Directors performed their role in ensuring both company and share holders' interest.
- Non-Executive Directors have provided with sufficient information and awareness regarding the Company's vision/purpose/strategy and adequate information about the industry.

Factor	Attributes	Type of the attribute		
		Primary	intermediary	advanced
Roles and Responsibilities	Understanding of nature and role of directors' position and ensuring both company and shareholders' interest			X
Leadership and Initiative	Heading Board Sub Committees		X	
Personal Attributes	Non-partisan appraisal of issues			X
	Commitment to role & fiduciary responsibilities as a board member	X		
	Attendance and active participation			X



Rahul Mathur
Chairperson

RISK MANAGEMENT 2020

Risk management occurs at different levels in Reckitt with identification and assessment performed at the functional, corporate and Board levels to provide both a 'top-down' and 'bottom-up' three-dimensional view of risk and is implemented as follows:



Functional risk assessments

WHAT

Identifies and monitors risks impacting the operation of each function or functional area.

Controls are mapped to the three lines of defence.

Detailed management action plans are developed to address control gaps.

WHEN

Completed annually, reviewed quarterly with updates provided to the Audit Committee.

HOW

Functional risks are reviewed in detail annually to identify any changes to the risk profile including new risks and changes in assessment.

Updates on top risks and associated mitigations are reported to the Audit Committee on a quarterly basis.

WHO

Risk assessment owned by Reckitt Benckiser (Bangladesh) Ltd. functional leadership team.

Functional risk owners assigned to each specific risk, controls, and action plans.

Corporate risk assessments & emerging risk assessment

WHAT

High-level control strategies and action plans are documented for each risk. Supporting functional risks are referenced.

Identifies the most significant principal and emerging risks with potential to impact the company.

Principal and emerging risks are disclosed in the Annual Report.

WHEN

Completed annually in advance of the Reckitt Benckiser (Bangladesh) Ltd. strategic planning process.

HOW

Reckitt Benckiser (Bangladesh) Ltd. risk assessments are reviewed and updated annually through a series of one-to-one meetings with Reckitt Benckiser (Bangladesh) Ltd. leadership.

For corporate functions, the functional risk assessments are reviewed and challenged.

One-to-one meetings are held with all Reckitt Benckiser (Bangladesh) Ltd. departmental heads, assurance heads, head of internal control an external advisor.

Synthesised output formally reviewed and signed off by the Reckitt Benckiser (Bangladesh) Ltd. departmental heads, assurance heads, head of internal control an external advisor.

WHO

Reckitt Benckiser (Bangladesh) Ltd. departmental heads and corporate management teams led.

Reckitt Benckiser (Bangladesh) Ltd. departmental heads assigned with principal and emerging risks circulated to head of internal control an external advisor for final review and sign-off.

Audit committee oversight

WHAT

Oversight across each principal risk provided by a nominated audit committee.

WHEN

Periodic reporting and risk deep dives occur with input from the risk owner.

WHO

Reckitt Benckiser (Bangladesh) Ltd.

Risk Management 2020 continued

Our approach to principal and emerging risk assessment

The company principal and emerging risk assessment is an integral part of the integrated risk management framework above, identifying the principal and emerging risks with the greatest potential to impact the company. The assessment is completed annually in advance of Reckitt Benckiser (Bangladesh) Ltd. and corporate strategic planning process as follows:



Identification of risks

- Identifies the most significant principal and emerging risks with potential to impact the company.
- One-to-one meetings are held with all departmental heads, assurance heads, head of internal control an external advisor.
- Identifies sources of risk, key drivers and areas of impact.
- Completed annually in advance strategic planning process.

Control strategy

- Control strategy is reviewed to establish if it is appropriate and operating as intended.
- Where we identify control gaps, what more do we need to do? Assessment of net risk and prioritisation
- Considering the controls, we have in place to manage each risk:
 - What is the probability that the risk will materialise?
 - If it did, what would the likely impact be?
 - How comfortable are we with how the risk is being managed?
 - Is the risk within an acceptable level of appetite?
- Assessment identifies those risks and controls where management should focus its effort.
- The decision to act will be based on which risks are no longer acceptable.

Management action

- Having identified areas of highest risk that require attention, action plans are developed by management to:
- Address any control gaps identified
- Improve the effectiveness of existing controls, thereby reducing the probability and impact to an acceptable level.
- Departmental heads assigned, with principal and emerging risks circulated to the head of internal control an external advisor for final review, sign-off and ongoing monitoring.
- Principal and emerging risks are disclosed in the Annual Report.

Our principal and emerging risks, as at 31 December 2020

Key to principal risks

Category	ID	Risk title	Risk statement
Operational	1	COVID-19	COVID-19 causes significant disruption to core business processes in key markets, impacting our ability to meet customer and consumer demand and protect our employees.
	2	Supply Disruption	Disruption to the continuity of supply as a result of inability to procure critical ingredients and/or reliance on single factories that supply key markets without actively qualified contingencies in place.
	3	Employee Health & Safety	Work accidents leading to death, injury or illness of Reckitt employees wherever they are working and other workers on Reckitt premises or premises under Reckitt Benckiser (Bangladesh) Ltd. supervision, in case of outsourced operations.
	4	Sustainability	Failure to address existing and emerging environmental and social risks and opportunities, and changing societal expectations of businesses in addressing these, creates underlying risk to business resilience and growth, risking stranded assets or missed growth opportunities.
	5	Adherence to Product Quality Standards	Non-compliance with applicable quality regulations, guidelines and internal/external standards across the product lifecycle governing how we produce and supply product.
People	6	People	Failure to achieve strategic objectives as a result of significant management churn and inability to attract and retain top talent.

Risk Management 2020 continued

Our principal and emerging risks, as at 31 December 2020

1. COVID-19



Risk movement:
New risk

Oversight accountability

Executive ownership resides directly with the Executive Members of the Board of Directors, with each Function responsible for their respective deliverables. Board oversight is provided by the Audit Committee.

The risk: COVID-19 causes significant disruption to core business processes in key markets, impacting our ability to meet customer and consumer demand and protect our employees.

Potential impact

The impacts of this risk are broad reflecting the wide-ranging disruption caused by the pandemic. Chief among these has been the impact on our workforce, both protecting those working at Reckitt Benckiser (Bangladesh) Ltd. and supporting the remainder through a prolonged period of remote working; and the supply chain disruption that has impacted our ability to produce and ship our products.

Mitigation progress in 2020

In response to the pandemic, top management and functional heads assessed company-wide risks. Essential business functions, roles and critical processes were identified and contingency plans were developed and executed.

Current control strategy

As the pandemic continues into 2021, return to work protocols have been established to ensure both compliance with local government requirements as well as respect for each individual's personal situation. Additional safety measures have been introduced across our sites and are supported with a set of global procedures. We continue to support our employees through regular updates and dedicated resources online.

Future Outlook

Our Company-wide and local COVID-19 response procedures are continually reviewed to ensure they are appropriate and reflect any further developments. It is anticipated that, while some disruption will continue into 2021, this will reduce as our new ways of working become further embedded.

2. SUPPLY DISRUPTION



Risk movement:
No change

Oversight accountability

Executive ownership resides directly with the Head of Supply Services. Board oversight is provided by the main Board.

The risk: Disruption to the continuity of supply as a result of inability to procure critical ingredients and/or reliance on single factories that supply key markets without actively qualified contingencies in place.

Potential impact

Such disruption could result in supply shortages and importation barrier issues, leading to loss of sales and market share.

Mitigation progress in 2020

In response to the COVID-19 pandemic, emergency business continuity projects were activated to ensure continuity in servicing our customers. These included increasing safety stock levels, shifting volumes across the network and activating alternative suppliers of key materials. An end-to-end forecasting is under way to drive proactivity and better balance supply and demand. This will help to strengthen the resilience of our supply chain through investments in upstream supply resilience; adequate manufacturing capacity; robust products; manufacturing processes and holistic packaging design.

Current control strategy

Procurement, manufacturing and supply services have defined manufacturing and quality control processes to ensure products are safe and meet all regulatory and legal requirements. Review of Business Continuity Program is done on with higher frequency.

Future Outlook

A business continuity program commenced to strengthen existing business continuity arrangements for products, sites and functions, including ongoing delivery of ingredient planning across specific brands and markets alongside qualification of secondary manufacturing sites. This will allow us to increase the resilience of our supply chain and provide more robust business continuity processes throughout the portfolio.

3. EMPLOYEE HEALTH & SAFETY



Risk movement:
Decreasing

Oversight accountability

Executive ownership resides directly with our EHS department overseen by Executive Directors of the Board.

The risk: Work accidents leading to death, injury or illness of Reckitt employees wherever they are working and other workers on Reckitt premises or premises under Reckitt supervision, in case of outsourced operations.

Potential impact

Impacts are wide ranging and variable in materiality; they may include loss of life, debilitating injury, ongoing damage to brand/employer reputation, reduced operational efficiency from factory closure or significant supply disruption, impaired financial performance from lost sales, fines or remediation cost and possible criminal liability for senior management.

Mitigation progress in 2020

COVID-19 health and safety policies, standards and return to work protocols have been published and adopted across our sites, with key messages cascaded through leadership teams. Local audits were completed where required by regulators to comply with COVID-19 regulations.

We have launched an extensive programme to embed a heightened Employee Health & Safety (EH&S) culture across the Factory and Depot through rigorous auditing, surveys and training initiatives.

Current control strategy

Policy and enhanced EH&S standards are in place and reinforced through an audit compliance programme (including self-assessment, site visits, assurance of improvement actions, KPI tracking and culture surveys) by a second line of defence compliance team within Supply, and ongoing EH&S training across all sites including commercial offices. During COVID-19 related travel restrictions, technology aided inspections and site coaching calls.

Future Outlook

We will continue to roll out the training programs for increasing awareness and continue with the rigour of auditing and supporting the business through supply and commercial site visits.

4. SUSTAINABILITY



Risk movement:
No change

Oversight accountability

Executive ownership resides directly with the CEO.

The risk: Failure to address existing and emerging environmental and social risks and opportunities, and changing societal expectations of businesses in addressing these, creates underlying risk to business resilience and growth, risking stranded assets or missed growth opportunities.

Potential impact

Failure to increase the sustainability of our environmental and social footprint may lead to increased scrutiny from consumers, customers, NGOs and investors. The impacts of this are broad in range and include reputational damage; adverse public perception; resource inefficiency; loss of market share as consumers shift towards 'greener' products; omission from established sustainability indices impacting future investment; and potential regulatory penalties. Climate change has the potential to significantly disrupt Reckitt's operations through an increased number of extreme weather events, water crises and ecosystem loss.

Mitigation progress in 2020

We continue to focus on strengthening our processes, programmes and controls alongside our external stakeholder relationships, through partnerships with NGOs, academia, and critical opinion formers. A holistic packaging strategy is in development, supporting both e-commerce and traditional retail channels with levels of packaging use.

Current control strategy

We are progressively embedding plans and resources to deliver an environmental strategy in the supply chain in support of climate change and water efficiency, with capex plans, environment project identification, local and global capabilities and capacity to support environmental performance improvement.

Future Outlook

Internal and external initiatives, along with greater transparency on non-financial sustainability indicators, will help to drive increased awareness of our sustainability agenda across our global network.

5. ADHERENCE TO PRODUCT QUALITY STANDARDS

<p> Risk movement: No change</p>	<p>Oversight accountability Executive ownership resides directly with the Department of Quality.</p>
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The risk: Non-compliance with applicable quality regulations, guidelines and internal/external standards across the product lifecycle governing how we produce and supply product.

Potential impact

Impacts are wide ranging and may include a consumer safety incident, regulatory failures, loss of sales (including product recall) and adverse reputational impact, a supply disruption or factory closure, or potential civil/criminal actions against individuals. The risk is heightened by the increasing scrutiny, complexity, frequency and stringent audit requirements enforced on our factories by regulators.

Mitigation progress in 2020

We have made significant investment in ensuring the upmost quality of our products and compliance with all applicable regulations and standards. These measures include assurance programmes covering predictive quality, culture of quality, technology enabled fail-safe controls, quality audit programmes across manufacturing sites and supplier facilities, and transformation of our consumer relations function.

Current control strategy

Reckitt's Quality standards have been defined, communicated and embedded within our standard operating procedures. A quality audit programme to assess compliance with Reckitt's Quality standards across manufacturing sites has been established and is being delivered against. COVID-19 impact assessments have been performed to identify risks to programme delivery and agreed timescales.

Future Outlook

We continue to look for opportunities to optimise our quality assurance processes and the use of quality data to drive continuous improvement across the product lifecycle.

6. PEOPLE

<p> Risk movement: Decreasing</p>	<p>Oversight accountability Executive ownership resides directly with the Human Resource Director</p>
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The risk: Failure to achieve strategic objectives as a result of significant management churn and inability to attract and retain top talent.

Potential impact

Disruption to business performance attributed to Covid-19 and "Work-from-home" and the risk of fatigue arising from this period to employees.

Mitigation progress in 2020

Non-stop support from HR and the leadership teams to each employee have led to continuation of work amid the pandemic while maintaining safety protocols in both office and home.

Current control strategy

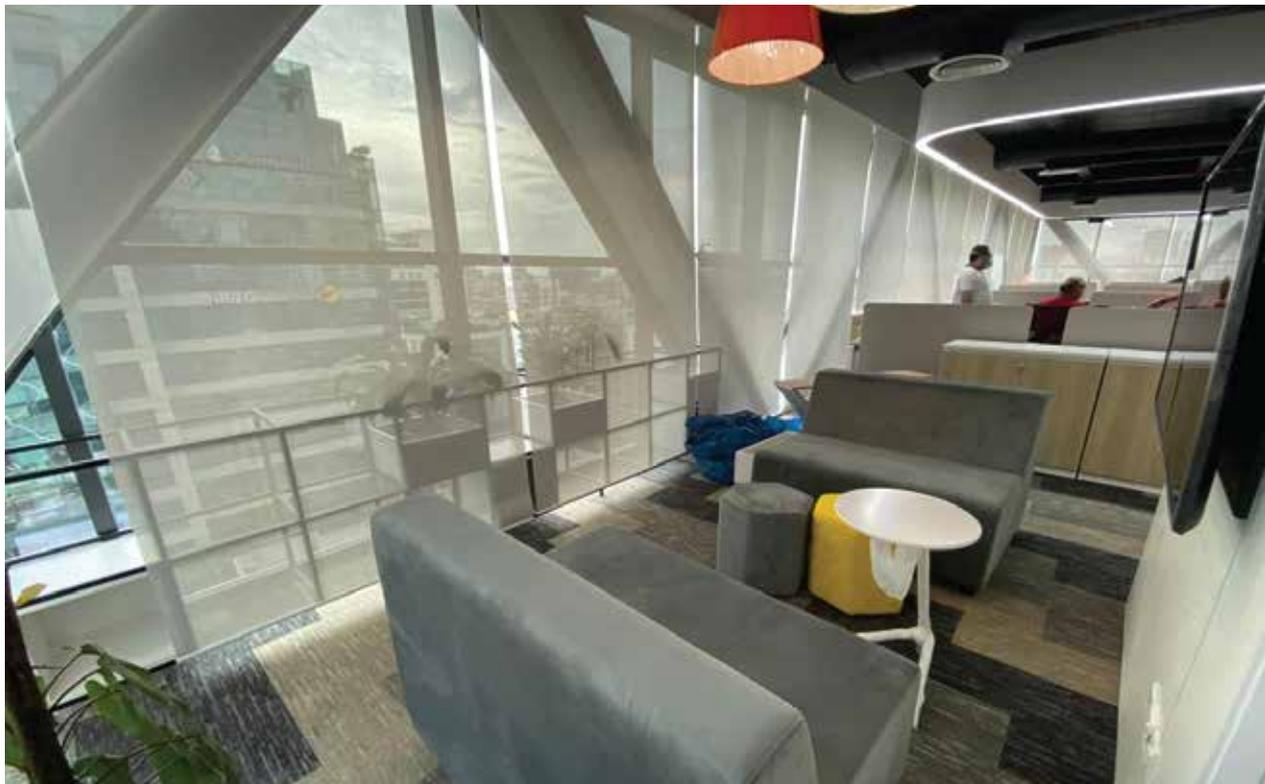
Talent identification, mapping and calibration have been undertaken for management positions. We offer a suite of tools to help Reckitt employees get the most out of their careers at Reckitt, from learning and development, the annual performance review process that focus on how managers can inspire, empower and engage their teams. Initiative for employee well-being at Reckitt during the pandemic is also under way. Reckitt has recently established its gratuity fund for its employees. Values and code of conduct is communicated through mandatory annual training program.

Future Outlook

We will continue to focus on unleashing the potential of our people, performance and purpose by attracting the best talent, developing our people and enabling culture change, to shape and drive the future workplace to deliver sustainable outperformance.

BOARD MEETING AND ATTENDANCE DURING THE YEAR ENDED 31 DECEMBER 2020.

S/L	Name of Directors	Number of meetings held whilst a board member	Meetings attended	Remarks
1	Mr. Rahul Mathur (Chairperson)	4	4	Mr. Mohammed Zia Uddin attended 4 meeting of the Board as alternate Director of Mr. Rahul Mathur
2	Mr. Vishal Gupta	4	4	
3	Mr. Sourav Mitra	4	4	
4	Mr. Salahuddin Mahmud	4	4	
5	Mr. C.Q.K. Mustaq Ahmed (Independent Director)	4	4	
6	Mr. Nazimuddin Chowdhury (Independent Director)	4	4	
7	Mr. Pradeep Krishnamurthi	4	4	Mr. Bishwajit Kumar Das attended 4 meeting of the Board as alternate Director of Mr. Pradeep Krishnamurthi
8	Ms. Afreen Huda	4	3	Leave granted



Reckitt Benckiser (Bangladesh) Limited corporate office

SHAREHOLDERS' SUPPORT

Company Website

The important information regarding the Board of Directors and key financial information of the Company, including price sensitive disclosures are publicly available on the company website.

