



**Reckitt Benckiser (Bangladesh) PLC**  
Annual Report & Financial Statements 2021

# STRIVE FOR EXCELLENCE





National Award for Best Presented Annual Report by ICAB



Certificate of Merit Award For Best Presented Annual Report by SAFA



Best Content Marketing Award by Bangladesh Brand Forum



You can download this report from our website: [www.reckitt.com/about-us/reckitt-bangladesh/](http://www.reckitt.com/about-us/reckitt-bangladesh/)



You can download a digital copy of this Annual Report 2021 by scanning this QR code with your smart device



The Glass House, 9th & 10th Floors,  
38 Gulshan Avenue, Dhaka 1212

# 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.

## OUR COMPASS

Our compass guides us. We use it to navigate the way we need to behave as individuals, as teams, and as a company. Our culture builds on what has made us successful; and equips us for sustainable growth so that we may continue to protect, heal and nurture the generations to come.





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- Organogram

# COMPANY OVERVIEW

# 2021 AT A GLANCE

Revenue

Tk **494**Cr

Profit after Tax  
(Growth)

**9.37%**

Gross Profit Ratio

**54.58%**

Earnings Per Share

Tk **171.03**

Dividend Per Share

Tk **165.00**

P/E Ratio

**x33.50**

Net Asset Value  
Per Share

Tk **200.65**

Net Operating Cash Flow  
Per Share

Tk **134.90**

Debt Equity Ratio

**x2.23**

Contribution to National  
Exchequer

Tk **131**Cr

Contribution to WPPF

Tk **5.51**Cr

Return on Capital  
Employed

**x0.95**

# 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 |                      |
| Tanmay Gupta          |                      |
| Sourav Mitra          |                      |
| Afreen Huda           |                      |
| Md. Golam Yahia       |                      |

## CHIEF FINANCIAL OFFICER

Tanmay Gupta

## COMPANY SECRETARY

Mohammad Nazmul Arefin

## AUDIT COMMITTEE

|                        |             |                        |
|------------------------|-------------|------------------------|
| C.Q.K. Mustaq Ahmed    | Chairperson | (Independent Director) |
| Nazimuddin Chowdhury   | Member      | (Independent Director) |
| Rahul Mathur           | Member      |                        |
| Sourav Mitra           | Member      |                        |
| Pradeep Krishnamurthi  | 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 |
| Tanmay Gupta           | Member      |
| Mohammad Nazmul Arefin | Secretary   |

## AUDITORS

A. Qasem & Co.  
(Chartered Accountants)

## BANKERS

Standard Chartered Bank

The Hongkong & Shanghai Banking  
Corporation Ltd.



# CHAIRPERSON'S STATEMENT

Dear Shareholders,

It gives me immense pleasure to welcome you all to the 61st Annual General Meeting of your Company. I am proud of what we achieved this year during era of the pandemic in the face of enormous challenges. Your company is moving forward as a resilient and purposeful company.

All of us at Reckitt Benckiser, are united in one passionate purpose- 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.

## Business Performance

Despite degrowth in revenue your company managed to grow operating profit after tax by 9.37%. During the brink of the pandemic, we saw a spike in the turnover of our health and hygiene products. This was normalized during last year when COVID-19 cases rapidly came down after heavy vaccination programs by the government. We learned to be efficient in our operating structure thus achieved the growth in operating profit and as well as EPS.

## Dividend

Consistent with the expectations we set out last year, the Directors have proposed a final dividend of Tk. 165 per share.

## Annual General Meeting

This year we will conduct our 61st Annual General Meeting (AGM) on 27th April 2022 through a live virtual webcast platform, where we are expecting your active participation which will make our AGM effective. Your questions / comments / advice will guide us to drive our business growth.



“

**Our purpose-led brands drive real change. Through our products, programs, and partnerships we seek to make a difference to society and the issues the world is battling globally. Doing the right thing, always, using the reach and power of our brands and our business for sustained societal impact.**

”

## People and Culture

We remain focused on executing our strategic priorities, even in the dusk of the turmoil around the globe. Our workforce has shown itself to be adaptable and highly efficient in very testing conditions. Their resilience and commitment have brought exceptional progress critical to the combat of the pandemic. To be with our employees, we offered a range of support for employees affected by the pandemic, conscious that their wellbeing is paramount. This included local assistance programmes, partnering with mental-well being stakeholder to improve mental health and awareness of its importance among our employees.

## Sustainability Goals and Reckitt

We support UN's Sustainable Development Goals. We are investing our resources towards multiple agenda which are under the UN's sustainable development goals (SDGs). Sustainability is an integral part of our long-term sustainable growth business strategy and intrinsic to our identity as a responsible, purpose-led business that aims to make a positive difference in the world. In relation to this agenda, in October 2021, your company took the decision to undergo the upgrade of waste-water treatment plant at Reckitt Factory located at 58/59, Nasirabad Industrial Area, Chattogram 4209 to enforce environmental compliance. A budget of Tk. 15.89 crore was approved by the Board of Directors for this ETP project at the factory premises.

## Accolades for Reckitt Benckiser

We concerned to be fully compliant to the code of Corporate Governance and the transparency and accountability requirement by the international and national accounting

requirements. As a reward during the last year your company was awarded third prize on national platform and certificate of merit on international platform for Best Presented Annual Report for the year 2020.

### Future Outlook

Looking ahead, we remain committed to our strategic priorities. We are strengthening the organization to be able to

compete and innovate more effectively. Ultimately, we aim to deliver consistently strong returns for shareholders by meeting stakeholder priorities, and we are well placed to achieve that ambition.

### 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.



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### Rahul Mathur

Chairperson

Reckitt Benckiser (Bangladesh) PLC

# MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

The year 2021 had been an interesting year for your company. We have seen pandemic slowing down due to heavy vaccination programs. The put down economy during previous year slowly started to emerge from the second half of the year. Result is that, Annual turnover came down to Tk. 494 crore. But through our productivity measures and strategic efficiency we gained growth in profit after tax of 9.37% compared to previous year.

## Our Product Portfolio

Your company is a proud presenter of health of hygiene products to the consumers of this country. We are committed to providing quality products to our consumers. In addition to your dependable product brands, we have introduced a few new brands to market, providing vaster solutions to our consumers. Even so our soap is still the highest demanded product with a growing market share, proving our consumers' growing to us, which we promise to keep always.

## Highest Quality Hygiene

We have adapted and evolved our management and ways of working to align with our purpose. 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. Reckitt was able to play a huge fight during the pandemic because of the heroic efforts of our employees. At the



“

**2021 was a challenging year for us offering health and hygiene products on the crossroads of normal life and the era of pandemic. Through our strategic efficiency we achieved 6.52% growth in operating profit.**

”

very start of the pandemic your company took steps to establish work-place safety protocol regarding individual health. Your company also prompted to ensure and safety for health for all its indirect employees. Mental health well-being also came into thorough consideration, and we affiliated with our mental well-being partner to facilitate our employees to self-care and create awareness on the topic. Our employees continue to do the fight making Reckitt's goals a reality and success.

## Contribution to National Exchequer

As a public listed company, Reckitt faced 22.5% corporate income tax according to the last Finance Act. Due to this advantage, for the year 2021 our income tax expense on profit before tax came down to Tk. 29 crore. This year our total contribution to Govt. revenue fund stood at Tk. 131 crore compared to Tk 138 crore of the previous year. Among this contribution 17% came from corporate tax, 29% from VAT and 43% from duty.

## Sustainable Development Goals

We support the United Nation's Sustainable Development Goals. Through our corporate social responsibilities (CSR), environmental initiatives as well as our principal activities we aim for sustainability on this planet earth. Our Dettol Harpic Porichonno Bangladesh initiative touched lives for four (4) years now. During 2021 we commenced our "Safe Mother, Safe Tomorrow" initiative by associating with our trusted partner address the issue of maternal mortality. To address this concern we contributed through our soap as a hygiene solution to the underprivileged mothers. During 2021 we also launched "Back to School" program, when Government had re-opened schools after almost a year and half of these being closed. Everyone prioritized health and

safety of the children. Through this program we aimed to aid the government in ensuring that proper hygiene practices are being followed at the educational institutions

### External Recognition for Reckitt

During 2021, your company was able to earn two recognitions for the Annual Report 2020. Institute of Chartered Accountants of Bangladesh (ICAB) awarded Reckitt with third prize and South Asian Federation of Accountants (SAFA) recognized Reckitt with certificate of merit in the category of Best Presented Annual Reports. These awards are a testimony to the high standards of financial reporting and corporate governance procedures practiced by **your company**. These practices and procedures are embedded on our values and conduct, and we will continue to safeguard it. Finally, your company was also bestowed with Gold Award in the Digital Marketing Award initiated by Bangladesh Brand Forum for Harpic and Bronze for Veet.

### Reporting 2021

Consistent with the expectations, we presented our Annual Report 2021 with integrated approach which incorporates sustainability reporting, risk management reporting and additional disclosures for corporate governance to ensure that we can engage with our stakeholders to a greater extent. We 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. Annual Report along with our audited financial statements for the year 2021 is available in our website at

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

### Looking forward

Post pandemic business is very much challenging. Due to the political unrest in the world, our main raw material price is increasing as record high, FX is volatile and foresee a big devaluation of local currency, international freight cost and traffic increased significantly. All these above create huge pressure on our gross margin. However we

are taking appropriate action to minimize the pressure in the gross margin as much as possible.

### Appreciation

I would like to sincerely thank our shareholders for trusting us and having confidence in our work. I appreciate my honorable 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 purpose-led products.



### Vishal Gupta

Managing Director  
Reckitt Benckiser (Bangladesh) PLC

# 60<sup>th</sup> ANNUAL GENERAL MEETING

**60<sup>th</sup> Annual General Meeting (Virtual Platform)**

**সরাসরি সম্প্রচার / Live Streaming**

**আনোদ্যসূচী / Agenda**

**Agenda-01**

To confirm the Minutes of the 59th Annual General Meeting held on 26th July 2020.

**Vote**

| I am in favor of passing this proposal |         | I am not in favor of passing this proposal |         |
|--|---------|--|---------|
| Vote                                   | Vote(%) | Vote                                       | Vote(%) |
| 4012265                                | 99.998  | 65   | 0.002   |

**প্রশ্ন এবং মন্তব্য / Questions and Comments**

**Name : MR. MD.MOHIUDDIN SHAMIM**

This is Md.Mohiuddin Shamim Bo id # 1202600000077964.Thanks All board of director's for 1400% Cash dividend This pandemic time.Excellent divided. Our Company EPS isTk. 156.38, NAV per share of Tk. 170.95 and NOCFPS of Tk.

**শেয়ারহোল্ডারগণের মোট উপস্থিতি**  
Total Attendance of Shareholders

**উপস্থিত শেয়ারহোল্ডারগণের মোট শেয়ার সংখ্যা**  
Total Shares of Attended Shareholders

**সরাসরি সম্প্রচার / Live Streaming**

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Total Shares of Attended Shareholders



**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) PLC  
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 **61<sup>st</sup> Annual General Meeting** of Reckitt Benckiser (Bangladesh) PLC will be held using Digital Platform on Wednesday, 27th April, 2022 at 11.30 a.m. to transact the following business:

### **AGENDA**

1. To confirm the Minutes of the 60th Annual General Meeting held on 22nd June 2021.
2. To receive and adopt the Audited Financial Statements as on and for the year ended 31<sup>st</sup> December 2021 together with the Auditors' and Directors' Report thereon.
3. To approve Dividend as recommended by the Board.
4. To elect or re-elect Directors of the Company.
5. To appoint Auditors for the year 2022 and to fix their remuneration.
6. To appoint Compliance Auditors for the year 2022 and to fix their remuneration.

**By order of the Board**

**Mohammad Nazmul Arefin**  
Company Secretary

**Dhaka, Dated: 6th April, 2022**

### **Notes:**

1. 3rd April 2022 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 published 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/reckitt-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 26th April 2022
3. Pursuant to BSEC Order no. BSEC/CMRRCD/2006 158/208/Admin/81, dated 20th June 2018, soft copy of the annual report 2021 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

## RECKITT'S STRATEGIC PRIORITIES

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

## 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 global leading brands that offer faster growth and higher margins. Disruptive, 'rocket' brands redefine and extend the spaces in which we operate.

#### 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, R&D laboratories, centres of excellence and logistics centers.

#### Our knowledge and skills

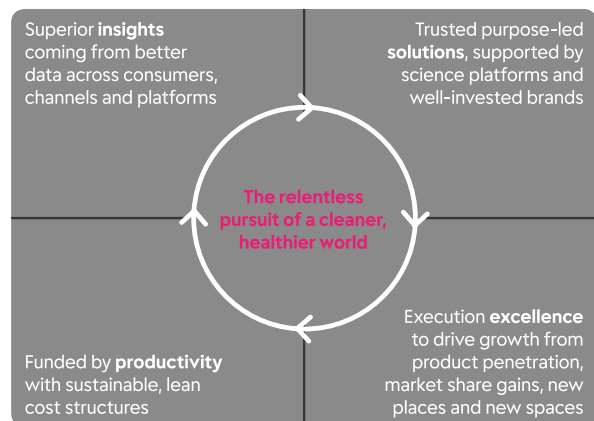
We have deep consumer understanding, proven R&D, quality and innovation capabilities and an agile organisation, which gets products to markets fast.

#### 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 **continuous productivity improvements 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

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

### 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. 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

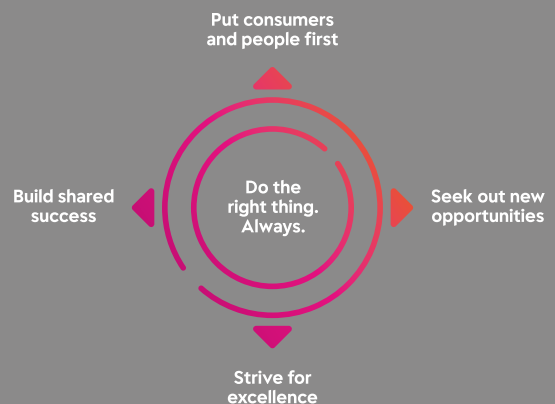
### ● Deliver

- 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.





## 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 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 employees and contractors must comply with the anti-bribery, anti-corruption and competition laws of all countries in which they operate. 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 Audit Committee 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 applicable labour law in the country. We also follow the UN Guiding Principles on Business and Human Rights and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and local law.

#### Product safety policy

The purpose of this policy is to assure our stakeholders about 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

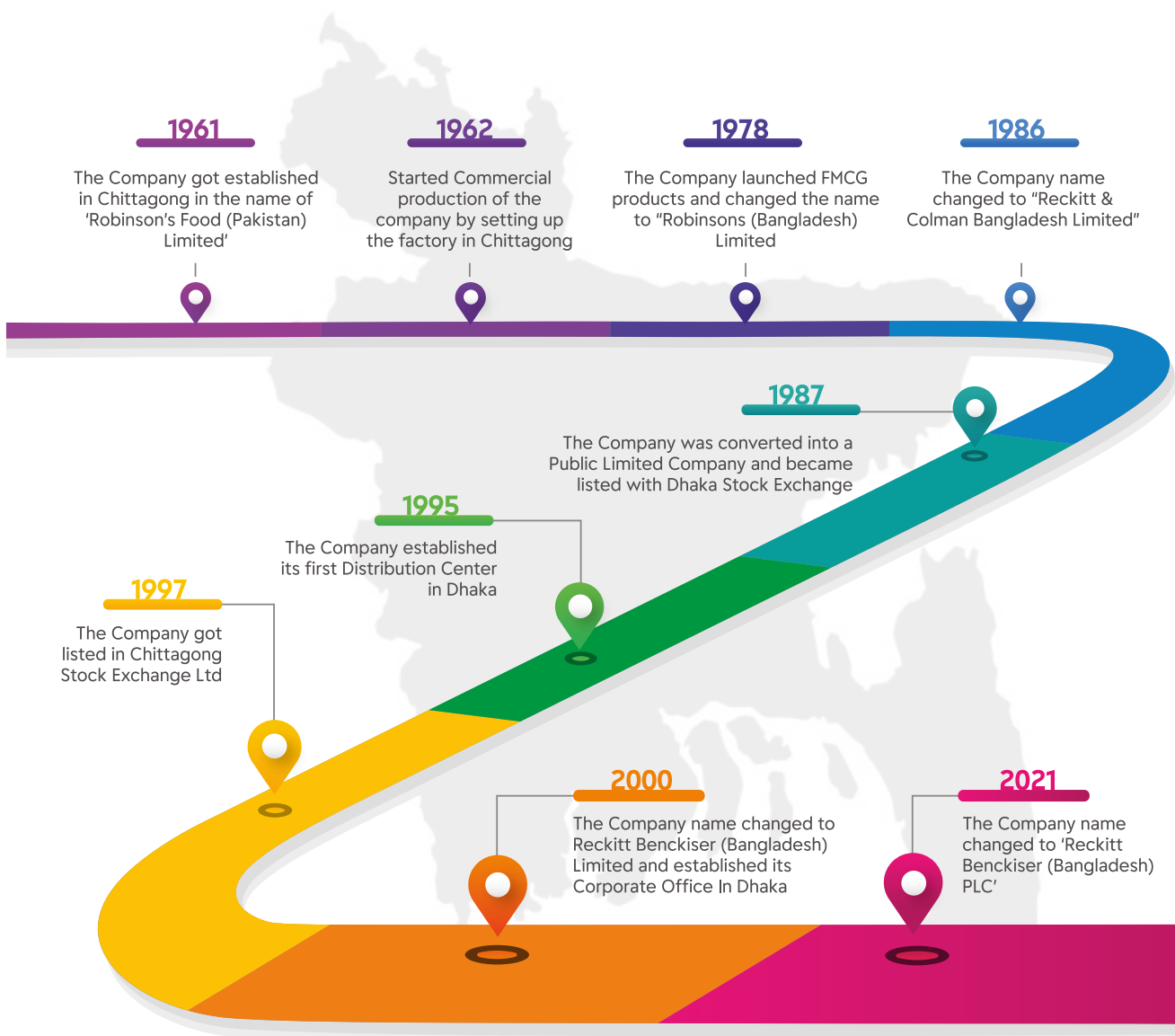
This commits us to ensuring that natural raw materials in our products are produced in a manner that meets or goes beyond applicable laws and regulations, respects human rights, safeguards health and safety, protects the environment and generally supports sustainable development.

#### Environmental policy

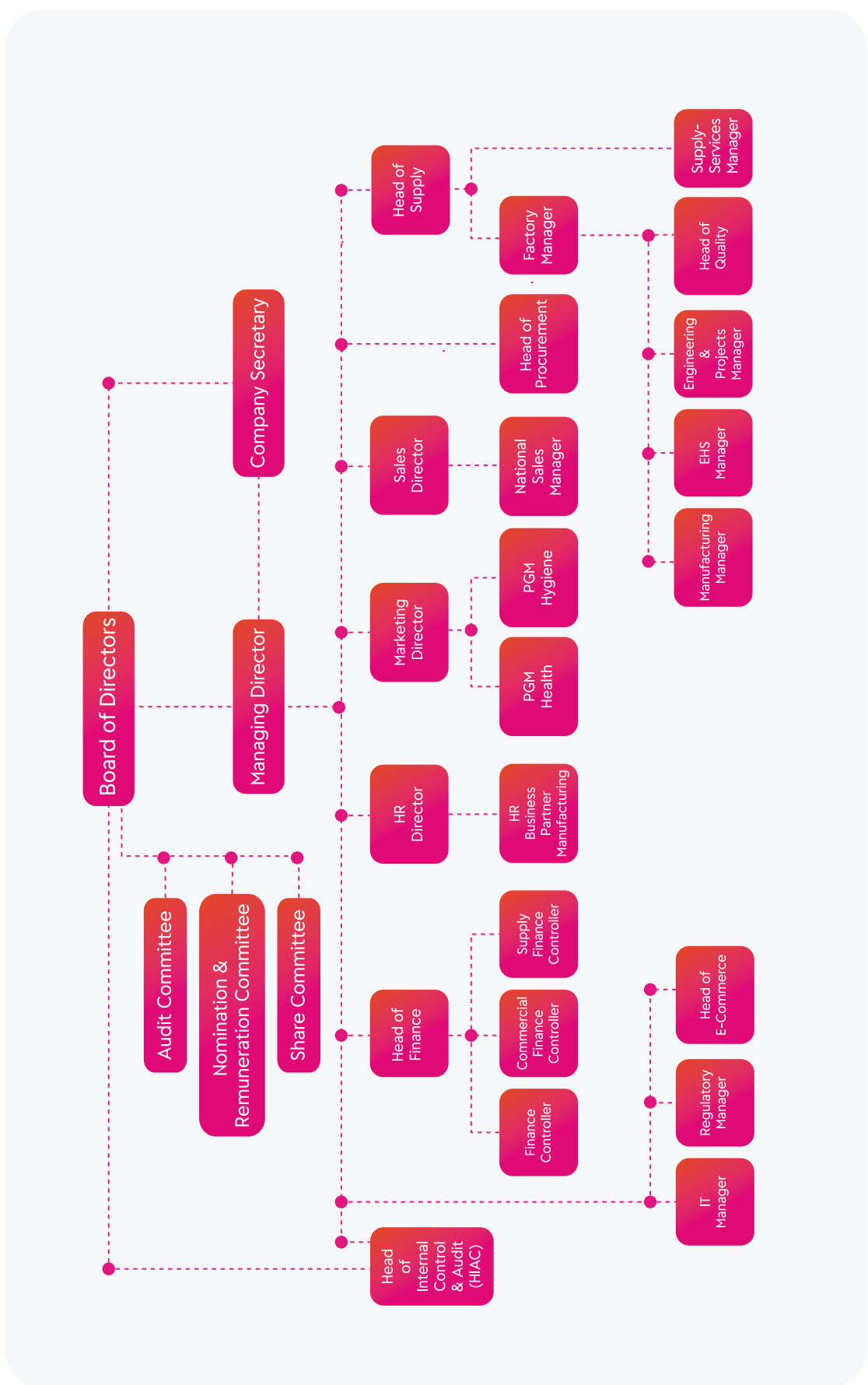
This sets out our objectives for reducing our environmental impacts. It requires us to comply with relevant legislation, consider environmental issues in key decisions, and engage with multiple stakeholders for better environmental performance.



# HISTORY OF RECKITT BENCKISER (BANGLADESH) PLC



# RECKITT BENCKISER (BANGLADESH) PLC ORGANIZATIONAL CHART











**National Award for Best Presented Annual Report by ICAB**

- Industry Analysis
- Management's Discussion & Analysis
- KPIs & Financial Performance
- Value Added Statement
- Contribution to national exchequer
- Horizontal & Vertical Analysis of Statement of
- Financial Position and Statement of Profit and Loss Account

# MANAGEMENT'S DISCUSSION & ANALYSIS

# INDUSTRY ANALYSIS






## First Part

|   | CURRENT SCENARIO  | OUR ROLE  |
|---|---|---|
| <p><b>1. Political</b></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>Political environment in the country is stable. During the second half of the year, business environments slowly started to get back at its regular pace as Government has taken initiative for heavy vaccination and COVID-19 cases went down resulting Government withdrawn all sorts of lockdown.</p>   | <p>We continued to deliver our health and hygiene products to our customers and consumers</p>   |
| <p><b>2. Economic</b></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>Compared to the previous year country's GDP increased by 2% (source: ADB); However, post pandemic business is very much challenging. Due to the political unrest in the world, our main raw material price is increasing as record high, FX is volatile and foresee a big devaluation of local currency, international freight cost and traffic increased significantly.</p> | <p>As the economic situation creates huge pressure on our gross margin, we have taken appropriate action to minimize the pressure as much as possible.</p>  |
| <p><b>3. Social</b></p> <p>Social factors include demographic characteristics, norms, and values of the people in the economy.</p>   | <p>During the pandemic, population of the country suddenly witnessed hygiene rules and social distancing. However when the lockdown situation lessened after heavy vaccination programs, sales of our health and hygiene products normalized.</p>   | <p>We continue to engage with certain demography for consciousness on health and hygiene through our various awareness programs.</p>  |
| <p><b>4. Technological</b></p> <p>Technological factors are those, which affect the business in an industry.</p>   | <p>Government of Bangladesh is planning to take advantage of digitization; Government had been introducing new systems with digital solutions for areas in VAT, custom and payment to national exchequer. Also the pandemic had introduced e-commerce on a new level, hence wide growth of online shipping preference by the consumers.</p>                                     | <p>We capitalize all the digitalization initiative of Government and benefit of booming e-commerce platform to reach out new customers.</p>   |
| <p><b>5. Environmental</b></p> <p>These factors represent ecological factors or environmental factors affected by the industry.</p>    | <p>Climate change is an alarming factor for Bangladesh when the country is a sub-tropical country with a monsoon climate. If not taken right way forward, Bangladesh will face global warming.</p>  | <p>Our purpose relentlessly pursues a cleaner, healthier world. That extends far beyond personal hygiene and health. We are ambitious for carbon neutrality and striving to reach to our goal to be energy efficient.</p>   |
| <p><b>6. Legal</b></p> <p>This factor includes specific regulations that affect the specific industry.</p>   | <p>NBR is somewhat discouraging to be tax/VAT non-compliant. On the other hand, percent reduction in corporate tax rate through latest Finance Act, directly affects positively to the business. Our industry for health and hygiene products are heavily regulated to ensure product safety &amp; quality.</p>   | <p>We are committed to be legally compliant entity. We are always determined to reach our consumers with their very trusted products, underpinned by our belief that access to the highest quality hygiene is a right not a privilege and that hygiene is the foundation of health.</p> |

# INDUSTRY ANALYSIS

## Second Part

### Porter's Five Forces Model:

|   | Industry Overview  | For Reckitt   |
|---|--|---|
| <b>Competitive Rivalry</b><br>             | <p>The Health &amp; Hygiene industry faced rapid growth of competition Covid crisis. The unexpectedly higher demand caused level of competition to rise.</p>   | <p>Even with greater competition in the industry, Reckitt continued to provide premium quality Health &amp; Hygiene products to retain and gain full customer satisfaction.</p> |
| <b>Bargaining Power of Suppliers</b><br>   | <p>At the beginning of the pandemic, the industry faced a supply disruption. The increase in demand of Health &amp; Hygiene products caused demand of raw materials to increase. As a result, due to the high demand and scarcity of supply of Raw material, the bargaining power of the suppliers also increased.</p> | <p>During the supply disruption period, Reckitt followed its contingency plans in order to smoothly run the business and provide the goods to the customers</p>                 |
| <b>Threat of New Entrants</b><br>        | <p>Initially during the pandemic, the rise of demand of Health &amp; Hygiene products attracted many new entrants in the industry. As a result, the industry became more saturated.</p>  | <p>Reckitt maintained its premium quality which helped the company to combat the new entrants.</p>  |
| <b>Bargaining Power of Customers</b><br> | <p>Due to the rise of competition, alternates are easily available to the consumer and customers. As a result, the bargaining power of the consumer and customers is high.</p>   | <p>Reckitt puts its confidence on brand equity and believes in innovating and providing variety of products to its customers.</p>   |
| <b>Threat of Substitutes</b><br>         | <p>Now-a-days, health and hygiene products become one of the fundamentals to the human life. There may be different patterns or forms of products for the consumers convenience, but The chances for Health &amp; Hygiene products to become obsolete and replaced by any kind of substitute is very low.</p>          | <p>In response to the market needs Reckitt also operate in various forms of the products.</p>   |

# 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 requirements 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 2.5

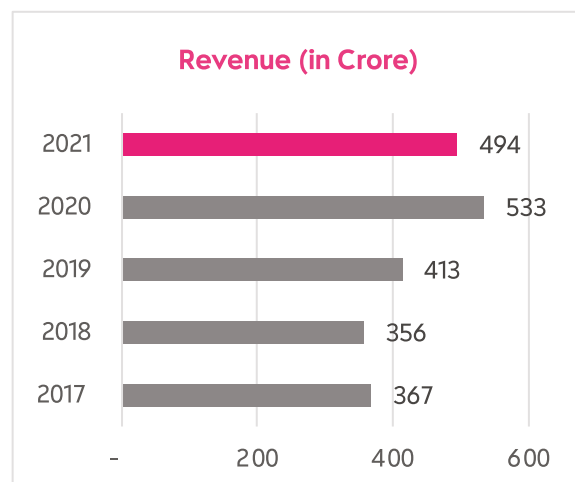
## CHANGES IN ACCOUNTING POLICIES AND ESTIMATION AND ITS EFFECT:

For the year 2021, there were no major changes in the accounting policies. According to the Finance Act 2021, effective from July 2021, there had been a change in the corporate tax rate applicable for listed companies in Bangladesh. The corporate tax rate is now

22.5%. As such we have calculated our tax provision using the applicable rate. Information about the tax provision recognized in the financial statements is provided in note 12 of Notes to the Financial Statements.

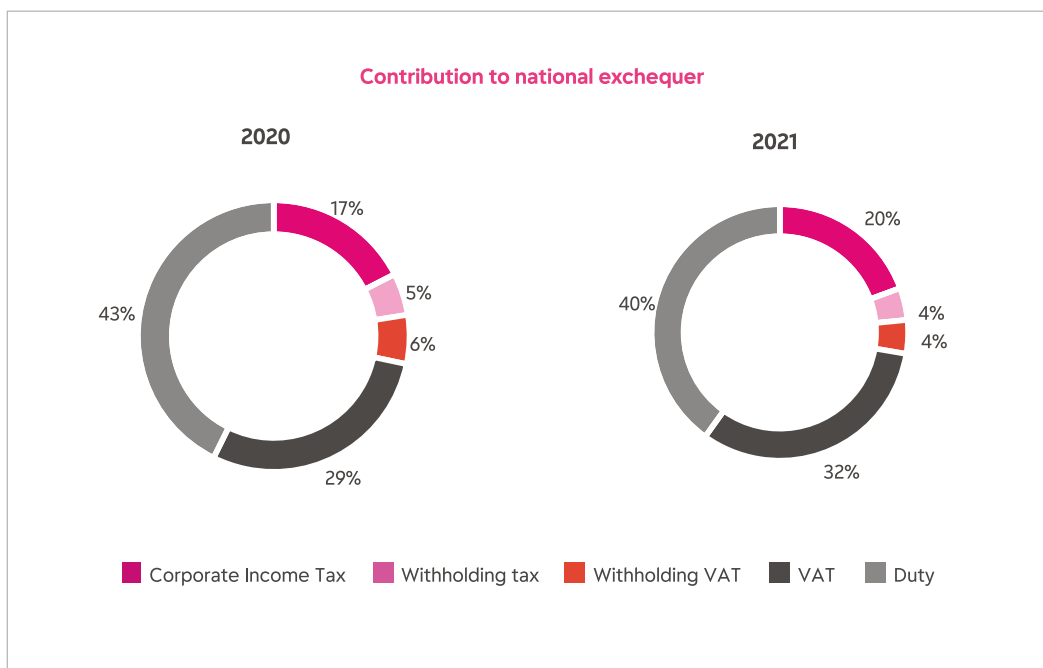
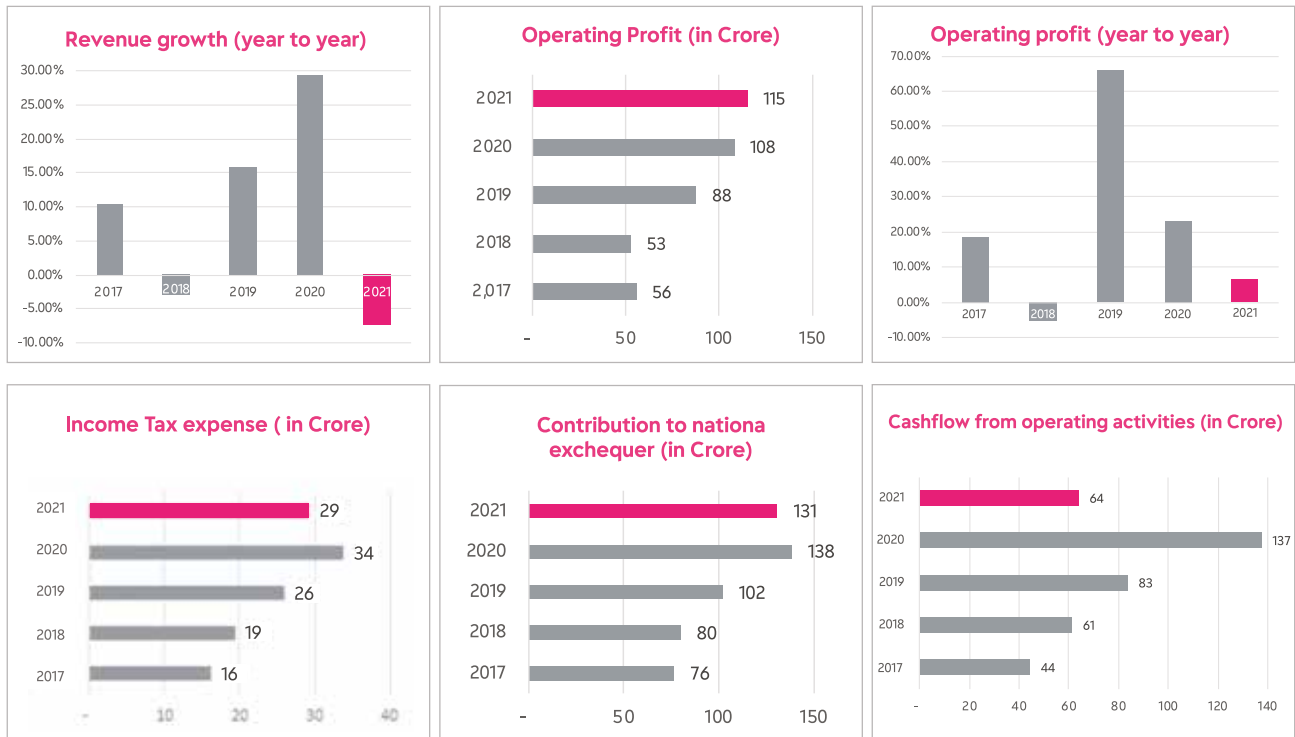
## COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE:

During the year 2021, your Company reached a turnover of Tk. 494 Crore, with 7% less growth compared to that of the previous year. The reason can be inflicted upon the high trend of purchasing of health and hygiene products during 2020 when the pandemic hit the world. The purchasing trend had normalized during 2021. This turnover is higher by 20% than that of the year 2019, which demonstrates increase in the revenue generation capability of your company.





This picture can further be clarified through our growth in operating profit. During 2021 operating profit grew by 7%. Income tax for the year is Tk. 29 crore and contribution to national exchequer by you company during 2021 is Tk. 131 crore.



## MATERIALITY ASSESSMENT:

We have a standard policy and periodic review process to identify any material error in the financial and accounting procedure and controls.

## ECONOMIC SCENARIO OF THE GLOBE:

Economic growth for developing Asia slightly downgraded during 2021. Most economies in the region have scaled up their vaccine rollouts, but progress continues to vary considerably. Declining cases and vaccine progress have allowed many economies to start reopening. As global activity has bounced back, demand for goods has frequently outrun supply.

## ECONOMIC SCENARIO OF THE COUNTRY:

Bangladesh's economy's GDP growth rate is 5.5% in 2021 and it is expected to be 6.8% in 2022 (source: ADB). Inflation rate for Bangladesh is expected to be 6.8% in 2022 as compared to 5.5% of 2021 (source: ADB). This portrays the result of pandemic hitting Bangladesh's economy, making slower growth than that of pre-pandemic periods. However, declining trend of the cases and vaccine progress would soon pick the country's economy back to its track.

## ECONOMY AND RECKITT :

Your Company was able plan ahead and execute supply of product in the demanding market during the era of the pandemic, even at the face of supply disruption due to appropriate investment strategies and activities behind key brands. Thus the Company was able to hold the business on stable growth path.



## RISKS AND CONCERNS:

Coronavirus Disease 2019 has abated but emergence of a fast-spreading variant suggests that the pandemic will take time to come to pass. Reckitt saw quite a few 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.

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.

## INDUSTRY OUTLOOK:

During the introductory period of the COVID-19 pandemic our Health and Hygiene products demand saw a rushed increase in demand, which was settled during the 2021 and will continue to do so due to decrease of new cases and intense vaccine programs. Even though this has introduced hygiene awareness to all socio-economic groups, because of the pandemic this industry has seen many new entrants during the last two years in the country. Thus, this industry continues to be as competitive and as consumer friendly as ever.

## FUTURE OUTLOOK:

Post pandemic business is very much challenging. Due to the political unrest in the world, our main raw material price is increasing as record high, FX is volatile and foresee a big devaluation of local currency, international freight cost and traffic increased significantly. All these above create huge pressure on our gross margin. However we are taking appropriate action to minimize the pressure in the gross margin as much as possible.

**FOR RECKITT BENCKISER (BANGLADESH) PLC**

**Vishal Gupta**  
Managing Director  
Reckitt Benckiser (Bangladesh) PLC

# FINANCIAL PERFORMANCE

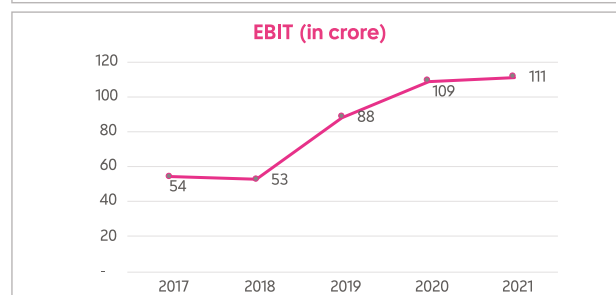
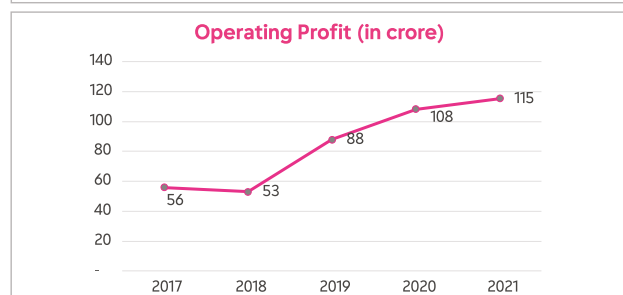
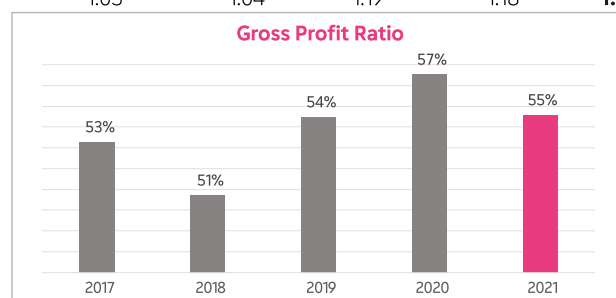
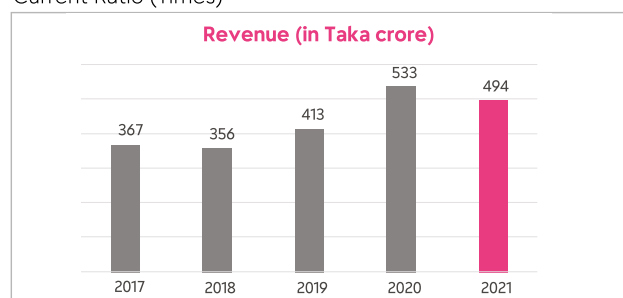
| FINANCIAL RESULTS  | Amount in Thousands |           |           |           |                  |
|--|---------------------|-----------|-----------|-----------|------------------|
|  | 2017                | 2018      | 2019      | 2020      | 2021             |
| Revenue  | 3,669,620           | 3,561,899 | 4,126,150 | 5,333,884 | <b>4,942,046</b> |
| Profit before Taxation   | 542,799             | 525,645   | 879,563   | 1,077,842 | <b>1,101,501</b> |
| Taxation   | 161,802             | 193,872   | 260,302   | 338,954   | <b>293,380</b>   |
| Profit after Taxation (Including other comprehensive income/Items) | 374,480             | 325,301   | 619,036   | 738,888   | <b>808,122</b>   |
| Dividend   | 373,275             | 330,750   | 590,625   | 661,500   | <b>779,625</b>   |

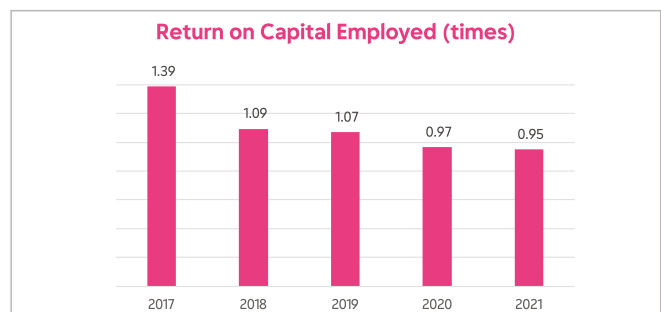
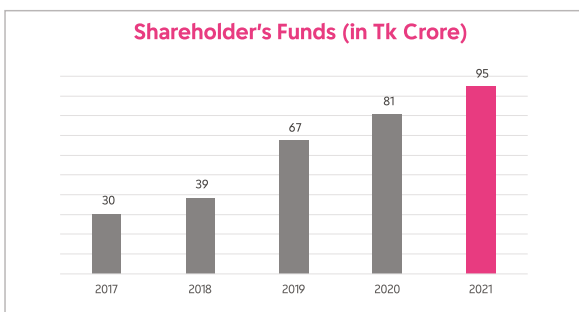
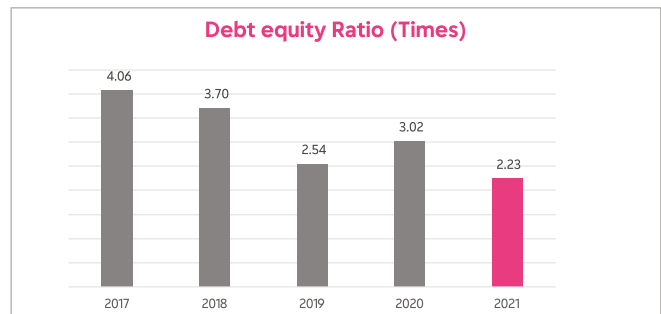
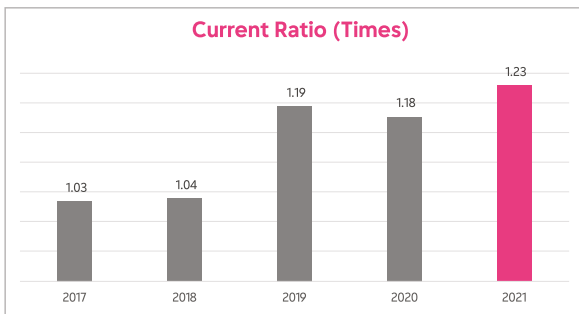
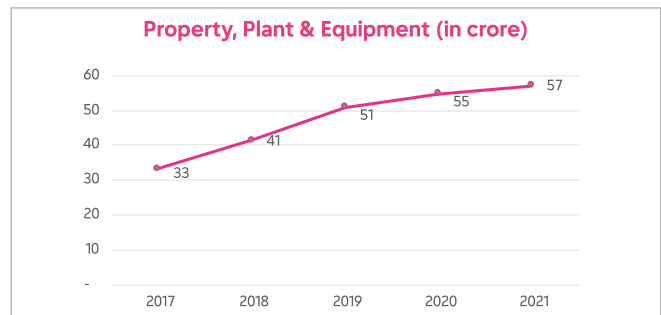
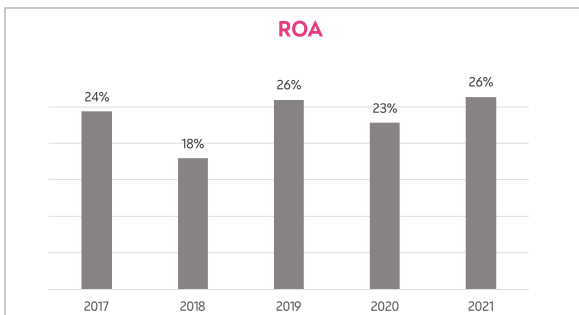
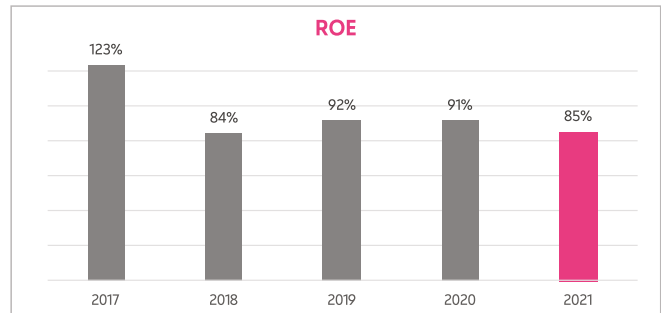
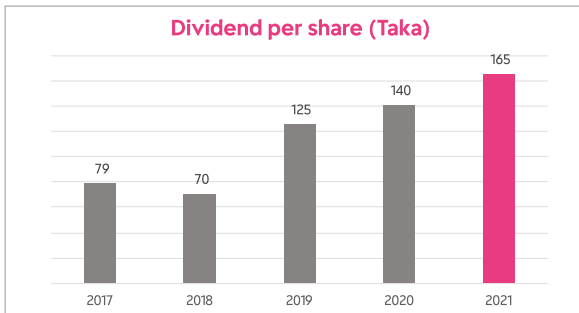
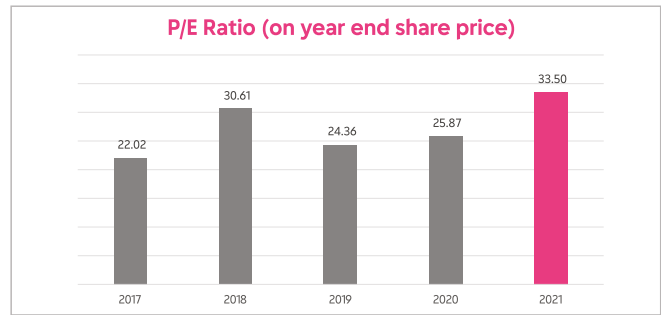
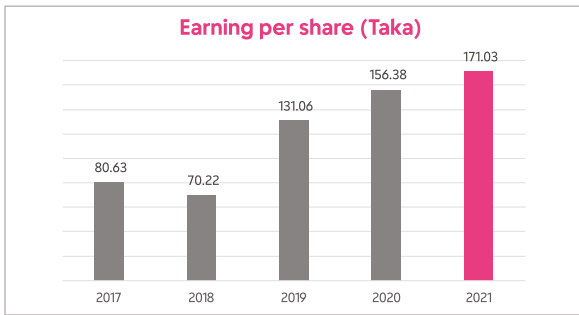
## BALANCE SHEET SUMMARY

|   |          |          |           |           |                  |
|---|----------|----------|-----------|-----------|------------------|
| Property, Plant & equipment(Including CWIP) | 334,101  | 348,712  | 470,887   | 548,079   | <b>571,184</b>   |
| Right-of-use assets (ROU)                   | N/A      | 64,786   | 38,458    | 177,140   | <b>155,426</b>   |
| Deferred Tax                                | 17,706   | 15,190   | 12,625    | 28,760    | <b>10,885</b>    |
| Net Current Assets                          | 43,387   | 52,310   | 303,114   | 374,414   | <b>434,527</b>   |
| Non-current liabilities                     | (91,480) | (95,320) | (151,119) | (320,673) | <b>(223,967)</b> |
| Net Assets                                  | 303,714  | 385,678  | 673,964   | 807,720   | <b>948,056</b>   |
| Share Capital                               | 47,250   | 47,250   | 47,250    | 47,250    | <b>47,250</b>    |
| General Reserves & Retained earnings        | 256,464  | 338,428  | 626,714   | 760,470   | <b>900,806</b>   |
| Shareholders' Funds                         | 303,714  | 385,678  | 673,964   | 807,720   | <b>948,056</b>   |

## STATISTICS

|  |       |        |        |        |               |
|--|-------|--------|--------|--------|---------------|
| Net assets per share (Taka)              | 64.28 | 81.63  | 142.64 | 170.95 | <b>200.65</b> |
| Net operating cash flow per share (Taka) | 93.37 | 129.22 | 176.55 | 290.57 | <b>134.90</b> |
| Earning per share (Taka)                 | 80.63 | 70.22  | 131.06 | 156.38 | <b>171.03</b> |
| Dividend per share (Taka)                | 79.00 | 70.00  | 125.00 | 140.00 | <b>165.00</b> |
| Profit before Taxation as % of sales     | 14.79 | 14.76  | 21.32  | 20.21  | <b>22.29</b>  |
| Return on Capital Employed (%)           | 1.39  | 1.09   | 1.07   | 0.97   | <b>0.95</b>   |
| Current Ratio (Times)                    | 1.03  | 1.04   | 1.19   | 1.18   | <b>1.23</b>   |





# HORIZONTAL ANALYSIS

## For Statement of Financial Position

|                                     | 2017           | 2018           | 2019           | 2020           | 2021           |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                       |                |                |                |                |                |
| Property, plant and equipment       | 100.00%        | 123.76%        | 152.45%        | 164.05%        | 170.96%        |
| Right-of-use assets (ROU)           | N/A            | 100.00%        | -40.64%        | 173.43%        | 139.91%        |
| Deferred tax assets                 | 100.00%        | 85.79%         | 71.31%         | 162.43%        | 61.48%         |
| <b>Non-current assets</b>           | <b>100.00%</b> | <b>121.85%</b> | <b>148.37%</b> | <b>214.32%</b> | <b>209.63%</b> |
| Inventories                         | 100.00%        | 109.61%        | 164.21%        | 226.27%        | 212.88%        |
| Trade and other receivables         | 100.00%        | 65.06%         | 33.66%         | 19.55%         | 52.90%         |
| Advances, deposits and prepayments  | 100.00%        | 71.96%         | 39.93%         | 81.17%         | 68.78%         |
| Cash and cash equivalents           | 100.00%        | 132.97%        | 187.77%        | 250.46%        | 228.06%        |
| <b>Current assets</b>               | <b>100.00%</b> | <b>116.68%</b> | <b>157.09%</b> | <b>209.98%</b> | <b>196.36%</b> |
| <b>Total assets</b>                 | <b>100.00%</b> | <b>117.86%</b> | <b>155.09%</b> | <b>210.97%</b> | <b>199.40%</b> |
| <b>Equity</b>                       |                |                |                |                |                |
| Share capital                       | 100.00%        | 100.00%        | 100.00%        | 100.00%        | 100.00%        |
| Retained earnings                   | 100.00%        | 131.96%        | 244.37%        | 296.52%        | 351.24%        |
| <b>Total equity</b>                 | <b>100.00%</b> | <b>126.99%</b> | <b>221.91%</b> | <b>265.95%</b> | <b>312.15%</b> |
| <b>Liabilities</b>                  |                |                |                |                |                |
| Employee benefits                   | 100.00%        | 108.54%        | 157.57%        | 195.12%        | 80.18%         |
| Lease liabilities                   | -              | -              | 100.00%        | 1171.90%       | 1205.06%       |
| <b>Non-current liabilities</b>      | <b>100.00%</b> | <b>108.54%</b> | <b>172.08%</b> | <b>365.15%</b> | <b>255.03%</b> |
| Trade and other payables            | 100.00%        | 113.99%        | 129.64%        | 176.03%        | 159.58%        |
| Employee benefits                   | 100.00%        | 102.73%        | 253.01%        | 859.56%        | 758.47%        |
| Lease liabilities                   | -              | -              | 100.00%        | 112.26%        | 62.17%         |
| Current tax liabilities             | 100.00%        | 146.52%        | 201.82%        | 246.26%        | 209.96%        |
| Unclaimed dividend                  | 100.00%        | 73.71%         | 9.58%          | 94.11%         | 32.40%         |
| <b>Current liabilities</b>          | <b>100.00%</b> | <b>116.16%</b> | <b>136.08%</b> | <b>184.59%</b> | <b>165.25%</b> |
| <b>Total liabilities</b>            | <b>100.00%</b> | <b>115.61%</b> | <b>138.65%</b> | <b>197.44%</b> | <b>171.64%</b> |
| <b>Total equity and liabilities</b> | <b>100.00%</b> | <b>117.86%</b> | <b>155.09%</b> | <b>210.97%</b> | <b>199.40%</b> |

\*\*Base year 2017 except ROU and lease liability which is 2018 and 2019 respectively.

# HORIZONTAL ANALYSIS

## For statement of Profit of Loss & Other Comprehensive Income

|   | 2017           | 2018          | 2019           | 2020           | 2021           |
|---|----------------|---------------|----------------|----------------|----------------|
| Revenue   | 100.00%        | 97.06%        | 112.44%        | 145.35%        | 134.67%        |
| Cost of sales   | 100.00%        | 102.39%       | 109.54%        | 135.17%        | 130.92%        |
| <b>Gross profit</b>   | <b>100.00%</b> | <b>92.40%</b> | <b>114.99%</b> | <b>154.29%</b> | <b>137.97%</b> |
| Other income  | -              | 100.00%       | 25.51%         | 14.61%         | 64.68%         |
| Operating expenses  | 100.00%        | 91.75%        | 98.19%         | 138.64%        | 110.82%        |
| Impairment (loss)/gain reversal on trade receivables              | -              | 100.00%       | 78.82%         | 16.10%         | -6.78%         |
| <b>Operating profit</b>   | <b>100.00%</b> | <b>94.82%</b> | <b>157.15%</b> | <b>193.42%</b> | <b>206.12%</b> |
| Finance income  | 100.00%        | 205.39%       | 445.19%        | 581.43%        | 139.01%        |
| Finance costs   | -              | -             | 100.00%        | 511.62%        | 515.60%        |
| <b>Profit before contribution to WPPF</b>                         | <b>100.00%</b> | <b>96.84%</b> | <b>162.04%</b> | <b>198.57%</b> | <b>202.93%</b> |
| Contribution to WPPF  | 100.00%        | 96.84%        | 162.04%        | 198.57%        | 202.93%        |
| <b>Profit before tax</b>  | <b>100.00%</b> | <b>96.84%</b> | <b>162.04%</b> | <b>198.57%</b> | <b>202.93%</b> |
| Income tax expense  | 100.00%        | 119.82%       | 160.88%        | 209.49%        | 181.32%        |
| <b>Profit for the year</b>  | <b>100.00%</b> | <b>87.08%</b> | <b>162.54%</b> | <b>193.93%</b> | <b>212.11%</b> |
| Other comprehensive income  |                |               |                |                |                |
| Remeasurement of defined benefit liability                        | 100.00%        | 132.41%       | 4.60%          | 296.78%        | 124.43%        |
| Related tax   | -              | 100.00%       | 3.48%          | 224.14%        | 84.58%         |
| <b>Other comprehensive income/(loss) for the year, net of tax</b> | <b>100.00%</b> | <b>99.31%</b> | <b>3.45%</b>   | <b>222.59%</b> | <b>96.44%</b>  |
| <b>Total comprehensive income for the year</b>                    | <b>100.00%</b> | <b>86.87%</b> | <b>165.31%</b> | <b>193.44%</b> | <b>214.12%</b> |
| EPS   | 100.00%        | 87.09%        | 162.54%        | 193.95%        | 212.12%        |

\*\*Base year is 2017 except for Other Income, Impairment (loss)/gain reversal on trade receivables, Finance Costs and Related tax on remeasurement of defined benefit liability for the year 2018, 2018, 2019 and 2017 respectively.

# VERTICAL ANALYSIS

## For statement of Financial Position

|                                     | 2017           | 2018           | 2019           | 2020           | 2021           |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                       |                |                |                |                |                |
| Property, plant and equipment       | 21.73%         | 22.82%         | 21.36%         | 16.89%         | 18.63%         |
| Right-of-use assets (ROU)           | -              | 3.57%          | 1.61%          | 5.46%          | 5.07%          |
| Deferred tax assets                 | 1.15%          | 0.84%          | 0.53%          | 0.89%          | 0.36%          |
| <b>Non-current assets</b>           | <b>22.88%</b>  | <b>23.65%</b>  | <b>21.89%</b>  | <b>23.24%</b>  | <b>24.05%</b>  |
| Inventories                         | 17.87%         | 16.62%         | 18.92%         | 19.16%         | 19.07%         |
| Trade and other receivables         | 8.48%          | 4.68%          | 1.84%          | 0.79%          | 2.25%          |
| Advances, deposits and prepayments  | 4.32%          | 2.64%          | 1.11%          | 1.66%          | 1.49%          |
| Cash and cash equivalents           | 46.46%         | 52.41%         | 56.24%         | 55.15%         | 53.13%         |
| <b>Current assets</b>               | <b>77.12%</b>  | <b>76.35%</b>  | <b>78.11%</b>  | <b>76.76%</b>  | <b>75.95%</b>  |
| <b>Total assets</b>                 | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |
| <b>Equity</b>                       |                |                |                |                |                |
| Share capital                       | 3.07%          | 2.61%          | 1.98%          | 1.46%          | 1.54%          |
| Retained earnings                   | 16.68%         | 18.67%         | 26.28%         | 23.44%         | 29.38%         |
| <b>Total equity</b>                 | <b>19.75%</b>  | <b>21.28%</b>  | <b>28.26%</b>  | <b>24.90%</b>  | <b>30.92%</b>  |
| <b>Liabilities</b>                  |                |                |                |                |                |
| Employee benefits                   | 5.71%          | 5.26%          | 5.80%          | 5.28%          | 2.30%          |
| Lease liabilities                   | 0.00%          | 0.00%          | 0.53%          | 4.60%          | 5.01%          |
| <b>Non-current liabilities</b>      | <b>5.71%</b>   | <b>5.26%</b>   | <b>6.34%</b>   | <b>9.88%</b>   | <b>7.30%</b>   |
| Trade and other payables            | 67.89%         | 65.66%         | 56.75%         | 56.65%         | 54.33%         |
| Employee benefits                   | 0.24%          | 0.21%          | 0.39%          | 0.97%          | 0.91%          |
| Lease liabilities                   | 0.00%          | 0.00%          | 0.68%          | 0.56%          | 0.33%          |
| Current tax liabilities             | 5.80%          | 7.21%          | 7.55%          | 6.77%          | 6.11%          |
| Unclaimed dividend                  | 0.61%          | 0.38%          | 0.04%          | 0.27%          | 0.10%          |
| <b>Current liabilities</b>          | <b>74.54%</b>  | <b>73.46%</b>  | <b>65.40%</b>  | <b>65.22%</b>  | <b>61.77%</b>  |
| <b>Total liabilities</b>            | <b>80.25%</b>  | <b>78.72%</b>  | <b>71.74%</b>  | <b>75.10%</b>  | <b>69.08%</b>  |
| <b>Total equity and liabilities</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

The analysis is based on Total asset/total equity and liabilities.