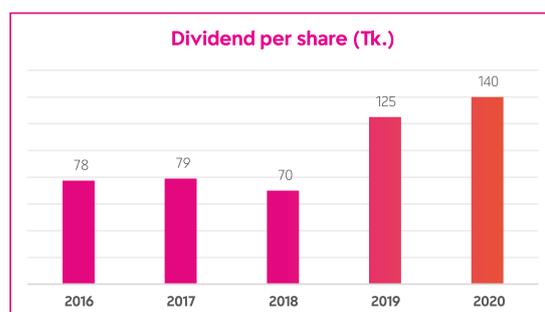
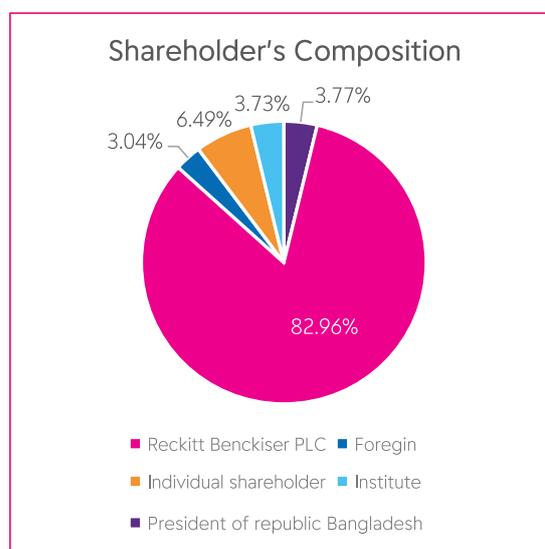
Investor Relations

Local and international investors, financial analysts and other members of the professional financial community requiring additional financial information can visit the Investor Relations section of the Company's weblink:

<https://www.reckitt.com/about-us/rb-bangladesh/>

Shareholder Services

If you have any queries relating to your shareholding, please contact us : Md. Anisur Rahman, Contact Number: +880177759121, Telephone Number: +88 (02) 222290770 Ext-121, or write an email to the Share Office : Anisur.Rahman2@rb.com, Nazmul.Arefin@rb.com.



Share price movement during 2020

	Dhaka Stock Exchange			Chittagong Stock Exchange		
	High (BDT)	Low (BDT)	Close (BDT)	High (BDT)	Low (BDT)	Close (BDT)
January	3,058.40	2,896.90	3,009.40	3,170.60	2,733.00	3,030.10
February	3,331.60	3,005.40	3,140.50	3,300.00	3,000.00	3,120.10
March	3,291.40	2,951.10	3,139.00	3,266.20	2,918.30	3,103.30
April						
May	3,247.20	3,247.20	3,247.20	3,109.30	3,109.30	3,109.30
June	3,764.20	3,094.50	3,584.70	3,750.00	3,105.00	3,540.70
July	3,657.60	3,453.40	3,569.00	3,884.00	3,450.00	3,550.00
August	3,883.80	3,589.80	3,716.50	3,900.00	3,450.10	3,704.60
September	3,903.50	3,717.10	3,842.20	3,985.00	3,704.60	3,900.00
October	3,960.10	3,784.40	3,816.20	3,950.00	3,900.00	3,950.00
November	3,802.40	3,618.40	3,721.10	4,080.00	3,690.60	3,690.60
December	4,396.00	3,732.20	4,046.80	4,545.90	3,690.60	3,900.00

OUR INITIATIVES

Dettol Harpic Porichchonno Bangladesh



According to the World Health Organization (WHO) "Hygiene is the concept of cleaning and any practice, aimed at maintaining health and preventing the spread of diseases". Reckitt Benckiser's flagship campaign "Dettol Harpic Porichchonno (Clean & Hygienic) Bangladesh" (DHPB) aims to raise awareness by reducing hygiene knowledge gap and behavior change.

Based on Bangladesh National Baseline Hygiene Survey around two-third (67%) of the households had a handwashing location detected within 30 feet of the toilet for post-defecation handwashing. Forty percent of all households were observed to have a handwashing location for post-defecation use with water and soap available. Half of the mothers' (52%) and one third of the youngest children's (3 to 5 years of age) hands appeared to be clean (35%) during spot check observation. Interestingly, people in Bangladesh commonly believe that soap is not necessary for handwashing, that water is alone effective in cleaning the hands, especially when hands appear clean. It shows that the hygiene status of Bangladesh is very alarming. For a developing country like Bangladesh, there is still a dire need of understating and practicing proper hygiene to improve health and hygiene situations.

Reckitt Benckiser's flagship campaign "Dettol Harpic Porichchonno (Clean & Hygienic) Bangladesh" (DHPB) aims to reduce hygiene knowledge gap and make it a practice through sustainable behavior change. To reach this goal, DHPB has been playing the pivotal role through partnering with likeminded stakeholders for the last 4 years. Starting with school going children to adult people including new mothers, DHPB has been reach about 1.9m people directly and 25 million indirectly in the past 4 years.

TOTAL REACH (DIRECT + INDIRECT) IN 2020



HYGIENE LEARNING AT SCHOOL (HAND HYGIENE, TOILET HYGIENE & KEEPING SCHOOL AND SURROUNDING CLEAN)

With the partnership of Bangladesh Scouts the biggest volunteer organization of Bangladesh, more than 10,000 students aged between 6 to 10 received training on washing hands properly with soap in Jamboree and Camporee at Mowchak, Gazipur. Students from all over Bangladesh took part in the campaign arranged by Bangladesh Scouts. DHPB was the hygiene partner of the campaign and provided necessary hygiene products for the participants. Along with hand wash training, students were also taught the importance of toilet hygiene and community hygienic specially not to litter and use dustbin. Similar training was also provided through DHPB's "Pledge for cleanliness" campaign which was carried out in 27 places of Dhaka and Chandpur. The campaign created massive buzz among the people of those areas as they took oath and pledged on their kids name to follow all the hygiene guidelines. Focus of the activity was on Hand wash, toilet cleanliness and community hygiene.

KEEPING THE ENVIRONMENT CLEAN, DOING OUR PART (COMMUNITY HYGIENE) According to World Bank report, "Country Environmental Analysis", Bangladesh is among the countries most affected by pollution and other environmental health risks. In short, the old model of "grow now, clean up later" no longer works for countries, including Bangladesh. To raise awareness on this environmental cleanliness, DHPB encourages people to keep their surrounding clean & hygiene. Through DHPB school hygiene campaign, students are encouraged and given training on using dustbin/basket to throw any waste. Targeted people were reached through digital media and through various on ground activity. More than 18,900 students were reached through this Pledge for Cleanliness campaign.



SCOUTS CAMPOREE: HYGIENE AWARENESS AMONG THE YOUNG School children from across the country got to spend six days together at the National Scout Training Centre in Gazipur for the 9th Cub Camporee. More than 12,000 participants were attended in the Camporee program. Cub carnivals, cultural programs, and a lot of activities kept the little scouts busy for six days. Alongside the fun activities, they also learned how to protect their planet from plastic pollution and keep themselves germ free through DHPB's health & hygiene activities. Dettol Harpic Porichchonno Bangladesh was the only hygiene partner of the entire campaign.

PLEDGE FOR CLEANLINESS Aiming to build a healthy, beautiful and clean Bangladesh by raising awareness amongst the masses of the country the "Dettol Harpic Porichchonno Bangladesh" campaign along with "Bangladesh Scouts" carried out a nationwide campaign with the title "Porichchonnotar Ongikar". It took places in Schools and in public places.

More than 3 lac people were directly reached through this campaign. In 27 spots of Dhaka and Chandpur 2700 Bangladesh Scouts volunteers carried pledge boards and positioned themselves on both sides of the road. The pledge boards had different calls Pledge boards with many more calls could be seen in the hands of scouts taking positions on both sides of the road. The pledge boards contained written messages and call to cleanliness such as, 'Do not litter just anywhere, please', 'At least educate one child on cleanliness', 'Teach about cleanliness', 'Help make their life healthy and clean',

'Please wash your hands thoroughly with soap before meals', 'Wash your hands thoroughly with soap after using the toilet', 'Always keep the toilet clean and sanitized' and many more.

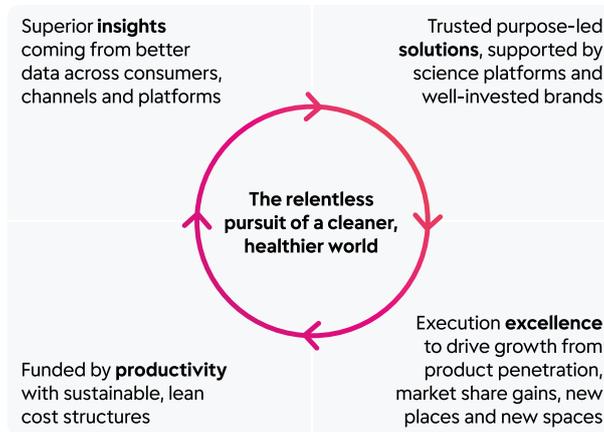
DETTOL HAND WASH CHALLENGE: OUR EFFORT TO CURB THE COVID-19 SPREAD The 'Dettol Handwash challenge' was an initiative to create awareness across all walks of life in curbing the spread of Coronavirus (Covid-19) that has reached all parts of the country, kicked off on 26th March and ended on 31st May with Scouts members students and mass people as participants. It was designed in such a way so that everyone can participate in the campaign. Due to lockdown the educational institutions were closed so the students were mainly encouraged to participate in the challenge and win prizes accordingly. Keeping the focus on students mainly 10 winners and 40 finalists received 3 lac taka & hygiene products from Dettol. Bangladesh Scouts and UNDP were the partners of this initiative. More than 11.3m people come under the umbrella of awareness of 'Dettol Handwash Challenge'.

GOODNESS AND WELLNESS FOR ALL Reckitt Benckiser joined the cause of helping the frontlines of Covid-19 and worst-affected people through its campaign "Dettol Harpic Porichchonno Bangladesh" and donated hygiene products such as Dettol soaps, Harpic and other products to 50,000 families (Front liners and Ultra poor people) across the country through a partnership with Bangladesh Scouts and BRAC. The donation also included personal protective equipment (PPEs) and other health kits for preventing the spread of coronavirus in different areas of Bangladesh. DHPB with its partners Bangladesh Scouts and BRAC distributed these so that these could reach the people at disadvantaged communities. More than 5500 poor and needy people were supported through cash support for 14 days through BRAC's humanitarian programs towards Covid-19 support in rural Bangladesh. For ensuring the safety of the frontline corona-fighters, DHPB donated PPEs and Dettol and Harpic products for law enforcers, healthcare professionals, and municipal workers. Under this donation, more than 50,000 police, 13,000 cleaners and 15,000 health care front line workers received hygiene products. About 8 lac people were reached through this campaign from different platforms.



INTEGRATED REPORTING

Comparing our Business Model with IR Capitals



The Value We Create

CONSUMERS

Consumers receive innovative, safe and standard high quality products, which help them live cleaner, healthier lives.

PEOPLE

Reckitt provides exciting and challenging careers, with excellent rewards for outstanding performance.

CUSTOMERS

Our customers gain from selling our leading brands, growing our categories and driving customer value in relevant channels.

COMMUNITIES

Our products and social programs lead to improved health and hygiene standards.

INVESTORS

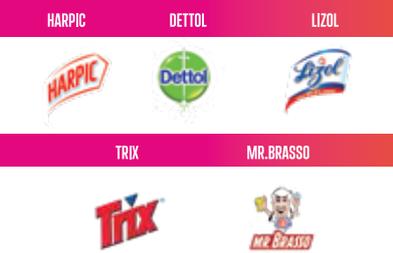
Investors benefit from strong operational and financial performance, resulting in attractive returns via dividends and long-term share price appreciation.

ENVIRONMENT

We recognize the impact we have on the environment we share with others. We are working to reduce our impact by reducing our greenhouse gas emissions, contributing to reducing global warming and climate change.

HOW WE DO IT

Our Key Resources

<p>Our people and culture We employ outstanding people who work in a unique culture that harnesses their passion and allows them to make a real difference.</p> <p>Read more page 68</p> 	<p>Our key brands We have a portfolio of leading brands that offer faster growth.</p> <p>Read more page 70</p> 	<p>Our knowledge and skills We have deep consumer understanding, quality and innovation capabilities and an agile organization, which gets products to markets fast.</p> <p>Read more page 70</p> 
<p>Our stakeholders We develop strong, trusted relationships with our customers, consumers, suppliers and communities. We access and develop networks and partnerships that extend our impact.</p> <p>Read more page 71</p> 	<p>Our infrastructure Our business is underpinned by strong manufacturing sites, centres of excellence and logistics centres.</p> <p>Read more page 72</p> 	<p>Our financial strength Shareholders' equity, debt and current assets profit give us the financial resources to implement our strategy.</p> <p>Read more page 74</p> 

Additional Resource

<p>Our environmental initiatives Our effort to address key environmental issues mean being more resource efficient adding more renewable fuels, and designing for a lower carbon manufacturing operation which ultimately leads to higher value for the company.</p> <p>Read more page 77</p>	
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OUTCOME

CONSUMERS

Consumers receive innovative, safe and standard high quality products, which help them live cleaner, healthier lives.

- **Trusted brand**

COMMUNITIES

Our products and social programs lead to improved health and hygiene standards.

- "Dettol-Harpic Porichonno Bangladesh" reached 1.9 million people in 4 years
- "Dettol Hand Wash Challenge" with the help of trusted third-parties during pandemic

PEOPLE

Reckitt provides exciting and challenging careers, with excellent rewards for outstanding performance.

- **266 employees**
- **Target reached by employees 120%**

INVESTORS

Investors benefit from strong operational and financial performance, resulting in attractive returns via dividends and long-term share price appreciation.

- **Record 1400% dividend for the year 2020**
- **P/E ratio 25.88**

CUSTOMERS

Our customers gain from selling our leading brands, growing our categories and driving customer value in relevant channels.

- **Increased growth through existing and new customers**
- **Higest ever sales through e-commerce channel**

ENVIRONMENT

We recognize the impact we have on the environment we share with others. We are working to reduce our impact by reducing our greenhouse gas emissions, contributing to reducing global warming and climate change.

- **16.2% lesser energy consumption**
- **51.8% less Water usage**
- **16.1% less waste generation than last year**

OUR PEOPLE AND CULTURE

We employ outstanding people who work in a unique culture that harnesses their passion and allows them to make a real difference.

With a tough year on the cards, coming with multiple challenges, 2020 was an eventful year to say the least. Disruption in usual working environment, led us to working from homes, with fear of Covid-19 taking toll on our mental well-being. However, in spite of the obstacles, we, as a team, have been able to tackle the problems and rise to achieve our targeted milestones and beyond.

Unprecedented challenges thrown by COVID-19 and our shields

1. People and consumers come first for us and we have pledged to do the right thing, always. When Covid posed mass threats, we were prompt to insure and get medical coverage for all our indirect employees under various types of contracts.

2. Our Chittagong factory maintained highest levels of safety protocols where extra buses were deployed for transportation of factory employees during government-imposed lock-downs.

Factory cafeteria maintained social distancing by blocking every alternate seat. All employees were strictly required to wear PPEs at all times. Along with these, awareness posters were pasted wherever necessary.

3. Despite the tight economic conditions, our teams delivered, and the company reached its targets, achieving the capability to fulfill all compensation and benefit needs in due times.

4. Tough time, tough challenges – but it did not stop us from relocating to a new office building for our corporate headquarters with a much safer and healthier workplace for our employees. The new office is carefully designed for optimal lighting and mood-boosting environment for fostering innovation and supporting growth. The building maintains highest levels of structural and operational safety.



Reckitt Benckiser (Bangladesh) Corporate Office.

Reckitt's talent exploration Global Challenge 2019

The national winning team from Bangladesh went on to attend the global finals in London Headquarters in 2020 and came out as the world champion. Their business idea was to bring a behavioral change among children carrying lunch boxes with embedded sanitizer spraying system in the box. The team, "Who Dis", from North South University was crowned as national champions in Bangladesh after 3 grueling rounds of business case solving and presentations. The competition had 3 rounds nationally and 2 more rounds with an innovation fair globally



Global Challenge Winners 2019

Global Challenge 2020

Despite the pandemic, Reckitt did not stop in its pursuit to explore young talent from around the country. From having highest number of registrations ever in Bangladesh, to conducting the whole global challenge competition online – it was a journey not to be forgotten

New additions included mentoring sessions before national final round and more detailed feedback sessions. University students studying in their 3rd or 4th year of undergraduate studies and those in graduate studies participated to showcase their talent. And through that, Reckitt engaged over 600 teams of young minds in solving a social problem of Bangladesh through innovation under any Reckitt brand. 6 teams were chosen as finalists and the final was held through a social media live stream. The winning team, "Team T.A.A.R" from IBA, Dhaka University, went on to represent Bangladesh in the global rounds held in 2021.



Glimpses from virtual final round of Global Challenge 2019

Circus Street: A new beginning to digital literacy in learning & development

To meet the needs of current times and to be future-proof, Reckitt has taken a step towards being data and analytics savvy, partnering up with Circus Street. The short and fun courses provided by Circus Street are designed in a way that will equip teams with rich expertise and knowledge required for now and for the years to come.

Courses cover the topics of digital literacy, big data, analytics, e-commerce, digital marketing and the future of work. Reckitt and Circus Street believe that their partnership will make the employees at Reckitt prepared for the future challenges and be more agile at their workplace.

Campus Ambassador Program

For the very first time, Reckitt launched its own student ambassador program where university students were put through different rounds of assessment to choose one ambassador from top 25 universities of the country. The 6-month-long program was open for students in their 2nd and 3rd year of undergraduate degrees. These ambassadors were appointed to represent Reckitt at their respective campuses for various campus outreach purposes. In exchange, they were offered grooming sessions from 5 different functions of Reckitt and FGDs – giving them the opportunity to brainstorm and contribute towards solving real business problems, learning the art of attending FGDs in the process. The talented minds acted as valued POCs in their respective Universities to promote RB Global Challenge, employer brand initiatives, career opportunities and more.

Code of Conduct & Standard Operating Procedures

Our code of conduct has a strong influence on our people. Every year through mandatory training the values are rebooted on people's mind once again. Through our code of conduct we make sure that we care for our consumers, care for each individual person working at Reckitt, care for the environment, while ensuring ethical and legal compliance. A list of our principles and values is detailed in page 12. For our business's most prized and critical areas, product quality and safety and health protocols to name some, standard operating procedures (SOPs) had been developed. Adherence to the SOPs are rigorously maintained.



Reckitt Benckiser (Bangladesh) Limited factory

Integrated Reporting continued

OUR KEY BRANDS

We have a portfolio of leading brands that offer faster growth.