# VERTICAL ANALYSIS

## For statement of Profit of Loss & Other Comprehensive Income

|  | 2017              | 2018              | 2019              | 2020              | 2021              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue  | 100.00%           | 100.00%           | 100.00%           | 100.00%           | 100.00%           |
| Cost of sales  | -46.73%           | -49.29%           | -45.52%           | -43.45%           | -45.42%           |
| <b>Gross profit</b>  | <b>53.27%</b>     | <b>50.71%</b>     | <b>54.48%</b>     | <b>56.55%</b>     | <b>54.58%</b>     |
| Other income   | 0.00%             | 0.11%             | 0.02%             | 0.01%             | 0.05%             |
| Operating expenses   | -38.03%           | -35.94%           | -33.21%           | -36.27%           | -31.29%           |
| Impairment loss reversal on trade receivables              | 0.00%             | 0.02%             | 0.01%             | 0.00%             | 0.00%             |
| <b>Operating profit</b>                                    | <b>15.25%</b>     | <b>14.89%</b>     | <b>21.31%</b>     | <b>20.29%</b>     | <b>23.34%</b>     |
| Finance income   | 0.28%             | 0.60%             | 1.12%             | 1.14%             | 0.29%             |
| Finance costs  | 0.00%             | 0.00%             | -0.05%            | -0.21%            | -0.23%            |
| <b>Profit before contribution to WPPF</b>                  | <b>15.53%</b>     | <b>15.50%</b>     | <b>22.38%</b>     | <b>21.22%</b>     | <b>23.40%</b>     |
| Contribution to WPPF                                       | -0.74%            | -0.74%            | -1.07%            | -1.01%            | -1.11%            |
| <b>Profit before tax</b>                                   | <b>14.79%</b>     | <b>14.76%</b>     | <b>21.32%</b>     | <b>20.21%</b>     | <b>22.29%</b>     |
| Income tax expense   | -4.41%            | -5.44%            | -6.31%            | -6.35%            | -5.94%            |
| <b>Profit for the year</b>                                 | <b>10.38%</b>     | <b>9.31%</b>      | <b>15.01%</b>     | <b>13.85%</b>     | <b>16.35%</b>     |
| Other comprehensive income                                 | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| Remeasurement of defined benefit liability                 | -0.20%            | -0.24%            | -0.01%            | -0.36%            | -0.16%            |
| Related tax  | 0.00%             | 0.06%             | 0.00%             | 0.09%             | 0.04%             |
| Other comprehensive income/(loss) for the year, net of tax | -0.18%            | -0.18%            | -0.01%            | -0.27%            | -0.13%            |
| <b>Total comprehensive income for the year</b>             | <b>10.20%</b>     | <b>9.13%</b>      | <b>15.00%</b>     | <b>13.58%</b>     | <b>16.22%</b>     |
| <b>EPS</b>   | <b>0.0000022%</b> | <b>0.0000020%</b> | <b>0.0000032%</b> | <b>0.0000029%</b> | <b>0.0000035%</b> |

The analysis is based on total Revenue



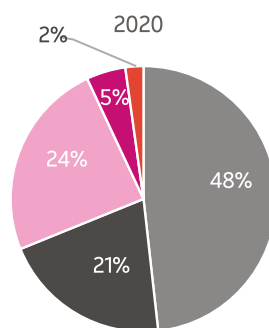
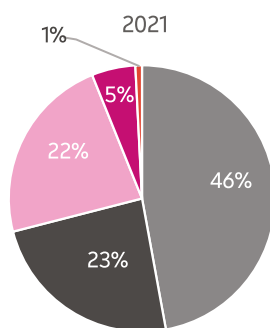
# VALUE ADDED STATEMENT

For the Year Ended 31 December 2021

## Gross Value Added

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

|                                      | 2021                 |             | 2020                 |             |
|--------------------------------------|----------------------|-------------|----------------------|-------------|
|                                      | Tk.                  | %           | Tk.                  | %           |
| <b>Value added</b>                   |                      |             |                      |             |
| Net Revenue                          | 4,942,046,045        |             | 5,333,883,576        |             |
| Cost of materials and service        | (3,016,446,384)      |             | (3,423,443,171)      |             |
|                                      | <b>1,925,599,661</b> |             | <b>1,910,440,405</b> |             |
| Indirect tax with revenue            | 828,679,386          |             | 892,081,120          |             |
| Other Income/ (expenses)             | 2,492,240            |             | 562,867              |             |
| Finance Income                       | 14,490,193           |             | 60,607,204           |             |
| <b>Available for distribution</b>    | <b>2,771,261,480</b> | <b>100%</b> | <b>2,863,691,596</b> | <b>100%</b> |
| <b>Distribution</b>                  |                      |             |                      |             |
| Government                           | 1,306,009,094        | 46%         | 1,381,191,689        | 48%         |
| Shareholders                         | 661,500,000          | 23%         | 590,625,000          | 21%         |
| Employees                            | 634,489,261          | 22%         | 692,281,015          | 24%         |
|                                      | <b>2,601,998,354</b> | <b>94%</b>  | <b>2,664,097,704</b> | <b>93%</b>  |
| <b>Value reinvested and retained</b> |                      |             |                      |             |
| Depreciation                         | 147,051,861          | 5%          | 136,713,488          | 5%          |
| Retained Profit                      | 22,211,265           | 1%          | 62,880,404           | 2%          |
|                                      | <b>169,263,126</b>   | <b>6%</b>   | <b>199,593,892</b>   | <b>7%</b>   |
|                                      | <b>2,771,261,480</b> | <b>100%</b> | <b>2,863,691,596</b> | <b>100%</b> |



### 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.

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

|                             | 2021 (Tk.)           | 2020 (Tk.)           |
|-----------------------------|----------------------|----------------------|
| Operating Profit            | 1,153,250,912        | 1,082,205,263        |
| Tax                         | (293,379,967)        | (338,954,483)        |
| <b>*NOPAT</b>               | <b>859,870,945</b>   | <b>743,250,780</b>   |
| Total Asset                 | 3,066,040,010        | 3,244,052,035        |
| Current Liability           | 1,894,017,067        | 2,115,658,794        |
| <b>Capital Employed</b>     | <b>1,172,022,942</b> | <b>1,128,393,241</b> |
| <b>Economic Value added</b> |                      |                      |
| NOPAT                       | 859,870,945          | 743,250,780          |
| Capital Employed            | 1,172,022,942        | 1,128,393,241        |
| **Cost of Equity            | 23%                  | 25%                  |
| Capital Charge              | 267,416,858          | 280,026,950          |
| <b>Value added</b>          | <b>592,454,087</b>   | <b>463,223,830</b>   |

### Market Value Added Statement

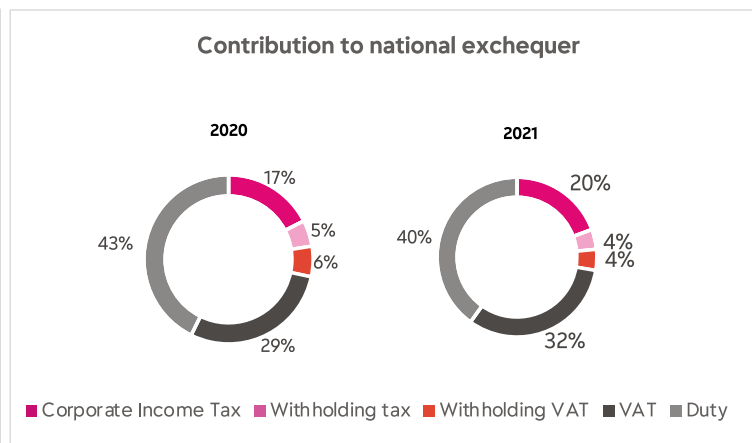
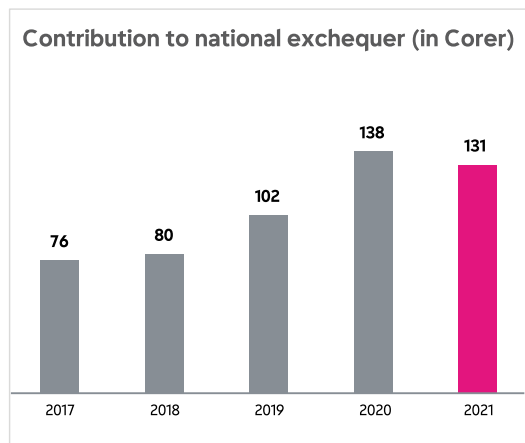
Market value added statement reflects market's perception on the company's performance through share price of the company. A high value addition indicates high value created for its investors on one hand, on the other hand it also means investors have high confidence in the company's performance

|                                       | 2021 (Tk.)            | 2020 (Tk.)            |
|---------------------------------------|-----------------------|-----------------------|
| ***Market value of shares outstanding | 27,073,777,500        | 19,121,130,000        |
| Book value of shares outstanding      | 47,250,000            | 47,250,000            |
| <b>Market value added</b>             | <b>27,026,527,500</b> | <b>19,073,880,000</b> |

### Contribution to national exchequer

Market value per share of 31st December from DSE, which are Tk 5,729.9 for 2021 and Tk. 4046.8 for 2020.

|   | 2017                | 2018                | 2019                  | 2020                  | 2021                  |
|---|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Corporate Income Tax                      | 12,81,48,117        | 10,50,93,880        | 15,93,89,326          | 24,13,85,538          | 25,30,78,465          |
| Withholding tax and VAT                   | 9,40,13,828         | 9,98,91,813         | 9,51,61,005           | 14,96,70,612          | 10,83,08,372          |
| VAT                                       | 25,30,00,000        | 29,38,50,000        | 32,77,94,117          | 40,03,92,927          | 42,08,30,620          |
| Duty                                      | 28,53,87,845        | 29,77,37,502        | 43,61,40,273          | 58,97,42,612          | 52,37,91,636          |
| <b>Contribution to national exchequer</b> | <b>76,05,49,790</b> | <b>79,65,73,196</b> | <b>1,01,84,84,721</b> | <b>1,38,11,91,689</b> | <b>1,30,60,09,094</b> |



\*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.

\*\*\*Market value per share of 31st December from DSE, which are Tk 5,729.9 for 2021 and Tk. 4046.8 for 2020.



**Best Content Marketing Award by Bangladesh Brand Forum**

- 
- Board of Directors
  - Management Committee
  - Corporate Governance Report
  - Attendance at Board Meetings
  - Pattern of Shareholding
  - Declaration by CEO and CFO
  - Certificate of Corporate Governance Compliance to the Shareholders
  - Status of compliance on Corporate Governance Guidelines by BSEC
  - Dividend Distribution Policy of Reckitt Benckiser (Bangladesh) PLC
  - Report of the Audit Committee
  - Report of Nomination and Remuneration Committee
  - Report of the Directors
  - Risk Management 2021
  - For Our Investors

# CORPORATE GOVERNANCE

# BOARD OF DIRECTORS



**RAHUL MATHUR**  
CHAIRPERSON



**VISHAL GUPTA**  
MANAGING DIRECTOR



**C.Q.K. MUSTAQ AHMED**  
INDEPENDENT DIRECTOR



**NAZIMUDDIN CHOWDHURY**  
INDEPENDENT DIRECTOR



**TANMAY GUPTA**  
DIRECTOR & CHIEF FINANCIAL OFFICER



**PRADEEP KRISHNAMURTHI**  
DIRECTOR



**SOURAV MITRA**  
DIRECTOR



**AFREEN HUDA**  
HUMAN RESOURCE DIRECTOR



**MD. GOLAM YAHIA**  
GOVERNMENT NOMINATED DIRECTOR



**MOHAMMAD NAZMUL AREFIN**  
COMPANY SECRETARY

# OUR BOARD OF DIRECTORS



**RAHUL MATHUR**

CHAIRPERSON

**C B A N**

Nationality: Indian

Date of Appointment in BoD:  
April 2019

Fellow Chartered Certified Accountant (FCCA), Bachelor Degree of Engineering (BE) in Mechanical

He has 23 Years of experience in the Industry. Prior to joining Reckitt, he has been associated with prominent organisations such as Electrolux and Airtel. He joined Reckitt Benckiser in 2008. In Reckitt Benckiser he has performed 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.



**VISHAL GUPTA**

MANAGING DIRECTOR

**B S M**

Nationality: Indian

Date of Appointment in BoD:  
May 2016

Master of Business Administration in Management from University of Delhi, India. 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.



**C.Q.K. MUSTAQ AHMED**

INDEPENDENT DIRECTOR

**B A N**

Nationality: Bangladeshi

Date of Appointment in BoD:  
November 2016

Honours in Economics from Dhaka University.

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. After his retirement he become the first chairman of FRC. 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.

**C** Chair **N** NRC Committee **A** Audit Committee **B** Board of Director **S** Share Committee **M** MANCOM



**NAZIMUDDIN CHOWDHURY**  
INDEPENDENT DIRECTOR

**B A**

Nationality: Bangladeshi  
Date of Appointment in BoD:  
August 2018

Post Graduation Degree in Financial  
Management

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.



**TANMAY GUPTA**  
DIRECTOR

**B S M**

Nationality: Indian  
Date of Appointment in BoD:  
July 2021

Chartered Accountant from ICAI-India  
B.Com (Hons) from Delhi University

He has 9 years plus of professional experience in Corporate Finance across roles in Commercial Supply, Projects & specialist roles with increasing degrees of responsibility & accountability. He has multiple achievements in coming up with and implementing strategies to improve business model for the company.



**PRADEEP KRISHNAMURTHI**  
DIRECTOR

**B A N**

Nationality: Indian  
Date of Appointment in BoD:  
April 2019

Bachelor of Mechanical Engineering from  
Delhi College of Engineering

He has over 27 years of experience in industry. He has worked with large organisations such as Maruti Suzuki India Limited, 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.

**C** Chair   **N** NRC Committee   **A** Audit Committee   **B** Board of Director   **S** Share Committee   **M** MANCOM

# OUR BOARD OF DIRECTORS CONTINUED



**SOURAV MITRA**

DIRECTOR

**B A**

Nationality: Indian  
Date of Appointment in BoD:  
October 2016

Chartered Accountant from Institute of Chartered Accountants of India

He has almost 22 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 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.



**AFREEN HUDA**

DIRECTOR

**B M**

Nationality: Bangladeshi  
Date of Appointment in BoD:  
October 2019

Bachelor of Business Administration from Institute of Business Administration, Dhaka University.

She has a professional career of over 17 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. She joined Reckitt Bangladesh in 2018 as Head of Human Resources.



**MD. GOLAM YAHIA**

DIRECTOR

**B**

Nationality: Bangladeshi  
Date of Appointment in BoD:  
March 2021

MSC in Agriculture

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. He joined the BoD as he is nominated by the Ministry of Industries.

**C** Chair **N** NRC Committee **A** Audit Committee **B** Board of Director **S** Share Committee **M** MANCOM





**MOHAMMAD NAZMUL AREFIN**  
**COMPANY SECRETARY**

**B A N S**

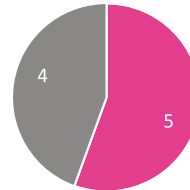
Nationality: Bangladeshi  
 Date of Appointment in BoD: 2012

Bachelors in Management. MBA major in Finance.

He has more than 23 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. In 2002 he joined in Reckitt Benckiser (Bangladesh) Limited. He has performed various roles including management accountant, Supply controller, commercial controller, Finance controller and company secretary. All these assignment were enriched with newer challenges and experience in finance partnership into business growth, compliance and controls.

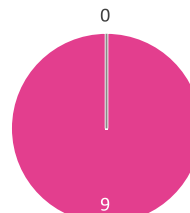
**BOARD MEMBERS' SKILLS REVIEW**

**Financial Expertise**



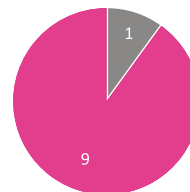
● Yes ● No

**Strategy**



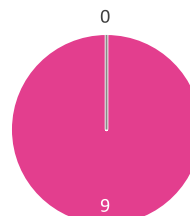
● Yes ● No

**Engineering Expertise**



● Yes ● No

**Leadership**



● Yes ● No

**C** Chair   **N** NRC Committee   **A** Audit Committee   **B** Board of Director   **S** Share Committee   **M** MANCOM

# MANAGEMENT COMMITTEE



**VISHAL GUPTA**  
MANAGING DIRECTOR



**TANMAY GUPTA**  
HEAD OF FINANCE & CFO



**AFREEN HUDA**  
HUMAN RESOURCE DIRECTOR



**BISWASJIT KUMAR DAS**  
SALES DIRECTOR



**NUSRAT JAHAN**  
MARKETING DIRECTOR



**MOHAMMED ZIA UDDIN**  
HEAD OF SUPPLY

# MANAGEMENT COMMITTEE



**MOHAMMED ZIA UDDIN**  
HEAD OF SUPPLY

Nationality: Bangladeshi  
Date of Appointment in Reckitt:  
June 2017

Bachelor of Science in Chemical  
Engineering, BUET

Master's in Business Administration  
(EMBA), IBA, Dhaka University

Certified Supply Chain Manager (CSCM)  
from ISCEA, USA

Mr. Mohammed Zia Uddin has over 18 years of experience in integrated supply chain -Manufacturing, Planning, Sourcing, Logistics & warehousing. He joined Reckitt in June 2017 as Supply Services Manager, and he has been looking after planning, logistics & warehousing.



**NUSRAT JAHAN**  
MARKETING DIRECTOR

Nationality: Bangladeshi  
Date of Appointment in Reckitt:  
October 2019

Bachelor of Business Administration  
(BBA) - Independent University  
Bangladesh.

Masters of Business Administration  
(MBA) - American International  
University of Bangladesh.

Ms. Nusrat Jahan was Head of Marketing at Hemas Consumer Brands Bangladesh, the giant Sri Lankan Conglomerate operating in Bangladesh mainly with their FMCG wings. Before joining Hemas, Nusrat held the role of Marketing Manager at GSK Consumer Health Care Bangladesh Ltd and was responsible for the entire nutrition business with their brand Horlicks. Nusrat started her career as a Brand Assistant at Unilever Bangladesh Limited and gained 7 years+ experience.



**BISHWAJIT KUMAR DAS**  
SALES DIRECTOR

Nationality: Bangladeshi  
Date of Appointment in Reckitt:  
January 2008

Bachelors in Management. MBA major  
in Finance.

Mr. Bishwajit Kumar Das joined Reckitt as Regional Sales Manager in 2008 and subsequently played the role of National Sales Manager and Head of Sales in different tenure. Prior to join Reckitt, Mr. Das worked in another two Multinational Organizations Coca-Cola and Robi Axiata in-home, Thailand and Vietnam in different projects and senior positions. Currently, He is serving as Sales Director for Bangladesh business.

# CORPORATE GOVERNANCE REPORT 2021

## Procedure for the appointment of Directors

The Board is led by a Chairperson and the Managing Director leads the management team. The NRC is responsible to review all appointment of directors before it is approved by the board. The roles performed by the Chairperson 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 for a tenure up to three years, can be re-appointed for another term of up to three more years. Independent Directors can also 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.

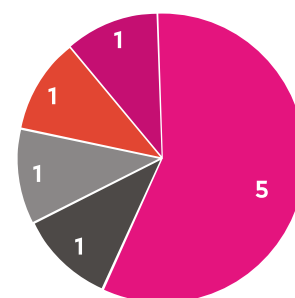
## Constitution of the Board of Directors

The Board of Directors of Reckitt Benckiser consists of nine (9) directors, among which there are two independent directors and rest are shareholder's representative directors. Out of nine (9) there are six (6) non-executive directors and three (3) executive directors. The board operates with a chairperson, managing director. And a company secretary helps both the chairperson and the managing director to accomplish board's secretarial jobs.

## 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 BOD members



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

## 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.
- Chairing the board and setting board 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.
- Promoting the highest standards of corporate governance;
- Ensuring the long-term sustainability of the company.

### Roles & Responsibilities of Independent Directors

- Provide Independent judgement to bear the board’s Deliberations on issues such as strategy, performance, resources, risk management, etc.
- Evaluating the performance of the board of the company with an objective view.
- Scrutinize, monitor, and report management’s performance regarding goals and objectives agreed in the board meetings.
- Protect the interests of all stakeholders.
- Verify the integrity of financial information and ensure financial controls and systems of risk management are in operation.
- In situations of conflict between management and shareholder’s interest, aim towards the solutions which are in the best interest of the company.
- Attend BOD’s meetings and board committees meeting being a member.
- Report matters concerning unethical behavior, actual or suspected fraud or violation of the company’s code of conduct or ethics policy.
- Not to disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.
- Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.

### Responsibilities of the Company Secretary

- Advisor to the Board of Directors and perform the Statutory function mentioned in the Company’s Act 1994, Security and Exchange Rule 1987, BSEC Code 2018 and other listing regulations and acts.
- Responsible to ensure Corporate good governance of the Company.
- With the permission of the Chairperson finalize notice to organize Board Meetings and Shareholders meetings.
- Assist the Chairperson of Board and its committees to conduct the meetings, facilitate the governance and Board Management.
- Maintain the necessary liaison with the relevant offices of the Government, regulatory authorities and other stakeholders on matters of corporate interest in a transparent manner and act as a bridge between the Board, management and shareholders to facilitate good governance in the Company.
- Drive policy compliance awareness among Company employees.
- Perform the duties as per the Power of Attorney of the Company and liaison with external regulators, auditors, lawyers and other relevant authorities for court affairs.
- Compliance with acts, rules, regulations, notifications, guidelines, orders/directives, etc., as issued by the BSEC or Stock Exchange(s) applicable to the conduct of business activities of the Company.
- Disclosure of the Company’s Price Sensitive Information (PSI) and other capital market-related issues.
- Prepare the Company’s Annual Report, holding, managing and administering Board and Committee meetings and annual meetings of shareholders
- Monitor changes in relevant legislation and the regulatory environment and take appropriate actions.
- Filing statutory returns to regulatory bodies, such as RJSC, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Stock Exchanges and Central Depository System, etc.
- Engagement with stakeholders for public affairs of the Company
- Ensure that appropriate Board procedures are followed, as per Bangladesh Secretarial Standards (BSS), as adopted by ICSB and other guidelines and best practices and advise the Board on such matters.

### Annual appraisal of the Board

Appraising the board’s performance is an essential part for the business as it leads to accountability of the individual as well as collective roles and responsibilities of the Directors. The appraisal of the Board of Directors is done by the NRC committee of the Company. The committee evaluate the below list of criteria:

| 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        |

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

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

### Internal Control Environment of Reckitt

It is also the responsibility of the Board of Directors to ensure there are effective systems of internal control and risk management and that these are continually monitored and reviewed. On this regard Managing Director and Finance Director on the other hand, our audit committee periodically review all the controls related reports prepared by both internal and external responsible parties and suggest appropriate improvement measure (if any).

### Ethical Conduct

Employees of the company are responsible to complete compliance training annually, which is designed to ensure the code of conduct is embedded with the employees. In addition to the compliance training our policies are shared with our third parties, to ensure that our trusted suppliers and third parties are also in harmony with our procedures to conduct any business. This helps us to be responsible in the society and build shared success.

### External Audit & Assurance

Reckitt Benckiser (Bangladesh) PLC have obtained the following external audit and assurance on the following:

| Sl | Particulars                                     | Audit & Assurance Provider         |
|----|---|------------------------------------|
| 1  | Annual Financial Statements                     | A. Qasem & Co.                     |
| 2  | Corporate Governance                            | Rahman Anis & Co.                  |
| 3  | Provident Fund                                  | Ahmed Mashuque & Co.               |
| 4  | Gratuity fund valuation                         | Willis Tower Watson India Pvt.     |
| 5  | Independent Scrutinizer of 61 <sup>st</sup> AGM | M/S Mohammad Sanallah & Associates |
| 6  | WPPF  | Ahmed Mashuque & Co.               |



### Rahul Mathur

Chairperson

Reckitt Benckiser (Bangladesh) PLC.

# BOARD MEETING AND ATTENDANCE

Number of Meeting held during the year ended 31st December 2021:

| Sl. No. | No. of Meeting          | Notice Date                     | Meeting Date                    | Attendance of Members | Leave of absence |
|---------|-------------------------|---------------------------------|---------------------------------|-----------------------|------------------|
| 1       | 1 <sup>st</sup> Meeting | 21 <sup>st</sup> March, 2021    | 31 <sup>st</sup> March, 2021    | 5                     | 3                |
| 2       | 2 <sup>nd</sup> Meeting | 22 <sup>nd</sup> April, 2021    | 29 <sup>th</sup> April, 2021    | 8                     |                  |
| 3       | 3 <sup>rd</sup> Meeting | 09 <sup>th</sup> June, 2021     | 16 <sup>th</sup> June, 2021     | 8                     |                  |
| 4       | 4 <sup>th</sup> Meeting | 13 <sup>th</sup> July, 2021     | 28 <sup>th</sup> July, 2021     | 7                     | 1                |
| 5       | 5 <sup>th</sup> Meeting | 19 <sup>th</sup> October, 2021  | 27 <sup>th</sup> October, 2021  | 8                     | 1                |
| 6       | 6 <sup>th</sup> Meeting | 22 <sup>nd</sup> December, 2021 | 29 <sup>th</sup> December, 2021 | 8                     | 1                |

Attendance of the Board of Directors:

| S/L | Name of Directors                               | Number of meetings held whilst a board member | Meetings attended | Remarks   |
|-----|---|---|-------------------|---|
| 1   | Mr. Rahul Mathur (Chairperson)                  | 6   | 6                 | Mr. Mohammed Zia Uddin attended 6 meetings of the Board as alternate Director of Mr. Rahul Mathur                             |
| 2   | Mr. Vishal Gupta                                | 6   | 6                 |   |
| 3   | Mr. Sourav Mitra                                | 6   | 5                 | Leave granted   |
| 4   | Mr. Tanmay Gupta                                | 2   | 2                 |   |
| 5   | Mr. Salahuddin Mahmud                           | 1   | 0                 | Leave granted and resigned on 31 <sup>st</sup> March, 2022  |
| 6   | Mr. C.Q.K. Mustaq Ahmed (Independent Director)  | 6   | 6                 |   |
| 7   | Mr. Nazimuddin Chowdhury (Independent Director) | 6   | 5                 | Leave granted   |
| 8   | Mr. Pradeep Krishnamurthi                       | 6   | 5                 | Leave granted and Mr. Bishwajit Kumar Das attended 5 meetings of the Board as alternate Director of Mr. Pradeep Krishnamurthi |
| 9   | Ms. Afreen Huda                                 | 6   | 5                 | Leave granted   |
| 10  | Mr. Md. Golam Yahia                             | 5   | 4                 | Leave granted   |

# PATTERN OF SHAREHOLDING

As at 31 December 2021

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





# DECLARATION BY CEO AND CFO

The Board of Directors  
Reckitt Benckiser (Bangladesh) PLC  
The Glass House, 9th and 10th Floors, Plot-2, Block SE(B)  
38 Gulshan Avenue, Dhaka-1212, Bangladesh

Date: 10 March 2022

**Subject: Declaration on Financial Statements for the year ended on 31 December 2021**

Dear Sirs,

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

- 1 The Financial Statements of Reckitt Benckiser (Bangladesh) PLC for the year ended on 31 December 2021 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.

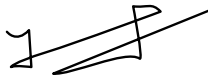
**In this regard, we also certify that:**

- We have reviewed the financial statements for the year ended on 31 December 2021 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.
  