We have a portfolio of leading brands that offer faster growth and higher margins.

Our heritage brands are one of the most valuable capital for driving our growth. Several brands like Dettol & Harpic have become the most sought after and trusted brands. In relation to the COVID-19 pandemic, our dependable brands including Dettol and Lizol have experienced strong demand. The extra-ordinary situation has created new growth opportunities for Reckitt; strong demand for Dettol and Lizol, amongst others, looks set to remain at higher than pre-COVID-19 levels, driven by greater health awareness.

In addition, the superfluous use of e-commerce has changed the picture in the economy of Bangladesh, and Reckitt is on its way to exploit the said opportunity through best ever levels of activity in e-commerce.

On the other hand, in relation to the COVID-19 pandemic, sales trend for the other brands continued to remain the same. In 2020, our Company achieved 29.27 % sales growth vs previous year with a turnover of Tk. 533 Crore. This growth, as mentioned was mainly driven by key brands like Dettol, Harpic and Lizol.



Our product portfolio

OUR KNOWLEDGE AND SKILLS

We have deep consumer understanding, quality and an agile organization, which gets products to market fast.

Our leadership teams have extensive business knowledge and many years of experience in the relevant fields. With their help and guidance swift and flexible steps are taken to respond to environmental urgencies. Here people are nurtured to earn expertise on specific field. On the other hand, people with leadership skills, team players and smart managing power are empowered to go to the next level of contribution. Change in the environment is observed and for foreseeable future proactive actions are taken.

We are responsible for quality

Reckitt Benckiser, Chittagong Factory is one of the most modern factories in Bangladesh. The factory uses the latest technology in compliance with the 'Current Good Manufacturing Practices' standards like WHO, ISO, BSTQM etc. for the manufacture of Pharmaceutical, Cosmetics and Surface Hygiene products. It has well established Quality Management System for controlling end to end process steps of material Storage & issue, Dispensing,

Manufacturing, Packaging and Distribution processes. There is a central Quality Control Lab, a microbiology lab and production unit wise IPC test facilities. The labs are equipped with GLP compliant machineries and computerized testing equipment are 21 CFR part 11 FDA compliant with audit trail system. The isolated microbiology lab performs testing of micro sensitive materials and products as well as the test of the environmental monitoring isolates. With quality at the core, the site is capable to deliver outstanding products for our consumers and meaningful value for our business.



OUR STAKEHOLDERS

We develop strong, trusted relationships with our customers, consumers, suppliers and communities. We access and develop networks and partnerships that extend our impact.

Our stakeholders

We develop strong, trusted relationships with our customers, consumers, suppliers and communities. We access and develop networks and partnerships that extend our impact. Our identified stakeholders are our consumers, customers, suppliers, trusted third party resources and our employees.

Consumer

Our purpose is to reach our consumers with the best product. Consumers buy brands they trust. They rightly expect safe, effective and sustainable products, delivered at a fair price. This is always our focus, but we are also meeting their growing expectation that products are responsibly sourced and won't damage the environment. And that our social and environmental impacts tackle global issues for a sustainable future.

Suppliers and trusted third parties

We join forces to build shared success with suppliers and other third parties. Our partners share our purpose and values. Through them, we build lasting solutions with real social impact.

Engaging with consumers and trusted third parties

In response to Covid-19 pandemic we had launched "Dettol Handwash Challenge". With a duration of two months 10 winners and 40 finalists received Tk. 3 lac. Bangladesh Scouts and UNDP were the partners of this initiative.

Reckitt Benckiser's flagship campaign "Dettol Harpic Porichchonno (Clean & Hygienic) Bangladesh" aims to reduce hygiene knowledge. To reach this goal, this campaign has been playing the pivotal role through partnering with likeminded stakeholders for the last 4 years. Details on this is presented on page 63.

Customers

We aim to foster stronger customer relationships. Our customers' knowledge brings consumer understandings to reinforce our product portfolio. We work with our customers to build and meet joint goals and to enable greater social and environmental impact. Teamwork with our customers enables combined activity that supports both our own purpose and our collective ambitions.

Engaging with Customers

Our customers are the retail specialists, and they know what their consumers want. They have insights that can spur product growth. Strong structural partnerships and relationships are fundamental. With lockdowns and social distancing in place to combat COVID-19 many consumers turned to digital channels for their groceries and provisions. Online sales experienced growth during the year. Our e-commerce operation continued to perform. We were able to adapt our supply chain to maintain access to our products via online channels. Reckitt has strong relationships with all the major online marketplace platforms.



Our people on cultural program on February 2020



Integrated Reporting continued

Our shareholders

Through engaging with our shareholders, we have support for our strategic initiatives, and in return they share our success. Open and effective communication combined with performance builds trust and confidence in our company.

Engaging with our shareholders

We engage with our shareholders by regularly updating our website, timely publication of price sensitive information, audited and unaudited quarterly accounts. During 2020, when Covid-19 pandemic had halted physical movement, we had arranged our Annual General Meeting (AGM) online for the first time in Reckitt's history. For more information for shareholders please see page 62

Our People

Our success happens because of our decidedly skilled people. We want to attract, develop, and retain the best. Passionate, diversified teams spur growth and performance. We want our teams to feel good about what they do and our contribution to the world as a whole. Our purposeful culture strengthens engagement and brings better brand offerings for consumers and more value for shareholders and investors.

Engaging with People:

Covid-19 had halted our usual engagement with people. However, we continued interact over the intranet and internet. Even during the pandemic, we had relocated our Dhaka office to a new office building. Our employees showed rigorous strength during this whole period and is continuing to reboot and perform throughout the upcoming year. We intend to continue encouraging our people for consideration to their health and mental well-being.

OUR INFRASTRUCTURE

Our business is underpinned by strong manufacturing sites, centres of excellence and logistics centres.

Reckitt Benckiser (Bangladesh) Limited, a prevalent FMCG (Fast moving consumer goods) manufacturing and marketing company in the country is one of the most reliable names in the FMCG business sector of Bangladesh. The company was established in Chittagong in 1960 with the name of "Robinson's Foods (Pakistan) Ltd". Commercial production of the company was started in 1962 by setting up a new factory in the location of 58/59 Nasirabad Industrial Area, Chittagong-4209. After liberation in 1971, the company name has been changed to "Robinson's Food (Bangladesh) Limited" in 1972. In 1978 the company has launched new FMCG products in the market and changed company name to "Robinsons (Bangladesh) Limited". In 1986 further company name has been changed as "Reckitt & Colman Bangladesh Limited". In 2000 the company name changed to Reckitt Benckiser (Bangladesh) Limited as the parent company merged with a Dutch company 'Benckiser'.

In 1987 the company was converted into a Public Limited Company and there after became Publicly Listed Company by listed with Dhaka and Chittagong Stock Exchange Ltd. Since establishment, the company is committed to provide high quality products to the consumers and always taking care of consumer's safety and values. Reckitt Benckiser (Bangladesh) Limited is an ISO 14001, 45001 certified company and committed to Human safety and minimizing environmental pollutions by enabling people to do more for their Healthier Lives and Happier Homes.

Reckitt Benckiser Chittagong Factory is the only manufacturing facility of Reckitt Benckiser Bangladesh Limited which is in Nasirabad industrial area, Chittagong.

This is the oldest amongst the manufacturing facilities of Reckitt Benckiser Group PLC. The total factory area is 16,310 Sq Meters where as the plant area is 9,786 Sq Meters.

At present, it manufactures 9 Health and Hygiene-Home products under 5 brands: Harpic, Dettol, Trix, Mr. Brasso, Lizol.

Putting health, safety and wellbeing at the heart of our business

We understand the importance to apply consistent and recognizable health and safety standards. We have globally recognized safety certification, ISO 45001 in our manufacturing unit Reckitt Chittagong Factory because we believe it complements our existing health and safety internal audit programs and governance processes. We are proud of the standards we set and the care we take over the health, safety and wellbeing of all the stakeholders of our company.

For our outstanding efforts we have been awarded prestigious Safety Innovation Award 2020" by "Safety and Quality forum - Institute of Engineers (India)" which is the first international recognition awarded to Reckitt Benckiser Chittagong Factory.

H&S Performance 2020 of Reckitt Benckiser Chittagong Factory:

- ✓ lost work day accident rate (LWDAR) : 0.00
- ✓ total recordable frequency rate (TRFR) : 0.00



Reckitt Benckiser (Bangladesh) Limited warehouse

OUR FINANCIAL STRENGTH

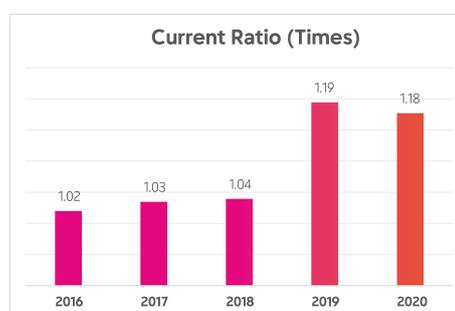
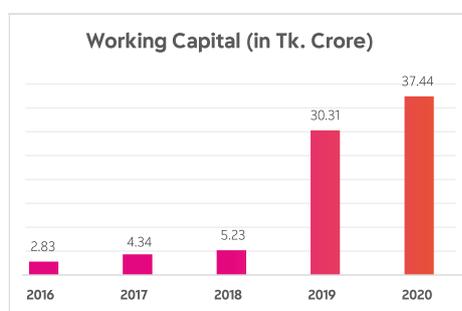
Shareholders' equity, debt and current assets give us the financial resources to implement our strategy.

Reckitt was able to deliver high performance during 2020 in harmony with the increased market demand. But, this is also due to our financial structure.

Balance Sheet & Cashflow

We have free cashflow of Tk. 131.41 crore at the end of the year 2020. We are maintaining efficient working capital for smooth operations. Our working capital is also seeing a high trend in line with the increase of our revenue. After moving for efficient usage of working capital, we are seeing highest inventory turn over at the end of 2020. Our accounts receivable turnover days, even though it has increased this year, is within our expectation to maintain strong working capital.

As per the current ratio, we maintain a high liquid position to combat any emergency.



Free Cashflow

(Amount in Tk. Crore)

	2016	2017	2018	2019	2020
Operating Cash flow	74.55	61.07	75.83	104.26	168.36
Capex Sped	(3.69)	(20.28)	(15.77)	(14.09)	(36.95)
FCF	70.86	40.79	60.06	90.17	131.41



Reckitt Benckiser (Bangladesh) Limited shelves

Working Capital Analysis

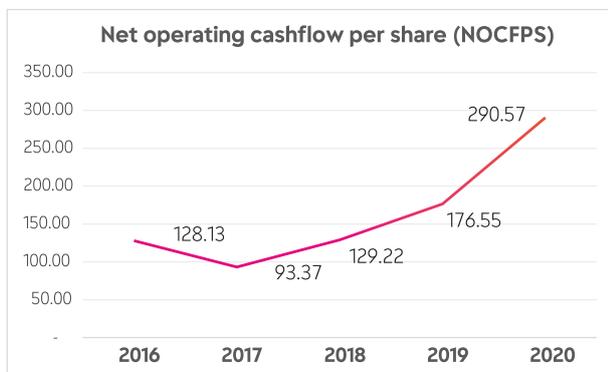
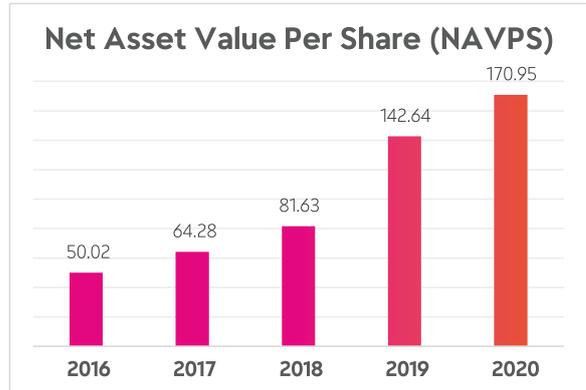
	2016	2017	2018	2019	2020
Inventory Turnover in Days					
Opening Inventory	283,031,437	295,729,610	130,441,911	301,129,697	451,118,392
Closing Inventory	295,729,610	274,725,678	301,129,697	451,118,392	621,618,191
Average Inventory	289,380,524	285,227,644	287,927,688	376,124,045	536,368,292
Cost of Sales	1,548,198,653	1,714,693,581	1,755,638,024	1,878,203,439	2,317,707,737
Average Inventory	289,380,524	285,227,644	287,927,688	376,124,045	536,368,292
Inventory Turnover Ratio	5	6	6	5	4
Days in a year	365	365	365	365	365
Inventory Turnover Days	68	61	60	73	84
Accounts Payable Turnover (Days)					
Opening payable (trade & other)	653,045,094	1,022,878,694	1,053,308,281	1,196,913,294	1,354,273,836
Closing Payable	1,022,878,694	1,053,308,281	1,196,913,294	1,354,273,836	1,846,419,276
Average payable	837,961,894	1,038,093,488	1,125,110,788	1,275,593,565	1,600,346,556
Purchase	1,280,072,512	1,454,233,766	1,465,819,872	1,633,500,304	1,970,044,467
Average Payable	837,961,894	1,038,093,488	1,125,110,788	1,275,593,565	1,600,346,556
Accounts payable turnover ratio	1.53	1.40	1.30	1.28	1.23
Days in a year	365	365	365	365	365
Accounts payable turnover (Days)	239	261	280	285	297
Accounts Receivable Turnover (Days)					
Opening receivable	11,599,815	16,411,459	130,441,911	84,863,618	43,905,926
Closing receivable	16,411,459	130,441,911	84,863,618	43,905,926	25,500,945
Average receivable	14,005,637	73,426,685	107,652,765	64,384,772	34,703,436
Revenue	3,326,615,328	3,669,620,066	3,893,024,596	4,126,150,222	533,883,576
Average receivable	14,005,637	73,426,685	107,652,765	64,384,772	34,703,436
Accounts receivable turnover (Ratio)	238	50	33	64	154
Days in a year	365	365	365	365	365
Accounts receivable turnover (Days)	2	7	11	6	2

Integrated Reporting continued

Overall, our net asset value per share is the highest in line with our highest revenue this year. It has seen a 20% increase than the last year and came to Tk. 170.95, indicating a stronger than ever financial structure.

Net operating cashflow per share have increased by 65% compared to the previous year.

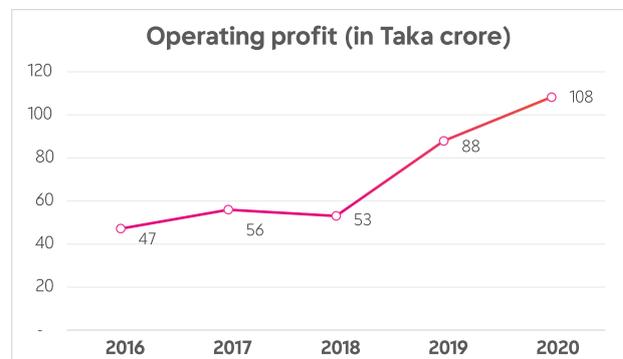
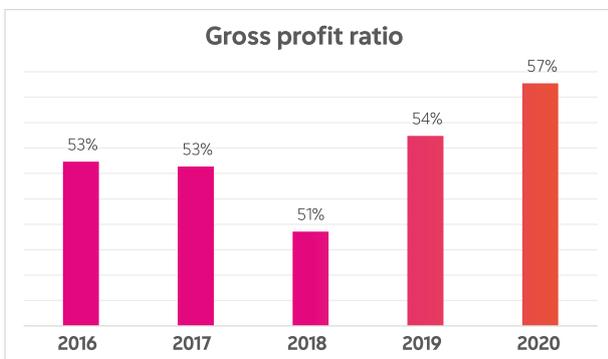
Our debt-equity ratio increased by 0.48x from 2.54x (times) to 3.02x (times), mainly due to lease liabilities of non-current portion. Reckitt does not hold any external debt on its balance sheet.



Outcome in Profit and Loss Account

Our revenue increased by 29.27% from Tk. 413 crore to Tk. 533 crore, which resulted in increase in EPS by 19% to Tk. 156.38. Gross profit increased by 34% to Tk. 301 crore. Gross profit ratio over the years remained same, which indicates a strong infrastructure in our production process. During the year, operating profit had increased by 23% to Tk 108 crore from Tk 88 crore.

Reckitt will continue to invest in the right portfolio of products in response to the consumer demand. In alignment of this, smooth production flow is a priority for the upcoming year.



ENVIRONMENTAL INITIATIVES

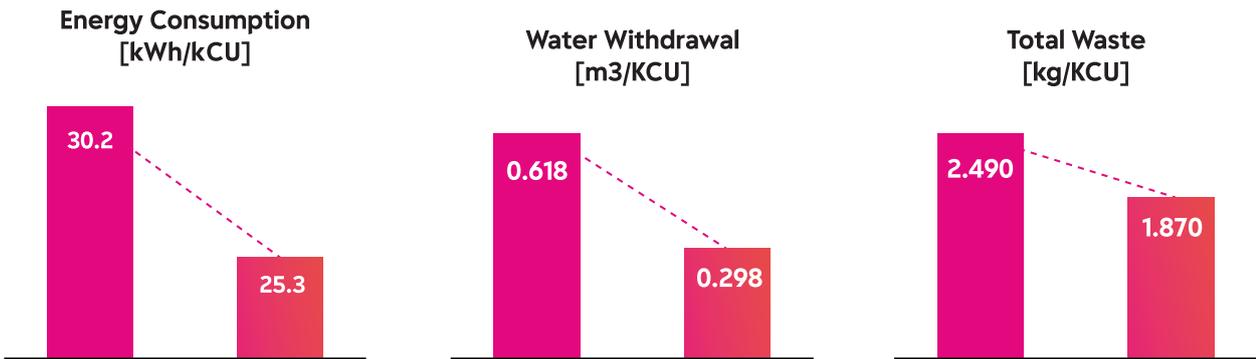
Creating a Healthier Planet

We want to be a responsible business that adds value to the environment. As a responsible business, we want to play our part in addressing key environmental issues. We believe that climate change is an important issue for the world, and we are committed to playing our part in achieving global climate change goals on our own initiative. We are combatting this with ambitious plans to reduce our own carbon footprint. This means being more resource efficient with energy and water, adding more renewable fuels, and designing for a lower carbon manufacturing operation. We know a healthier planet enables healthier lives.