- 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  
Reckitt Benckiser (Bangladesh) PLC



**Tanmay Gupta**  
Chief Financial Officer  
Reckitt Benckiser (Bangladesh) PLC





## Report to the Shareholders of Reckitt Benckiser (Bangladesh) PLC 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) PLC for the year ended on December 31, 2021. 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: March 10, 2022  
Place: Dhaka, Bangladesh



Rahman Anis & Co.  
Chartered Accountants

# STATUS OF COMPLIANCE ON CORPORATE GOVERNANCE GUIDELINES BY BSEC

Status of compliance Reckitt Benckiser (Bangladesh) PLC for the year ended 31st December 2021 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<br>(Put tick mark in the appropriate column) |              | Remarks<br>(if any)  |
|---------------|---|--|--------------|--|
|               |   | Complied   | Not complied |  |
| <b>1</b>      | <b>Board of Directors</b>   |  |              |  |
| 1. (1)        | <b>Board's Size</b><br>The number of Board Directors should not be less than 5 (five) and more than 20 (twenty).  | ✓  |              | 9 (Nine) Board members including 2 (two) Independent Directors                       |
| 1. (2)        | <b>Independent Directors</b>  |  |              |  |
| (a)           | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);  | ✓  |              | There are two independent directors in the Board                                     |
| (b)           | Purpose of Clause "Independent Director":   |  |              | As declared by the independent directors, they have complied with these requirements |
| (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.   | None   |              |  |
| (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<br>(Put tick mark in the appropriate column) |              | Remarks<br>(if any)  |
|---------------|--|--|--------------|--|
|               |  | Complied   | Not complied |  |
| 1.(3)         | <b>Qualification of Independent Director (ID)</b>  |  |              |  |
| (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  | None   |              |  |
| (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 | None   |              |  |
| (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  | None   |              |  |
| (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;   | None   |              |  |
| (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)         | <b>Chairman of the Board and Chief Executive Officer</b>   |  |              |  |
| (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)         | <b>The Directors' Report to Shareholders</b>   |  |              |  |
| (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.25 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   |              |  |

| Condition No. | Title  | Compliance status<br>(Put tick mark in the appropriate column) |              | Remarks<br>(if any)   |
|---------------|--|--|--------------|---|
|               |  | Complied   | Not complied |   |
| 1.(5)         | (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 2021                           |
|               | (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 2021 |
|               | (xxii) The number of Board meetings held during the year and attendance by each director shall be disclosed.   | ✓  |              |   |
|               | (xxiii) <b>The pattern of shareholdings and name wise details disclosing the aggregate number of shares:</b>   |  |              |   |
|               | (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) <b>Appointment/Reappointment of Directors:</b>  |  |              |   |
|               | (xxiv) a) A brief resume of the director.  | ✓  |              |   |
|               | (xxiv) b) Nature of his/her expertise in specific functional areas.  | ✓  |              |   |
|               | (xxiv) c) Names of companies in which the person also holds the directorship and the membership of committees of the board.  | ✓  |              |   |
|               | (xxv) A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:  | ✓  |              |   |
|               | (xxv) a) accounting policies and estimation for preparation of financial statements;   | ✓  |              |   |

| Condition No. | Title    | Compliance status<br>(Put tick mark in the appropriate column)  |              | Remarks<br>(if any) |  |
|---------------|----------|---|--------------|---------------------|--|
|               |          | Complied  | Not complied |                     |  |
| 1.(5)         | (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.            |          | <b>Governance of Board of Directors of Subsidiary Company</b>   |              |                     |  |
|               | (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)      | <b>Appointment:</b>   |              |                     |  |
|               | (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         |                     |  |
|               | (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         |                     |  |

| Condition No. | Title   | Compliance status<br>(Put tick mark in the appropriate column) |              | Remarks<br>(if any) |
|---------------|---|--|--------------|---------------------|
|               |   | Complied   | Not complied |                     |
| (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)           | <b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):</b>   |  |              |                     |
| (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             | <b>Audit Committee</b>  |  |              |                     |
| (1)           | <b>Responsibility to the Board of Directors</b>   |  |              |                     |
| (a)           | The company shall have an Audit Committee as a sub-committee of the Board of Directors.   | ✓  |              |                     |
| (b)           | The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.   | ✓  |              |                     |
| (c)           | The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.  | ✓  |              |                     |
| (2)           | <b>Constitution of the Audit Committee</b>  |  |              |                     |
| (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)           | <b>Chairman of the Audit Committee</b>  |  |              |                     |
| (a)           | The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.  | ✓  |              |                     |
| (b)           | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.   | ✓  |              |                     |
| (c)           | Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).   | ✓  |              |                     |
| (4)           | <b>Meeting of the Audit Committee</b>   |  |              |                     |
| (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;   | ✓  |              |                     |



| Condition No. | Title    | Compliance status<br>(Put tick mark in the appropriate column)  |              | Remarks<br>(if any) |  |
|---------------|----------|---|--------------|---------------------|--|
|               |          | Complied  | Not complied |                     |  |
|               | (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)      | <b>Role of Audit Committee</b>  |              |                     |  |
|               | (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)      | <b>Reporting of the Audit Committee</b>   |              |                     |  |
|               | (a)      | <b>Reporting to the Board of Directors</b>  |              |                     |  |
|               | (i)      | The Audit Committee shall report on its activities to the Board of Directors.   | ✓            |                     |  |
|               | (ii)     | <b>The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:</b>  |              |                     |  |
|               | (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.            |          | <b>Nomination and Remuneration Committee (NRC)</b>  |              |                     |  |
|               | (1)      | <b>Responsibility to the Board of Directors</b>   |              |                     |  |
|               | (a)      | The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;  | ✓            |                     |  |

| Condition No. | Title      | Compliance status<br>(Put tick mark in the appropriate column)   |              | Remarks<br>(if any) |  |
|---------------|------------|--|--------------|---------------------|--|
|               |            | Complied   | Not complied |                     |  |
| 6.            | (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).   | ✓            |                     |  |
|               | <b>(2)</b> | <b>Constitution of the NRC</b>   |              |                     |  |
|               | (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.  | ✓            |                     |  |
|               | <b>(3)</b> | <b>Chairperson of the NRC</b>  |              |                     |  |
|               | (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.  | ✓            |                     |  |
|               | <b>(4)</b> | <b>Meeting of the NRC</b>  |              |                     |  |
|               | (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.   | ✓            |                     |  |
|               | <b>(5)</b> | <b>Role of the NRC</b>   |              |                     |  |
|               | (a)        | NRC shall be independent and responsible or accountable to the Board and to the shareholders;  | ✓            |                     |  |
|               | (b)        | <b>NRC shall oversee, among others, the following matters and make report with recommendation to the Board:</b>  |              |                     |  |
|               | (i)        | <b>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:</b>   |              |                     |  |
|               | (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<br>(Put tick mark in the appropriate column) |              | Remarks<br>(if any) |
|---------------|---|--|--------------|---------------------|
|               |   | Complied   | Not complied |                     |
| 7.            | <b>External /Statutory Auditors</b>   |  |              |                     |
| (1)           | <b>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:</b>   |  |              |                     |
| (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.            | <b>Maintaining a website by the Company.-</b>   |  |              |                     |
| (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             | <b>Reporting and Compliance of Corporate Governance</b>   |  |              |                     |
| (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.  | ✓  |              |                     |

Dated: Dhaka, March 10, 2022

For and on behalf of the  
Board of Directors



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**C.Q.K. Mustaq Ahmed**  
Independent Director

# DIVIDEND DISTRIBUTION POLICY OF RECKITT BENCKISER (BANGLADESH) PLC

**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:

### **Financial Factors:**

- 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

**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 regulations, if there is any, from the regulators like; Bangladesh Bank and Bangladesh Securities Exchange Commission (BSEC) etc.
- As per IFRS: IAS 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.
- IAS 10:12:- If an entity declares dividends to holders of equity instruments (as defined in IAS 32 Financial Instruments: Presentation) after the reporting period, the entity shall not recognize those dividends as a liability at the end of the reporting.
- IAS 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-

- the state of the company's affairs;
- the amount, if any, which the Board proposes to carry to any reserve in such balance sheet;
- the amount, if any, which the Board recommends should be paid by way of dividend;
- 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

**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 off 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 off 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 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 extant 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 2021

**Audit Committee of Reckitt Benckiser (Bangladesh) PLC, 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 and monitoring system within the business.**

## Composition of the Audit Committee:

The Audit Committee, appointed by and responsible to the Board of Directors, comprises 5 non-executive directors as members of the audit committee and the Company Secretary as the Secretary of the Audit Committee, out of them, two members are independent Directors, and the Committee is chaired by one of the independent Director.

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:

- Oversee the financial reporting process and 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;
- Monitor choice of accounting policies and principles and 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, statement of all related party transactions, 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 of Audit Committee

During the year of 2021, a total of 4 (Four) meetings were held. The attendance of the members are as follows:

#### Number of Meeting held during the year ended 31st December 2021:

| Sl. No. | No. of Meeting          | Notice Date       | Meeting Date      | Attendance of Members | Leave of Absence |
|---------|-------------------------|-------------------|-------------------|-----------------------|------------------|
| 1       | 1 <sup>st</sup> Meeting | April 22, 2021    | April 29, 2021    | 5                     |                  |
| 2       | 2 <sup>nd</sup> Meeting | July 13, 2021     | July 28, 2021     | 4                     | 1                |
| 3       | 3 <sup>rd</sup> Meeting | October 19, 2021  | October 27, 2021  | 5                     |                  |
| 4       | 4 <sup>th</sup> Meeting | December 22, 2021 | December 29, 2021 | 4                     | 1                |

#### Attendance of the members:

| Sl. No. | Name of Members                           | Designation                           | Number of Meeting | Meetings Attended | Remarks                   |
|---------|---|---------------------------------------|-------------------|-------------------|---------------------------|
| 1       | Mr. C.Q.K. Mustaq Ahmed                   | Chairperson<br>(Independent director) | 4                 | 4                 |                           |
| 2       | Mr. Rahul Mathur                          | Member                                | 3                 | 1                 | Joined on 28 July 2021    |
| 3       | Mr. Pradeep Krishnamurthi                 | Member                                | 3                 | 3                 | Joined on 28 July 2021    |
| 4       | Mr. Vishal Gupta                          | Member                                | 1                 | 1                 | Re-signed on 28 July 2021 |
| 5       | Mr. Sourav Mitra                          | Member                                | 4                 | 4                 |                           |
| 6       | Mr. Nazim Uddin Chowdhury                 | Member<br>(Independent director)      | 4                 | 4                 |                           |
| 7       | Ms. Afreen Huda                           | Member                                | 1                 | 1                 | Re-signed on 28 July 2021 |
| 8       | Mr. Mohammad Nazmul Arefin<br>(Secretary) | Secretary                             | 4                 | 4                 |                           |



#### C.Q.K. Mustaq Ahmed

Chairperson  
Audit Committee

Dated: 10<sup>th</sup> March 2022

### 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 2021 along with receiving the statutory audit report and raising necessary questions to statutory auditors in case of doubts;
- Approved the internal audit plan for 2021, monitored progress and effected revisions when necessary;
- Discussed internal audit reports and reviewed 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;
- 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 auditors;
- Reviewed current year audit fees based on scope and magnitude, level of expertise deployed, and time required for effective audit and evaluate the performance of external auditors.

There are no significant breaches of control which came to 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.



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

For the year ended 31 December 2021

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 in 2019.

## COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE (NRC):

The Nomination and Remuneration Committee (NRC) comprises 3 (three) non-executive directors as member of the NRC and the committee is chaired by one of the independent director Mr. C.Q.K. Mustaq Ahmed.

Nomination and Remuneration Committee (NRC) comprises with the following three members:

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

The Nomination and Remuneration Committee (NRC) co-opted Ms. Afreen Huda, Human Resource Director of the company as non-voting member of NRC to take necessary assistance 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 2021 are as follows.

### Meeting held during the year ended 31st December 2021:

| Sl. No. | No. of Meeting          | Notice Date       | Meeting Date      | Attendance of Members | Leave of Absence |
|---------|-------------------------|-------------------|-------------------|-----------------------|------------------|
| 1       | 1 <sup>st</sup> Meeting | June 9, 2021      | June 12, 2021     | 3                     |                  |
| 2       | 2 <sup>nd</sup> Meeting | July 13, 2021     | July 28, 2021     | 2                     | 1                |
| 3       | 3 <sup>rd</sup> Meeting | December 22, 2021 | December 29, 2021 | 3                     |                  |

**Attendance of the members:**

| Sl. No. | Name of Members                        | Number of Meeting | Meetings Attended |
|---------|--|-------------------|-------------------|
| 1       | Mr. C.Q.K. Mustaq Ahmed                | 3                 | 3                 |
| 2       | Mr. Rahul Mathur                       | 3                 | 2                 |
| 3       | Mr. Pradeep Krishnamurthi              | 3                 | 3                 |
| 4       | Ms. Afreen Huda (Non-Voting member)    | 3                 | 3                 |
| 5       | Mr. Mohammad Nazmul Arefin (Secretary) | 3                 | 3                 |

**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.

**CRITERIA OR POLICY FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS:**

- The following matters shall be dealt with by the Committee:-
- Qualifications of the directors: The Committee shall consider the following attributes/criteria whilst recommending to the Board the candidature for appointment as Director:
    - Age, Qualification, expertise and experience of the Directors in their respective fields;
    - Personal, Professional or business standing;
    - The considerations shall include achieving an appropriate level of

diversity having regard to factors such as integrity, race, gender, age, nationality, cultural and educational background and industry or related experience.

- Positive Attributes and Independence: The Committee shall meet potential candidates to assess their level of competence, experience and their personal and other positive attributes before making its recommendation to the Board. For the purpose of assessing the attributes and independence of the candidate, the Committee shall, interlaid, take into consideration whether the candidate demonstrates:
  - high standards of ethical behavior;
  - positive disposition, good interpersonal and communication skills;
  - ability to think independently without being influenced by extraneous circumstances or consideration;
  - capability to act with reasonable care, in good faith and in the best interests of the Company and its stakeholders;
  - ability to devote time and attention for the business and governance of the Company;

### CRITERIA OR POLICY FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS: (Contd.)

- refrain from situations that may have a direct or indirect conflict of interest with those of the Company; and
  - to abide by the Company's Code of Business Conduct.
- Size and composition of the Board: The committee will be reviewing 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 will also ensure that the Board is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company. The Committee is to assist the Board in ensuring the Board nomination process considers diversity relating to gender, thought, experience, knowledge and perspectives.
- Recruitment of Directors: Review the criteria set by RB Ltd. in determining qualifications for key management positions and recommend candidates upon evaluating them against the Reckitt Leadership characteristics and values. The committee will procure the company's Job description and assess the proposed candidates to ensure that the right candidate is being appointed for the position in line with RB Ltd's Talent Acquisition framework of Qualification, Experience, Agility, and Culture fit.
- Succession plans: The Committee will review identified successors for Board and top level executive positions to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.
- Evaluation of performance: The Committee will be responsible for the following:
- Review performance criteria as prescribed or determined by RB Ltd. for the Directors/Key Management

Positions and Senior Positions and recommend to the Board.

- Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company to ensure that the Board is well equipped with expertise to perform their role in ensuring both company and share holders' interest.
  - Ensure that Non-Executive Directors are provided with sufficient information and awareness regarding the Company's vision/purpose/strategy and adequate information about the industry so that they are equipped to carry out their legal responsibilities and duties.
- Remuneration framework and policies: The Committee is responsible for reviewing and reporting to the Board on:
- Remuneration of General Manager/-CEO: Whether the salary reviewed is in line with the prescribed pay matrix philosophy put forward by RB Ltd./Region and get inputs if there are any discrepancies. In case of discrepancies, the differences will have to be in gross violation either regarding salary components considered or calculation methodology;
  - Individual and total remuneration of non-executive Directors and the chairperson (if nonexecutive), including any additional fees payable for membership of Board committees;
  - The remuneration of top level executive: Whether the salary reviewed is in line with the prescribed pay matrix philosophy put forward by RB Ltd./Region. The committee will periodically review salaries of the positions mentioned that include base pay, incentive payments, equity awards, retirement rights, severance pay if any and service

contracts to ensure that RB Bangladesh PLC. is market competitive in terms of:

- attracting and motivating talent to pursue the Company's long-term growth;
- demonstrating a clear relationship between executive compensation and performance;
- being reasonable and fair, in terms of best governance practices and legal requirements; and
- balancing between fixed and incentive pay to reflect short and long-term performance objectives as appropriate or advised by RB Ltd. for the Company and its goals.

### ACTIVITIES OF THE NRC FOR THE YEAR ENDED 31ST DECEMBER 2021:

- Review the existing code of conduct for the members of the Board of Directors the company;
- Recommend a new code of conduct for Chairperson, Directors and Top level executive of the company;
- Adopted the nomination criterion of Directors and Top-level executives of the Company;
- Reviewed and recommend to appoint of Directors and Top level executive of the company;
- 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 of 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

**ACTIVITIES OF THE NRC FOR THE YEAR ENDED 31ST DECEMBER 2021:**

*(Contd.)*

policies (with effect from May 2015); c) Job description of the leadership positions of the company. The committee also reviewed the selection, transfer or replacement and promotion criteria of all existing employees of the company. All the criteria and process are in line with the guideline of RB Ltd.

- The committee reviewed the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its

functions of governance and management. The committee also reviewed the size and composition of the Top-level executives as per the requirement of the business volume of the company. The committee ensured that the Board and top-level executives are structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.

- The committee reviewed the recruitment and removal of executive and independent directors and the top-level executives of the company as per the criteria set by RB Ltd. 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 assessed the proposed candidates to ensure that the right candidate is being appointed for the right position in line with RB Ltd.'s Talent Acquisition framework of Qualification, Experience, Agility, and Culture.



On Behalf of the NRC Committee

**C.Q.K. Mustaq Ahmed**

Chairman of NRC

Dated: 10<sup>th</sup> March 2022

# REPORT OF THE DIRECTORS

The Directors of the Company are pleased to present the audited financial statements of the Company for the year ended **31 December 2021** and report that:

## PRINCIPAL ACTIVITIES

Our culture is our foundation. During 2020, we introduced our new logo, which reflects our purpose, fight, compass and behavior. Our leadership behaviors are making an impact. Employees are encouraged to own, create, deliver and care. We are inspired by our purpose-led brands, and our efforts for a healthier planet and a fairer society.

During 2021, there were no major changes in the principal activity of the Company. Reckitt continued manufacturing and marketing of Household, Toiletries and Pharmaceutical products. The company also continued to invest in major brands to drive business growth.

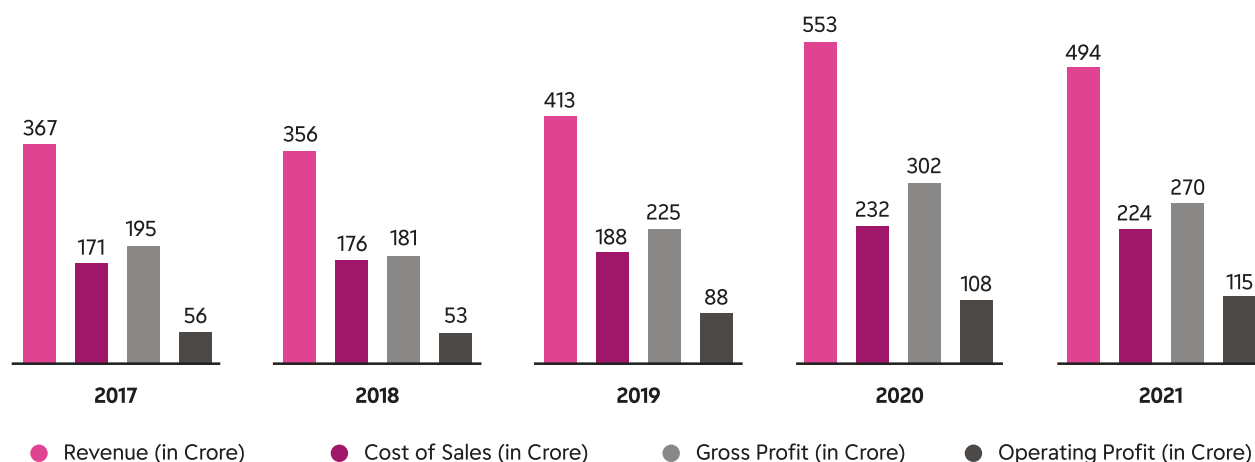
On 04 April 2021, NBR approved Employees' Gratuity Fund of Reckitt Benckiser Bangladesh Limited. and accordingly scope has been created to invest in planned asset.

To follow the instruction of Companies Act (section Ka of 11Ka, second Amendment) 2020, we have approached to Register of Joint Stock Company (RJSC) on 29 September 2021, to change the name from Reckitt Benckiser Bangladesh Limited to Reckitt Benckiser Bangladesh PLC. It has been amended accordingly..

## BUSINESS HIGHLIGHTS

During 2021, your company's sales turnover was Tk. 494 crore with a fall of 7% growth compared to the previous year. During 2020, when the pandemic hit, sales saw an unexpected rush, which was somewhat subdued during the year 2021. Gross profit ratio was 54.57% compared to 56.54% of the previous year. Yet the company managed to expand the operating profit margin by 656 bps vs previous year by lowering down mainly the marketing expenses. This resulted in the higher EPS of Tk. 171.03 compared to Tk. 156.38 of 2020.

## BUSINESS PERFORMANCE



### COST OF GOODS SOLD, GROSS PROFIT MARGIN, NET PROFIT MARGIN

By maintaining an efficient supply infrastructure we've managed to continue our usual gross profit margin of 54.57% (2020:56.55%). Net profit increased to Tk. 80 Crore at the end of the year 2021.

### SEGMENT WISE PERFORMANCE

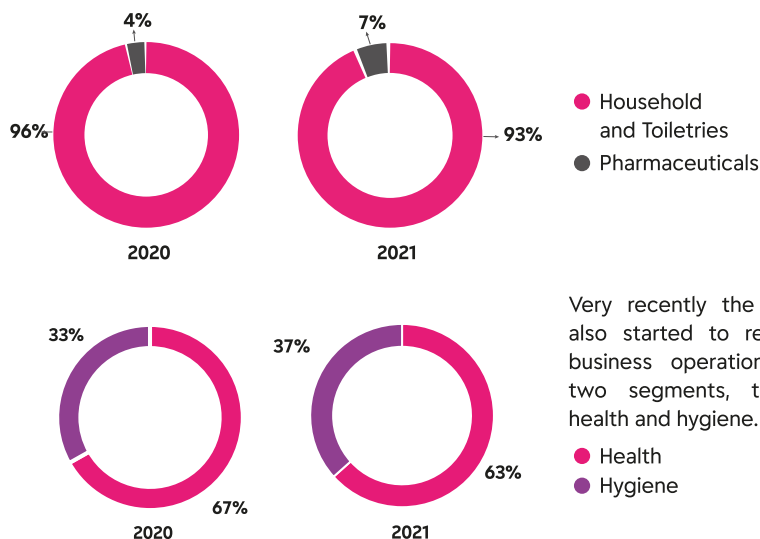
The company has two reportable segments based on two strategic business divisions i.e. Household & toiletries and Pharmaceuticals. These divisions offer different products and are managed separately because they require different technology and marketing strategies. These are:

### SEGMENT WISE PERFORMANCE

The company has two reportable segments based on two strategic business divisions i.e. Household & toiletries and Pharmaceuticals. These divisions offer different products and are managed separately because they require different technology and marketing strategies. These are:

| Reportable Segments      | Operations   |
|--------------------------|--|
| Household and Toiletries | Manufacturing and trading of hygiene and home care products. |
| Pharmaceuticals          | Manufacturing 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 pharmaceutical products approval is acquired from the Directorate General of Drug Administration. For the year 2021, 4% of the total turnover came from pharmaceutical products compared to 7% of the preceding year.



Very recently the company also started to review the business operation another two segments, those are health and hygiene.

## RELATED PARTY TRANSACTIONS

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

The detail statement on transaction, nature and amount are presented in note no. 25 of the Notes to the Financial Statements.

## EXTRA-ORDINARY GAIN OR LOSS

During the year 2021 there was no significant extra ordinary gain or losses incurred to the business.

## SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL PERFORMANCE

Annual Earning per share in 2021 is Tk. 171.03 increased verses last year of Tk 156.38 as in 2020. During the year average earning per share per quarter was Tk. 42.75. The company was able to achieve a significant high performance from quarter three onwards compared to the first two quarters of the year, through optimization of marketing and administrative cost.

## SUMMARY OF FINANCIALS

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

| Particulars  | 2021<br>Taka         | 2020<br>Taka         |
|--|----------------------|----------------------|
| <b>Profit before taxation (including other comprehensive income/items)</b>             | <b>1,095,216,232</b> | <b>1,063,334,887</b> |
| Less: Taxation   | (293,379,967)        | (338,954,483)        |
| <b>Profit after taxation (including other comprehensive income/items)</b>              | <b>801,836,265</b>   | <b>724,380,404</b>   |
| Add: Un-appropriated profit from previous year   | 760,469,848          | 626,714,444          |
| Profit available for appropriation   | <b>1,562,306,113</b> | <b>1,351,094,848</b> |
| Less: Final cash dividend paid @ Tk.140 (i.e. 1400%) per share for 2020 (2019: Tk.125) | (661,500,000)        | (590,625,000)        |
| Total profit available for appropriation   | 900,806,113          | 760,469,848          |
| <b>Appropriation:</b>  |                      |                      |
| Proposed Final dividend @ Tk 165/- (i.e. 1650%) per share for 2021 (2020: Tk140/-)     | (779,625,000)        | (661,500,000)        |
| Un-appropriated profit *   | <b>121,181,113</b>   | <b>98,969,848</b>    |

\*after recognition of dividend in the period of appropriation

## DIVIDEND

The Board is pleased to recommend final cash dividend of Tk.165/= (1650%) per share amounting to Tk.779.625 million for the year 2021, (2020: Tk.140 per share i.e. amounting to Tk.661.50 Million), this is fully out of the profit from current year of 2021.

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 2021 on pages 53-55.

## EARNINGS PER SHARE

The earnings per share numbers are provided on pages 107, 121 & 146.



## SUSTAINABILITY

Trust originates from our safe and effective brands and is reinforced by our attention to wider issues that matter to consumers and society as a whole. Our sustainability commitments, on climate change, carbon emission and human rights, resonate strongly with our consumers and customers. But our sustainability agenda is not just limited to satisfying consumers. Rather, broader considerations inform and infuse our approach, such as the increasing connection between a healthy planet and healthy lives for us all. Our aim is to generate business growth through the positive impact we have on the world. Our progress rests on three main pillars: purpose-led brands, combatting climate change for a healthier world and enabling a fairer, more diverse and inclusive society.



### Corporate Social Responsibility

We are passionate to help people feel better as we believe, wellness and nourishment is a right and not a privilege. We continue to contribute through our existing program Dettol Harpic Porichchhonno Bangladesh (DHPB). DHPB has been playing the pivotal role through partnering with likeminded stakeholders for the last 4 years. In addition to this we launched two new programs with our trusted third-party "Safe Mother, Safe Tomorrow", where Dettol partnered with BRAC and worked together to raise hygiene awareness among underprivileged expecting mothers living in remote areas in the country; and "Back to School", through this program Dettol Harpic aimed to aid the government in ensuring that proper hygiene practices are being followed at the educational institutions.

## Environment, Health and Safety

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

On 27 October 2021, your company took the decision to undergo the upgrade of wastewater treatment plant at Reckitt Factory located at 58/59, Nasirabad Industrial Area, Chattogram 4209 to enforce environmental compliance. A budget of Tk. 15.89 crore was approved by the Board of Directors for this ETP project at the factory premises.

### External Recognition and Accomplishments

During the year 2021 your company received several external recognitions on different grounds from various external national and international institutions. During the year the following accolades were achieved:

- National Award for Best Presented Annual Report by ICAB
- Certificate of Merit Award for Best Presented Annual Report by SAFA
- Best Content Marketing Award by Bangladesh Brand Forum
- Best Use of Influencer Category by Bangladesh Brand Forum

## 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 pages 21-22.
- j During the year six Board meetings were held and the attendance by each director is given on page 40 .



**CORPORATE GOVERNANCE** Contd.

- k** The pattern of shareholding is provided on pages 41 & 130 .
- 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 pages 18-20.
- 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 pages 42 & 49.
- 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 pages 44-51.
- o** During the year the company did not pay any remuneration to its non whole time Directors including Independent Director. Only meeting attendance fees, however, at approved scales were paid to selective non whole time directors.

**DIRECTORS**

Following were members of the Board of Directors of the Company during 2021:

|                                     |  |
|-------------------------------------|--|
| 1. <b>Mr. Rahul Mathur</b>          | Chairperson  |
| 2. <b>Mr. Vishal Gupta</b>          | Managing Director                                    |
| 3. <b>Mr. Sourav Mitra</b>          | Director   |
| 4. <b>Mr. Pradeep Krishnamurthi</b> | Director   |
| 5. <b>Mr. C.Q.K. Mustaq Ahmed</b>   | Independent Director                                 |
| 6. <b>Mr. Nazimuddin Chowdhury</b>  | Independent Director<br>(Re-appointed on 09.08.2021) |
| 7. <b>Mr. Tanmay Gupta</b>          | Director & CFO<br>(Joined on 28.07.2021)             |
| 8. <b>Mr. Md. Golam Yahia</b>       | Government Nominated<br>Director                     |
| 9. <b>Ms. Afreen Huda</b>           | Director   |

Mr. Tanmay Gupta has been appointed as Nominated Director of Reckitt Benckiser Limited, UK on 28.07.2021 and require to the approval in the 61st Annual General Meeting.

Mr. Nazimuddin Chowdhury re-appointed as independent director on 09.08.2021 and require to the approval in the 61st Annual General Meeting.

The brief resume of directors, expertise, and directorship to other Company (If any) provided on page 30-33.

**ELECTION OF DIRECTORS**

As per Article 118A of the Articles of Association of the Company, Mr. Vishal Gupta , Mr. C.Q.K. Mustaq Ahmed 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 61st Annual General Meeting.

**AUDITORS**

The retiring auditors of the Company, A Qasem & Co., Chartered Accountants (Member firm of ECOVIS International ) have expressed their willingness to continue in office and being eligible, offer themselves for reappointment, subject to shareholders' approval in the 61st Annual General Meeting.

### CERTIFICATION UNDER COMPLIANCE OF CORPORATE GOVERNANCE CODE

During the year 2021, 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 61st Annual General Meeting.

### INDEPENDENT SCRUTINIZER FOR 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 61st AGM of Reckitt Benckiser (Bangladesh) PLC.

### ACKNOWLEDGEMENT

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

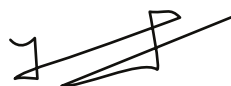
The Directors also take this opportunity to acknowledge with great appreciation the dedication and hard work of the employees which has been the driving force behind the sustained results of the Company.