Our efforts over the past few years to reduce environment footprint have been enviable. Aligning our goals with SDG we have done a tremendous job so far.

Our numbers speak for our efforts. Our performance of 2020 in comparison to 2019:

- 16.2% less energy consumption.
- 51.8% less water use.
- 16.1% less waste generation.



Combatting Climate Change

We are committed to working with the ambition to reduce carbon emissions by 65% by 2030. We set ourselves to contribute to the global effort for net zero emissions by 2050, in line with the Paris Agreement commitment to keep global warming below 1.5°C. In fact, we want to reach net zero at Reckitt by 2040.

To achieve this, we have installed our first 15KWH on grid solar power in 2020. This means the site's GHG emissions will come down by 6.5 tons per year – equivalent to the effect of planting 1080 trees

Energy Saving Projects

- ▶ Saving 21600 KWH/year of electrical energy from solar energy.
- ▶ 6.5 T less GHG Emission/Year
- ▶ Day light saving projects.
- ▶ Using VFD to save energy and GJG emission

Environmental Initiatives continued

Reducing Water Wastage

The water we use is a vital measure in our overall sustainability. That's why we're looking hard at how to use less water, be more efficient with what we do use, and recycle the water we harvest on our sites. Reckitt Chittagong Factory has reduced the water usage by 51.8% by taking simple but useful measures.

Water saving projects like collecting and reusing spills eliminated the processes which require huge amount of water. We have installed radiator instead of cooling tower which saves us 5000 thousand liters of water every year.

Water Saving Project

- ▶ Use of radiator instead of cooling tower in generator operation is saving us five thousand liters of water every year using 100KL of ETP discharge water in gardening per month.

- ▶ Less water going into natural water bodies.
- ▶ Less energy consumption for water withdrawal.
- ▶ Use of radiator instead of cooling tower in generator operation is saving us five thousand liters of water every year

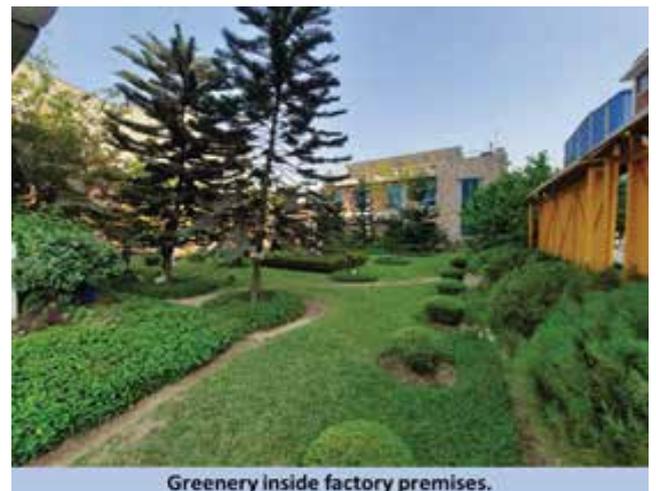
A priority for us is making sure we treat and reuse as much water as possible. This means challenging ourselves to find new ways to reuse water and use as little of it as possible. Like we are using the discharge water of the Effluent treatment plant (ETP) in gardening which is saving around 1200 thousand liters of water every year.

What's More

Despite the space constraints in factory operation, we always try to preserve all the existing trees and green areas. Our ETP can be a great example in this case. During the existing ETP expansion, we have changed the design of our plant without destroying trees. This is how Committed we are.



Design change in ETP to prevent cutting down trees



Greenery Inside Factory Premises



No. 1 Toilet Cleaning Expert In 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 2020, 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 2020, 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 6 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 are required.</p> <p>As it is industry practice, the Company enters into numerous types of commercial arrangements with customers to offer product promotions and discounts. Revenue is measured net 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 sales cut off at the close to the period end to ensure the completeness of revenue recognised in financial statements by checking relevant supporting documents regarding the appropriateness of recording sales made in subsequent accounting period in the current period and sales made in the current accounting period to subsequent period. - We have conducted substantive testing on revenue recorded throughout the year using sampling techniques to ensure the appropriateness of recording revenue while occurred/existed, by examining the relevant supporting documents including sales invoices, VAT challans 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 6 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>We focused on the proper cut-off of sales to the Company customers due to the fact that the documents of confirming the acceptance of the products were provided by numerous customers based in different locations. There is a risk of differences between the timing of acceptance of the products by the Company customers and when revenue was recorded. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p> <p>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>	<ul style="list-style-type: none"> - We have assessed the completeness and existence of trade spends by obtaining supporting documentation or calculation and reviewing the underlying assumptions of estimates for discounts and rebates. - We have tested sales return transactions recorded throughout the year using sampling techniques to ensure the appropriateness of recording sales return while occurred/existed, by examining the relevant supporting documents.

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.

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.



Independent Auditor's Report Continued

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.

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.



Rahman Rahman Huq
Chartered Accountants

Independent Auditor's Report Continued

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*.

M Mehedi Hasan, Partner, Enrolment Number: 1000
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: [N/A]

Dhaka, 29 April 2021

DVC: 2105041000AS167186

Reckitt Benckiser (Bangladesh) Limited Statement of financial position

<i>In Taka</i>	<i>Note</i>	31 December 2020	31 December 2019
Assets			
Property, plant and equipment	15	725,219,433	509,344,345
Deferred tax assets	13(D)	28,760,056	12,625,483
Non-current assets		753,979,489	521,969,828
Inventories	16	621,618,191	451,118,392
Trade and other receivables	17	25,500,945	43,905,926
Advances, deposits and prepayments	18	53,869,818	26,496,342
Cash and cash equivalents	19	1,789,083,592	1,341,293,136
Current assets		2,490,072,546	1,862,813,796
Total assets		3,244,052,035	2,384,783,624
Equity			
Share capital	20	47,250,000	47,250,000
Retained earnings		760,469,848	626,714,444
Total equity		807,719,848	673,964,444
Liabilities			
Employee benefits	21(A)	171,350,000	138,377,475
Lease liabilities	23	149,323,393	12,742,024
Non-current liabilities		320,673,393	151,119,499
Trade and other payables	22	1,846,419,276	1,354,273,836
Employee benefits	21(A)	31,460,000	9,260,000
Lease liabilities	23	18,213,814	16,224,453
Current tax liabilities	24	219,565,704	179,941,392
Current liabilities		2,115,658,794	1,559,699,681
Total liabilities		2,436,332,187	1,710,819,180
Total equity and liabilities		3,244,052,035	2,384,783,624

The notes on pages 88 to 132 are an integral part of these financial statements.



Md. Golam Yahia
Director



Sourav Mitra
Director &
Chief Financial Officer



Vishal Gupta
Managing Director



Md. Nazmul Arefin
Company Secretary

As per our report of same date.



Auditor

Dhaka, 29 April 2021

M Mehedi Hasan, Partner
Enrollment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm registration number: [N/A]

DVC: 2105041000AS167186

Reckitt Benckiser (Bangladesh) Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December

In Taka	Note	2020	2019
Revenue	6	5,333,883,576	4,126,150,222
Cost of sales	7	(2,317,707,737)	(1,878,203,439)
Gross profit		3,016,175,839	2,247,946,783
Other income	8	562,867	982,886
Operating expenses	9	(1,934,646,047)	(1,370,180,346)
Impairment loss reversal on trade receivables	17(A)(i)	112,604	551,118
Operating profit		1,082,205,263	879,300,441
Finance income	10	60,607,204	46,405,986
Finance costs	11	(11,078,255)	(2,165,338)
Profit before contribution to WPPF		1,131,734,212	923,541,089
Contribution to WPPF	12	(53,892,105)	(43,978,147)
Profit before tax		1,077,842,107	879,562,942
Income tax expense	13(A)	(338,954,483)	(260,301,685)
Profit for the year		738,887,624	619,261,257
Other comprehensive income			
Remeasurement of defined benefit liability	21(A)	(19,342,960)	(300,000)
Related tax	13(B)	4,835,740	75,000
Other comprehensive income/(loss) for the year, net of tax		(14,507,220)	(225,000)
Total comprehensive income for the year		724,380,404	619,036,257
Earnings per share			
Basic earnings per share (Taka)	14(A)	156.38	131.06

The notes on pages 88 to 132 are an integral part of these financial statements.



Md. Golam Yahia
Director



Sourav Mitra
Director &
Chief Financial Officer



Vishal Gupta
Managing Director



Md. Nazmul Arefin
Company Secretary

As per our report of same date.



Auditor

Dhaka, 29 April 2021

M Mehedi Hasan, Partner
Enrollment Number: 1000
Rahman Rahman Huq
Chartered Accountants
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Firm registration number: [N/A]

DVC: 2105041000AS167186

Reckitt Benckiser (Bangladesh) Limited

Statement of cash flows

For the year ended 31 December

<i>In Taka</i>	<i>Note</i>	2020	2019
Cash flows from operating activities			
Receipts from customers		6,120,066,351	4,715,828,257
Payment to suppliers, employees and others		(4,273,960,318)	(3,568,167,446)
Payment for technical services fee	22(B)(ii)(a)(a.1)	(162,520,000)	(105,089,000)
Cash generated from operating activities		1,683,586,033	1,042,571,811
Income tax paid	24	(310,629,004)	(208,355,470)
Net cash from operating activities	30	1,372,957,029	834,216,341
Cash flows from investing activities			
Acquisition of property, plant and equipment		(369,508,240)	(140,907,938)
Proceeds from sale of property, plant and equipment		-	1,129,813
Income from investment during the year		61,552,065	44,430,711
Net cash used in investing activities		(307,956,175)	(95,347,414)
Cash flows from financing activities			
Dividends paid	22(B)(i)	(590,781,603)	(330,911,630)
Payment of lease liabilities	26(A)(iii)	(26,428,795)	(16,535,316)
Net cash used in financing activities		(617,210,398)	(347,446,946)
Net increase in cash and cash equivalents		447,790,456	391,421,981
Effect of movements in exchange rates on cash held		-	-
Cash and cash equivalents at 1 January		1,341,293,136	949,871,155
Cash and cash equivalents at 31 December		1,789,083,592	1,341,293,136

The notes on pages 88 to 132 are an integral part of these financial statements.

Reckitt Benckiser (Bangladesh) Limited

Statement of changes in equity

For the year ended 31 December 2020

<i>In Taka</i>	Note	Share capital	Retained earnings	Total
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	22(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
Balance at 1 January 2020		47,250,000	626,714,444	673,964,444
Total comprehensive income for the year				
Profit for the year 2020		-	738,887,624	738,887,624
Other comprehensive income/(loss) for the year		-	(14,507,220)	(14,507,220)
Total comprehensive income for the year		-	724,380,404	724,380,404
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2019	22(B)(i)(b)	-	(590,625,000)	(590,625,000)
Total transactions with owners of the Company		-	(590,625,000)	(590,625,000)
Balance at 31 December 2020		47,250,000	760,469,848	807,719,848

The notes on pages 88 to 132 are an integral part of these financial statements.

Reckitt Benckiser (Bangladesh) Limited

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. On 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 and Supplementary Duty Act, 2012

Details of the Company's accounting policies, including changes during the year, if any, are included in Note 39.

These financial statements are authorised for issue by the Company's board of directors on 29 April 2021.

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.

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 26 – lease term: whether the Company is reasonably certain to exercise extension options.

Notes to the financial statements continued

4. Use of judgements and estimates continued

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2020 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 6 and Note 22 – revenue recognition: estimate of expected returns;
- Note 21 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 13(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 16 – provision for inventory obsolescence;
- Note 24 – current tax liabilities; and
- Note 39(H) – useful life of property, plant and equipment.

5. 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.

2020	Reportable segments		Total
	Household and toiletries	Pharmaceuticals	
<i>In Taka</i>			
Revenue	4,963,910,113	369,973,463	5,333,883,576
Cost of sales	(2,051,140,454)	(266,567,283)	(2,317,707,737)
Gross profit	2,912,769,659	103,406,180	3,016,175,839
Operating expenses			
Administrative expenses	(292,708,959)	(21,816,380)	(314,525,338)
Marketing expenses	(943,359,966)	(70,311,135)	(1,013,671,101)
Selling and distribution expenses	(314,347,208)	(23,429,136)	(337,776,344)
Impairment loss reversal on trade receivables	104,793	7,811	112,604
	(1,550,311,340)	(115,548,840)	(1,665,860,179)
Profit from operation	1,362,458,319	(12,142,660)	1,350,315,660

Notes to the financial statements continued

5. Operating segments continued

B. Information about reportable segments continued

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

C. Reconciliation of information on reportable segments to IFRS measures

<i>In Taka</i>	Note	2020	2019
i. Revenues			
Total revenue for reportable segments	5(B)	5,333,883,576	4,126,150,222
Revenue for other segments		-	-
Elimination of inter-segment revenue		-	-
Total revenue		5,333,883,576	4,126,150,222
ii. Profit before tax			
Total profit before tax for reportable segments	5(B)	1,350,315,660	1,029,998,233
Profit before tax for other segments		-	-
Elimination of inter-segment profit		-	-
Amount not related to reported segments	5(C)(iii)	(272,473,553)	(150,435,291)
Total profit before tax		1,077,842,107	879,562,942
iii. Amount not related to reportable segments			
Other income	8	562,867	982,886
Technical services fee	9	(268,673,264)	(151,680,678)
Finance income	10	60,607,204	46,405,986
Finance costs	11	(11,078,255)	(2,165,338)
Contribution to Workers' Profit Participation Fund	12	(53,892,105)	(43,978,147)
		(272,473,553)	(150,435,291)

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

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

Notes to the financial statements continued

6. Revenue

See accounting policy in Note 39(B)

<i>In Taka</i>	<i>Note</i>	2020	2019
Revenue including VAT		6,225,964,696	4,822,159,187
VAT		(892,081,120)	(696,008,965)
	6(A)	5,333,883,576	4,126,150,222

A. Disaggregation of revenue

<i>In Taka</i>	Unit of measurement	2020		2019	
		Quantity	Amount	Quantity	Amount
Household and toiletries	Cases	2,732,456	4,963,910,113	2,299,828	3,831,972,963
Pharmaceuticals	Cases	237,251	369,973,463	185,572	294,177,259
		2,969,707	5,333,883,576	2,485,400	4,126,150,222

7. Cost of sales

<i>In Taka</i>	<i>Note</i>	2020	2019
Manufacturing unit			
Opening balance of raw and packing materials		173,423,635	174,816,109
Purchases during the year	7(B)	1,755,306,464	1,360,149,211
Closing balance of raw and packing materials	16	(307,870,473)	(173,423,635)
Materials consumed		1,620,859,626	1,361,541,685
Salaries, wages and welfare expenses		263,376,179	226,996,237
Product testing and laboratory expenses		5,215,878	1,719,468
Exchange (gain)/loss		3,255,097	4,195,585
Travelling and conveyance		17,923,564	3,361,867
Power, fuel and utilities		30,210,161	25,312,083
Vehicle expenses		1,124,099	52,942
Legal and professional charges		45,450	-
Repairs, maintenance and others		53,941,645	44,850,672
Rent, rates and taxes		5,342,282	3,496,437
Staff recruitment, training and development expenses		3,106,212	-
Printing, stationery and office supplies		2,586,331	1,037,215
Insurance		2,643,805	3,349,524
Communication		1,246,928	-
Office expenses		4,428,416	5,196,556
Safety, health and environment		27,593,962	1,532,616
Depreciation and impairment loss	15(B)	86,418,216	73,096,837
Manufacturing overhead		508,458,225	394,198,039

Notes to the financial statements continued

7. Cost of sales continued

<i>In Taka</i>	<i>Note</i>	2020	2019
Opening stock of work-in-progress		2,012,634	1,355,345
Closing stock of work-in-progress	16	(2,181,380)	(2,012,634)
		(168,746)	(657,289)
Cost of production		2,129,149,105	1,755,082,435
Opening stock of own manufactured finished goods		154,351,051	61,796,301
Closing stock of own manufactured finished goods	16(B)(i)	(190,603,013)	(154,351,051)
		(36,251,962)	(92,554,750)
Cost of sales - manufacturing unit		2,092,897,143	1,662,527,685
Trading unit			
Opening stock of finished goods		109,831,142	52,155,803
Purchase of finished goods	7(A)	214,738,003	273,351,093
Closing stock of finished goods	16(B)(i)	(99,758,551)	(109,831,142)
Cost of sales - trading unit		224,810,594	215,675,754
Total cost of sales		2,317,707,737	1,878,203,439

Notes to the financial statements continued
7. 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	106.30	91,493,286	124.94	125,667,636	93.63	82,305,109	137.61	134,855,813
	Thousand Litre	2.67	1,471,699	117.33	84,202,934	18.10	15,347,656	101.90	70,326,977
	Million No.	-	-	-	-	-	-	-	-
Pharmaceuticals	Million No.	-	-	15.78	4,867,433	5.95	2,105,786	9.84	2,761,647
	Thousand Litre	45.95	16,866,157	-	-	-	-	45.95	16,866,157
	Metric Ton	-	-	-	-	-	-	-	-
Total for the year 2020			109,831,142		214,738,003		99,758,551		224,810,594
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

Notes to the financial statements continued
7. 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	1,211.46	136,384,803	14,730.64	1,217,611,426	2,362.59	263,409,772	13,579.51	1,090,586,457
Blow moulding and injection	Thousand Pcs	2,494.27	10,453,337	55,021.64	236,060,716	3,611.59	11,018,396	53,904.32	235,495,657
Boxes solid board and corrugate	Thousand Pcs	6,238.27	10,258,640	82,953.07	201,490,656	5,631.06	9,869,753	83,560.29	201,879,543
Others		10,107.58	16,326,855	83,355.48	100,143,666	13,594.27	23,572,551	79,868.80	92,897,970
Total for the year 2020			173,423,635		1,755,306,464		307,870,472		1,620,859,627
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 corrugate	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

C. Percentage of raw materials and packing materials consumed

In Taka	Note	2020		2019	
		%	Amount	%	Amount
Raw materials	7(D)	67%	1,090,586,458	65%	887,341,357
Packing materials	7(D)	33%	530,273,170	35%	474,200,328
		100%	1,620,859,628	100%	1,361,541,685
Local materials consumed		32%	527,202,454	35%	471,315,496
Imported materials consumed		68%	1,096,357,266	65%	890,226,189
		100%	1,623,559,720	100%	1,361,541,685