**Afreen Huda**  
Director



**C.Q.K. Mustaq Ahmed**  
Independent Director






**Tanmay Gupta**  
Director



**Vishal Gupta**  
Director

# RISK MANAGEMENT 2021

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:

|  <b>Functional risk assessment</b>  |  <b>Corporate risk assessment &amp; emerging risk assessment</b>   |  <b>Audit committee oversight</b>  |
|--|---|---|
| <p style="text-align: center;"><b>Functional risk assessments</b></p> <p><b>WHAT</b></p> <p>Identifies and monitors risks impacting the operation of each function or functional area.</p> <p>Controls are mapped to the three lines of defence.</p> <p>Detailed management action plans are developed to address control gaps.</p> <p><b>WHEN</b></p> <p>Completed annually, reviewed quarterly with updates provided to the Audit Committee</p> <p><b>HOW</b></p> <p>Functional risks are reviewed in detail annually to identify any changes to the risk profile including new risks and changes in assessment.</p> <p>Updates on top risks and associated mitigations are reported to Audit Committee on a basis.</p> <p><b>WHO</b></p> <p>Risk assessment owned by Reckitt Benckiser (Bangladesh) PLC. functional leadership team</p> <p>Functional risk owners assigned to each specific risk, controls, and action plans.</p> | <p style="text-align: center;"><b>Corporate risk assessments &amp; emerging risk assessment</b></p> <p><b>WHAT</b></p> <p>High-level control strategies and action plans are documented for each risk. Supporting functional risks are referenced</p> <p>Identifies the most significant principal and emerging risks with potential to impact the company.</p> <p>Principal and emerging risks are disclosed in the Annual Report.</p> <p><b>WHEN</b></p> <p>Completed annually in advance of the Reckitt Benckiser (Bangladesh) PLC. strategic planning process.</p> <p><b>HOW</b></p> <p>Reckitt Benckiser (Bangladesh) PLC. risk assessments are reviewed and updated annually through a series of one-to-one meetings with the leadership team.</p> <p>For corporate functions, the functional risk assessments are reviewed and challenged. One-to-one meetings are held with all departmental heads, assurance heads, head of internal control an external advisor.</p> <p>Synthesised output formally reviewed and signed off by the company's departmental heads, assurance heads, head of internal control an external advisor.</p> <p><b>WHO</b></p> <p>Reckitt Benckiser (Bangladesh) PLC. departmental heads and corporate management teams' led.</p> <p>Reckitt Benckiser (Bangladesh) PLC. departmental heads assigned with principal and emerging risks circulated to head of internal control.</p> | <p style="text-align: center;"><b>Audit committee oversight</b></p> <p><b>WHAT</b></p> <p>Oversight across each principal risk provided by a audit committee.</p> <p><b>WHEN</b></p> <p>Periodic reporting and risk deep dives occur with input from the risk owner.</p> <p><b>HOW</b></p> <p>Performing quarterly review.</p> <p><b>WHO</b></p> <p>Audit committee of the company.</p> |

# 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) PLC 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 and external advisor.
- Identifies sources of risk, key drivers and areas of impact
- Completed annually in advance of the Global Business Unit 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 and external advisor for final review, sign-off and ongoing monitoring
- Principal and emerging risks are disclosed in the Annual Report

# OUR PRINCIPAL RISKS

As at 31 December 2021

## Key to principal risks

| Category    | Risk title                                      | Risk statement  |
|-------------|---|---|
| Operational | 1 <b>COVID-19</b>                               | 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 <b>Supply Disruption</b>                      | 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 <b>Employee Health &amp; Safety</b>           | 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) PLC. supervision, in case of outsourced operations.  |
|             | 4 <b>Sustainability</b>                         | 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 <b>Adherence to Product Quality Standards</b> | Non-compliance with applicable quality regulations, guidelines and internal/external standards across the product lifecycle governing how we produce and supply product.  |
| People      | 6 <b>People</b>                                 | Failure to achieve strategic objectives as a result of significant management churn and inability to attract and retain top talent.   |
| Compliance  | 7 <b>Product Regulations</b>                    | Non-compliance with product classification regulations, guidelines, internal standards and/or registrations across the supply chain and throughout the product lifecycle.   |

# OUR PRINCIPAL AND EMERGING RISKS continued

## COVID-19



Risk movement:  
**Decreasing**

### 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.

### Potential impact

The impact of this risk is slowly decreasing, as heavy vaccination programs took place in the country. Thus economy of the country is starting to gain its pace. However outbreak of new variants may cause disruption to the business.

### Mitigation progress

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

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 as offices are being opened and economy is normalizing once again. 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.

## SUPPLY DISRUPTION



Risk movement:  
**Increasing**

### Oversight accountability

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

### Potential impact

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

### Mitigation progress

End-to-end structures and accountabilities implemented; 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

We are static on our 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

Lean manufacturing practices is being embedded in operation and the culture of the company. 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. These will allow us to increase the resilience of our supply chain and provide more robust business continuity processes throughout the portfolio.

# OUR PRINCIPAL AND EMERGING RISKS continued

## EMPLOYEE HEALTH & SAFETY



Risk movement:  
**Decreasing**

### Oversight accountability

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

### 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

Extensive programme to embed heightened employee health and safety (EH&S) culture across the company through rigorous auditing, culture days/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.

### Future Outlook

We will continue to roll out the program of culture surveys and safety days to increase awareness.

## SUSTAINABILITY



Risk movement:  
**No change**

### Oversight accountability

Executive ownership resides directly with the MD.

### 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

We have focused on continuing to deliver and strengthen 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.

# OUR PRINCIPAL AND EMERGING RISKS continued

## ADHERENCE TO PRODUCT QUALITY STANDARDS



Risk movement:  
**No change**

### Oversight accountability

Executive ownership resides directly with the Department of Quality.

### 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

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.

## PEOPLE



Risk movement:  
**Decreasing**

### Oversight accountability

Executive ownership resides directly with the Human Resources Director

### Potential impact

The risk of fatigue arising from a period of sustained business change.

### Mitigation progress

Non-stop support from HR and the leadership teams to each employee have led to continuation of work 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 has also taken place. Reckitt established its gratuity fund for its employees during 2021. Values and code of conduct is communicated through mandatory annual training program.

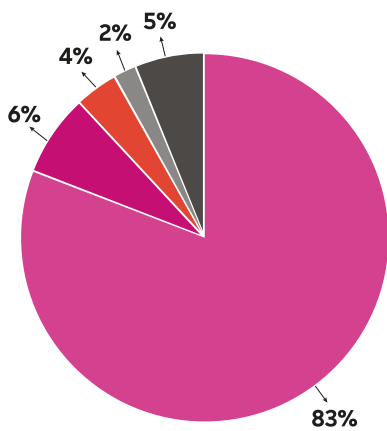
### Future Outlook

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.

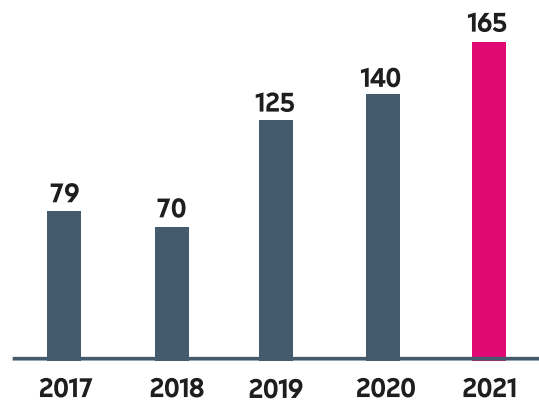


# FOR OUR INVESTORS

| Share Capital<br>In Taka  | 2021               | 2020        |
|---|--------------------|-------------|
| 130,000 ordinary shares of Taka 10 each fully paid up in cash           | <b>1,300,000</b>   | 1,300,000   |
| 20,000 ordinary shares of Taka 10 each fully paid up in other than cash | <b>200,000</b>     | 200,000     |
| 4,575,000 ordinary shares of Taka 10 each fully paid bonus share        | <b>45,750,000</b>  | 45,750,000  |
| In issue at 31 December - fully paid                                    | <b>47,250,000</b>  | 47,250,000  |
| <b>Authorised</b>   |                    |             |
| 25,000,000 ordinary shares of Taka 10 each                              | <b>250,000,000</b> | 250,000,000 |



- Reckitt Benckiser Limited, UK (Parent Company)
- Individuals
- Government of Bangladesh
- Shadharan Bima Corporation (SCB)
- Other Institutions



Dividend per share (Taka)

## Share Performance 2021

| Month     | Dhaka Stock Exchange |           |             | Chittagong Stock Exchange |           |             |
|-----------|----------------------|-----------|-------------|---------------------------|-----------|-------------|
|           | High (BDT)           | Low (BDT) | Close (BDT) | High (BDT)                | Low (BDT) | Close (BDT) |
| January   | 4,255                | 4,009     | 4,150       | 4,084                     | 3,900     | 4,050       |
| February  | 4,797                | 4,132     | 4,797       | 4,800                     | 4,050     | 4,800       |
| March     | 4,797                | 4,545     | 4,546       | 4,800                     | 4,565     | 4,695       |
| April     | 4,686                | 4,498     | 4,614       | 4,695                     | 4,560     | 4,675       |
| May       | 4,439                | 4,217     | 4,220       | 4,499                     | 4,186     | 4,186       |
| June      | 4,371                | 4,184     | 4,356       | 4,461                     | 4,238     | 4,330       |
| July      | 4,530                | 4,353     | 4,526       | 4,545                     | 4,300     | 4,500       |
| August    | 4,508                | 4,453     | 4,475       | 4,500                     | 4,450     | 4,450       |
| September | 5,070                | 4,417     | 4,837       | 5,070                     | 4,411     | 4,900       |
| October   | 5,039                | 4,702     | 5,039       | 5,015                     | 4,764     | 5,015       |
| November  | 5,120                | 4,831     | 4,892       | 5,430                     | 4,860     | 4,860       |
| December  | 6,089                | 4,977     | 5,730       | 6,008                     | 4,860     | 5,609       |

## Shareholder Services

If you have any queries relating to your shareholding, please contact us:

**Md. Anisur Rahman,**  
**Contact Number: +8801777759121,**  
**Tel: +88 (02) 22290770 Ext-121,**  
 or write an email to the Share Office :  
**Anisur.Rahman2@rb.com**

## Company Website

Our website link: <https://www.reckitt.com/about-us/reckitt-bangladesh/> provides the Board with an additional method of communicating to shareholders. The company's 2021 Annual Report and Notice of the 2021 AGM are available to view at the website. The website also contains up-to-date information for shareholders to view throughout the year, including:

- financial results
- report of the director's
- the Annual Report and Notice of AGM
- share capital information
- price sensitive information

- CSR
- Sustainability Reporting
- Integrated Reporting
- People and Culture
- Stakeholders
- Consumer
- Customer
- Supplier
- Trusted Third Parties
- Shareholder
- Our People
- Knowledge and Skills
- Key Brands
- Infrastructure
- Environment related initiatives

# SUSTAINABILITY REPORTING

# CORPORATE SOCIAL RESPONSIBILITY

## FOR A CLEANER, HEALTHIER BANGLADESH

### OUR PURPOSE, 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. Information and products that promote good health and hygiene are daily necessities for us all.**

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 "Detto 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 3 feet of the toilet for post-defecation handwashing. 40% 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.



**'Detto 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 reached about 2 million people directly and 44 million indirectly in the past 4 years.

We, at Reckitt Benckiser, believe that CSR is not just an activity; it is working towards national purpose and the purpose is larger than life for us. At the heart of our rapidly growing consumer health business is a passionate desire to help people feel . We



invest in research and development to find new ways for people to look after themselves, their families and homes. In the past four years under our flagship campaign "Dettol Harpic Porichchonno Bangladesh" we reached millions of people with health and hygiene messages along with providing hygiene solution who needed it most. The objective of this campaign is to drive hygiene at PERSONAL and COMMUNITY levels through BEHAVIORAL CHANGE. Hand

hygiene, toilet hygiene and community hygiene are the 3 core areas where Dettol Harpic Porichchonno Bangladesh are focusing on since 2017. Starting with 65 districts cleanup nationwide, we cleaned up some of the big cricket playgrounds which were earlier used for dumping the households waste and other waste. We are working for in the future generation so that they are ready to tackle enough the hand hygiene & toilet hygiene challenges as well

as the community hygiene practices. Through this initiative we want to impact in the society in overall health sector as we know there is a strong cyclic connection between hygiene and sanitation missions; both can fail without each other. We believe in investing in the future and making the present stronger.

## SOME OF THE NOTABLE & IMPACTFUL INITIATIVES



We have a broad responsibility towards Bangladesh Govt's campaign 'Clean Village, Clean City', Reckitt Benckiser's ambitious programme to address the hygiene crisis in Bangladesh. We work under four pillars: The first pillar is behavior

change communication; the second pillar is mass reach; the third pillar is product access; and the final and fourth pillar is infrastructure maintenance. We give maximum weight to work around behavior change communication because we find

without behavior change communication, infrastructure created will remain only structures that will never be used. So, our work is focused around the determinants of behavior change.

## THE NUMBER OF PEOPLE REACHED (DIRECT +INDIRECT) AS OF 2021



## SAFE MOTHER, SAFE TOMORROW:

We at Reckitt believe in building a safer, healthier and beautiful future, thus our purpose activities are targeted to ensure a safer tomorrow for the mothers of Bangladesh.

According to World Bank in 2017 the rate of maternal mortality rate in Bangladesh was 173 per 100,000 live births. Bangladesh loses approximately 7,660 women each year from preventable causes related to pregnancy and childbirth. Maintaining proper hygiene is crucial for both pregnant mothers and the newborn. However, pregnant women all over Bangladesh often find it difficult to practice proper hygiene mainly due to two reasons: Lack of Accessibility and Awareness. In the case of Bangladesh, the level of knowledge in key hygiene messages is quite high but the practice of effective handwashing, the most effective hygiene behavior, is very

low. According to a survey conducted by UNICEF, only around 59.1 per cent of people practice handwashing with water and soap only when it is absolutely necessary. To address this issue Dettol partnered with BRAC and worked together to raise hygiene awareness among underprivileged expecting mothers living in remote areas in the country and provided Dettol soap as a hygiene solution to them for free. With the initiative it reached over 220k new and expecting mothers from every corner of Bangladesh.





## BACK TO SCHOOL:

**We at Reckitt believe in positive change and are driven by the compass at our core which guides us to build a safer & healthier Bangladesh for everyone.**

All educational institutions across the country were closed for almost one and a half years, with classes being held online due to adversities induced by the Covid-19 pandemic. In October 2021, with the declining number of Covid-19 cases, the government re-opened schools and colleges, brought students back to physical class attendance. Ever since the decision made, everyone prioritised the health and safety of students specially parents. With this move, Dettol Harpic aimed to aid the government in ensuring that proper hygiene practices are being followed at the educational institutions. In pursuit of protecting our future generation and creating a healthier happier world for them, Dettol and Harpic joined hands with BRAC and Bangladesh Scouts and reached over 300k students who were waiting to return to their schools. Through the relentless efforts of our purpose driven

activities, Dettol and Harpic has distributed hygiene products to over 200 schools across Bangladesh to ensure safe surrounding for the childrens' return after 18 long months. Under the campaign, students were encouraged to get into the practice of regularly washing their hands and/or applying hand sanitizers at key moments, such as entering and leaving the classroom; touching surfaces, learning materials, books, and after using a tissue to blow their nose. It was also advised that students should always cough and/or sneeze into their elbow. However, if by accident they do so in/on their hands, they were instructed to immediately wash their hands or apply hand sanitizer. It is extremely important to normalize the idea of frequent and routine handwashing.

সুস্থ আগামী প্রজন্মের প্রত্যাশায়





## WORLD TOILET DAY CELEBRATION:



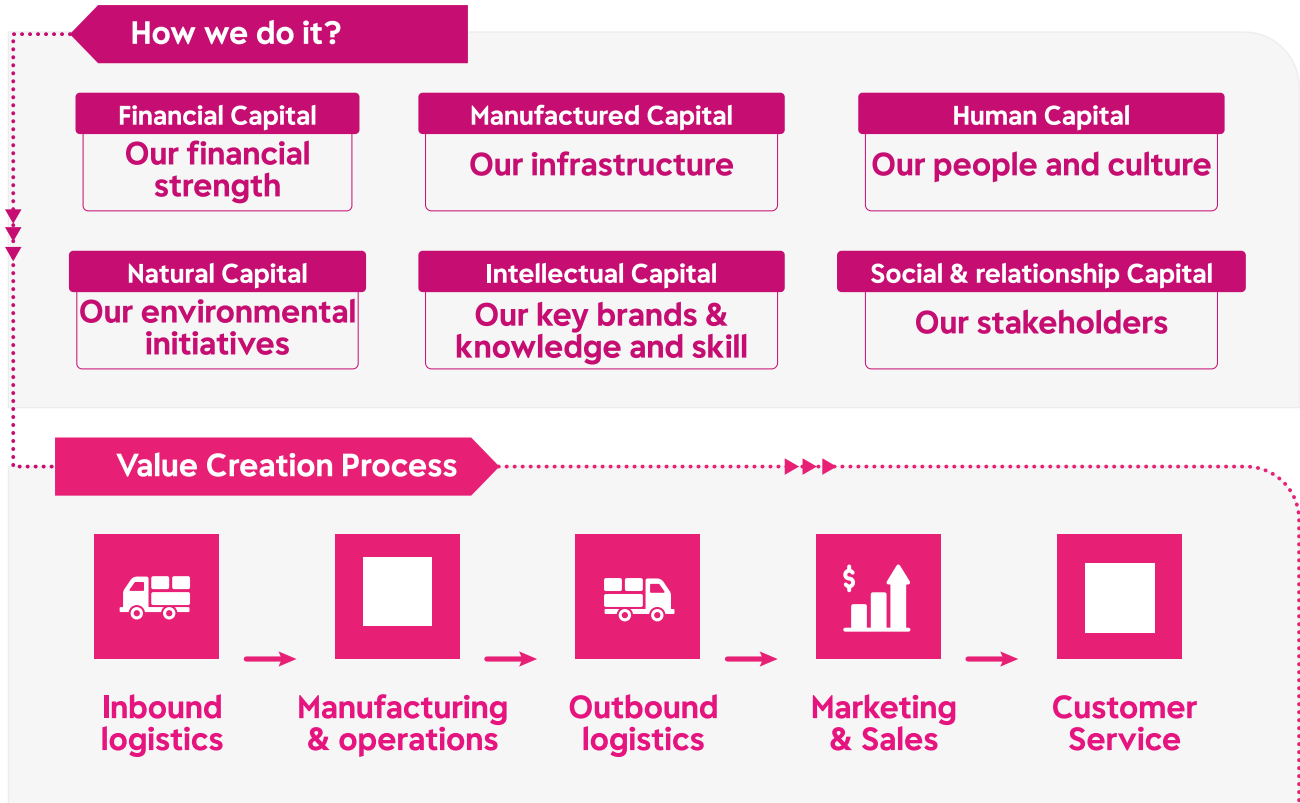
What do we think when we hear the word "toilet"? It is a word which may invite disgust, amusement or even ridicule, but those affected by the ongoing global sanitary crisis would disagree. According to statistics published by WHO/UNICEF in 2021, 3.6 billion people in the world lack access to hygiene and safely managed toilets. In Bangladesh, less than half of the toilets in the country can truly be categorized as usable. In any community where there are little to no safe and healthy toilets, everyone suffers. That is why, this year's theme for the World Toilet Day campaign was "Toilets are

invaluable". On the occasion of World Toilet Day 2021 Harpic, together with Bangladesh Scouts, organized a lively awareness campaign for school children and distributed toilet hygiene products at various schools, located in the district headquarters. This is part of Harpic's ongoing endeavors, over the years, to uphold and advocate for safe sanitation systems for all. Harpic in 2021 reached more than 300k students with toilet hygiene messages and distributed toilet hygiene solution for free.



# INTEGRATED REPORTING

## Comparing our business model with Integrated Reporting Framework



## The value we create

### CONSUMERS

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

### PEOPLE

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

### ENVIRONMENT

**10.4% lesser energy consumption**  
**22.7% less Water usage**  
**16.6% less waste generation than last year**  
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.

### INVESTORS

**Record 1650% dividend for the year 2021**  
**P/E ratio 33.50**  
Investors benefit from strong operational and financial performance, resulting in attractive returns via dividends and long-term share price appreciation.

### CUSTOMERS

**Increased growth through existing and new customers**  
**Increasing sales through e-commerce channel**  
Our customers gain from selling our leading brands, growing our categories and driving customer value in relevant channels.

### COMMUNITIES

**'Dettol-Harpic Porichonno Bangladesh' reached 2 million people in 4 years**  
**Our 'Safe Mother, Safe Tomorrow' reached 220,000 new and expecting mothers**  
**Our "Back to School" program reached 300,000 students when school started**  
Our products and social programs lead to improved health and hygiene standards.

# OUR PEOPLE AND CULTURE

**Our culture starts with our people. We're all united in our purpose to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We aim to create the space and the opportunities to help our people make a difference, and do the right thing, always.**

## CODE OF CONDUCT:

Our purpose, our fight guides us. Through our leadership behaviour we encourage our employees to make a difference. Our code of conduct has a strong influence on our people. Every year through compulsory 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.

## COMPREHENSIVE PERFORMANCE MANAGEMENT SYSTEM:

With modern business needs and challenges, people are at the heart of our business, and it is people who are supposed to deliver results. To value this concept, Reckitt maintains a robust performance management system supported through SAP SuccessFactors HRIS System where Line Manager and Direct Reports – both get their roles to play in setting SMART (Specific, Measurable, Achievable, Realistic and Timely) Objectives backed by Key Performance Indicators which set clear and transparent picture of where the objectives are and where the employees need to be to reach each objective. This process paves the way forward to a great platform to have career discussions and set Personal Development Plans on the HRIS system as well. This ecosystem of performance management backed by Reckitt's vast resources of learning on the learning portal of Reckitt makes a sustainable model for developing high-performing people in the organization.

## HUMAN RESOURCE ACCOUNTING (HRA):

Human Resource Accounting is the activity of knowing the investment amount for employees towards their recruitment, training them, payment of salaries & other benefits paid and in return knowing its contribution to the organization's profitability. Reckitt has seen an increase in the per capita profitability indices over the last five year. Which is in line with the revenue trend of the company.

| in Million Tk.                     | 2017   | 2018   | 2019   | 2020   | 2021   |
|------------------------------------|--------|--------|--------|--------|--------|
| Operating Profit per Employee      | 2.87   | 2.51   | 3.82   | 4.07   | 4.21   |
| Operating Expenditure per Employee | (7.16) | (6.07) | (5.96) | (7.27) | (5.64) |
| Revenue per Employee               | 18.82  | 16.88  | 17.94  | 20.05  | 18.04  |
| Profit Before Tax per Employee     | 2.78   | 2.49   | 3.82   | 4.05   | 4.02   |
| Profit After Tax per Employee      | 1.95   | 1.57   | 2.69   | 2.78   | 2.95   |
| Number of Employees                | 195    | 211    | 230    | 266    | 274    |

## MENTAL WELL-BEING PARTNER

Our world is evolving with every second being passed and it is more than high time that we admit that our mental health is just as important as physical, and it very well can require regular maintenance just like our physical health does. Reckitt Bangladesh decided to focus on this issue and to address our employees' mental health needs that can range from stress management, anxiety issues, focusing issues, confidence issues, productivity coaching, personal distress and many more, we are delighted to launch EAP (Employee Assistance Program) service in partnership with Psychological Health and Wellness Clinic from April 1, 2021. To top it off, the service is agreement-bound to be completely confidential, and Reckitt will receive no individual information or identity. This makes it much easier for the employees to reach out – something that is very undermined in this age – the simple act of reaching out.



**Employee Assistance Program (EAP)**  
Your Own Confidential Space  
In partnership with  
**Psychological Health and Wellness Clinic**

**24/7 Tele-counseling**  
Call anytime. Share any problem with professional mental health counselors.  
No time limit. No call limit. Totally **free** of charge. You can give missed calls to get an instant call back.

**Book 1-to-1 dedicated series of counselling sessions**  
Dedicated counsellor for your case. Separate case file. Up to 10 sessions **free** of charge per year.

**Everything totally confidential**  
Reckitt to receive **NO** individual information or identity of all.

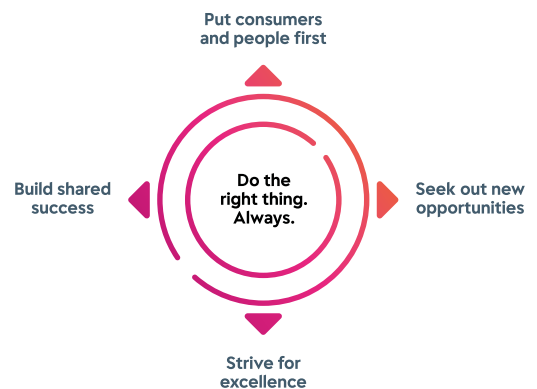




# RECOGNIZING OUR EMPLOYEES:

# THE COMPASS AWARDS

To recognize and appreciate the people of Reckitt Bangladesh for the Compass Values that they demonstrate in their everyday work, Reckitt Benckiser organized a recognition program driven by the people and for the people – named “People’s award Choice Compass Awards”.



# THE COMPASS AWARDS HIGHLIGHTS

125

Employees  
Participated

46

Minutes

11,304

Words used to  
describe why  
our colleagues are excellent

40+

Employees  
Received  
Nomination

- All of us at Reckitt Bangladesh were invited to Vote/ Nominate Reckitt BD Employees demonstrating exceptional Compass Values through Microsoft Forms. 1 vote in 5 categories. That is – One can vote 1 person in each of the 5 compass values
- A total of 125 people voted in 5 categories of the compass values.
- 5 employees receiving the highest number of votes stood out with their exceptional work and were awarded through an online ceremony on 30th January 2022 where 170+ employees participated in a wholesome virtual gathering.
- We believe that behind the success of every human, is the unrecognized sacrifice of his/her family members. And thus, we went ahead to congratulating the winners' family members.
- We shared contents for the winners for them to proudly share on their social media enhancing our employer brand



**2021 has not been an easy year for any of us in terms of personal and professional life. It was full of challenges and I know each and every single colleague has given their best to push us higher.**

**Afreen Huda**  
Human Resource Director

**We believe that this initiative helped us in achieving the following:**

- To actively celebrate and appreciate each other's contribution
  - To create a catalyst in creating a culture of appreciation
  - To recognize exceptional Compass Value holders
  - To help in embedding the Reckitt compass in our minds
- After sharing these collaterals, employees proudly shared these on social media, celebrating their achievement, feeling re-energized and motivated. This also helped us gain good employer brand image on social media:

# OUR FINANCIAL STRENGTH

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

One of the reasons Reckitt was able to deliver during 2021 was our financial structure.

## Balance Sheet & Cashflow

We have free cashflow of Tk. 82.7 crore at the end of the year 2021. Even though this figure is lower than the previous year, we are maintaining efficient working capital for smooth operations. Our working capital is aligned with the high trend line of our revenue. Our payable turnover in days increased and our receivable turnover in days decreased. Whilst we had this advantage on working capital our inventory turnover increased. Our current ratio reflects a comparably high liquid position as it has increased compared to previous year. We aim to maintain this stance to combat any emergency.