Notes to the financial statements continued

7. Cost of sales continued

D. Analysis of material consumed

<i>In Taka</i>	<i>Note</i>	2020	2019
Raw material			
Soap Noodles		581,783,760	473,138,529
BIS/2 Hydroxy Ethyl Oleylamine		50,424,656	51,023,065
Cetyl Trimethyl Amm. Chloride		34,568,598	36,935,340
Pine Oil 85%min BP		88,163,366	75,167,593
PCMX		83,921,396	40,404,494
Hydrochloric acid		29,391,840	24,938,308
Snowfresh 228093 D		19,419,766	19,898,977
Frosty Int - AAD07282/00		12,278,231	13,410,597
LABSA		10,507,764	14,520,228
ALKYL TRIMETHYL AMONIUM.CHLORD		34,568,598	36,935,340
Color Pigment yellow		5,880,624	3,974,659
Granular Soddy dyed		4,491,890	5,223,336
Galaxy MW 257		7,659,645	8,145,646
CX-140		15,484,853	8,582,338
Texapon Als IS T		14,790,286	7,552,332
Isopropyl Alcohol		15,528,875	7,944,632
Na Lauryl Ether		8,911,747	5,939,742
Castor Oil		8,070,878	5,373,589
Perfume jasmina		697,356	499,249
Challenge 157708 B		2,876,618	3,736,103
Lemon Grass Oil		3,991,962	3,294,693
Dolomite BD For Harpic Total		8,234,868	8,579,186
Others		48,938,881	32,123,381
		1,090,586,458	887,341,357
Packing material			
Skillet		117,815,382	94,696,745
Outer and cartons		84,064,161	62,242,708
Plastic container		203,159,938	199,296,106
Label		43,470,876	39,879,963
Polybag /HDPE		28,467,554	31,747,728
Cap		32,335,721	31,663,463
Others		20,959,538	14,673,615
		530,273,170	474,200,328
		1,620,859,628	1,361,541,685

Notes to the financial statements continued

7. Cost of sales continued

E. Value of imports - at cost and freight basis

<i>In Taka</i>	2020	2019
Raw and packing materials and finished goods for re-sale	1,104,603,552	804,841,601
Capital goods	108,040,552	60,989,236
	1,212,644,104	865,830,837

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)
			2020	2019	
Household & toiletries	Thousand Litre	14,751	33,754	31,623	7%
	Million No.	-	-	-	0%
	Metric Ton	5,439	16,316	16,316	0%
Pharmaceuticals	Million Tablets	-	-	-	0%
	Thousand Litre	604	1,806	661	173%
Total	Million Tablets	-	-	-	0%
	Metric Ton	5,439	16,316	16,316	0%
	Thousand Litre	15,355	35,559	32,284	10%
	Million No.	-	-	-	0%

ii. Imports for re-sale

Total business	Million No.	16	-	100%
	Metric Ton	125	280	-55%
	Thousand Litre	117	331	-65%

8. Other income

<i>In Taka</i>	Note	2020	2019
Profit/(loss) on sale of property, plant and equipment		15,715	982,886
Other income-Forfeited amount PF Fund		771,639	-
Operational loss-Forfeited amount not received PF Fund		(224,487)	-
		562,867	982,886

Notes to the financial statements continued

9. Operating expenses

<i>In Taka</i>	Note	2020	2019
Selling and distribution expenses	9(A)	337,776,344	342,579,304
Administrative expenses	9(B)	314,525,338	218,868,419
Royalties/Technical services fees	22(B)(ii)	268,673,264	151,680,678
Marketing expenses	9(C)	1,013,671,101	657,051,945
		1,934,646,047	1,370,180,346

A. Selling and distribution expenses

<i>In Taka</i>	Note	2020	2019
Salaries, wages and welfare expenses		196,303,949	219,183,015
Carriage outwards		66,316,940	46,470,422
Communication		360,878	-
Repairs and maintenance		200,000	-
Depot expenses		20,455,739	25,717,583
Entertainment		2,814	-
Vehicle expenses		7,696,063	10,291,383
Printing and stationery		270,401	380,918
Travelling		15,864,010	18,755,772
Sales office expenses		3,010,046	2,615,625
Insurance		360,107	401,402
Depreciation and impairment loss	15(B)	26,928,699	18,763,184
Others		6,698	-
		337,776,344	342,579,304

Notes to the financial statements continued

9. Operating expenses continued

B. Administrative expenses

<i>In Taka</i>	<i>Note</i>	2020	2019
Salaries, wages and welfare expenses		232,600,887	158,968,211
Non-executive directors fee		414,000	555,897
Corporate Social Responsibility		6,814,390	-
Communication		5,625,248	5,281,866
Vehicle expenses		876,035	2,064,188
Travelling		1,730,963	2,954,130
Corporate office expenses		11,594,323	9,476,860
Repairs and maintenance		5,335,643	6,689,618
Legal and professional charges	9(B)(i)	12,023,757	10,213,448
Printing and stationery		2,437,361	3,165,502
Subscriptions		141,800	321,800
Staff recruitment, training and development expenses		153,075	1,467,403
Entertainment		5,536	136,671
AGM expenses		566,591	558,101
Bank charges		776,722	716,429
Insurance		195,254	249,865
Depreciation and impairment loss	15(B)	33,233,753	16,013,230
Others		-	35,200
		314,525,338	218,868,419

i. Legal and professional charges

<i>In Taka</i>	<i>Note</i>	2020	2019
Audit fee		1,288,024	1,000,000
Tax services		1,016,014	1,796,256
Legal consultancy		1,768,046	2,145,614
Other consulting fees		7,951,673	5,271,578
		12,023,757	10,213,448

C. Marketing expenses

<i>In Taka</i>	2020	2019
Media	493,213,408	300,464,747
Consumer marketing	103,623,509	115,548,388
Market research	5,374,296	4,313,906
Trade marketing	411,459,888	236,724,904
	1,013,671,101	657,051,945

Notes to the financial statements continued

10. Finance income

<i>In Taka</i>	2020	2019
Interest income	60,607,204	46,405,986
	60,607,204	46,405,986

11. Finance costs

<i>In Taka</i>	2020	2019
Interest expense on lease liabilities	11,078,255	2,165,338
	11,078,255	2,165,338

12. Contribution to WPPF

<i>In Taka</i>	2020	2019
Profit before contribution to WPPF	1,131,734,212	923,541,089
Applicable contribution rate	5%	5%
	53,892,105	43,978,147

The Company contributes 5% of the profit before tax after charging such expense as contribution to WPPF. See Note 39(C)(iv).

13. Income tax expense

See accounting policy in Note 39(E)

A. Amounts recognised in profit or loss

<i>In Taka</i>	Note	2020	2019
Current tax expense			
Current year		350,253,316	257,661,670
		350,253,316	257,661,670
Deferred tax (income)/expense			
Origination/(reversal) of temporary differences	13(D)	(11,298,833)	2,640,015
		(11,298,833)	2,640,015
Tax expense on continuing operations		338,954,483	260,301,685

Notes to the financial statements continued

13. Income tax expense continued

B. Amounts recognised in OCI

<i>In Taka</i>	2020			2019		
	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	(19,342,960)	4,835,740	(14,507,220)	(300,000)	75,000	(225,000)
	(19,342,960)	4,835,740	(14,507,220)	(300,000)	75,000	(225,000)

C. Reconciliation of effective tax rate

<i>In Taka</i>	2020		2019	
Profit before tax		1,077,842,107		879,562,942
Tax using the Company's tax rate	25.00%	269,460,527	25.00%	219,890,736
Factors affecting the tax charge for current				
Excess/(deficit) of accounting depreciation over fiscal depreciation	0.65%	6,969,599	-1.21%	(10,629,095)
Excess/(deficit) of rental payment over expenses under IFRS-16	0.21%	2,309,590	0.34%	2,989,502
Provision for stock obsolescence	0.20%	2,181,991	0.02%	215,478
Non-deductible expenses	5.08%	54,731,380	3.31%	29,072,287
Excess of gratuity provision over payment of gratuity	0.83%	8,956,543	1.37%	12,064,369
Excess of technical services fee over payment of technical services fee	5.04%	54,310,139	2.74%	24,133,005
Excess of accounting profit over fiscal tax property, plant and equipment	0.00%	-	-0.10%	(907,884)
Allowable deductions	-4.52%	(48,666,453)	-2.18%	(19,166,728)
Movement of temporary differences: as above	-1.05%	(11,298,833)	0.30%	2,640,015
	31.45%	338,954,483	29.59%	260,301,685

Notes to the financial statements continued

13. Income tax expense continued

D. Movement in deferred tax balances

2020	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	(28,527,965)	3,087,580	-	(25,440,385)	-	(25,440,385)
Employee benefits	36,909,369	8,957,391	4,835,740	50,702,500	50,702,500	-
Trade and other receivables	72,720	(28,151)	-	44,569	44,569	-
Inventories	3,672,190	2,181,995	-	5,854,185	5,854,185	-
RoU assets- Impact of IFRS 16	(6,742,450)	(37,542,664)	-	(44,285,114)	-	(44,285,114)
Lease liabilities- Impact of IFRS 16	7,241,619	34,642,682	-	41,884,301	41,884,301	-
Net deferred tax assets (liabilities)	12,625,483	11,298,833	4,835,740	28,760,056	98,485,555	(69,725,499)

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)

14. 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	2020	2019
Net profit after tax for the year, attributable to the owners of the company		738,887,624	619,261,257
Profit/(loss) attributable to ordinary shareholders		738,887,624	619,261,257

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

Issued ordinary shares at 31 December	20(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)		156.38	131.06

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

EPS has increased to Tk. 156.38 in 2020 from Tk. 131.06 in 2019 due to increase in net profit after tax by Tk 119.6 million.

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

15. Property, plant and equipment

See accounting policy in Note 39(H)

A. Reconciliation of carrying amount

In Taka	Leasehold land	Buildings	Leasehold Assets	Plant and machinery	Furniture fixtures and equipment	Computers	Vehicles	Under construction	Total
Cost									
Balance at 1 January 2019	209,490	244,825,121	64,785,711	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	-	(1,449,097)	-	(8,760,159)	(3,050,857)	(2,131,784)	-	-	(15,391,897)
Balance at 31 December 2019	209,490	306,940,785	64,785,711	349,797,941	157,826,900	40,767,966	56,766,941	24,787,409	1,001,883,143
Balance at 1 January 2020	209,490	306,940,785	64,785,711	349,797,941	157,826,900	40,767,966	56,766,941	24,787,409	1,001,883,143
Additions	-	-	179,889,323	-	1,160,250	14,035,634	-	168,263,750	363,348,957
Transfers/capitalised	-	15,922,662	-	17,159,041	80,719,077	149,200	-	(113,949,980)	-
Disposal	-	(53,365,548)	(19,650,404)	(21,655,869)	(29,894,374)	(19,562,409)	-	-	(144,128,604)
Balance at 31 December 2020	209,490	269,497,899	225,024,630	345,301,113	209,811,853	35,390,391	56,766,941	79,101,179	1,221,103,496
Accumulated depreciation and impairment losses									
Balance at 1 January 2019	209,490	128,780,363	-	115,510,289	78,574,172	31,802,378	45,033,825	-	399,970,517
Depreciation	-	18,168,651	26,327,985	35,496,903	18,602,215	3,828,138	5,449,359	-	107,873,251
Impairment loss	-	-	-	-	-	-	-	-	-
Disposal	-	(1,413,056)	-	(8,710,131)	(2,990,055)	(2,131,728)	-	-	(15,244,970)
Balance at 31 December 2019	209,490	145,535,958	26,327,985	142,297,061	94,186,332	33,498,788	50,483,184	-	492,538,798
Balance at 1 January 2020	209,490	145,535,958	26,327,985	142,297,061	94,186,332	33,498,788	50,483,184	-	492,538,798
Depreciation	-	20,544,936	40,313,401	41,615,139	23,944,770	6,064,820	4,230,422	-	136,713,488
Impairment loss	-	2,794,653	-	61	4,647,232	397,085	2,028,149	-	9,867,180
Disposal	-	(53,365,548)	(18,757,204)	(21,655,869)	(29,894,374)	(19,562,408)	-	-	(143,235,403)
Balance at 31 December 2020	209,490	115,509,999	47,884,182	162,256,392	92,883,960	20,398,285	56,741,755	-	495,884,063
Carrying amounts									
At 1 January 2019	-	116,044,758	64,785,711	99,195,406	50,028,260	4,050,599	11,733,116	132,445,236	478,283,086
At 31 December 2019	-	161,404,827	38,457,726	207,500,880	63,640,568	7,269,178	6,283,757	24,787,409	509,344,345
At 31 December 2020	-	153,987,900	177,140,448	183,044,721	116,927,893	14,992,106	25,186	79,101,179	725,219,433

B. Allocation of depreciation and impairment loss

In Taka	2020		2019	
	Impairment loss	Depreciation	Impairment loss	Total
Cost of sales	3,256,136	83,162,080	86,418,216	73,096,837
Selling and distribution expenses	4,795,770	22,132,929	26,928,699	18,763,184
Administrative expenses	1,815,274	31,418,479	33,233,753	16,013,230
	9,867,180	136,713,488	146,580,668	107,873,251

Notes to the financial statements continued

15. Property, plant and equipment continued

C. Under construction

See accounting policy in Note 39(I)

<i>In Taka</i>	Furniture fixtures and equipment	Buildings	Plant and machinery	Computers	Total
Cost					
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
Balance at 1 January 2020					
	21,398,514	2,270,836	968,859	149,200	24,787,409
Additions	86,028,675	13,697,158	68,537,917	-	168,263,750
Transfers/capitalised	(80,719,077)	(15,922,662)	(17,159,041)	(149,200)	(113,949,980)
Balance at 31 December 2020	26,708,112	45,332	52,347,735	-	79,101,179

16. Inventories

See accounting policy in Note 39(G)

<i>In Taka</i>	Note	2020	2019
Raw and packing materials	16(A)	331,277,844	178,522,343
Provision for inventory obsolescence		(23,407,371)	(5,098,708)
Net raw and packing materials		307,870,473	173,423,635
Finished goods		290,370,931	273,772,243
Provision for inventory obsolescence		(9,367)	(9,590,050)
Net finished goods	16(B)	290,361,564	264,182,193
Work-in-progress		2,181,380	2,012,634
Inventory in transit	16(C)	21,204,774	11,499,930
		23,386,154	13,512,564
		621,618,191	451,118,392
A. Raw and packing materials			
Raw materials		284,024,861	141,483,511
Packing materials		47,252,983	37,038,832
		331,277,844	178,522,343

Notes to the financial statements continued

16. Inventories continued

B. Finished goods

i. Operational allocation of finished goods

<i>In Taka</i>	2020	2019
Manufacturing unit	190,603,013	154,351,051
Trading unit	99,758,551	109,831,142
	290,361,564	264,182,193

ii. Business line-wise allocation of finished goods

Business line	Unit of measurement	2020		2019	
		Quantity Unit	Amount Taka	Quantity Unit	Amount Taka
Household and toiletries	Metric Ton	629	220,774,982	671	199,125,874
	Thousand Litre	483	52,373,860	593	41,827,292
	Million No.	6	2,105,786	-	-
			275,254,628		240,953,166
Pharmaceuticals	Thousand Litre	54	15,106,936	75	23,229,027
	Million No.			-	-
			15,106,936		23,229,027
			290,361,564		264,182,193

C. Inventory in transit

<i>In Taka</i>	2020	2019
Raw and packing materials	7,962,617	5,306,604
Finished goods	13,242,157	6,193,326
	21,204,774	11,499,930

Notes to the financial statements continued

17. Trade and other receivables

<i>In Taka</i>	<i>Note</i>	2020	2019
Trade receivables	17(A)	22,963,472	40,888,404
Other receivables	17(B)	2,537,473	3,017,522
		25,500,945	43,905,926
A. Trade receivables			
Trade receivables		23,141,748	41,179,284
Allowance for impairment of trade receivables	17(A)(i)	(178,276)	(290,880)
		22,963,472	40,888,404
i. Allowance for impairment of trade receivables			
Balance at 1 January		290,880	841,998
Provision made during the year		(112,604)	(551,118)
Balance at 31 December		178,276	290,880
B. Other receivables			
Inter-company receivables	17(B)(i)	977,890	513,078
Interest receivables		1,559,583	2,504,444
		2,537,473	3,017,522
i. Inter-company receivables			
Reckitt Benckiser Corporate Services Limited, UK		977,890	513,078
		977,890	513,078

18. Advances, deposits and prepayments

<i>In Taka</i>	2020	2019
Advances		
Advance to suppliers	22,861,083	10,697,725
Advance to employees	5,398,297	3,511,550
	28,259,380	14,209,275
Deposits		
Security deposit	8,682,269	1,056,000
VAT current account	-	-
	8,682,269	1,056,000
Prepayments		
Prepaid insurance	2,519,351	1,632,230
Prepaid others	1,387,644	1,341,590
Prepaid government fees*	10,346,347	6,979,087
Prepaid rent	2,674,827	1,278,160
	16,928,169	11,231,067
	53,869,818	26,496,342

* Prepaid government fees includes Taka 1,983,526 (2019: Taka 1,983,526) for claiming VAT refund and Taka 3,944,343 (2019: Taka 3,944,343) for claiming duty drawback refund for exporting goods on which VAT was paid at the time of import.

Notes to the financial statements continued

19. Cash and cash equivalents

<i>In Taka</i>	<i>Note</i>	2020	2019
Cash in hand		106,000	106,000
Cash at bank	19(A)	1,788,977,592	1,341,187,136
		1,789,083,592	1,341,293,136

A. Cash at bank

Hong Kong and Shanghai Banking Corporation Limited	32,427,369	43,090,123
Standard Chartered Bank	256,550,223	98,097,013
Short term deposits*	1,500,000,000	1,200,000,000
	1,788,977,592	1,341,187,136

*As at 31 December 2020, the company had three short term deposits with HSBC and SCB with maturity of less than three months.

20. Share capital

See accounting policy in Note 39(F)

<i>In Taka</i>	2020	2019
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 2020		At 31 December 2019	
		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	3,700	37,000	0.08	167,780	0.36
Investment Corporation of Bangladesh (ICB)	15,774	157,740	0.33	157,740	0.33
ICB Mutual Funds	230	2,300	0.00	3,000	0.01
Individuals	304,604	3,046,040	6.45	3,225,040	6.83
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	223,376	2,233,760	4.73	1,923,280	4.07
	4,725,000	47,250,000	100.00	47,250,000	100.00

Notes to the financial statements continued

20. Share capital continued

B. Classification of shareholders by holdings

<i>Holdings</i>	At 31 December 2020		At 31 December 2019	
	Number of holders	Percentage of holdings	Number of holders	Percentage of holdings
Less than 500 shares	1,748	2.24	2,434	3.12
500 to 5,000 shares	109	3.13	93	2.18
5,001 to 10,000 shares	3	0.43	6	0.94
10,001 to 20,000 shares	5	1.68	4	1.25
20,001 to 30,000 shares	-	-	-	-
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	-	-
50,001 to 100,000 shares	2	3.00	2	3.00
100,001 to 1,000,000 shares	2	6.55	2	6.55
Over 1,000,000 shares	1	82.96	1	82.96
	1,870	100.00	2,542	100.00

C. Dividends

Dividend paid

The following final dividends were paid by the Company for the year:

<i>In Taka</i>	Note	2020	2019
BDT 125 per qualifying ordinary share (2019: BDT 70)	Note 22 B(i)(b)	590,625,000	330,750,000
		590,625,000	330,750,000

Proposed dividend

After the reporting date, the following final dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are/were no tax consequences in respective years. **See Note 34.**

<i>In Taka</i>	2020	2019
BDT 140 per qualifying ordinary share (2019: BDT 125)	661,500,000	590,625,000
	661,500,000	590,625,000

Notes to the financial statements continued

21. Employee benefits

See accounting policy in Note 39(C)

<i>In Taka</i>	2020	2019
Net defined benefit asset	-	-
Total employee benefit asset	-	-
Net defined benefit liability	202,810,000	147,637,475
Total employee benefit liabilities	202,810,000	147,637,475

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	
	2020	2019	2020	2019	2020	2019
Balance at 1 January	147,637,475	99,080,000	-	-	147,637,475	99,080,000
Included in profit or loss						
Current service cost	25,540,000	16,167,416	-	-	25,540,000	16,167,416
Past service costs	-	32,000,000	-	-	-	32,000,000
Interest cost/(income)	13,270,000	8,260,000	-	-	13,270,000	8,260,000
	38,810,000	56,427,416	-	-	38,810,000	56,427,416
Included in OCI						
Actuarial (gain)/loss arising from:						
Return on plan assets	-	-	-	-	-	-
Financial assumption	-	-	-	-	-	-
Experience adjustment	19,342,960	300,000	-	-	19,342,960	300,000
	58,152,960	56,727,416	-	-	58,152,960	56,727,416
Other						
Contribution paid by the employer						
Benefits paid	(2,980,435)	(8,169,941)	-	-	(2,980,435)	(8,169,941)
	(2,980,435)	(8,169,941)	-	-	(2,980,435)	(8,169,941)
Balance at 31 December	202,810,000	147,637,475	-	-	202,810,000	147,637,475

<i>In Taka</i>	2020	2019
Current portion	31,460,000	9,260,000
Non Current portion	171,350,000	138,377,475
	202,810,000	147,637,475

B. Actuarial assumptions

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

	2020	2019
Financial assumptions:		
Discount rate	7.50%	9.25%
Salary escalation rate	8.50%	8.50%
Demographic assumptions:		
Withdrawal rate	10%-20%	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.

Notes to the financial statements continued

21. Employee benefits continued

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 2020		31 December 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	12,970,000	(11,560,000)	165,510,000	(133,240,000)
Future salary growth (1% movement)	12,730,000	(11,560,000)	165,470,000	(133,020,000)

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.

22. Trade and other payables

<i>In Taka</i>	Note	2020	2019
Trade payables	22(A)	159,302,463	148,121,451
Other payables	22(B)	1,687,116,813	1,206,152,385
		1,846,419,276	1,354,273,836

A. Trade payables

Inter-company trade payables	22(A)(i)	28,643,135	5,382,092
Third party trade payables		130,659,328	142,739,359
		159,302,463	148,121,451

i. Inter-company trade payables

Reckitt Benckiser (India) Ltd.		28,643,135	3,079,966
Reckitt Benckiser (Pakistan) Ltd.		-	2,302,126
		28,643,135	5,382,092

B. Other payables

Third party other payables	22(B)(i)	1,156,239,638	781,428,474
Inter-company other payables	22(B)(ii)	530,877,175	424,723,911
		1,687,116,813	1,206,152,385

Notes to the financial statements continued

22. Trade and other payables continued

B. Other payables continued

i. Third party other payables

<i>In taka</i>	2020	2019
Payable for employee remuneration and other expenses	945,452,091	628,068,450
Advance from customers	62,800,797	30,109,345
Advance from third parties	1,099,996	1,099,996
Withholding tax and VAT payables	57,419,422	26,433,691
Worker's profit participation fund	12	43,978,147
Payable for capital expenditure	4,793,729	10,953,012
Return provision	21,973,257	31,820,989
Unclaimed dividend	22(B)(i)(a)	8,964,844
	1,156,239,638	781,428,474

a. Unclaimed dividend

<i>In taka</i>	2020	2019
Final 2018	1,288,563	1,345,624
Final 2017	842,641	862,341
2017 Interim	499,452	507,634
2016 Final	603,278	614,434
2016 1st Interim	610,678	622,578
2015 2nd Interim	244,798	249,260
2015 1st Interim	729,488	735,863
2014 Final	146,540	149,515
2014 2nd Interim	501,672	506,878
2014 1st Interim	1,347,632	1,356,295
2013 Final	1,007,832	1,020,430
2012 Final	427,853	429,878
2011 Final	232,752	235,272
2011 Interim	325,062	328,842
	8,808,241	8,964,844

Notes to the financial statements continued

22. Trade and other payables continued

B. Other payables continued

b. Dividend paid during the year

<i>In taka</i>	2020	2019
Reckitt Benckiser plc, UK	489,989,750	274,394,260
Foreign shareholders	489,989,750	274,394,260
ICB Unit Fund	1,806,500	1,250,200
Investment Corporation of Bangladesh (ICB)	1,971,750	1,767,710
Mutual Funds	1,267,125	1,035,790
Individuals	40,119,375	21,197,750
Government of Bangladesh	22,292,375	12,483,730
Sadharan Bima Corporation (SBC)	9,844,875	5,513,130
Institutions	23,333,250	13,107,430
Bangladeshi shareholders	100,635,250	56,355,740
Dividend declared and paid in the year	590,625,000	330,750,000

c. Payment during the year from unclaimed dividend

2018 Final	57,060	-
2017 Final	19,699	19,699
2017 Interim	8,182	19,112
2016 Final	11,156	22,312
2016 Interim	11,900	15,300
2015 2nd Interim	4,462	5,738
2015 Interim	6,376	17,001
2014 Final	2,975	4,675
2014 2nd Interim	5,206	6,694
2014 1st Interim	8,663	11,138
2013 Final	12,598	16,200
2012 Final	2,026	18,901
2011 Final	2,520	2,160
2011 Interim	3,780	2,700
	156,603	161,630
Payment during the year	590,781,603	330,911,630

Notes to the financial statements continued

22. Trade and other payables continued

B. Other payables continued

ii. Inter-company other payables

<i>In Taka</i>	<i>Note</i>	2020	2019
Payable for technical services fees			
Reckitt and Colman Overseas Limited, UK	22(B)(ii)(a)	-	194,651,230
		-	194,651,230
Payable for royalties			
Reckitt Benckiser Health Limited, UK	22(B)(ii)(b)	372,183,839	157,067,055
Reckitt Benckiser (ENA) B.V., Netherlands	22(B)(ii)(c)	158,693,336	73,005,626
		530,877,175	230,072,681
		530,877,175	424,723,911
a. Payable for technical services fees			
Balance at 1 January		194,651,230	378,132,233
Charge for the year		-	-
Write back of unapproved portion of technical services fees		(32,131,230)	(78,392,003)
Net charge for the year		(32,131,230)	(78,392,003)
Paid during the year	22(B)(ii)(a)(a.1)	(162,520,000)	(105,089,000)
Balance at 31 December		-	194,651,230

a.1. Paid during the year

<i>In Taka</i>	2020	2019
Paid to Reckitt and Colman Overseas Limited, UK	(113,057,391)	(68,307,850)
VAT on technical services fee	(21,198,261)	(15,763,350)
AIT on technical services fee	(28,264,348)	(21,017,800)
	(162,520,000)	(105,089,000)

Notes to the financial statements continued

22. Trade and other payables continued

B. Other payables continued

b. Payable for royalties - Reckitt Benckiser Health Limited

<i>In Taka</i>	2020	2019
Balance at 1 January	157,067,055	-
Charge for the year	215,116,784	157,067,055
	372,183,839	157,067,055
Paid during the year	-	-
Balance at 31 December	372,183,839	157,067,055

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

Balance at 1 January	73,005,626	-
Charge for the year	85,687,710	73,005,626
	158,693,336	73,005,626
Paid during the year	-	-
Balance at 31 December	158,693,336	73,005,626

23. Lease liabilities

<i>In Taka</i>	2020	2019
Current portion of lease liabilities	18,213,814	16,224,453
Non-current portion of lease liabilities	149,323,393	12,742,024
	167,537,207	28,966,477

24. Current tax liabilities

<i>In Taka</i>	Note	2020	2019
Balance at 1 January		179,941,392	130,635,192
Provision made during the year	13(A)	350,253,316	257,661,670
		530,194,708	388,296,862
Payment made under sections 64 and 74		(241,385,538)	(159,389,326)
Withholding tax		(69,243,466)	(48,966,144)
Payment made during the year		(310,629,004)	(208,355,470)
Balance at 31 December		219,565,704	179,941,392

Notes to the financial statements continued

25. Financial instruments - Fair values and risk management A. Accounting classifications and fair values

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

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

In Taka	Note	Fair value- hedging instruments	Mandatorily at FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Carrying amount			Total
						Financial assets at amortised cost	Other financial liabilities		
31 December 2020									
Financial assets not measured at fair value									
	17	-	-	-	-	25,500,945	-	-	25,500,945
	19	-	-	-	-	1,789,083,592	-	-	1,789,083,592
		-	-	-	-	1,814,584,537	-	-	1,814,584,537
Financial liabilities not measured at fair value									
	22	-	-	-	-	-	(1,846,419,276)	(1,846,419,276)	(1,846,419,276)
		-	-	-	-	-	-	(1,846,419,276)	(1,846,419,276)
31 December 2019									
Financial assets not measured at fair value									
	17	-	-	-	-	43,905,926	-	-	43,905,926
	19	-	-	-	-	1,341,293,136	-	-	1,341,293,136
		-	-	-	-	1,385,199,062	-	-	1,385,199,062
Financial liabilities not measured at fair value									
	22	-	-	-	-	-	(1,354,273,836)	(1,354,273,836)	(1,354,273,836)
		-	-	-	-	-	-	(1,354,273,836)	(1,354,273,836)

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 cause their arying amounts are a reasonable approximation of fair values.

Notes to the financial statements continued

25. 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>	2020	2019
Trade and other receivables	17	25,500,945	43,905,926
Cash and cash equivalents	19	1,789,083,592	1,341,293,136
		1,814,584,537	1,385,199,062

(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>	2020	2019
Trade receivables	17(A)	23,141,748	41,179,284
Interest receivables	17(B)	1,559,583	2,504,444
Inter-company receivables	17(B)(i)	977,890	513,078
		25,679,221	44,196,806

Notes to the financial statements continued

25. Financial instruments - Fair values and risk management continued

B. Financial risk management continued

The aging of trade receivables at 31 December

<i>In Taka</i>	Note	2020	2019
Past due 1-30 days		22,489,646	40,048,157
Past due 31-60 days		652,101	1,131,127
Past due 61-90 days		-	-
Past due 91-180 days		-	-
Past due over 180 days		-	-
		23,141,748	41,179,284

The aging of interest receivables at 31 December

Past due 1-30 days		1,559,583	2,504,444
Past due 31-60 days		-	-
Past due 61-90 days		-	-
Past due 91-180 days		-	-
Past due over 180 days		-	-
		1,559,583	2,504,444

The aging of inter-company receivables at 31 December

Past due 1-30 days		-	513,078
Past due 31-60 days		977,890	-
Past due 61-90 days		-	-
Past due 91-180 days		-	-
Past due over 180 days		-	-
		977,890	513,078

(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>	Note	2020	2019
Cash in hand	19	106,000	106,000
Cash at bank	19(A)	1,788,977,592	1,341,187,136
		1,789,083,592	1,341,293,136

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

25. Financial instruments - Fair values and risk management continued

B. Financial risk management continued

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

Exposure to liquidity risk

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

In Taka	Note	Carrying amount	Total	Contractual cash flows					
				6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	
31 December 2020									
Non-derivative financial liabilities									
Third party trade payables	22(A)	130,659,328	(130,659,328)	(130,659,328)	-	-	-	-	-
Inter-company trade payables	22(A)(i)	28,643,135	(28,643,135)	(28,643,135)	-	-	-	-	-
Third party other payables	22(B)(i)	1,156,239,638	(1,156,239,638)	(1,147,431,397)	(8,808,241)	-	-	-	-
Inter-company other payables	22(B)(ii)	530,877,175	(530,877,175)	-	(530,877,175)	-	-	-	-
Lease liabilities	23	167,537,207	(167,537,207)	(8,257,006)	(9,956,808)	(17,834,211)	(54,041,145)	(77,448,037)	
		2,013,956,483	(2,013,956,483)	(1,314,990,866)	(549,642,224)	(17,834,211)	(54,041,145)	(77,448,037)	
31 December 2019									
Non-derivative financial liabilities									
Third party trade payables	22(A)	142,739,359	(142,739,359)	(142,739,359)	-	-	-	-	-
Inter-company trade payables	22(A)(i)	5,382,092	(5,382,092)	(5,382,092)	-	-	-	-	-
Third party other payables	22(B)(i)	781,428,474	(781,428,474)	(772,463,630)	(8,964,844)	-	-	-	-
Inter-company other payables	22(B)(ii)	424,723,911	(424,723,911)	-	(424,723,911)	-	-	-	-
Lease liabilities	23	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)	-	-	-

Notes to the financial statements continued

25. 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 2020				31 December 2019			
	BDT	USD	EUR	GBP	BDT	USD	EUR	GBP
Foreign currency denominated assets								
Receivables due from related parties	977,890	5,106	-	4,715	513,078	6,043	-	-
Total assets	977,890	5,106	-	4,715	513,078	6,043	-	-
Foreign currency denominated liabilities								
Trade payables due to related parties	(28,643,135)	(341,272)	-	-	(5,382,092)	(63,390)	-	-
Total liabilities	(28,643,135)	(341,272)	-	-	(5,382,092)	(63,390)	-	-
Net exposure	(27,665,245)	(336,166)	-	4,715	(4,869,014)	(57,347)	-	-

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

	2020	2019
Average rate		
USD	84.96	84.34
EUR	96.96	94.41
GBP	109.09	107.69
Year end spot rate		
USD	84.66	84.90
EUR	103.46	95.19
GBP	115.72	112.56

(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 2020.

Notes to the financial statements continued

26. Leases

See accounting policy in Note 39(M)

A. Leases as lessee (IFRS 16)

The company has takes leases for head office, distribution centers and warehouses. The lease for head office runs for 10 years, distribution centers for 2 - 3 years and warehouses for 2 - 5 years, with an option to renew.

The leases for distribution centers 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 15.A).

<i>In Taka</i>	Buildings
2020	
Balance at 1 January	38,457,726
Depreciation charge for the year	(40,313,401)
Additions to right-of-use assets	179,889,323
Derecognition of right-of-use assets	(893,200)
Balance at 31 December	177,140,448

<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>	2020	2019
Interest on lease liabilities	11,078,255	2,165,338
Expenses relating to short-term leases and leases of low-value assets	8,373,618	1,139,918
	19,451,873	3,305,256

iii. Amounts recognised in statement of cash flows

<i>In Taka</i>	2020	2019
Total cash outflow for leases	26,428,795	16,535,316

Notes to the financial statements continued

26. Leases continued

A. Leases as lessee (IFRS 16) continued

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.

27. 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 Ipc, UK.

B. Transactions with key management personnel

i. Key management personnel compensation

Key management personnel compensation comprised the following.

In Taka	2020		2019	
	Managing Director	Directors and managers	Managing Director	Directors and managers
Remuneration, bonus and other benefits	56,508,093	379,688,089	38,526,087	298,103,881
Housing rental	-	67,921,210	-	58,794,303
Leave passage	-	7,965,676	-	7,906,184
Medical	-	11,904,623	-	6,309,759
Short-term employee benefits	56,508,093	467,479,598	38,526,087	371,114,127
Gratuity provision	-	38,163,105	-	55,842,416
Provident fund	-	15,770,328	-	13,694,558
Post-employment benefits	-	53,933,433	-	69,536,974
	56,508,093	521,413,031	38,526,087	440,651,101
Number	1	187	1	153

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

In Taka	Note	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2020	2019	2020	2019
Parent of the Company					
Dividend paid					
Reckitt Benckiser plc, UK	22(B)(i)(b)	489,989,750	274,394,260	-	-
Fellow subsidiaries of the Company					
Import of raw materials and finished goods					
Reckitt Benckiser (India) Ltd.		63,794,107	132,329,968	28,643,135	3,079,966
Reckitt Benckiser Healthcare (UK) Ltd.		19,714,945	57,031,611	-	-
Reckitt Benckiser (Pakistan) Ltd.		3,300,721	10,455,832	-	2,302,126
Reckitt Benckiser Health Limited		1,161,671	-	-	-
Reckitt Benckiser Healthcare Manufacturing (Thailand) Ltd		19,714,945	-	-	-
Reckitt Benckiser(India) Private Ltd.		68,085	-	-	-
RB Bahrain WLL		2,029,946	-	-	-

Notes to the financial statements continued

27. Related parties continued

C. Other related party transactions continued

<i>In Taka</i>	Note	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2020	2019	2020	2019
Technical services fees					
Reckitt and Colman Overseas Limited, UK		-	-	-	194,651,230
Royalties					
Reckitt Benckiser Health Limited, UK		215,116,784	157,067,055	372,183,839	157,067,055
Reckitt Benckiser (ENA) B.V., Netherlands		85,687,710	73,005,626	158,693,336	73,005,626
Systems support services					
Reckitt Benckiser Corporate Services Limited, UK		2,267,624	3,568,753	977,890	513,078

28. Net asset value per share

<i>In Taka</i>	2020	2019
Net Asset	807,719,848	673,964,444
Weighted average number of ordinary shares outstanding during the year	4,725,000	4,725,000
Net asset value per share	170.95	142.64

Net asset value per share has increased to Tk. 170.95 in 2020 from Tk. 142.64 in 2019 as retained earnings has increased by Tk. 133.7 million.