### Current Ratio (Times)



(Amount in Tk. Crore)

|                        | 2017        | 2018        | 2019         | 2020         | 2021         |
|------------------------|-------------|-------------|--------------|--------------|--------------|
| Current Asset          | 118.59      | 138.36      | 186.28       | 249.01       | 232.85       |
| Current Liabilities    | (114.61)    | (133.13)    | (155.97)     | (211.57)     | (189.40)     |
| <b>Working Capital</b> | <b>3.97</b> | <b>5.23</b> | <b>30.31</b> | <b>37.44</b> | <b>43.45</b> |

(Amount in Tk. Crore)

|                     | 2017         | 2018         | 2019         | 2020          | 2021         |
|---------------------|--------------|--------------|--------------|---------------|--------------|
| Operating Cash flow | 61.07        | 75.83        | 104.26       | 168.36        | 94.14        |
| Capex Sped          | (20.28)      | (15.77)      | (14.09)      | (36.95)       | (11.44)      |
| <b>FCF</b>          | <b>40.79</b> | <b>60.06</b> | <b>90.17</b> | <b>131.41</b> | <b>82.70</b> |

## Working capital analysis

### Inventory Turnover in Days

|                          | 2017          | 2018          | 2019          | 2020          | 2021          |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Opening Inventory (Tk.)  | 295,729,610   | 130,441,911   | 301,129,697   | 451,118,392   | 621,618,191   |
| Closing Inventory (Tk.)  | 130,441,911   | 301,129,697   | 451,118,392   | 621,618,191   | 584,823,587   |
| Average Inventory (Tk.)  | 213,085,761   | 215,785,804   | 376,124,045   | 536,368,292   | 603,220,889   |
| Cost of Sales (Tk.)      | 1,714,693,581 | 1,755,638,024 | 1,878,203,439 | 2,317,707,737 | 2,244,863,313 |
| Average Inventory (Tk.)  | 213,085,761   | 215,785,804   | 376,124,045   | 536,368,292   | 603,220,889   |
| Inventory Turnover Ratio | 8             | 8             | 5             | 4             | 4             |
| Days in a year           | 365           | 365           | 365           | 365           | 365           |
| <b>Turnover Days</b>     | <b>45</b>     | <b>45</b>     | <b>73</b>     | <b>84</b>     | <b>98</b>     |

### Accounts Payable Turnover in Days

|  | 2017          | 2018          | 2019          | 2020          | 2021          |
|--|---------------|---------------|---------------|---------------|---------------|
| Opening payable (trade & other) (Tk.)    | 1,022,878,694 | 1,043,948,883 | 1,190,014,485 | 1,353,377,352 | 1,837,611,035 |
| Closing Payable (Tk.)                    | 1,043,948,883 | 1,190,014,485 | 1,353,377,352 | 1,837,611,035 | 1,665,931,472 |
| Average payable (Tk.)                    | 1,033,413,789 | 1,116,981,684 | 1,271,695,919 | 1,595,494,194 | 1,751,771,254 |
| Purchase (Tk.)                           | 632,761,748   | 1,148,608,963 | 1,360,149,211 | 1,755,306,464 | 1,551,950,834 |
| Average Payable (Tk.)                    | 1,033,413,789 | 1,116,981,684 | 1,271,695,919 | 1,595,494,194 | 1,751,771,254 |
| Accounts payable turnover ratio          | 0.61          | 1.03          | 1.07          | 1.10          | 0.89          |
| Days in a year                           | 365           | 365           | 365           | 365           | 365           |
| <b>Accounts payable turnover in days</b> | <b>596</b>    | <b>355</b>    | <b>341</b>    | <b>332</b>    | <b>412</b>    |

### Accounts Receivable Turnover in Days

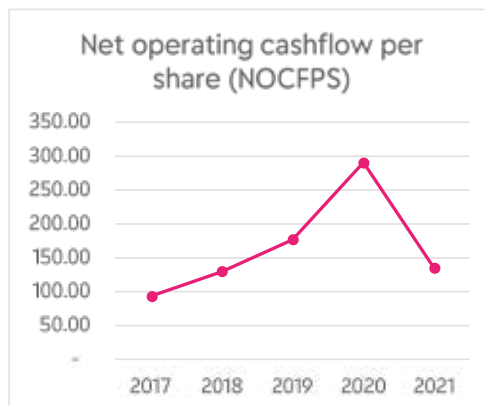
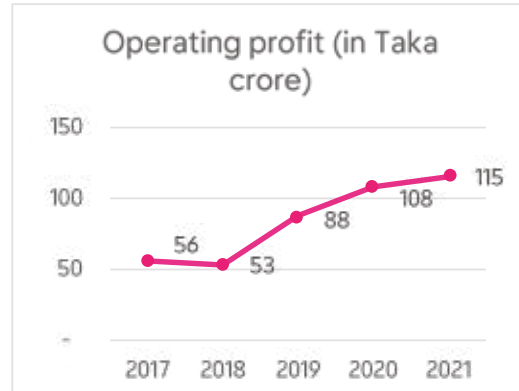
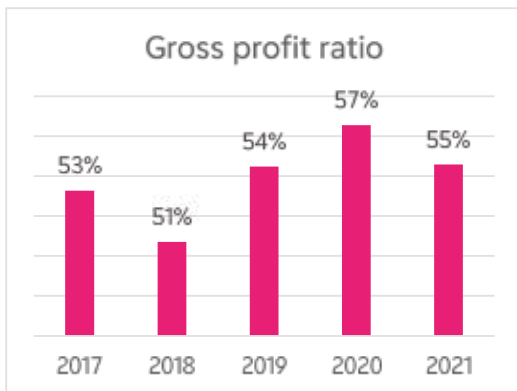
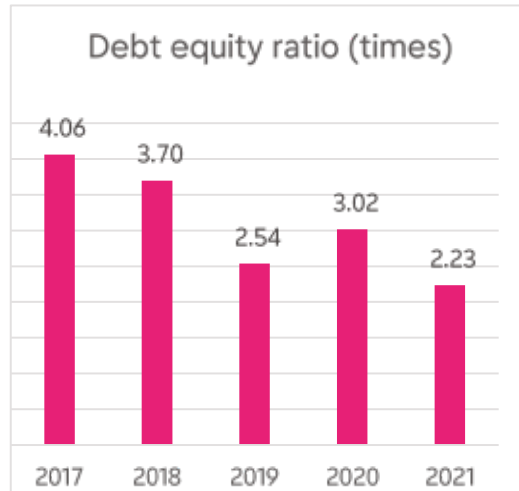
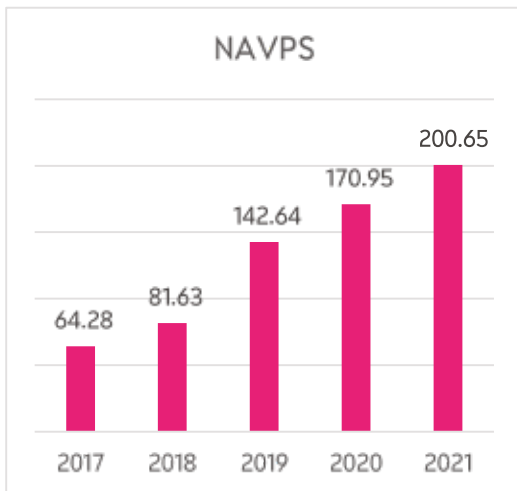
|   | 2017          | 2018          | 2019          | 2020        | 2021          |
|---|---------------|---------------|---------------|-------------|---------------|
| Opening receivable (Tk.)                    | 16,411,459    | 130,441,911   | 84,863,618    | 43,905,926  | 25,500,945    |
| Closing receivable (Tk.)                    | 130,441,911   | 84,863,618    | 43,905,926    | 25,500,945  | 69,006,591    |
| Average receivable (Tk.)                    | 73,426,685    | 107,652,765   | 64,384,772    | 34,703,436  | 47,253,768    |
| Revenue (Tk.)                               | 3,669,620,066 | 3,893,024,596 | 4,126,150,222 | 533,883,576 | 4,942,046,045 |
| Average receivable (Tk.)                    | 73,426,685    | 107,652,765   | 64,384,772    | 34,703,436  | 47,253,768    |
| Accounts receivable turnover ratio          | 50            | 36            | 64            | 15          | 105           |
| Days in a year                              | 365           | 365           | 365           | 365         | 365           |
| <b>Accounts receivable turnover in days</b> | <b>7</b>      | <b>10</b>     | <b>6</b>      | <b>24</b>   | <b>3</b>      |

Overall, our net asset value per share is the highest in the history of Reckitt Bangladesh. It has seen a 17% increase than the last year and came to Tk. 200.65, indicating a strong financial structure.

Our debt equity ratio decreased from 3.02x to 2.23x, as this year your company has introduced planned assets for defined employee benefit and company had transferred a portion of the liability to the planned asset. The liabilities of Reckitt comprises of trade payable, employee benefits, lease liability, income tax payable and unclaimed dividend. Reckitt does not hold any external debt on its balance sheet.

**Outcome in Profit and Loss Account**

Whilst our revenue decreased by 7.35% this year, our operating profit increased by 6.56%, which resulted in increase in EPS by 9.37% to Tk. 171.03. Gross profit ratio over the years remained almost same, which indicates a strong infrastructure in our production process. During the year, operating profit had increased to Tk 115 crore from Tk 108 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.





# OUR INFRASTRUCTURE

**WE ARE TAKING CARE OF CONSUMERS HEALTH BY GIVING EASY ACCESS TO OUR LEADING BRANDS THROUGHOUT THE COUNTRY.**

We are producing and marketing our all-premium leading brands for changing lifestyle of our consumer and growing revenue and gross margins. Our business is dedicated to providing high-quality, innovative, science based products for our consumers. The business has built a wide-range of portfolio that includes world class brands such as Dettol, Harpic, Lizol, Trix, Mr. Brasso, Veet etc. Our brands enhancing healthier lives of people and happier home through basic solutions of personal hygiene and household cleaning. We always target to gain market share introducing new products, create new consumers and to meet increased market demand we also go for new investment with modern technology, develop product quality with continuous research to retain a sustainable growth.

## OUR HISTORY:

Reckitt Benckiser (Bangladesh) PLC, 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 (Bangla-

desh) 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. In 1997 the company was listed in Chittagong Stock Exchange. 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 factory 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. The total factory area is 16,310 Sq Meters where as the plant area is 9,786 Sq Meters

## 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. Reckitt Bangladesh has a strong distribution network which is enabling fast-paced rural penetration. Reckitt has expanded its portfolio last year by introducing Dettol Disinfectant Liquid, Dettol Disinfectant Spray, Dettol Surface Disinfectant Spray, Harpic Platinum Shieled, Veet Wax Strip and many more. To support business to expand its portfolio Reckitt increased warehouse space by 30% last year. Reckitt has built one of the best facilities in the country to store and distribute products. All its distribution center have world class system in place to ensure safety and quality of products and people.

## WE ARE RESPONSIBLE FOR QUALITY:

Reckitt Benckiser (Bangladesh) PLC are a subsidiary of Reckitt Benckiser group Ltd. UK a UK-based Multinational Company and is one of the most trusted and reputed manufacturing companies in health, hygiene and home category products with some powerbrands in Bangladesh. 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. With quality at the core, the site is capable to deliver outstanding products for our consumers and meaningful value for our business. Reckitt manufacturing site regularly celebrates World Quality Day, World Environment Week, Safety awareness week to ensure we do right by our people & consumers and never cut any corners.



# OUR KEY BRANDS



**Our brands provide people with access to the highest quality hygiene, wellness and nourishment a right and not a privilege**

Our brands create opportunities in people's lives, through better health, hygiene and nutrition. They meet growing consumer demands, all the more so during the pandemic. In doing so, they have an authentic social impact, fighting at the front lines to give our consumers a better life. We don't just sell products, we design solutions that meet fundamental human needs. New innovations bring greater efficacy for consumers and greater impacts for society. We are developing our brands, our business, our supply networks and channels to consumers to maximize our positive impact on society within the growth of our business. We create impact through our brands and how we work, with an emphasis on purpose-led brands, a healthier planet and a fairer society. Our brands are trusted by people all over the world, and we work hard to earn that trust. Consumers today know a lot more about how the world works and that affects their choices. With better information, they expect more from us and our brands. Our brands are at the heart of the social and environmental impact we create, and we focus on enabling a healthier planet and fairer society. In doing so, we help to deliver the UN's Sustainable Development Goals. Most importantly, we create social impact in the lives of people we serve, our consumers, their families and their communities.



## KEEPING YOU AND YOUR LOVED ONES HEALTHY

Dettol helps families all over the world fight germs and bacteria. From the products we make to the education we provide, our expertise in disinfection, hygiene and first aid makes a difference.



## REMOVE HAIR YOUR WAY

We are all different and the way we look after our bodies should always be our personal choice. Veet makes it easy to stay in control with a range of superior hair-removal solutions to suit different skin types, styles and moods. Your body, your choice!

*What beauty feels like.*



## CREATING A WORLD WHERE EVERYONE HAS ACCESS TO A HYGIENICALLY CLEAN TOILET

1 in 3 people don't have access to a toilet & many people around the world struggle with the facilities they do have. We will help people to embrace improved sanitation and continue to deliver superior solutions that perfectly clean & maintain all areas of your toilet & bathroom.



## BUILDING HEALTHY HABITS IN HOMES, SCHOOLS AND COMMUNITIES

For more than a century, Lizol has been protecting families from illness-causing germs. We believe there is nothing more important than keeping our loved ones safe and healthy. For Lizol, just as it is for parents, protection is an instinctive act of love: an unconditional combination of strength and heart.



## FASTEST AND SHINIEST CLEAN, THAT MAKES YOUR DISHWASHING EXPERIENCE FUN

Trix dishwashing liquid gives you the fastest and shiniest scratch-free clean. Its power-rich thick foam quickly works through the toughest of grease stains and unseen food residue bringing your dishes to their incredible best; fresh, shiny and sparkling clean.



## AN ALL-ROUND HOUSEHOLD CLEANER THAT KEEPS YOUR GLASS SURFACES LOOKING LIKE NEW

To keep your windows, appliances and glass surfaces tip-top. Mr. Brasso is a must-have among your household cleaning products. Its new powerful formula effortlessly removes hard water stains, accumulated dirt and other tough stains, while also kills 99.9% germs.



## LOVE YOUR CLOTHES FOR LONGER

Whether dealing with a stain on clothes or on the carpet, Vanish provides amazing, effective and safe stain removal.



## BRINGING AUTHENTIC FRAGRANCES INSPIRED BY NATURE TO YOU

Air Wick aims to bring indoors the fragrance experiences with the help of what nature has to offer. For decades we've made beautiful fragrances, inspired by the best ingredients in nature. Being the ambitious innovator in air care, Air Wick always strives to come up with new solutions for you.



## PROTECTING EVERY STEP FOR GENERATIONS

With a heritage that spans over a century, Cherry Blossom is known for having always been a part of the family. We have loyal customers who have used our products on their school shoes and are now teaching their grandchildren how to clean, care and protect their shoes.

# OUR KNOWLEDGE AND SKILLS

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

Our knowledge and resources can scale up their ideas. Together, we can have a lasting impact in areas that really matter to people's lives. Our leadership teams have extensive business knowledge and many years of experience in the relevant fields. The team was observed to have a good mix of skills, sector-relevant experience, knowledge as a whole was deemed appropriate. The members worked well together to achieve objectives, with a sufficient degree of support and challenge provided by the Board of Directors. 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.



# OUR STAKEHOLDERS

**Our strategy meets the needs and the concerns of our stakeholders. Our strategy delivers our purpose and our fight to make access to the highest quality hygiene, wellness and nourishment a right, not a privilege.**

Our stakeholder relationships extend our ability to deliver on our purpose. Listening to and working with consumers, customers, partners and colleagues throughout our business brings greater opportunities. Our identified stakeholders are our consumers, customers, suppliers, trusted third party resources, our employees, regulatory bodies, bank and financial institutions.

## CONSUMER:

Our target is to reach our consumers with the best product. Our purpose-led brands are well known and trusted by consumers. They rightly expect safe, effective and sustainable products, delivered at a fair price. New innovations bring greater efficacy for consumers and greater impacts for society. We are developing our brands, our business, our supply networks and channels to consumers to maximize our positive impact on society within the growth of our business.

## SUPPLIERS AND TRUSTED THIRD PARTIES:

We seek to encourage sustainable practice across the supply chain. To do that, we make sure we source responsibly, and we collaborate with key suppliers and manufacturers to advance our purpose. 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. We seek to encourage sustainable practice across the supply chain. To do that, we make sure we source responsibly, and we collaborate with key suppliers.

## ENGAGING WITH CONSUMERS AND TRUSTED THIRD PARTIES:

The pandemic posed unique challenges for global supply chains, which rely on steady supplies from numerous suppliers and shipping companies.

As part of CSR, we work towards our social causes. During 2021 we worked for multiple causes, however two very much worth mentioning programs are "Safe Mother, Safe Tomorrow" and "Back to School" Maintaining proper hygiene is crucial for both pregnant mothers and the newborn. To address this issue Dettol partnered with BRAC and worked together to raise hygiene awareness among underprivileged expecting mothers living in remote areas in the country through our "Safe Mother, Safe Tomorrow" campaign. Dettol and Harpic again joined hands with BRAC and Bangladesh Scouts and reached over 300,000 students who were waiting to return to their schools through our "Back to School" program. Details on this is presented on page 81.

## 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. Depending on the profile of the customer, we coordinate our largest relationships globally, regionally or nationally. At the operational level, we have substantially expanded our customer facing teams to provide multi-disciplinary support to our major customers. We aim to grow mutually beneficial long-term relationships by building structural partnerships.

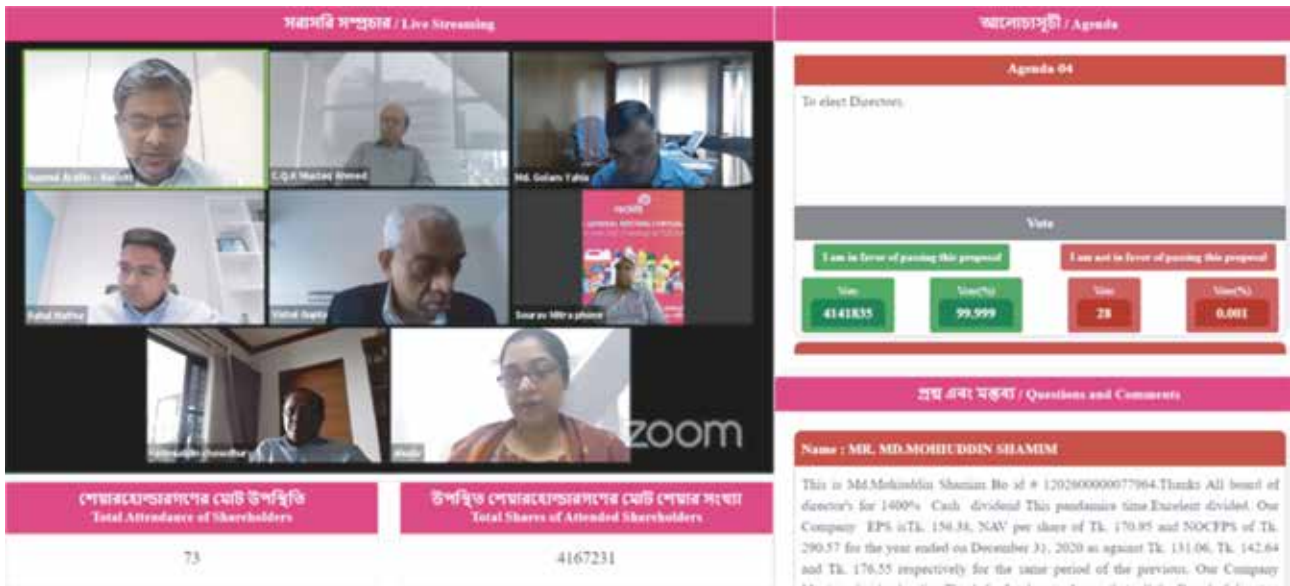
## OUR SHAREHOLDERS:

Our investors, as owners of the business are a critical stakeholder group and are the providers of the financial capital that underpins our business and allows us to successfully execute our strategy. In

return for this, they expect to earn good financial returns. These can be in the form of dividends, capital appreciation or interest. Open, effective communication combined with performance builds trust and confidence in our company.

## ENGAGING WITH OUR SHAREHOLDERS:

We engage with our investors by regularly updating our website, timely publication of price sensitive information and audited or unaudited quarterly accounts. Whilst we



varrange Annual General Meeting (AGM) in the premises of our registered office, during the pandemic we had arranged our AGMs through online. Our investors were open and welcoming to the idea of virtual AGM while we fostered our relationship with them through these exclusive events. More information for our shareholders is available on page 27.

**OUR PEOPLE:**

Our success as a business is founded on our strong, distinctive culture. We want all colleagues to have a sense of belonging and take personal pride in what they do. Our approach is anchored by our purpose:

the relentless pursuit of a cleaner, healthier world. The behaviors we share are guided by our compass; doing the right thing, always, is fundamental for everyone here. Our Freedom to Succeed employee value proposition aims to instill, promote, reinforce, and reward the positive behaviors and attributes that make that real. Our focus is on maintaining an open, positive, inclusive culture by promoting continuing dialogue across the company.

**ENGAGING WITH PEOPLE:**

During 2021 we had launched EAP (Employee Assistance Program) service in partnership with Psychological Health and Wellness Clinic to address all employees

of Reckitt for various engaging workshops to improve mental health and the awareness of its importance. To recognize and appreciate our people for the Compass Values that they demonstrate in their everyday work, for the first time, we had also organized a recognition program driven by the people and for the people – named “People’s award Choice Compass Awards”. In this program employees voted each appreciating each other’s actions, competencies more importantly the Compass Values.



# ENVIRONMENTAL INITIATIVES

## SETTING AND MEETING AMBITIOUS GOALS

Reckitt's purpose is to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world. Our environmental sustainability goals frame our ambition to make the greatest positive impact we can on the planet. Our goals that we try to achieve are

1. Affordable and Clean Energy;
2. Responsible consumption and production;
3. Climate Action;
4. Clean Water and Sanitation;
5. Life below Water;
6. Life on Land;

from SDGs set up by UN. It is essential that we can visibly demonstrate not only our commitments to being better citizens but also our progress. Reckitt Chittagong Factory has set a number of challenging sustainability goals and we measure our performance with clear performance metrics.

**67.7%**

Reduction in energy use per Ton of production vs 2015

**10.4%**

Energy Saving in 2021

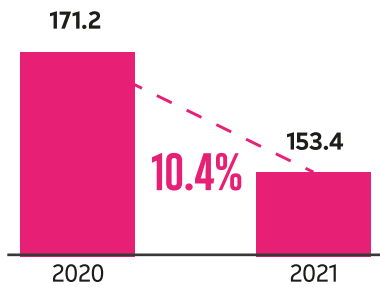
**19.6%**

Reduction in water use per ton of production vs 2015

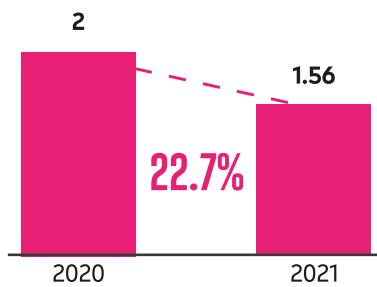
**16.6%**

Reduction in waste per ton of production vs 2020

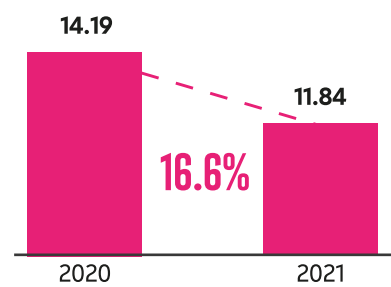
**Total energy consumption - [kWh/T]**



**Total Water consumption - [m<sup>3</sup>/T]**



**Total waste - [Kg/T]**



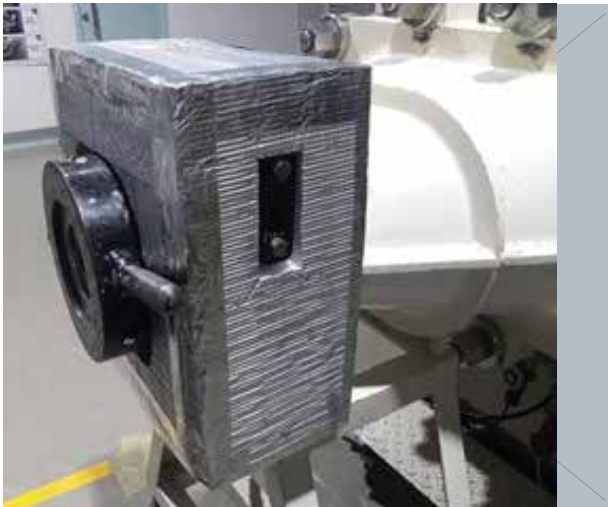


## 10.4% REDUCTION IN ENERGY USE VS 2020 67.7% REDUCTION IN ENERGY USE VS 2015

Our energy monitoring and reporting system helps us continually improve how we use energy across our site. We're encouraged that we've succeeded in cutting carbon emissions directly under our control, which come mainly from our manufacturing operation. Initiatives like Improving energy efficiency, switching renewables and proper monitoring are helping towards achieving target on GHG and energy saving:

Three times Energy saving:

- Using Natural light to save energy.
- Closely monitoring temperature of HVAC system & Air system
- Insulating all heating part of machine
- Replacing new lights and equipment with energy efficient light.
- Continuous monitoring system



## 22.7% REDUCTION IN WATER USE VS 2020 19.6% REDUCTION IN WATER USE VS 2015

Insulating all heating part of machine

The water we use are vital measures 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.

We operate under a Group certification for ISO 14001. The site has a water management plan in place and is reviewed every 3 years as a minimum. We've made wonderful progress on reusing and recycling water. We believe small initiatives can save a lot.

We saved ten times more than the target during 2021:

- Using generator radiator instead of cooling tower.
- Auto closing water tap to save water.
- Implementing water balance for the site
- Via Regular monitoring.



Using generator radiator instead of cooling tower

## 16.6% REDUCTION IN WASTE GENERATION VS 2020

Waste is one of the biggest challenges facing our planet. We've come close to the point where we send no waste to landfill. Now we're building on that to reuse and repurpose waste and, most importantly, produce as little of it as we can. It makes environmental sense, but it's also good business.

We develop measure and control to reduce waste and manage its disposal carefully. Our global standard encourages recycling and reprocessing of waste, with site environmental specialists identifying the best ways to do this locally.

Eight times of Waste saving via:

- Installing more environment friendly automatic machines to reduce waste.
- Introducing environmental behavioral safety observation for the first time in the region.
- Machine wise waste reduction program.
- Installing bottle and paper shredding machine.



New machine installed



Environment day celebration

## CLOSING

We know our greatest impact is through the difference we make on people's lives and the environment. The most pressing challenges in overcoming pollution will not be met in isolation but by working together. We understand the necessity of engaging our people, training them and encouraging them to do the right thing, always.

At Reckitt, we believe everything matters. Pulling out small but impactful initiatives is what we are focusing on. We have introduced E BSO (Environment behavior safety observation) system for the first time in the region. We have started to use ETP outlet water in alternative ways rather than throwing out to environment. Like we say, even a small tree can make a big impact.

We are excited to be playing our part in saving our mother world.



Design change to prevent cutting down trees

- Auditor's Report
- Statement of Financial Position
- Statement of Profit and Loss and Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flow
- Notes to the Financial Statements
- Annual Report Exploration Index
- Proxy form / Attendance Slip

# FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

### To the shareholders of Reckitt Benckiser (Bangladesh) PLC Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Reckitt Benckiser (Bangladesh) PLC (the Company), which comprise the statement of financial position as at 31 December 2021, 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

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

#### Key Audit Matters

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

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

| 1. Revenue recognition<br>See note 2.8 (B) and 15 to the financial statements   |   |
|---|---|
| Description of key audit matters  | How the matters were addressed in our audit   |
| <p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when 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 customers at the shipping point and control has passed.</p> <p>During the year ended December 31, 2021 the Company has recognised sales of BDT 4,942 million (net). The sales of the Company are derived from a large number of distributors which locate over the country with relatively small amount of transactions. As a</p> | <p>Our audit procedures included the following:</p> <p>1) We read the Company's revenue recognition policy and assessed its compliance in terms of IFRS 15 'Revenue from contracts with customers'.</p> <p>2) We understood, evaluated and validated the key controls related to the Company's sales process and tested the operating effectiveness of key controls over sales.</p> <p>3) We performed substantive testing on revenue recorded throughout the year using sampling techniques to ensure appropriateness of recording revenue by examining the relevant supporting documents including sales invoices, VAT Challans and</p> |

|  |  |
|--|--|
| <p>result, to obtain sufficient audit evidence, magnitude audit work and resources are required.</p> <p>As it is industry practice, the Company enters into numerous types of commercial arrangements with customers to offer product promotions and discounts. Revenue is measured net off estimated trade spends i.e. rebates and discounts earned on the Company's sales by customers or other parties that purchase the entity's goods.</p> <p>We focused on the proper cut off of sales to the Company customers due to the fact that the documents of confirming the acceptance of the products were provided by numerous customers based in different locations. There is a risk of differences between the timing of acceptance of the products by the Company customers and when revenue was recorded. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p> <p>Considering the above factors and the risk associated with revenue recognition, we have determined the same to be a key audit matter.</p> | <p>truck challans. We also confirmed certain customers' receivable balance at the statement of financial position date, selected on sample basis by considering the amounts outstanding with those customers.</p> <p>4) We have assessed the completeness and occurrence of trade spend by obtaining supporting documentation or calculation and reviewing the underlying assumptions of estimates approval of same by the management.</p> <p>5) We selected samples of sales transactions made pre and post year end, agreed the date of transfer of control for the selected sample by testing underlying documents and</p> <p>6) We have tested sales return transactions recorded throughout the year using sampling techniques to ensure the appropriateness of recording sales return by examining the related supporting documents.</p> |
| <p><b>2. Existence and valuation of inventories</b><br/>See note 2.8(G) and 5 to the financial statements</p>  |  |
| <b>Description of key audit matters</b>  | <b>How the matters were addressed in our audit</b>   |
| <p>Inventories represent about 19%, of the total assets of the Company, inventories are thus a material item to the financial statements.</p> <p>Inventories are valued at the lower of cost or net realisable values. As such, management is required to make judgements in determining whether inventories are being appropriately valued, and also need to make provision for aged inventories, if required.</p> <p>Due to the value and volume of inventories being held by the company at the reporting date and the complexities involved in the accounting and presentation thereof, Inventories has been considered as a key audit matter.</p>   | <p>Our audit procedures included the following:</p> <p>1) We read the Company's revenue recognition policy and assessed its compliance in terms of IAS 2 'Inventories'.</p> <p>2) We understood, evaluated and validated the key controls related to the Company's inventory process and tested the operating effectiveness of key controls over inventories.</p> <p>3) We observed the process of management's year-end inventory count and perform test counts.</p> <p>4) We verified a sample of inventory items to ensure that costs have been appropriately recorded.</p> <p>5) We tested on a sample basis the net realisable value by comparing costs to recent selling prices and assessed the reasonableness of any resulting write down of inventory items.</p>  |

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

### Other Matter

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those statements on 29 April 2021.

### Other Information

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

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

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

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

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- 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
- the expenditure incurred was for the purposes of the Company's business.

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



**Mohammad Motaleb Hossain FCA**  
Partner  
Enrolment Number: 0950

DVC: 2203100950AS637686

Dhaka, 10 March 2022



## Reckitt Benckiser (Bangladesh) PLC

### Statement of financial position

| <i>In Taka</i>                      | Note     | 31 December<br>2021  | 31 December<br>2020  |
|-------------------------------------|----------|----------------------|----------------------|
| <b>Assets</b>                       |          |                      |                      |
| Property, plant and equipment       | 3        | 571,184,280          | 548,078,985          |
| Right-of-use assets (ROU)           | 4(A)(i)  | 155,426,295          | 177,140,448          |
| Deferred tax assets                 | 22(D)    | 10,885,455           | 28,760,056           |
| <b>Non-current assets</b>           |          | <b>737,496,030</b>   | <b>753,979,489</b>   |
| Inventories                         | 5        | 584,823,587          | 621,618,191          |
| Trade and other receivables         | 6        | 69,006,591           | 25,500,945           |
| Advances, deposits and prepayments  | 7        | 45,647,488           | 75,987,319           |
| Cash and cash equivalents           | 8        | 1,629,066,314        | 1,789,083,592        |
| <b>Current assets</b>               |          | <b>2,328,543,980</b> | <b>2,512,190,047</b> |
| <b>Total assets</b>                 |          | <b>3,066,040,010</b> | <b>3,266,169,536</b> |
| <b>Equity</b>                       |          |                      |                      |
| Share capital                       | 9        | 47,250,000           | 47,250,000           |
| Retained earnings                   |          | 900,806,113          | 760,469,848          |
| <b>Total equity</b>                 |          | <b>948,056,113</b>   | <b>807,719,848</b>   |
| <b>Liabilities</b>                  |          |                      |                      |
| Employee benefits                   | 10       | 70,417,764           | 171,350,000          |
| Lease liabilities                   | 4(A)(ii) | 153,549,066          | 149,323,393          |
| <b>Non-current liabilities</b>      |          | <b>223,966,830</b>   | <b>320,673,393</b>   |
| Trade and other payables            | 11       | 1,665,931,472        | 1,859,728,536        |
| Employee benefits                   | 10       | 27,760,000           | 31,460,000           |
| Lease liabilities                   | 4(A)(ii) | 10,086,980           | 18,213,814           |
| Current tax liabilities             | 12       | 187,205,959          | 219,565,704          |
| Unclaimed dividend                  | 13       | 3,032,656            | 8,808,241            |
| <b>Current liabilities</b>          |          | <b>1,894,017,067</b> | <b>2,137,776,295</b> |
| <b>Total liabilities</b>            |          | <b>2,117,983,897</b> | <b>2,458,449,688</b> |
| <b>Total equity and liabilities</b> |          | <b>3,066,040,010</b> | <b>3,266,169,536</b> |

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

As per our report of same date.