29. Net operating cash flow per share

<i>In Taka</i>	2020	2019
Net operating cash flow	1,372,957,029	834,216,341
Weighted average number of ordinary shares outstanding during the year	4,725,000	4,725,000
Net operating cash flow per share	290.57	176.55

Net operating cash flow per share has increased to Tk 290.57 in 2020 from 176.55 in 2019 as receipts from customers has increased by 1404.2 million due to business volume growth.

30. Reconciliation of net operating cash flow

<i>In Taka</i>	Note	2020	2019
Profit before tax		1,077,842,107	879,562,942
Adjustment for:			
- Depreciation and impairment loss	15(A)	146,580,668	107,873,251
- (Gain)/Loss on sale of property, plant and equipment	8	-	(982,886)
- Other income	8	(562,867)	-
- Impairment loss reversal on trade receivables	17(A)(i)	(112,604)	(551,118)
- Finance costs	11	11,078,255	2,165,338
- Finance income	10	(60,607,204)	(46,405,986)
		1,174,218,355	941,661,541
Changes in:			
- Inventories		(170,499,799)	(149,988,695)
- Trade and other receivables		17,460,120	42,932,967
- Advances, deposits and prepayments		(27,373,476)	21,257,988
- Trade and other payables		634,608,308	138,150,535
- Employee benefits		55,172,525	48,557,475
Cash generated from operating activities		1,683,586,033	1,042,571,811
Income tax paid	24	(310,629,004)	(208,355,470)
Net cash generated by operating activities		1,372,957,029	834,216,341

Notes to the financial statements continued

31. Commitments

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

A. Capital expenditure commitment

<i>In Taka</i>	2020	2019
Financial expenditures - outstanding purchase orders	4,341,373	-
	4,341,373	-

32. Contingent liabilities

There are contingent liabilities of Taka 123,833,679 (2019: Taka 116,681,135) on account of bank guarantees, acceptance trust receipt under letter of credit and Taka 249,241,526 (2019: Taka 236,389,485) on account of ordinary letter of credit issued by Standard Chartered Bank in favour of the Company.

Out of Taka 9,402,203 Taka 8,561,203 for bank guarantees (2019: Taka 6,068,041) and Taka 841,000 for performance bond guarantees (2019: Taka 1,844,467) on behalf of Reckitt Benckiser (Bangladesh) Limited.

There is a documentary credit of Taka 4,785,303 (2019: Taka 8,172,329) and import bills/bills receivable Taka 9,831,498 (2019: Taka 2,589,510) have been issued by SCB and HSBC on behalf of Reckitt Benckiser (Bangladesh) Limited.

<i>In Taka</i>	2020	2019
Guarantees issued by the Company's scheduled bankers to third parties on counter - indemnities given by the Company	9,402,203	7,912,508
Irrevocable letter of credit opened by the scheduled banks net of on account payment	254,026,829	355,919,951
	263,429,032	363,832,459

33. Number of employees

The company employed 266 (2019: 230) 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.

34. Events after the reporting date

Final cash dividend

For the year 2020, the board of directors recommended a final cash dividend of Taka 140 per share amounting to Taka 661,500,000 at the board meeting held on 29 April 2021.

Above recommended dividend represents 89.53% of net profit after tax of the Company for the income year ended 31 December 2020. As a result, the Company shall not be attracted any tax liability as per section 16G of Income Tax Ordinance, 1984.

There is no any other significant events after balance sheet date that may affect financial statements of the Company for the year ended 31 December 2020.

Notes to the financial statements continued

35. Remittance made in foreign currency (FC)

Currency	2020		2019	
	FC	Taka	FC	Taka
Dividend paid to Reckitt Benckiser Plc, UK (GBP)	3,994,482	440,990,775	2,273,986	246,954,834
Reckitt and Colman Overseas Ltd. (GBP)	1,046,828	113,057,391	604,494	68,307,850
Willis Tower Wattson India Private Limited (USD)	1,600	135,920	1,600	135,200
Total		554,184,086		315,397,884

36. Receipt in foreign currency (FC)

Currency	Nature of receipt	2020		2019	
		FC	Taka	FC	Taka
Reckitt Benckiser Corporate Services Ltd. (USD)	System Support Service	15,318	1,281,749	24,304	2,028,654
Total		15,318	1,281,749	24,304	2,028,654

37. Production capacity

Line of business	Unit of measurement	Installed capacity	Production
		for the year 2020	for the year 2020
Household & toiletries	Thousand Litre	33,754	12,631
	Metric Ton	16,316	9,103
Pharmaceuticals	Thousand Litre	1,806	994
Total	Thousand Litre	35,559	13,625
	Metric Ton	16,316	9,103

38. 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 39(C).

39. Significant accounting policies

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

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

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Notes to the financial statements continued

39. 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.

Notes to the financial statements continued

39. Significant accounting policies continued

C. Employee benefits continued

The calculation of defined benefit obligation was performed this year by a qualified actuarial firm using the Projected Unit Credit (PUC) method to assess the Plan's liabilities. All actuarial gains and losses are recognised immediately in the retained earnings through an account known as the other comprehensive income or 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 recognised in profit or loss.

iv. Workers' Profit Participation Fund

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

D. Finance income

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

E. Income tax

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

i. Current tax

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

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.

Notes to the financial statements continued

39. Significant accounting policies continued

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 recognised in profit or loss.

ii. Subsequent costs

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

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 capitalised. 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.

Notes to the financial statements continued

39. Significant accounting policies continued

H. Property, plant and equipment continued

iv. Impairment

Perform annual reviews of the remaining depreciation life on its major / material assets. If the expected useful life is greater than the life on the asset register, then no change to depreciation results is required. If the expected useful life is shorter than that on the asset register then the monthly depreciation should be changed equal to the Net Book Value divided by the remaining life, in months.

At the same time that the business carries out a life review on its major assets, it should also conduct a review for indicators of impairment. The following events could trigger an impairment:

- The equipment is not used because of product changes and no plans exist for its use in the near future.
- A change in product sourcing renders the asset unused.
- Discontinuation of sale of the products being produced by the equipment with no planned usage for other products.
- Physical damage to the production line requiring new equipment.
- The expected future profitability of the products being produced by the line is less than the NBV of the line (possible for very low or negative margin products)

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.

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

39. Significant accounting policies continued

J. Financial instruments 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.

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.

Notes to the financial statements continued

39. Significant accounting policies continued

J. Financial instruments continued

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.
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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

39. 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 to separate non-lease components from leases and account for non-lease components as rent related operating expenses.

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

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

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

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

Notes to the financial statements continued

39. Significant accounting policies continued

M. Leases continued

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

- fixed payments, including in-substance fixed payments; 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.

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.

Notes to the financial statements continued

39. Significant accounting policies continued

N. Contingencies continued

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 14.

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 34**.

40. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management's 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.

41. Covid-19 impact to the business

Due to Coronavirus pandemic, the Health and Hygiene products saw a sudden increase in demand albeit temporary, but the management of the Company do believe that this pandemic will increase personal and home hygiene awareness among the consumers.

42. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; the Company has not early adopted the new or amended standards in preparing these financial statements. However, this has no financial impact on the financial position of the Company during the year.

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

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*

Annual Report Exploration Index

Checklist of Annual Report

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2	Management Report / Commentary and analysis including Director's Report / Chairman's Review/CEO's Review etc.		
	A general review of the performance of the company	Director's Report, Management Discussion & Analysis	26, 30
	Description of the performance of the various activities / products / segments of the company and its group companies during the period under review. (Weightage to be given for pictorial / graphical / tabular presentations used for this purpose)	Director's Report	26
	A brief summary of the Business and other Risks facing the organization and steps taken to effectively manage such risks	Management Discussion & Analysis	30
	A general review of the future prospects/outlook.	Chairman's Statement	4
	Information on how the company contributed to its responsibilities towards the staff (including health & safety)	Managing Director's Statement	6
	Information on company's contribution to the national exchequer & to the economy	Managing Director's Statement	6
3	Sustainability Reporting		
	Social Responsibility Initiatives (CSR)		
	Environment related Initiatives	Environmental Initiatives	77
	Environmental & Social Obligations		
	Integrated Reporting	Integrated Reporting	65
4	Appropriateness of Disclosure of Accounting policies and General Disclosure		
	Disclosure of adequate and properly worded accounting policies relevant to assets, liabilities, Income and expenditure in line with best reporting standards.	Notes To The Financial Statement	
	Any Specific accounting policies	Notes To The Financial Statement	
	Impairment of Assets	Notes To The Financial Statement	
	Changes in accounting policies/Changes in accounting estimates	Notes To The Financial Statement	
	Segment Information	Notes To The Financial Statement	
	Comprehensive segment related information bifurcating Segment revenue, segment results and segment capital employed	Notes To The Financial Statement	
	Availability of information regarding different segments and units of the entity as well as non-segmental entities/units	Notes To The Financial Statement	
	Segment analysis of	Notes To The Financial Statement	
	Segment Revenue	Notes To The Financial Statement	
	Segment Results	Notes To The Financial Statement	
	Turnover	Notes To The Financial Statement	
	Operating profit	Notes To The Financial Statement	
	Carrying amount of Net Segment assets	Notes To The Financial Statement	
5	Financial Statements (Including Formats)		
	Disclosures of all contingencies and commitments	Independent Auditor's Report And Financial Statements For The Year Ended December 31, 2020.	80
	Comprehensive related party disclosures		
	Disclosures of Remuneration & Facilities provided to Directors & CEO		
	Statement of Financial Position / Balance Sheet and relevant schedules		
	Income Statement / Profit and Loss Account and relevant schedules		
	Statement of Changes in Equity / Reserves & Surplus Schedule		
	Disclosure of Types of Share Capital		
	Statement of Cash Flow		
	Consolidated Financial Statement (CFinancial Statement)- if applicable		
	Extent of compliance with the core IAS/IFRS or equivalent National Standards		
	Disclosures / Contents of Notes to Accounts		
6	Information about Corporate Governance		
	Board of Directors, Chairman And CEO	Board of Director's Profile	17

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Checklist of Annual Report continued

SI	Particulars	Reference	Page Number
	Audit Committee (Composition, role, meetings, attendance, etc) Internal Control & Risk Management	Report of The Audit Committee	48
	Ethics And Compliance	Who We Are	10
	Remuneration and other Committees of Board	Report of The Nomination & Remuneration Committee	50
	Human Capital	Integrated Reporting- Our People	68
	Communication To Shareholders & Stakeholders	Shareholders' Support, Integrated Reporting-Our Stakeholders	62, 71
	- Information available on website	Shareholders' Support	62
	- Other Information	Shareholders' Support	62
	Management Review And Responsibility	Corporate Governance 2020	53
	Disclosure by Board of Directors or Audit Committee on evaluation of quarterly reports	Director's Report	26
	Any other investor friendly information	Shareholders' Support	62
7	Risk Management & Control Environment		
	Description of the Risk Management Framework	Risk Management 2020	55
	Risk Mitigation Methodology	Risk Management 2020	55
	Disclosure of Risk Reporting	Risk Management 2020	55
8	Stakeholders Information		
	Distribution of shareholding (Number of shares as well as category wise, e.g Promoter group, FI etc)	Pattern of Shareholding, Shareholders' Support	32
	Shares held by Directors/Executives and relatives of Directors/Executives	Shareholders' Support	62
	Redressal of investors complaints	Shareholders' Support	26
9	Graphical/ Pictorial Data:	Performance Review	18
	Earnings per Share	Financial Performance	18
	Net Assets	Financial Performance	18
	Stock Performance	Financial Performance	18
	Shareholders' Funds	Financial Performance	18
	Return on Shareholders Fund	Financial Performance	18
10	Horizontal/Vertical Analysis including following.		
	Operating Performance (Income Statement)		
	Total Revenue	Horizontal & Vertical Analysis	20
	Operating profit	Horizontal & Vertical Analysis	20
	Profit Before Tax	Horizontal & Vertical Analysis	20
	Profit after Tax	Horizontal & Vertical Analysis	20
	EPS	Horizontal & Vertical Analysis	20
11	Statement of Financial Position (Balance Sheet)		
	Shareholders Fund	Horizontal & Vertical Analysis	20
	Property Plant & Equipment	Horizontal & Vertical Analysis	20
	Net Current Assets	Horizontal & Vertical Analysis	20
	Long Term Liabilities/Current Liabilities	Horizontal & Vertical Analysis	20
12	Profitability/Dividends/ Performance and Liquidity Ratios		
	Gross Profit Ratio	Financial Performance	18
	Earning before Interest, Depreciation and Tax	Financial Performance	18
	Price earning ratio	Financial Performance	18
	Current Ratios	Financial Performance	18
	Return on Capital Employed	Financial Performance	18
	Debt Equity Ratio	Financial Performance	18
13	Statement of Value Added and Its Distribution		
	Government as Taxes	Value Added Statement	24
	Shareholders as dividend	Value Added Statement	24
	Employees as bonus/remuneration	Value Added Statement	24
	Retained by the entity	Value Added Statement	24
	Market share information of the Company's product/services	Value Added Statement	24
	Economic value added	Value Added Statement	24

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Checklist of Corporate Governance

SI	Particulars	Reference	Page Number
1	BOARD of DIRECTORS, CHAIRMAN AND CEO		
	1.1 Company's policy on appointment of directors disclosed.	Corporate Governance 2020	53
	1.2 Adequate representation of non executive directors i.e. one third of the board, subject to a minimum of two	Report of The Audit Committee	48
	1.3 At least one independent director on the board and disclosure / affirmation of the board on such director's independence.	Corporate Governance 2020	53
	1.4 Chairman to be independent of CEO	Corporate Governance 2020	53
	1.5 Responsibilities of the Chairman of the Board appropriately defined and disclosed. Disclosure of independence of Non Executive Directors	Corporate Governance 2020	53
	1.6 Existence of a scheme for annual appraisal of the boards performance and disclosure of the same.	Corporate Governance 2020, Report of The Nomination & Remuneration Committee	50, 53
	1.7 Disclosure of policy on annual evaluation of the CEO by the Board.	Corporate Governance 2020, Report of The Nomination & Remuneration Committee	50, 53
	1.8 Disclosure of policy on training (including details of the continuing training program) of directors and type and nature of training courses organized for directors during the year Existence of a scheme for annual appraisal of the boards performance	Corporate Governance 2020	53
	1.9 At least one director having thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting.	Corporate Governance 2020, Report of The Audit Committee	48, 53
	1.10 Disclosure of number of meetings of the board and participation of each director (at least 4 meetings are required to be held)	Attendance At Board Meetings	61
	1.11 Directors issue a report on compliance with best practices on Corporate Governance that is reviewed by the external auditors	Declaration By CEO & CFO	33
2	VISION / MISSION AND STRATEGY		
	2.1 Company's vision / mission statements are approved by the board and disclosed in the annual report.	Welcome, Who We Are	1, 10
	2.2 Identification of business objectives and areas of business focus disclosed	Who We Are	10
	2.3 General description of strategies to achieve the company's business objectives	Who We Are	10
3	AUDIT COMMITTEES		
	3.1 Appointment and Composition		
	3.1.1 Whether the Audit Committee Chairman is an independent Non – Executive Director and Professionally Qualified	Report of The Audit Committee	48
	3.1.2 Whether it has specific terms of reference and whether it is empowered to investigate / question employees and retain external counsel	Report of The Audit Committee	48
	3.1.3 More than two thirds of the members are to be Non Executive Directors	Report of The Audit Committee	48
	3.1.4 All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting.	Report of The Audit Committee	48
	3.1.5 Head of internal audit to have direct access to audit committee	Report of The Audit Committee	48
	3.1.6 The committee to meet at least four times a year and the number of meetings and attendance by individual members disclosed in the annual report.	Report of The Audit Committee	48
	3.2 Objectives & Activities	Report of The Audit Committee	48
	3.2.2 Statement on Audit Committee's review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	Report of The Audit Committee	48
	3.2.3 Statement to indicate audit committees role in ensuring compliance with Laws, Regulations and timely settlements of Statutory dues	Report of The Audit Committee	48

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Checklist for Corporate Governance continued

Sl	Particulars	Reference	Page Number
	3.2.4 Statement of Audit committee involvement in the review of the external audit function	Report of The Audit Committee	48
	Ensure effective coordination of external audit function	Report of The Audit Committee	48
	Ensure independence of external auditors	Report of The Audit Committee	48
	To review the external auditors findings in order to be satisfied that appropriate action is being taken	Report of The Audit Committee	48
	Review and approve any non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditors.	Report of The Audit Committee	48
	Recommend external auditor for appointment/ reappointment	Report of The Audit Committee	48
	3.2.5 Statement on Audit committee involvement in selection of appropriate accounting policies that are in line will applicable accounting standards and annual review.	Report of The Audit Committee	48
	3.2.6 Statement of Audit Committee involvement in the review and recommend to the board of directors, annual and interim financial releases	Report of The Audit Committee	48
	3.2.7 Reliability of the management information used for such computation	Report of The Audit Committee	48
4	INTERNAL CONTROL & RISK MANAGEMENT		
	4.1 Statement of Director's responsibility to establish appropriate system of internal control	Risk Management 2020	55
	4.2 Narrative description of key features of the internal control system and the manner in which the system is monitored by the Board, Audit Committee or Senior Management.	Risk Management 2020	55
	4.3 Statement that the Director's have reviewed the adequacy of the system of internal controls	Risk Management 2020	55
	4.4 Disclosure of the identification of risks the company is exposed to both internally & externally	Risk Management 2020	55
	4.5 Disclosure of the strategies adopted to manage and mitigate the risks	Risk Management 2020	55
5	Ethics and Compliance		
	5.1 Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulations etc.	Who We Are	10
	5.2 Dissemination / communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same	Who We Are	10
	5.3 Board's statement on its commitment to establishing high level of ethics and compliance within the organization	Who We Are	10
	5.4 Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	Who We Are	10
6	REMUNERATION COMMITTEE		
	6.1 Disclosure of the charter (role and responsibilities) of the committee	Report of The Nominationa & Remuneration Committee	50
	6.2 Disclosure of the composition of the committee (majority of the committee should be non-executive directors, but should also include some executive directors)	Report of The Nominationa & Remuneration Committee	50
	6.3 Disclosure of key policies with regard to remuneration of directors, senior management and employees	Report of The Nominationa & Remuneration Committee	50
	6.4 Disclosure of number of meetings and work performed	Report of The Nominationa & Remuneration Committee	50
	6.5 Disclosure of Remuneration of directors, chairman, chief executive and senior executives.	Report of The Nominationa & Remuneration Committee	50
7	HUMAN CAPITAL		
	7.1 Disclosure of general description of the policies and practices codified and adopted by the company with respect to Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counselling.	Integrated Reporting-Our People	68

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Checklist for Corporate Governance continued

SI	Particulars	Reference	Page Number
	7.2 Organizational Chart	Integrated Reporting-Our People	68
8	Communication to Shareholders & Stakeholders		
	8.1 Disclosure of the Company's policy / strategy to facilitate effective communication with shareholders and other stake holders	Who We Are, Integrated Reporting, Our People, Corporate Governance 2020	10, 53, 68
	8.2 Disclosure of company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM.	Who We Are, Integrated Reporting, Our Stakeholders, Corporate Governance 2020, Notice of AGM, Shareholders' Support	10, 65, 62, 53, 9, 62
9	Environmental and Social Obligations		
	9.1 Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	Environmental Initiative, Integrated Reporting-Our Stakeholders	77, 71
	9.2 Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	Environmental Initiative, Integrated Reporting-Our Stakeholders	77, 71

Checklist for Integrated Reporting

SI	Particulars	Reference	Page Number
1	Elements of an Integrated Report		
	Organizational overview and external environment	Who We Are, Our Industry Analysis	10, 14
	An integrated report should disclose the main activities of the organization and the environment of which it operates.	Integrated Reporting	65
	An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as:		
	• The organization's:		
	o culture, ethics and values	Who We Are	10
	o ownership and operating structure including size of the organization, location of its operations)	Integrated Reporting-Our Infrastructure, Integrated Reporting-Our People, Pattern of Shareholding,	72, 68, 32
	o principal activities and markets	Who We Are	10
	o competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)	Industry Analysis	14
	o position within the value chain	Industry Analysis	14
	• Key quantitative information		
	e.g., the number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	Performance Review, Integrated Reporting-Our People	18, 68
	• Significant factors affecting the external environment and the organization's response	Industry Analysis	14
	(include aspects of the legal, commercial, social, environmental and political context that affect the organization's ability to create value in the short, medium or long term)	Industry Analysis	14

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Checklist for Integrated Reporting continued

SI	Particulars	Reference	Page Number
	Eg:	Industry Analysis	14
	o The legitimate needs and interests of key stakeholders	Industry Analysis	14
	o Macro and micro economic conditions, such as economic stability, globalization, and industry trends	Industry Analysis	14
	o Market forces, such as the relative strengths and weaknesses of competitors and customer demand	Industry Analysis	14
	o The speed and effect of technological change	Industry Analysis	14
	o Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	Industry Analysis	14
	o Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	Industry Analysis	14
	The legislative and regulatory environment in which the organization operates	Industry Analysis	14
	o The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy	Industry Analysis	14
	1.2 Governance		
	An integrated report should how does the organization's governance structure support its ability to create value in the short, medium and long term.		
	An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:		
	<ul style="list-style-type: none"> The organization's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure 	Corporate Profile, Corporate Governance 2020	3, 53
	<ul style="list-style-type: none"> Mandatory and voluntary code of corporate governance adopted by the Company. 	Declaration of CEO & CFO, Corporate Governance 2020, Report of The Audit Committee, Report of The Nomination & Remuneration Committee	33, 53, 48, 50
	<ul style="list-style-type: none"> Code of ethical conduct adopted by the Company in relation to ethical business. 	Who We Are-Culture And Values	12
	<ul style="list-style-type: none"> Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues 	Who We Are, Risk Management 2020	10, 55
	<ul style="list-style-type: none"> Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management 	Risk Mangement 2020	55
	<ul style="list-style-type: none"> How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders 	Who We Are, Our Culture And Values	10, 12
	<ul style="list-style-type: none"> Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies 	Who We Are, Our Culture And Values	10, 12
	<ul style="list-style-type: none"> The responsibility those charged with governance take for promoting and enabling innovation 	Our Environmental Initiatives	77
	<ul style="list-style-type: none"> How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals. 	Corporate Governance 2020, Report of The Nomination & Remuneration Committee	53, 50
1.3	Stakeholder Identification/ relationships		
	An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests. Stakeholders are the groups or individuals that can reasonably be expected to be significantly affected by an organization's business activities, outputs or outcomes or whose actions can reasonably	Integrated Reporting-Our Stakeholders	71
	be expected to significantly affect the ability of the organization to create value.		
	An entity may disclose the following in their integrated reports in respect of stakeholder relationships.	Integrated Reporting-Our Stakeholders	71
	· How the company has identified its stakeholders.	Integrated Reporting-Our Stakeholders	71

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Checklist for Integrated Reporting continued

Sl	Particulars	Reference	Page Number
	· Identification of material matters of stakeholders.	Integrated Reporting-Our Stakeholders	71
	· How the Company has applied such matters.	Integrated Reporting-Our Stakeholders	71
	· How the stakeholders are engaged in assessing impacts, implications and outlook unrespects of Company's business model.	Integrated Reporting-Our Stakeholders	71
	Capitals		
	An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term	Integrated Reporting, Comparing Our Business Model With IR Capitals	65
	An integrated report need to identify the various forms of capitals which are essential for the success of its business operations. Eg:	Integrated Reporting, Comparing Our Business Model With IR Capitals	65
	Financial Capital – The pool of funds that is available to the organization for use in the production of goods or provision of services.	Integrated Reporting- Our Financial Strength	74
	Manufacturing Capital – Manufactured physical objects that are available to the organization for use in the production of goods and provision of services.	Integrated Reporting-Our Infrastructure	72
	Intellectual Capital – Organizational, Knowledge based intangibles.	Integrated Reporting- Our Key Brands, Our Knowledge And Skills	70
	Human Capital – People's competencies, capabilities and experience, and their motivations to innovate	Integrated Reporting-Our People	68
	Social and Relationship Capital – The institutions and the relationships within and between communities, groups of stakeholders and other networks and the ability to share information to enhance individual and collective wellbeing.	Integrated Reporting-Our Stakeholders	71
	Natural Capital – All renewable and non-renewable environmental resources and processes that provide goods and services that support the past, current and future prosperity of the organization.	Environmental Initiatives	77
	However an entity can do its own classification of capitals based on its business activities. An entity needs to ensure that it does not overlook a capital that it uses or affects.		
1.4	Business model		
	An integrated report should describe the organization's business model	Integrated Reporting, Comparing Our Business Model With IR Capitals	65
	An integrated report need to describe the business model, including key:	Integrated Reporting, Comparing Our Business Model With IR Capitals	65
	Inputs	Integrated Reporting, Comparing Our Business Model With IR Capitals	65
	• Business activities	Integrated Reporting, Comparing Our Business Model With IR Capitals	65
	• Outputs	Integrated Reporting, Comparing Our Business Model With IR Capitals	65
	• Outcomes	Integrated Reporting, Comparing Our Business Model With IR Capitals	65
	Features that can enhance the effectiveness and readability of the description of the business model include:	Integrated Reporting, Comparing Our Business Model With IR Capitals, Who We Are-Our Business Model	65, 10
	• Explicit identification of the key elements of the business model	Integrated Reporting, Comparing Our Business Model With IR Capitals, Who We Are-Our Business Model	65, 10
	• A simple diagram highlighting key elements, supported by a clear explanation of the relevance of those elements to the organization	Integrated Reporting, Comparing Our Business Model With IR Capitals, Who We Are-Our Business Model	65, 10

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Checklist for Integrated Reporting continued

SI	Particulars	Reference	Page Number
	<ul style="list-style-type: none"> • Identification of critical stakeholder and other (e.g., raw material) dependencies and important factors affecting the external environment 	Integrated Reporting, Comparing Our Business Model With IR Capitals, Who We Are-Our Business Model, Our Stakeholders	65, 10, 71
	<ul style="list-style-type: none"> • Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues). 	Integrated Reporting, Comparing Our Business Model With IR Capitals, Who We Are-Our Business Model	65, 10
	Inputs		
	An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	Integrated Reporting-How We Do It	66
	Business activities		
	An integrated report describes key business activities. This can include:		
	<ul style="list-style-type: none"> • How the organization differentiates itself in the market place (e.g., through product differentiation, market segmentation, delivery channels and marketing) 	Our Purpose, Our Fight, Integrated Reporting-How We Do It, Our Stakeholders	1, 66, 71
	<ul style="list-style-type: none"> • How the organization approaches the need to innovate 	Who We Are- Our Business Model	10
	<ul style="list-style-type: none"> • How the business model has been designed to adapt to change. 	Integrated Reporting- How We Do It, Sustainability Reporting	66, 65
	When material, an integrated report discusses the contribution made to the organization's long term success by initiatives such as process improvement, employee training and relationships management.		
	Outputs	Integrated Reporting-Outcome	67
	An integrated report identifies an organization's key products and services. There might be other outputs, such as by-products and waste	Integrated Reporting-Outcome	67
	(including emissions), that need to be discussed within the business model disclosure depending on their materiality.		
	Outcomes		
	An integrated report describes key outcomes, including:	Integrated Reporting-Outcome, Value Added Statement, Kpis And Financial Performance	67, 24, 18
	<ul style="list-style-type: none"> • Both internal outcomes (e.g., employee morale, organizational reputation, revenue and cash flows) and external outcomes (e.g., customer satisfaction, tax payments, brand loyalty, and social and environmental effects) 	Integrated Reporting-Outcome, Value Added Statement, KPIs And Financial Performance	67, 24, 18
	<ul style="list-style-type: none"> • Both positive outcomes (i.e., those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e., those that result in a net decrease in the capitals and thereby diminish value). 		
1.5	Performance	Integrated Reporting-Our Stakeholders	71
	An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	Performance Review, Risk Management 2020	18, 55
	An integrated report should contain qualitative and quantitative information about performance that may include matters such as:	Environmental Initiatives	77
	<ul style="list-style-type: none"> • Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them 	Industry Analysis	14
	<ul style="list-style-type: none"> • The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain 		
	<ul style="list-style-type: none"> • The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests 	Risk Management 2020	55
	<ul style="list-style-type: none"> • The linkages between past and current performance, and between current performance and the organization's outlook. 		

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Checklist for Integrated Reporting continued

SI	Particulars	Reference	Page Number
	Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non-compliance with laws or regulations may significantly affect its operations.	Risk Management 2020, Our Principal And Emerging Risks	55, 57
1.6	Risks, opportunities and internal controls	Risk Management 2020, Our Principal And Emerging Risks	55, 57
	An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them? and effectiveness of the system of internal controls.	Report of The Audit Committee	48
	This can include identifying:		
	<ul style="list-style-type: none"> • The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two. 	Our Purpose, Our Fight. Who We Are-Reckitt's Strategic Priorities, Our Business Model	10
	<ul style="list-style-type: none"> • The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does. 		
	<ul style="list-style-type: none"> • The specific steps being taken to mitigate or manage key risks (eg: Risk Management Framework, Risk Management review process and reporting structure) or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs. 	Who We Are-Reckitt's Strategic Priorities	11
	<ul style="list-style-type: none"> • Risk Management Report (Which includes details about risk, root cause, potential impact, response to risk, risk rating) 	Who We Are-Our Business Model, Integrated Reporting-Our Financial Strength	10
	<ul style="list-style-type: none"> • Response on the effectiveness of the internal controls and the board's responsibility for the disclosures on internal controls to safeguard stakeholder interest. 	Who We Are- Our Business Model, Industry Analysis	10
1.7	Strategy and resource allocation	Integrated Reporting- How We Do It	66
	An integrated report should describe its strategic direction (Where does the organization want to go and how does it intend to get there)	Integrated Reporting-Comparing Our Business Model With IR Framework	65
	An integrated report need to identify:	Integrated Reporting-Comparing Our Business Model With IR Framework	65
	<ul style="list-style-type: none"> • The organization's short, medium and long term strategic objectives 	Integrated Reporting- How We Do It, Risk Management 2020	66, 55
	<ul style="list-style-type: none"> • The strategies it has in place, or intends to implement, to achieve those strategic objectives 	Who We Are-Our Business Model	10
	<ul style="list-style-type: none"> • How the entity has positioned in the wider market. 	Who We Are- Our Key Resources, Environmental Initiatives	10
	<ul style="list-style-type: none"> • How the long term strategies relate to current business model. 	Integrated Reporting-Our Key Brands, Our Knowledge And Skills	70
	<ul style="list-style-type: none"> • The resource allocation plans it has to implement its strategy 	Who We Are-Our Business Model, Integrated Reporting-Our Stakeholders	10
	<ul style="list-style-type: none"> • How it will measure achievements and target outcomes for the short, medium and long term. 	Integrated Reporting-Our Stakeholders	71
	<ul style="list-style-type: none"> • The linkage between the organization's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans: <ul style="list-style-type: none"> o relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change o are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals, and the risk management arrangements related to those capitals 	Industry Analysis, Risk Management 2020	14, 55
	<ul style="list-style-type: none"> • What differentiates the organization to give it competitive advantage and enable it to create value, such as: <ul style="list-style-type: none"> o the role of innovation o how the organization develops and exploits intellectual capital o the extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage 	Risk Management 2020	55
		Risk Management 2020	55
		Risk Management 2020	55
		Industry Analysis, Risk Management 2020	14, 55

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Checklist for Integrated Reporting continued

SI	Particulars	Reference	Page Number
	<ul style="list-style-type: none"> Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans. 	Integrated Reporting-How We Do It	66
1.8	Outlook	Management Discussion & Analysis, Director's Report	30, 26
	An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	Management Discussion & Analysis	30
	An integrated report should highlight anticipated changes over time and provides information on		
	<ul style="list-style-type: none"> The organization's expectations about the external environment the organization is likely to face in the short, medium and long term 	Integrated Reporting- Comparing Our Business Model With IR Framework	65
	<ul style="list-style-type: none"> How that will affect the organization 		
	<ul style="list-style-type: none"> How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise. 	Integrated Reporting- Comparing Our Business Model With IR Framework	65
	The discussion of the potential implications, including implications for future financial performance may include:	Integrated Reporting- Comparing Our Business Model With IR Framework	65
	<ul style="list-style-type: none"> The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives 	Director's Report, Corporate Governance 2020	26, 53
	<ul style="list-style-type: none"> The availability, quality and affordability of capitals the organization uses or affects (e.g., the continued availability of skilled labour or natural resources), including how key relationships are managed and why they are important to the organization's ability to create value over time. 	Integrated Reporting- Comparing Our Business Model With IR Framework	65
	An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organization's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook.		
	Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject.		
1.9	Basis of preparation and presentation	Managing Director's Statement	6
	An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?	Managing Director's Statement	6
	An integrated report describes its basis of preparation and presentation, including:		
	<ul style="list-style-type: none"> A summary of the organization's materiality determination process 	Integrated reporting- comparing our business model with IR framework	65
	o Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters	Integrated reporting- comparing our business model with IR framework	65
	o Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.	Director's report, corporate governance 2020	26, 53
	<ul style="list-style-type: none"> A description of the reporting boundary and how it has been determined Eg:Include process used for identifying the reporting boundary, geographic scope, the entities represented in the report and the nature of the information provided for each entity. 	Integrated reporting- comparing our business model with IR framework	65
	<ul style="list-style-type: none"> A summary of the significant frameworks and methods used to quantify or evaluate material matters (e.g., the applicable financial reporting standards used for compiling financial information, a company-defined formula for measuring customer satisfaction, or an industry based framework for evaluating risks). 	who we are-our business model, risk management 2020	10
	2. Responsibility for an integrated report		
	An integrated report should include a statement from those charged with governance that includes:		
	<ul style="list-style-type: none"> An acknowledgement of their responsibility to ensure the integrity of the integrated report 	Managing Director's Statement	6
	<ul style="list-style-type: none"> An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report 	Managing Director's Statement	6

RECKITT BENCKISER (BANGLADESH) LIMITED

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

Corporate Office: The Glass House, 9th & 10th Floors, Plot-2, Block- SE (B), 38 Gulshan Avenue, Dhaka-1212

PROXY FORM

I/we, the undersigned being a Member of the above named Company appoint

Mr./Mrs./Miss _____

of _____ (Folio

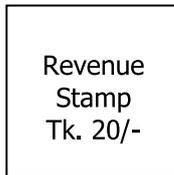
no./BO ID no. _____) as my / our proxy to vote and act for me/us, and on my/our behalf, at the 60th Annual General Meeting of the Company to be held using Digital Platform (in pursuance with BSEC order SEC/SRMIC/94-231/25, and SEC/SRMIC/94-231/91 dated 08 July 2020 and 31 March 2021 respectively) on Tuesday, 22nd June, 2021 at 11.30 a.m. and at any adjournment thereof.

Dated this _____ day of _____ 2021.

Signature of the Proxy

Mobile number:

Email:



Signature of the Shareholder (s)

Name of the Shareholder (s)

Signature of the Witness

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/94-231/25, and SEC/SRMIC/94-231/91 dated 08 July 2020 and 31 March 2021 respectively 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.

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ATTENDANCE SLIP

"Not applicable, as AGM will conduct through digital platform"


reckitt



COMPANY OFFICES

REGISTERED OFFICE

58/59 Nasirabad Industrial Area
Chittagong – 4209
Bangladesh

CORPORATE OFFICE

The Glass House,
9th and 10th Floors, Block-SE (B),
38 Gulshan Avenue, Dhaka-1212,
Bangladesh.

FACTORY

58/59 Nasirabad Industrial Area
Chittagong – 4209
Bangladesh

NARAYANGONJ 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, 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