#### A. Qasem & Co.

Chartered Accountants  
RJSC Registration No.: 2-PC7202



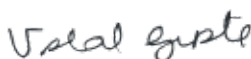
Afreen Huda  
Director



Tanmay Gupta  
Director & Chief Financial Officer



Mohammad Motaleb Hossain FCA  
Partner  
Enrolment Number: 0950



Vishal Gupta  
Managing Director



Md. Nazmul Arefin  
Company Secretary

DVC: 2203100950AS637686

Dhaka, 10 March 2022

## Reckitt Benckiser (Bangladesh) PLC

### Statement of profit or loss and other comprehensive income

For the year ended 31 December

| <i>In Taka</i>  | <i>Note</i> | <b>2021</b>            | <b>2020</b>     |
|---|-------------|------------------------|-----------------|
| Revenue   | 15          | <b>4,942,046,045</b>   | 5,333,883,576   |
| Cost of sales   | 16          | <b>(2,244,863,313)</b> | (2,317,707,737) |
| <b>Gross profit</b>   |             | <b>2,697,182,732</b>   | 3,016,175,839   |
| Other income  | 17          | <b>2,492,240</b>       | 562,867         |
| Operating expenses  | 18          | <b>(1,546,376,638)</b> | (1,934,646,047) |
| Impairment (loss)/gain reversal on trade receivables              | 6(A)(i)     | <b>(47,422)</b>        | 112,604         |
| <b>Operating profit</b>   |             | <b>1,153,250,912</b>   | 1,082,205,263   |
| Finance income  | 19          | <b>14,490,193</b>      | 60,607,204      |
| Finance costs   | 20          | <b>(11,164,549)</b>    | (11,078,255)    |
| <b>Profit before contribution to WPPF</b>                         |             | <b>1,156,576,556</b>   | 1,131,734,212   |
| Contribution to WPPF  | 21          | <b>(55,075,074)</b>    | (53,892,105)    |
| <b>Profit before tax</b>  |             | <b>1,101,501,482</b>   | 1,077,842,107   |
| Income tax expense  | 22(A)       | <b>(293,379,967)</b>   | (338,954,483)   |
| <b>Profit for the year</b>  |             | <b>808,121,515</b>     | 738,887,624     |
| <b>Other comprehensive income</b>                                 |             |                        |                 |
| Remeasurement of defined benefit liability                        | 10(A)       | <b>(8,110,000)</b>     | (19,342,960)    |
| Related tax   | 22(D)       | <b>1,824,750</b>       | 4,835,740       |
| <b>Other comprehensive income/(loss) for the year, net of tax</b> |             | <b>(6,285,250)</b>     | (14,507,220)    |
| <b>Total comprehensive income for the year</b>                    |             | <b>801,836,265</b>     | 724,380,404     |
| <b>Earnings per share</b>   |             |                        |                 |
| Basic earnings per share (Taka)                                   | 23(A)       | <b>171.03</b>          | 156.38          |

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

As per our report of same date.

#### A. Qasem & Co.

Chartered Accountants

RJSC Registration No.: 2-PC7202



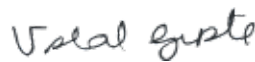
**Afreen Huda**  
Director



**Tanmay Gupta**  
Director & Chief Financial Officer



**Mohammad Motaleb Hossain FCA**  
Partner  
Enrolment Number: 0950



**Vishal Gupta**  
Managing Director



**Md. Nazmul Arefin**  
Company Secretary

DVC: 2203100950AS637686

Dhaka, 10 March 2022

## Reckitt Benckiser (Bangladesh) PLC

### Statement of changes in equity

For the year ended 31 December 2021

| <i>In Taka</i>                                       | <b>Note</b> | <b>Share capital</b> | <b>Retained earnings</b> | <b>Total</b>       |
|--|-------------|----------------------|--------------------------|--------------------|
| <b>Balance at 1 January 2020</b>                     |             | 47,250,000           | 626,714,444              | 673,964,444        |
| <b>Total comprehensive income for the year</b>       |             |                      |                          |                    |
| Profit for the year 2020                             |             |                      | 738,887,624              | 738,887,624        |
| Other comprehensive income/(loss) for the year       |             |                      | (14,507,220)             | (14,507,220)       |
| <b>Total comprehensive income for the year</b>       |             | -                    | 724,380,404              | 724,380,404        |
| <b>Transactions with owners of the Company</b>       |             |                      |                          |                    |
| <b>Contributions and distributions</b>               |             |                      |                          |                    |
| Final dividend for the year 2019                     | 9(C)        | -                    | (590,625,000)            | (590,625,000)      |
| <b>Total transactions with owners of the Company</b> |             | -                    | (590,625,000)            | (590,625,000)      |
| <b>Balance at 31 December 2020</b>                   |             | 47,250,000           | 760,469,848              | 807,719,848        |
| <b>Balance at 1 January 2021</b>                     |             | <b>47,250,000</b>    | <b>760,469,848</b>       | <b>807,719,848</b> |
| <b>Total comprehensive income for the year</b>       |             |                      |                          |                    |
| Profit for the year 2021                             |             | -                    | 808,121,515              | 808,121,515        |
| Other comprehensive income/(loss) for the year       |             | -                    | (6,285,250)              | (6,285,250)        |
| <b>Total comprehensive income for the year</b>       |             | -                    | 801,836,265              | 801,836,265        |
| <b>Transactions with owners of the Company</b>       |             |                      |                          |                    |
| <b>Contributions and distributions</b>               |             |                      |                          |                    |
| Final dividend for the year 2020                     | 9(C)        | -                    | (661,500,000)            | (661,500,000)      |
| <b>Total transactions with owners of the Company</b> |             | -                    | (661,500,000)            | (661,500,000)      |
| <b>Balance at 31 December 2021</b>                   |             | <b>47,250,000</b>    | <b>900,806,113</b>       | <b>948,056,113</b> |

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

## Reckitt Benckiser (Bangladesh) PLC

### Statement of cash flows

For the year ended 31 December

| <i>In Taka</i>                                      | <i>Note</i> | <b>2021</b>            | <b>2020</b>          |
|---|-------------|------------------------|----------------------|
| <b>Cash flows from operating activities</b>         |             |                        |                      |
| Receipts from customers                             |             | <b>5,480,460,199</b>   | 6,120,066,351        |
| Payment to suppliers, employees and others          |             | <b>(4,349,857,089)</b> | (4,273,960,318)      |
| Payment for technical services fee/royalty          | 11(B)(ii)   | <b>(187,182,000)</b>   | (162,520,000)        |
| Cash generated from operating activities            |             | <b>943,421,110</b>     | <b>1,683,586,033</b> |
| Income tax paid                                     | 12          | <b>(306,040,361)</b>   | (310,629,004)        |
| <b>Net cash from operating activities</b>           | 28          | <b>637,380,749</b>     | <b>1,372,957,029</b> |
| <b>Cash flows from investing activities</b>         |             |                        |                      |
| Acquisition of property, plant and equipment        |             | <b>(114,391,180)</b>   | (369,508,240)        |
| Proceeds from sale of property, plant and equipment |             | <b>2,217,767</b>       | -                    |
| Income from investment during the year              |             | <b>15,191,776</b>      | 61,552,065           |
| <b>Net cash used in investing activities</b>        |             | <b>(96,981,637)</b>    | (307,956,175)        |
| <b>Cash flows from financing activities</b>         |             |                        |                      |
| Dividends paid                                      | 13(C)       | <b>(669,287,754)</b>   | (590,781,603)        |
| Payment of lease liabilities                        | 4(i)        | <b>(31,128,636)</b>    | (26,428,795)         |
| <b>Net cash used in financing activities</b>        |             | <b>(700,416,390)</b>   | (617,210,398)        |
| <b>Net increase in cash and cash equivalents</b>    |             | <b>(160,017,278)</b>   | 447,790,456          |
| Cash and cash equivalents at 1 January              |             | <b>1,789,083,592</b>   | 1,341,293,136        |
| Effect of in exchange rates on cash held            |             | -                      | -                    |
| <b>Cash and cash equivalents at 31 December</b>     |             | <b>1,629,066,314</b>   | 1,789,083,592        |

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

# Reckitt Benckiser (Bangladesh) PLC

## Notes to the financial statements

### 1. Reporting entity

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

Reckitt Benckiser (Bangladesh) Limited had applied for name change to Registrar of Joint Stock Companies and Firms (RJSC) according to section Ka of 11Ka of Companies Act, 1994 after the promulgation of Companies (Second Amendment) Act 2020 from Reckitt Benckiser (Bangladesh) Limited to Reckitt Benckiser (Bangladesh) PLC. As such on 29th September 2021 the application has been granted by RJSC and the Company is now incorporated as Reckitt Benckiser (Bangladesh) PLC.

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. Basis of preparation and significant accounting policies

#### 2.1 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.

#### 2.2 Components of the financial statements

The financial statements comprise of the following:

- i. Statement of Financial Position, as at 31 December 2021
- ii. Statement of Profit and Loss and Other Comprehensive Income, for the year ended 31 December 2021
- iii. Statement of changes in equity, for the year ended 31 December 2021
- iv. Statement of cash flows, for the year ended 31 December 2021
- v. Notes to the financial statements

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

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#### 2.3 Date of authorisation

This financial statements is authorised for issue by the Company's board of directors on 10 March 2022.

#### 2.4 Functional and presentational currency

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

#### 2.5 Use of judgements and estimates

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

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

#### A. Judgements

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

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

#### B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2021 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 14 and Note 24 – revenue recognition: estimate of expected returns;
- Note 10 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 22(D) – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 05 – provision for inventory obsolescence;
- Note 12 – current tax liabilities; and
- Note 2.8 (H) – useful life of property, plant and equipment.
- Note 6 (A)- Impairment loss/gain on trade receivable .

#### 2.6 Basis of measurement

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

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.7 Going concern

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

#### 2.8 Significant accounting policies

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

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

|                                    | <u>Page ref.</u> |
|------------------------------------|------------------|
| A. Foreign currency                | 112              |
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#### A. Foreign currency

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

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

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. Significant accounting policies continued

#### B. Revenue recognition

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

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

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

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

#### C. Employee benefits

##### i. Short-term employee benefits

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

##### ii. Defined contribution plans (provident fund)

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

##### iii. Defined benefit plans (gratuity)

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

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



## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. Significant accounting policies continued

#### C. Employee benefits continued

##### iv. Workers' Profit Participation Fund

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

#### D. Finance income

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

#### E. Income tax

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

##### i. Current tax

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

##### ii. Deferred tax

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

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

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

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

#### F. Share capital

Only ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings.

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. 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 recognized in profit or loss.

##### ii. Subsequent costs

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

##### 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.

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. Significant accounting policies continued

#### H. Property, plant and equipment continued

##### iii. Depreciation continued

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

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

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

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

#### I. Asset under construction

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

#### J. Financial instruments

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

##### i. Recognition and initial measurement

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

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

##### ii. Classification and subsequent measurement

###### Financial assets

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

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. Significant accounting policies continued

##### J. Financial instruments continued

##### ii. Classification and subsequent measurement continued

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

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

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

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

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

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

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

#### **Financial assets – Business model assessment**

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

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

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. Significant accounting policies continued

##### J. Financial instruments continued

##### ii. Classification and subsequent measurement continued

### Financial assets – Subsequent measurement and gains and losses

|   |  |
|---|--|
| <b>Financial assets at FVTPL</b>          | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.   |
| <b>Financial assets at amortised cost</b> | 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.                             |
| <b>Debt investments at FVOCI</b>          | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| <b>Equity investments at FVOCI</b>        | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.   |

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

#### (a) Cash and cash equivalents

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

#### (b) Trade and other receivables

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

#### Financial liability

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

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

Financial liabilities include trade and other payables etc.

#### (a) Trade and other payables

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

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. Significant accounting policies continued

## 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.

### ii. Measurement of ECLs

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

## L. Provisions

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

## M. Leases

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

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. Significant accounting policies continued

#### M. Leases continued

##### i. As a lessee

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

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

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

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

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

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

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

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

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

## N. Contingencies

### i. Contingent liability

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

## Notes to the financial statements continued

### 2. Basis of preparation and significant accounting policies continued

#### 2.8. Significant accounting policies continued

#### N. Contingencies continued

##### i. Contingent liability continued

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

##### ii. Contingent asset

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

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

#### O. Earnings per share

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

Related disclosure of earnings per share has been provided in Note 23.

#### P. Related party disclosure

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

#### Q. Segment reporting

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

#### R. Reporting period

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

#### S. Events after the reporting date

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



## Notes to the financial statements continued

### 2.9 Status of Compliance to Accounting Standards

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

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

## Notes to the financial statements continued

### 3. Property, plant and equipment

See accounting policy in Note 2.8(H)

| In Taka                             | 2021                 | 2020               |
|-------------------------------------|----------------------|--------------------|
| <b>i. Cost</b>                      |                      |                    |
| Balance at 1 January                | 996,078,866          | 937,097,432        |
| Additions                           | 230,666,849          | 183,459,634        |
| Transfers/capitalised               | (100,790,102)        | -                  |
| Disposal/adjustment                 | (7,182,238)          | (124,478,200)      |
| <b>Balance at 31 December</b>       | <b>1,118,773,375</b> | <b>996,078,866</b> |
| <b>ii. Accumulated depreciation</b> |                      |                    |
| Balance at 1 January                | 447,999,881          | 466,210,813        |
| Depreciation for the year           | 106,765,392          | 96,400,087         |
| Impairment Loss                     | 3,030                | 9,867,180          |
| Disposal/adjustment                 | (7,179,208)          | (124,478,199)      |
| <b>Balance at 31 December</b>       | <b>547,589,095</b>   | <b>447,999,881</b> |
| <b>Carrying amounts (i-ii)</b>      | <b>571,184,280</b>   | <b>548,078,985</b> |

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

### Notes to the financial statements continued

#### 3. Property, plant and equipment continued

##### A. Reconciliation of carrying amount

| In Taka                            | Leasehold land | Buildings          | Plant and machinery | Furniture fixtures and equipment | Computers         | Vehicles          | Under construction | Total                |
|------------------------------------|----------------|--------------------|---------------------|----------------------------------|-------------------|-------------------|--------------------|----------------------|
| <b>Cost</b>                        |                |                    |                     |                                  |                   |                   |                    |                      |
| Balance at 1 January 2020          | 209,490        | 306,940,785        | 349,797,941         | 157,826,900                      | 40,767,966        | 56,766,941        | 24,787,409         | 937,097,432          |
| Additions                          | -              | -                  | -                   | 1,160,250                        | 14,035,634        | -                 | 168,263,750        | 183,459,634          |
| Transfers/capitalised              | -              | 15,922,662         | 17,159,041          | 80,719,077                       | 149,200           | -                 | (113,949,980)      | -                    |
| Disposal/adjustment                | -              | (53,365,548)       | (21,655,869)        | (29,894,374)                     | (19,562,409)      | -                 | -                  | (124,487,200)        |
| Balance at 31 December 2020        | 209,490        | 269,497,899        | 345,301,113         | 209,811,853                      | 35,390,391        | 56,766,941        | 79,101,179         | 996,078,866          |
| Balance at 1 January 2021          | 209,490        | 269,497,899        | 345,301,113         | 209,811,853                      | 35,390,391        | 56,766,941        | 79,101,179         | 996,078,866          |
| Additions                          | -              | 16,914,660         | 47,326,055          | 35,967,642                       | 6,822,632         | 5,409,508         | 118,226,352        | 230,666,849          |
| Transfers/capitalised              | -              | -                  | -                   | -                                | -                 | -                 | (100,790,102)      | (100,790,102)        |
| Disposal/adjustment                | -              | -                  | (1,165,493)         | (558,567)                        | (312,801)         | (5,145,377)       | -                  | (7,182,238)          |
| <b>Balance at 31 December 2021</b> | <b>209,490</b> | <b>286,412,559</b> | <b>391,461,675</b>  | <b>245,220,928</b>               | <b>41,900,222</b> | <b>57,031,072</b> | <b>96,537,429</b>  | <b>1,118,773,375</b> |
| <b>Accumulated depreciation</b>    |                |                    |                     |                                  |                   |                   |                    |                      |
| Balance at 1 January 2020          | 209,490        | 145,535,958        | 142,297,061         | 94,186,332                       | 33,498,788        | 50,483,184        | -                  | 466,210,813          |
| Depreciation for the year          | -              | 20,544,936         | 41,615,139          | 23,944,770                       | 6,064,820         | 4,230,422         | -                  | 96,400,087           |
| Impairment Loss                    | -              | 2,794,653          | 61                  | 4,647,232                        | 397,085           | 2,028,149         | -                  | 9,867,180            |
| Disposal/adjustment                | -              | (53,365,548)       | (21,655,869)        | (29,894,374)                     | (19,562,408)      | -                 | -                  | (124,478,199)        |
| Balance at 31 December 2020        | 209,490        | 115,509,999        | 162,256,392         | 92,883,960                       | 20,398,285        | 56,741,755        | -                  | 447,999,881          |
| Balance at 1 January 2021          | 209,490        | 115,509,999        | 162,256,392         | 92,883,960                       | 20,398,285        | 56,741,755        | -                  | 447,999,881          |
| Depreciation for the year          | -              | 20,370,906         | 45,137,730          | 32,207,075                       | 8,236,070         | 813,611           | -                  | 106,765,392          |
| Impairment Loss                    | -              | -                  | 6                   | 14                               | 10                | 3,000             | -                  | 3,030                |
| Disposal/adjustment                | -              | -                  | (1,165,487)         | (558,553)                        | (312,791)         | (5,142,377)       | -                  | (7,179,208)          |
| <b>Balance at 31 December 2021</b> | <b>209,490</b> | <b>135,880,905</b> | <b>206,228,641</b>  | <b>124,532,496</b>               | <b>28,321,574</b> | <b>52,415,989</b> | <b>-</b>           | <b>547,589,095</b>   |
| <b>Carrying amounts</b>            |                |                    |                     |                                  |                   |                   |                    |                      |
| At 31 December 2020                | -              | 153,987,900        | 183,044,721         | 116,927,893                      | 14,992,106        | 25,186            | 79,101,179         | 548,078,985          |
| <b>At 31 December 2021</b>         | <b>-</b>       | <b>150,531,654</b> | <b>185,233,034</b>  | <b>120,688,432</b>               | <b>13,578,648</b> | <b>4,615,083</b>  | <b>96,537,429</b>  | <b>571,184,280</b>   |

##### B. Allocation of depreciation and impairment losses

| In Taka                           | 2021                       |                   |                     | 2020               |
|-----------------------------------|----------------------------|-------------------|---------------------|--------------------|
|                                   | Depreciation on RoU Assets | Impairment on PPE | Depreciation on PPE | Total              |
| Cost of sales                     | 3,152,212                  | 6                 | 94,487,199          | 86,418,216         |
| Selling and distribution expenses | 21,427,081                 | 24                | 1,513,422           | 22,940,527         |
| Administrative expenses           | 15,707,176                 | 3,000             | 10,764,771          | 26,474,947         |
|                                   | <b>40,286,469</b>          | <b>3,030</b>      | <b>106,765,392</b>  | <b>147,054,891</b> |

## Notes to the financial statements continued

## 3. Property, plant and equipment continued

## C. Under construction

See accounting policy in Note 2.8(I)

| <i>In Taka</i>                     | Furniture<br>fixtures and<br>equipment | Buildings        | Plant<br>and<br>machinery | Computers | Total             |
|------------------------------------|--|------------------|---------------------------|-----------|-------------------|
| <b>Cost</b>                        |  |                  |                           |           |                   |
| 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)     |
| <b>Balance at 31 December 2020</b> | <b>26,708,112</b>                      | <b>45,332</b>    | <b>52,347,735</b>         | <b>-</b>  | <b>79,101,179</b> |
| Balance at 1 January 2021          | 26,708,112                             | 45,332           | 52,347,735                | -         | 79,101,179        |
| Additions                          | 23,368,629                             | 24,176,496       | 70,681,227                |           | 118,226,352       |
| Transfers/capitalised              | (35,967,642)                           | (17,496,405)     | (47,326,055)              |           | (100,790,102)     |
| <b>Balance at 31 December 2021</b> | <b>14,109,099</b>                      | <b>6,725,423</b> | <b>75,702,907</b>         | <b>-</b>  | <b>96,537,429</b> |

## 4. Leases

See accounting policy in Note 2.8(M)

## A. Leases as lessee (IFRS 16)

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

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

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

## i. Right-of-use assets (ROU)

| <i>In Taka</i>                   | 2021               | 2020               |
|----------------------------------|--------------------|--------------------|
| Balance at 1 January             | 225,024,630        | 64,785,711         |
| Accumulated Depreciation         | (88,170,651)       | (47,884,182)       |
| Additions to right-of-use assets | 18,572,315         | 179,889,323        |
| Set off                          | -                  | (19,650,404)       |
| <b>Balance at 31 December</b>    | <b>155,426,295</b> | <b>177,140,448</b> |

## Reconciliation of carrying amount

| <i>In Taka</i>              | Corporate    | Depot      | Other     | Total        |
|-----------------------------|--------------|------------|-----------|--------------|
| <b>Cost</b>                 |              |            |           |              |
| Balance at 1 January 2020   | 19,650,404   | 45,135,307 | -         | 64,785,711   |
| Additions                   | 169,873,170  | 5,661,324  | 4,354,829 | 179,889,323  |
| Disposal/adjustment         | (19,650,404) | -          | -         | (19,650,404) |
| Balance at 31 December 2020 | 169,873,170  | 50,796,631 | 4,354,829 | 225,024,630  |

## Notes to the financial statements continued

### 4. Leases continued

#### A. Leases as lessee (IFRS 16) continued

##### i. Right-of-use assets (ROU) continued

| <i>In Taka</i>                     | <b>Corporate</b>   | <b>Depot</b>      | <b>Other</b>     | <b>Total</b>       |
|------------------------------------|--------------------|-------------------|------------------|--------------------|
| Balance at 1 January 2021          | 169,873,170        | 50,796,631        | 4,354,829        | 225,024,630        |
| Additions                          | -                  | 17,889,428        | 682,887          | 18,572,315         |
| <b>Balance at 31 December 2021</b> | <b>169,873,170</b> | <b>68,686,059</b> | <b>5,037,716</b> | <b>243,596,945</b> |
| <b>Accumulated depreciation</b>    |                    |                   |                  |                    |
| Balance at 1 January 2020          | 10,718,402         | 15,609,583        | -                | 26,327,985         |
| Depreciation for the year          | 23,610,509         | 16,317,248        | 385,645          | 40,313,401         |
| Disposal/adjustment                | (18,757,204)       | -                 | -                | (18,757,204)       |
| Balance at 31 December 2020        | 15,571,707         | 31,926,831        | 385,645          | 47,884,182         |
| Balance at 1 January 2021          | 15,571,707         | 31,926,831        | 385,644          | 47,884,182         |
| Depreciation for the year          | 18,870,361         | 19,981,944        | 1,434,164        | 40,286,469         |
| <b>Balance at 31 December 2021</b> | <b>34,442,068</b>  | <b>51,908,775</b> | <b>1,819,808</b> | <b>88,170,651</b>  |
| <b>Carrying amounts</b>            |                    |                   |                  |                    |
| At 31 December 2020                | 154,301,463        | 18,869,801        | 3,969,184        | 177,140,448        |
| <b>At 31 December 2021</b>         | <b>135,431,102</b> | <b>16,777,285</b> | <b>3,217,908</b> | <b>155,426,295</b> |

##### ii. Lease Liability

| <i>In Taka</i>                           | <b>2021</b>        | <b>2020</b> |
|--|--------------------|-------------|
| Current portion of lease liabilities     | <b>10,086,980</b>  | 18,213,814  |
| Non-current portion of lease liabilities | <b>153,549,066</b> | 149,323,393 |
|  | <b>163,636,046</b> | 167,537,207 |

##### iii. Amounts recognised in profit or loss

| <b>Leases under IFRS 16</b>   | <b>2021</b>       | <b>2020</b> |
|-------------------------------|-------------------|-------------|
| Interest on lease liabilities | <b>11,164,549</b> | 11,078,255  |
|                               | <b>11,164,549</b> | 11,078,255  |

##### iv. Amounts recognised in statement of cash flows

|                                      |                   |            |
|--------------------------------------|-------------------|------------|
| <b>Total cash outflow for leases</b> | <b>31,128,636</b> | 26,428,795 |
|--------------------------------------|-------------------|------------|

##### v. Extension options

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

#### B. Leases as lessor

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

## Notes to the financial statements continued

## 5. Inventories

See accounting policy in Note 2.8(G)

| <i>In Taka</i>                       | <i>Note</i> | <i>2021</i>        | <i>2020</i>        |
|--------------------------------------|-------------|--------------------|--------------------|
| Raw and packing materials            | 5(A)        | 274,310,109        | 331,277,844        |
| Provision for inventory obsolescence |             | (1,679,244)        | (23,407,371)       |
| <b>Net raw and packing materials</b> |             | <b>272,630,865</b> | <b>307,870,473</b> |
| Finished goods                       | 5(B)        | 285,657,047        | 290,370,931        |
| Provision for inventory obsolescence |             | (7,302,093)        | (9,367)            |
| <b>Net finished goods</b>            |             | <b>278,354,954</b> | <b>290,361,564</b> |
| Work-in-progress                     |             | 1,207,236          | 2,181,380          |
| Inventory in transit                 | 5(C)        | 32,630,532         | 21,204,774         |
|                                      |             | <b>33,837,768</b>  | <b>23,386,154</b>  |
|                                      |             | <b>584,823,587</b> | <b>621,618,191</b> |

## A. Raw and packing materials

|                   |                    |                    |
|-------------------|--------------------|--------------------|
| Raw materials     | 214,627,862        | 284,024,861        |
| Packing materials | 59,682,247         | 47,252,983         |
|                   | <b>274,310,109</b> | <b>331,277,844</b> |

## B. Finished goods

## i. Operational allocation of finished goods

|                    |                    |                    |
|--------------------|--------------------|--------------------|
| Manufacturing unit | 186,293,149        | 190,603,013        |
| Trading unit       | 92,061,805         | 99,758,551         |
|                    | <b>278,354,954</b> | <b>290,361,564</b> |

## ii. Business line-wise allocation of finished goods

| Business line            | Unit of measurement | 2021          |                    | 2020          |                    |
|--------------------------|---------------------|---------------|--------------------|---------------|--------------------|
|                          |                     | Quantity Unit | Amount Taka        | Quantity Unit | Amount Taka        |
| Household and toiletries | Metric Ton          | 647           | 171,124,422        | 629           | 220,774,982        |
|                          | Thousand Litre      | 707           | 75,947,034         | 483           | 52,373,860         |
|                          | Million No.         | 6             | 2,050,926          | 5.95          | 2,105,786          |
|                          |                     |               | <b>249,122,382</b> |               | <b>275,254,628</b> |
| Pharmaceuticals          | Thousand Litre      | 106           | 29,232,572         | 54            | 15,106,936         |
|                          | Million No.         |               |                    |               |                    |
|                          |                     |               | <b>29,232,572</b>  |               | <b>15,106,936</b>  |
|                          |                     |               | <b>278,354,954</b> |               | <b>290,361,564</b> |

## Notes to the financial statements continued

## 5. Inventories continued

## C. Inventory in transit

| <i>In Taka</i>            | <i>Note</i> | <b>2021</b>       | <b>2020</b> |
|---------------------------|-------------|-------------------|-------------|
| Raw and packing materials |             | <b>16,649,677</b> | 7,962,617   |
| Finished goods            |             | <b>15,980,855</b> | 13,242,157  |
|                           |             | <b>32,630,532</b> | 21,204,774  |

## 6. Trade and other receivables

|                   |      |                   |            |
|-------------------|------|-------------------|------------|
| Trade receivables | 6(A) | <b>67,710,035</b> | 22,963,472 |
| Other receivables | 6(B) | <b>1,296,556</b>  | 2,537,473  |
|                   |      | <b>69,006,591</b> | 25,500,945 |

## A. Trade receivables

|   |         |                   |            |
|---|---------|-------------------|------------|
| Trade receivables                             |         | <b>67,935,733</b> | 23,141,748 |
| Allowance for impairment of trade receivables | 6(A)(i) | <b>(225,698)</b>  | (178,276)  |
|   |         | <b>67,710,035</b> | 22,963,472 |

*i. Allowance for impairment of trade receivables*

|   |  |                |           |
|---|--|----------------|-----------|
| Balance at 1 January                        |  | <b>178,276</b> | 290,880   |
| Provision/(Adjustment) made during the year |  | <b>47,422</b>  | (112,604) |
| <b>Balance at 31 December</b>               |  | <b>225,698</b> | 178,276   |

## B. Other receivables

|                           |         |                  |           |
|---------------------------|---------|------------------|-----------|
| Inter-company receivables | 6(B)(i) | <b>438,556</b>   | 977,890   |
| Interest receivables      |         | <b>858,000</b>   | 1,559,583 |
|                           |         | <b>1,296,556</b> | 2,537,473 |

*i. Inter-company receivables*

|  |  |                |         |
|--|--|----------------|---------|
| Reckitt Benckiser Corporate Services Limited, UK |  | <b>438,556</b> | 977,890 |
|  |  | <b>438,556</b> | 977,890 |

## 7. Advances, deposits and prepayments

**Advances**

|                      |  |                  |            |
|----------------------|--|------------------|------------|
| Advance to suppliers |  | <b>4,775,606</b> | 22,861,083 |
| Advance to employees |  | <b>1,976,763</b> | 5,398,297  |
|                      |  | <b>6,752,369</b> | 28,259,380 |

**Deposits**

|                  |  |                  |           |
|------------------|--|------------------|-----------|
| Security deposit |  | <b>8,187,269</b> | 8,682,269 |
|                  |  | <b>8,187,269</b> | 8,682,269 |

**Prepayments**

|                         |  |                   |            |
|-------------------------|--|-------------------|------------|
| Prepaid insurance       |  | <b>2,412,216</b>  | 2,519,351  |
| Prepaid others          |  | -                 | 1,387,644  |
| Prepaid government fees |  | <b>2,587,856</b>  | 10,346,347 |
| Prepaid rent*           |  | <b>25,707,778</b> | 24,792,328 |
|                         |  | <b>30,707,850</b> | 39,045,670 |
|                         |  | <b>45,647,488</b> | 75,987,319 |

\* Prior year balances of "Advance from customers" and "Prepaid rent" have been restated by Taka 22,117,500 to rectify the prior year error as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

## Notes to the financial statements continued

## 8. Cash and cash equivalents

| <i>In Taka</i> | Note | 2021                 | 2020                 |
|----------------|------|----------------------|----------------------|
| Cash in hand   |      | 50,000               | 106,000              |
| Cash at bank   | 8(A) | 1,629,016,314        | 1,788,977,592        |
|                |      | <b>1,629,066,314</b> | <b>1,789,083,592</b> |

## A. Cash at bank

|  |                      |                      |
|--|----------------------|----------------------|
| Hong Kong and Shanghai Banking Corporation Limited | 57,920,847           | 32,427,369           |
| Standard Chartered Bank                            | 221,095,467          | 256,550,223          |
| Short term deposits*                               | 1,350,000,000        | 1,500,000,000        |
|  | <b>1,629,016,314</b> | <b>1,788,977,592</b> |

\*As at 31 December 2021, the company had four short term deposits with HSBC with maturity of less than three months.

## 9. Share capital

See accounting policy in Note 2.8(F)

| <i>In Taka</i>  | 2021              | 2020              |
|---|-------------------|-------------------|
| 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        |
| <b>In issue at 31 December - fully paid</b>                             | <b>47,250,000</b> | <b>47,250,000</b> |
| <b>Authorised</b>   |                   |                   |
| 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 | At 31 December 2021 |                       | At 31 December 2020 |                       |
|--|------------------|---------------------|-----------------------|---------------------|-----------------------|
|  |                  | Face value          | Percentage of holding | Face value          | Percentage of holding |
|  | Unit             | Taka                | %                     | Taka                | %                     |
| <b>Parent company</b>                      |                  |                     |                       |                     |                       |
| Reckitt Benckiser Limited, UK              | 3,919,918        | 39,199,180          | 82.96                 | 39,199,180          | 82.96                 |
| <b>Bangladeshi shareholders:</b>           |                  |                     |                       |                     |                       |
| ICB Unit Fund                              | 3,870            | 38,700              | 0.08                  | 37,000              | 0.08                  |
| Investment Corporation of Bangladesh (ICB) | 15,774           | 157,740             | 0.33                  | 157,740             | 0.33                  |
| ICB Mutual Funds                           | 50               | 500                 | 0.00                  | 2,300               | 0.00                  |
| Individuals                                | 291,533          | 2,915,330           | 6.18                  | 3,046,040           | 6.45                  |
| 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                         | 236,457          | 2,364,570           | 5.01                  | 2,233,760           | 4.73                  |
|  | <b>4,725,000</b> | <b>47,250,000</b>   | <b>100.00</b>         | <b>47,250,000</b>   | <b>100.00</b>         |



## Notes to the financial statements continued

### 9. Share Capital continued

#### B. Classification of shareholders by holdings

| <i>Holdings</i>             | At 31 December 2021 |                        | At 31 December 2020 |                        |
|-----------------------------|---------------------|------------------------|---------------------|------------------------|
|                             | Number of holders   | Percentage of holdings | Number of holders   | Percentage of holdings |
| Less than 500 shares        | 1,881               | 1.96                   | 1,748               | 2.24                   |
| 500 to 5,000 shares         | 85                  | 2.43                   | 109                 | 3.13                   |
| 5,001 to 10,000 shares      | 4                   | 0.57                   | 3                   | 0.43                   |
| 10,001 to 20,000 shares     | 6                   | 1.97                   | 5                   | 1.68                   |
| 20,001 to 30,000 shares     | 1                   | 0.56                   | -                   | -                      |
| 30,001 to 40,000 shares     | -                   | -                      | -                   | -                      |
| 40,001 to 50,000 shares     | -                   | -                      | -                   | -                      |
| 50,001 to 100,000 shares    | 2                   | 3.00                   | 2                   | 3.00                   |
| 100,001 to 1,000,000 shares | 2                   | 6.55                   | 2                   | 6.55                   |
| Over 1,000,000 shares       | 1                   | 82.96                  | 1                   | 82.96                  |
|                             | <b>1,982</b>        | <b>100.00</b>          | <b>1,870</b>        | <b>100.00</b>          |

#### C. Dividends

##### Dividend paid

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

| <i>In Taka</i>  | 2021               | 2020               |
|---|--------------------|--------------------|
| BDT 140 per qualifying ordinary share (2020: BDT 125) | 661,500,000        | 590,625,000        |
|   | <b>661,500,000</b> | <b>590,625,000</b> |

##### Proposed dividend

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

| <i>In Taka</i>  | 2021               | 2020               |
|---|--------------------|--------------------|
| BDT 165 per qualifying ordinary share (2020: BDT 140) | 779,625,000        | 661,500,000        |
|   | <b>779,625,000</b> | <b>661,500,000</b> |

## Notes to the financial statements continued

### 10. Employee benefits

See accounting policy in Note 2.8(C)

The Company introduced planned asset in the defined benefit scheme during 2021. Gratuity fund is administered by a Board of Trustees and Company contributions are invested separately from company assets. The Company is contributing to the fund as prescribed by actuarial valuation report.

| <i>In Taka</i>                        | 2021                | 2020                 |
|---------------------------------------|---------------------|----------------------|
| Fair value of plan assets             | 134,123,713         | -                    |
| Defined benefit obligation            | (232,301,477)       | (202,810,000)        |
| <b>Net Defined benefit obligation</b> | <b>(98,177,764)</b> | <b>(202,810,000)</b> |

#### 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 |                    |
|-------------------------------------|----------------------------|--------------------|---------------------------|----------|-------------------------------|--------------------|
|                                     | 2021                       | 2020               | 2021                      | 2020     | 2021                          | 2020               |
| Balance at 1 January                | 202,810,000                | 147,637,475        | -                         | -        | 202,810,000                   | 147,637,475        |
| <b>Included in profit or loss</b>   |                            |                    |                           |          |                               |                    |
| Current service cost                | 28,440,000                 | 25,540,000         | -                         | -        | 28,440,000                    | 25,540,000         |
| Past service costs                  | -                          | -                  | -                         | -        | -                             | -                  |
| Interest cost/(income)              | 19,030,000                 | 13,270,000         | 4,450,000                 | -        | 14,580,000                    | 13,270,000         |
|                                     | 47,470,000                 | 38,810,000         | 4,450,000                 | -        | 43,020,000                    | 38,810,000         |
| <b>Included in OCI</b>              |                            |                    |                           |          |                               |                    |
| Actuarial (gain)/loss arising from: |                            |                    |                           |          |                               |                    |
| Return on plan assets               | -                          | -                  | (4,320,000)               | -        | 4,320,000                     | -                  |
| Financial assumption                | -                          | -                  | -                         | -        | -                             | -                  |
| Experience adjustment               | 3,790,000                  | 19,342,960         | -                         | -        | 3,790,000                     | 19,342,960         |
|                                     | 3,790,000                  | 58,152,960         | (4,320,000)               | -        | 8,110,000                     | 19,342,960         |
| <b>Other</b>                        |                            |                    |                           |          |                               |                    |
| Contribution paid by the employer   | -                          | -                  | 150,100,000               | -        | (150,100,000)                 | -                  |
| Benefits paid                       | (21,768,523)               | (2,980,435)        | (16,106,287)              | -        | (5,662,236)                   | (2,980,435)        |
|                                     | (21,768,523)               | (2,980,435)        | 133,993,713               | -        | (155,762,236)                 | (2,980,435)        |
| <b>Balance at 31 December</b>       | <b>232,301,477</b>         | <b>202,810,000</b> | <b>134,123,713</b>        | <b>-</b> | <b>98,177,764</b>             | <b>202,810,000</b> |
| <i>In Taka</i>                      |                            |                    |                           |          | 2021                          | 2020               |
| Current portion                     |                            |                    |                           |          | 27,760,000                    | 31,460,000         |
| Non Current portion                 |                            |                    |                           |          | 70,417,764                    | 171,350,000        |
|                                     |                            |                    |                           |          | 98,177,764                    | 202,810,000        |

#### B. Fair Value of Plan Asset

Plan asset is comprised of the following

|                           | 2021               | 2020     |
|---------------------------|--------------------|----------|
| Cash and Cash Equivalents | 133,993,713        | -        |
| Debt Instrument           | 130,000            | -        |
| <b>Total</b>              | <b>134,123,713</b> | <b>-</b> |

## Notes to the financial statements continued

## 10. Employee Benefits continued

**C. Actuarial assumptions**

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

|                                 | 2021     | 2020     |
|---------------------------------|----------|----------|
| <b>Financial assumptions:</b>   |          |          |
| Discount rate                   | 7.40%    | 7.40%    |
| Salary escalation rate          | 8.50%    | 8.50%    |
| <b>Demographic assumptions:</b> |          |          |
| Withdrawal rate                 | 20%- 10% | 20%- 10% |

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

**D. Sensitivity analysis**

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

|                                    | 31 December 2021 |              | 31 December 2020 |              |
|------------------------------------|------------------|--------------|------------------|--------------|
|                                    | Increase         | Decrease     | Increase         | Decrease     |
| Discount rate (1% movement)        | 15,340,000       | (13,700,000) | 12,970,000       | (11,560,000) |
| Future salary growth (1% movement) | 15,040,000       | (13,690,000) | 12,730,000       | (11,560,000) |

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

**E. Significant characteristics of plan**

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

## Notes to the financial statements continued

### 11. Trade and other payables

| <i>In Taka</i> | <b>Note</b> | <b>2021</b>          | <b>2020</b>   |
|----------------|-------------|----------------------|---------------|
| Trade payables | 11(A)       | <b>232,354,722</b>   | 159,302,463   |
| Other payables | 11(B)       | <b>1,433,576,750</b> | 1,700,426,073 |
|                |             | <b>1,665,931,472</b> | 1,859,728,536 |

#### A. Trade payables

|                              |          |                    |             |
|------------------------------|----------|--------------------|-------------|
| Inter-company trade payables | 11(A)(i) | <b>33,804,717</b>  | 28,643,135  |
| Third party trade payables   |          | <b>198,550,005</b> | 130,659,328 |
|                              |          | <b>232,354,722</b> | 159,302,463 |

##### *i. Inter-company trade payables*

|                                    |  |                   |            |
|------------------------------------|--|-------------------|------------|
| Reckitt Benckiser (India) Ltd.     |  | <b>32,059,138</b> | 28,643,135 |
| Reckitt Benckiser Chartres, France |  | <b>1,745,579</b>  | -          |
|                                    |  | <b>33,804,717</b> | 28,643,135 |

#### B. Other payables

|                              |           |                      |               |
|------------------------------|-----------|----------------------|---------------|
| Third party other payables   | 11(B)(i)  | <b>856,253,344</b>   | 1,169,548,898 |
| Inter-company other payables | 11(B)(ii) | <b>577,323,406</b>   | 530,877,175   |
|                              |           | <b>1,433,576,750</b> | 1,700,426,073 |

##### *i. Third party other payables*

|  |             |                    |               |
|--|-------------|--------------------|---------------|
| Payable for employee remuneration and other expenses |             | <b>718,684,593</b> | 945,452,091   |
| Advance from customers*                              |             | <b>30,451,717</b>  | 84,918,298    |
| Advance from third parties                           |             | <b>1,099,996</b>   | 1,099,996     |
| Withholding tax and VAT payables                     |             | <b>47,521,935</b>  | 57,419,422    |
| Worker's profit participation fund                   | 11(B)(i)(a) | <b>11,961,390</b>  | 53,892,105    |
| Payable for capital expenditure                      |             | <b>4,571,020</b>   | 4,793,729     |
| Return provision                                     |             | <b>41,962,693</b>  | 21,973,257    |
|  |             | <b>856,253,344</b> | 1,169,548,898 |

\* Prior year balances of "Advance from customers" and "Prepaid rent" have been restated by Taka 22,117,500 to rectify the prior year error as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

##### **a. Worker's profit participation fund**

|                         |  |                     |              |
|-------------------------|--|---------------------|--------------|
| Opening payable         |  | <b>53,892,105</b>   | 43,978,147   |
| Charge for the year     |  | <b>55,075,074</b>   | 53,892,105   |
| Payment during the year |  | <b>(97,005,789)</b> | (43,978,147) |
| Closing payable         |  | <b>11,961,390</b>   | 53,892,105   |

## Notes to the financial statements continued

### 11. Trade and other payables continued

#### B. Other Payables continued

#### ii. Inter-company other payables

| <i>In Taka</i>                             | <b>Note</b>  | <b>2021</b>        | <b>2020</b> |
|--|--------------|--------------------|-------------|
| <b>Payable for technical services fees</b> |              |                    |             |
| Reckitt and Colman (Overseas) Limited, UK  | 11(B)(ii)(a) | -                  | -           |
|  |              | -                  | -           |
| <b>Payable for royalties</b>               |              |                    |             |
| Reckitt Benckiser Health Limited, UK       | 11(B)(ii)(b) | <b>402,929,750</b> | 372,183,839 |
| Reckitt Benckiser (ENA) B.V., Netherlands  | 11(B)(ii)(c) | <b>174,393,657</b> | 158,693,336 |
|  |              | <b>577,323,406</b> | 530,877,175 |
|  |              | <b>577,323,406</b> | 530,877,175 |

#### a. Payable for technical services fees

|   |                   |   |               |
|---|-------------------|---|---------------|
| Balance at 1 January  |                   | - | 194,651,230   |
| Charge for the year   |                   |   |               |
| Write back of unapproved portion of technical services fees |                   | - | (32,131,230)  |
| Net charge for the year                                     |                   | - | (32,131,230)  |
| Paid during the year  | 23(B)(ii)(a)(a.1) | - | (162,520,000) |
| <b>Balance at 31 December</b>                               |                   | - | -             |

#### a.1. Paid during the year

| <i>In Taka</i>                                    | <b>2021</b> | <b>2020</b>   |
|---|-------------|---------------|
| Paid to Reckitt and Colman (Overseas) Limited, UK | -           | (113,057,391) |
| VAT on technical services fee                     | -           | (21,198,261)  |
| AIT on technical services fee                     | -           | (28,264,348)  |
|   | -           | (162,520,000) |

#### b. Payable for royalties - Reckitt Benckiser Health Limited, UK

|  |                     |             |
|--|---------------------|-------------|
| Balance at 1 January                         | <b>372,183,839</b>  | 157,067,055 |
| Charge for the year                          | <b>187,812,966</b>  | 215,116,784 |
|  | <b>559,996,805</b>  | 372,183,839 |
| Paid to Reckitt Benckiser Health Limited, UK | <b>(95,343,200)</b> | -           |
| Write back of unapproved portion of royalty  | <b>(37,888,055)</b> | -           |
| AIT on royalty                               | <b>(23,835,800)</b> | -           |
| <b>Balance at 31 December</b>                | <b>402,929,750</b>  | 372,183,839 |

**Notes to the financial statements** continued**11. Trade and other payables** continued**c. Payable for royalties - Reckitt Benckiser (ENA) B.V., Netherlands**

| <i>In Taka</i>                                    | <i>Note</i> | <b>2021</b>         | <b>2020</b> |
|---|-------------|---------------------|-------------|
| Balance at 1 January                              |             | <b>158,693,336</b>  | 73,005,626  |
| Charge for the year                               |             | <b>88,705,955</b>   | 85,687,710  |
|   |             | <b>247,399,291</b>  | 158,693,336 |
| Paid to Reckitt Benckiser (ENA) B.V., Netherlands |             | <b>(54,402,400)</b> | -           |
| Write back of unapproved portion of royalty       |             | <b>(5,002,634)</b>  | -           |
| AIT on royalty                                    |             | <b>(13,600,600)</b> | -           |
| Balance at 31 December                            |             | <b>174,393,657</b>  | 158,693,336 |

**12. Current tax liabilities**

|                                       |       |                      |               |
|---------------------------------------|-------|----------------------|---------------|
| Balance at 1 January                  |       | <b>219,565,704</b>   | 179,941,392   |
| Provision made during the year        | 22(A) | <b>273,680,616</b>   | 350,253,316   |
|                                       |       | <b>493,246,320</b>   | 530,194,708   |
| Payment made under sections 64 and 74 |       | <b>(253,078,465)</b> | (241,385,538) |
| Withholding tax                       |       | <b>(52,961,896)</b>  | (69,243,466)  |
| Payment made during the year          |       | <b>(306,040,361)</b> | (310,629,004) |
| Balance at 31 December                |       | <b>187,205,959</b>   | 219,565,704   |

**13. Unclaimed dividend**

|                        |       |                  |           |
|------------------------|-------|------------------|-----------|
| Balance at 31 December | 13(a) | <b>3,032,656</b> | 8,808,241 |
|------------------------|-------|------------------|-----------|

**A. Unclaimed dividend**

|                  |  |                  |           |
|------------------|--|------------------|-----------|
| Final 2019       |  | <b>1,849,181</b> | -         |
| Final 2018       |  | <b>1,158,378</b> | 1,288,564 |
| Final 2017       |  | <b>4,378</b>     | 842,642   |
| 2017 Interim     |  | <b>3,506</b>     | 499,452   |
| 2016 Final       |  | <b>3,188</b>     | 603,278   |
| 2016 1st Interim |  | <b>3,400</b>     | 610,678   |
| 2015 2nd Interim |  | <b>1,275</b>     | 244,798   |
| 2015 1st Interim |  | <b>4,250</b>     | 729,488   |
| 2014 Final       |  | <b>1,275</b>     | 146,540   |
| 2014 2nd Interim |  | -                | 501,672   |
| 2014 1st Interim |  | <b>2,475</b>     | 1,347,632 |
| 2013 Final       |  | -                | 1,007,832 |
| 2012 Final       |  | <b>1,350</b>     | 427,853   |
| 2011 Final       |  | -                | 232,752   |
| 2011 Interim     |  | -                | 325,062   |
|                  |  | <b>3,032,656</b> | 8,808,241 |

## Notes to the financial statements continued

## 13. Unclaimed dividend continued

## B. Dividend paid during the year

| <i>In taka</i>                                | 2021               | 2020               |
|---|--------------------|--------------------|
| Reckitt Benckiser Limited, UK                 | 548,788,520        | 489,989,750        |
| <b>Foreign shareholders</b>                   | <b>548,788,520</b> | <b>489,989,750</b> |
| ICB Unit Fund                                 | 541,800            | 1,806,500          |
| Investment Corporation of Bangladesh (ICB)    | 2,208,360          | 1,971,750          |
| Mutual Funds                                  | 1,360,800          | 1,267,125          |
| Individuals                                   | 42,886,620         | 40,119,375         |
| Government of Bangladesh                      | 24,967,460         | 22,292,375         |
| Sadharan Bima Corporation (SBC)               | 11,026,260         | 9,844,875          |
| Institutions                                  | 29,720,180         | 23,333,250         |
| <b>Bangladeshi shareholders</b>               | <b>112,711,480</b> | <b>100,635,250</b> |
| <b>Dividend declared and paid in the year</b> | <b>661,500,000</b> | <b>590,625,000</b> |

## C. Payment during the year from unclaimed dividend

|   |                    |                    |
|---|--------------------|--------------------|
| Capital Market stabilization fund 2011-2017 | 7,264,127          | -                  |
| 2019 Final                                  | 167,238            | -                  |
| 2018 Final                                  | 130,186            | 57,060             |
| 2017 Final                                  | 73,279             | 19,699             |
| 2017 Interim                                | 39,738             | 8,182              |
| 2016 Final                                  | 19,125             | 11,156             |
| 2016 Interim                                | 7,616              | 11,900             |
| 2015 2nd Interim                            | 20,400             | 4,462              |
| 2015 Interim                                | 4,250              | 6,376              |
| 2014 Final                                  | -                  | 2,975              |
| 2014 2nd Interim                            | 16,720             | 5,206              |
| 2014 1st Interim                            | 29,057             | 8,663              |
| 2013 Final                                  | 3,600              | 12,598             |
| 2012 Final                                  | -                  | 2,026              |
| 2011 Final                                  | 1,080              | 2,520              |
| 2011 Interim                                | 11,340             | 3,780              |
|   | <b>7,787,754</b>   | <b>156,603</b>     |
| <b>Payment during the year</b>              | <b>669,287,754</b> | <b>590,781,603</b> |

## Notes to the financial statements continued

### 14. Operating segments

#### A. Basis for segmentation

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

The following summary describes the operations of each reportable segment.

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

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

#### B. Information about reportable segments

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

| 2021<br><i>In Taka</i>                        | Reportable segments         |                    |                      |
|---|-----------------------------|--------------------|----------------------|
|   | Household and<br>toiletries | Pharmaceuticals    | Total                |
| Revenue                                       | 4,739,397,307               | 202,648,738        | 4,942,046,045        |
| Cost of sales                                 | (2,152,812,630)             | (92,050,684)       | (2,244,863,313)      |
| <b>Gross profit</b>                           | <b>2,586,584,678</b>        | <b>110,598,054</b> | <b>2,697,182,732</b> |
| <b>Operating expenses</b>                     |                             |                    |                      |
| Administrative expenses                       | (260,849,750)               | (11,153,501)       | (272,003,251)        |
| Marketing expenses                            | (671,622,372)               | (28,717,454)       | (700,339,826)        |
| Selling and distribution expenses             | (326,447,000)               | (13,958,330)       | (340,405,330)        |
| Impairment loss reversal on trade receivables | (45,477)                    | (1,945)            | (47,422)             |
|   | (1,258,964,599)             | (53,831,230)       | (1,312,795,829)      |
| <b>Profit from operation</b>                  | <b>1,327,620,079</b>        | <b>56,766,824</b>  | <b>1,384,386,903</b> |

| 2020<br><i>In Taka</i>                        | Reportable segments         |                     |                      |
|---|-----------------------------|---------------------|----------------------|
|   | Household and<br>toiletries | Pharmaceuticals     | Total                |
| 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        |
| <b>Operating expenses</b>                     |                             |                     |                      |
| 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)      |
| <b>Profit from operation</b>                  | <b>1,362,458,319</b>        | <b>(12,142,660)</b> | <b>1,350,315,660</b> |



## Notes to the financial statements continued

## 14. Operating segments continued

## C. Reconciliation of information on reportable segments to IFRS measures

| <i>In Taka</i>  | <b>Note</b> | <b>2021</b>          | <b>2020</b>          |
|---|-------------|----------------------|----------------------|
| <b>i. Revenues</b>                                    |             |                      |                      |
| Total revenue for reportable segments                 | 14(B)       | 4,942,046,045        | 5,333,883,576        |
| <b>Total revenue</b>                                  |             | <b>4,942,046,045</b> | <b>5,333,883,576</b> |
| <b>ii. Profit before tax</b>                          |             |                      |                      |
| Total profit before tax for reportable segments       | 14(B)       | 1,384,386,903        | 1,350,315,660        |
| Amount not related to reported segments               | 14(C)(iii)  | (282,885,421)        | (272,473,553)        |
| <b>Total profit before tax</b>                        |             | <b>1,101,501,482</b> | <b>1,077,842,107</b> |
| <b>iii. Amount not related to reportable segments</b> |             |                      |                      |
| Other income  | 17          | 2,492,240            | 562,867              |
| Technical services fee                                | 18          | (233,628,231)        | (268,673,264)        |
| Finance income  | 19          | 14,490,193           | 60,607,204           |
| Finance costs   | 20          | (11,164,549)         | (11,078,255)         |
| Contribution to Workers' Profit Participation Fund    | 21          | (55,075,074)         | (53,892,105)         |
|   |             | <b>(282,885,421)</b> | <b>(272,473,553)</b> |

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.

## 15. Revenue

See accounting policy in Note 2.8(B)

| <i>In Taka</i>        | <b>Note</b> | <b>2021</b>          | <b>2020</b>          |
|-----------------------|-------------|----------------------|----------------------|
| Revenue including VAT |             | 5,770,725,431        | 6,225,964,696        |
| VAT                   |             | (828,679,386)        | (892,081,120)        |
|                       | 15(A)       | <b>4,942,046,045</b> | <b>5,333,883,576</b> |

## A. Disaggregation of revenue

| <i>In Taka</i>           | Unit<br>of<br>measurement | 2021             |                      | 2020             |                      |
|--------------------------|---------------------------|------------------|----------------------|------------------|----------------------|
|                          |                           | Quantity         | Amount               | Quantity         | Amount               |
| Household and toiletries | Cases                     | 2,763,490        | 4,739,397,307        | 2,732,456        | 4,963,910,114        |
| Pharmaceuticals          | Cases                     | 152,369          | 202,648,738          | 237,251          | 369,973,463          |
|                          |                           | <b>2,915,858</b> | <b>4,942,046,045</b> | <b>2,969,707</b> | <b>5,333,883,577</b> |

## Notes to the financial statements continued

### 16. Cost of sales

| <i>In Taka</i>                                       | <i>Note</i> | <b>2021</b>          | <b>2020</b>   |
|--|-------------|----------------------|---------------|
| <b>Manufacturing unit</b>                            |             |                      |               |
| Opening balance of raw and packing materials         |             | <b>307,870,473</b>   | 173,423,635   |
| Purchases during the year                            |             | <b>1,551,950,835</b> | 1,755,306,464 |
| Closing balance of raw and packing materials         | 5           | <b>(272,630,865)</b> | (307,870,473) |
| <b>Materials consumed</b>                            |             | <b>1,587,190,443</b> | 1,620,859,626 |
| Salaries, wages and welfare expenses                 |             | <b>243,263,854</b>   | 263,376,179   |
| Product testing and laboratory expenses              |             | <b>4,578,564</b>     | 5,215,878     |
| Exchange (gain)/loss                                 |             | <b>4,571,835</b>     | 3,255,097     |
| Travelling and conveyance                            |             | <b>16,157,934</b>    | 17,923,564    |
| Power, fuel and utilities                            |             | <b>21,890,306</b>    | 30,210,161    |
| Vehicle expenses                                     |             | <b>1,307,840</b>     | 1,124,099     |
| Repairs, maintenance and others                      |             | <b>45,406,458</b>    | 53,941,645    |
| Rent, rates and taxes                                |             | <b>5,377,412</b>     | 5,342,282     |
| Printing, stationery and office supplies             |             | <b>1,178,247</b>     | 2,586,331     |
| Insurance  |             | <b>4,434,794</b>     | 2,643,805     |
| Office expenses                                      |             | <b>4,402,610</b>     | 4,428,416     |
| Safety, health and environment                       |             | <b>18,749,515</b>    | 27,593,962    |
| Staff recruitment, training and development expenses |             | <b>2,793,400</b>     | 3,106,212     |
| Legal and professional charges                       |             | <b>421,841</b>       | 45,450        |
| Communication  |             | <b>1,118,030</b>     | 1,246,928     |
| Depreciation   | 3(B)        | <b>97,639,417</b>    | 86,418,216    |
| <b>Manufacturing overhead</b>                        |             | <b>473,292,057</b>   | 508,458,225   |
| Opening stock of work-in-progress                    |             | <b>2,181,380</b>     | 2,012,634     |
| Closing stock of work-in-progress                    | 5           | <b>(1,207,236)</b>   | (2,181,380)   |
|  |             | <b>974,144</b>       | (168,746)     |
| <b>Cost of production</b>                            |             | <b>2,061,456,644</b> | 2,129,149,105 |
| Opening stock of own manufactured finished goods     |             | <b>190,603,013</b>   | 154,351,051   |
| Closing stock of own manufactured finished goods     | 5(B)(i)     | <b>(186,293,149)</b> | (190,603,013) |
|  |             | <b>4,309,865</b>     | (36,251,962)  |
| <b>Cost of sales - manufacturing unit</b>            |             | <b>2,065,766,508</b> | 2,092,897,143 |
| <b>Trading unit</b>                                  |             |                      |               |
| Opening stock of finished goods                      |             | <b>99,758,551</b>    | 109,831,142   |
| Purchase of finished goods                           | 16(A)       | <b>171,400,059</b>   | 214,738,003   |
| Closing stock of finished goods                      | 5(B)(i)     | <b>(92,061,805)</b>  | (99,758,551)  |
| <b>Cost of sales - trading unit</b>                  |             | <b>179,096,805</b>   | 224,810,594   |
| <b>Total cost of sales</b>                           |             | <b>2,244,863,313</b> | 2,317,707,737 |

## Notes to the financial statements continued

### 16. Cost of sales Continued

#### A. Cost of sales - trading unit

| In Taka                        | Unit of measurement                         | Opening stock       |                               | Purchase         |  | Closing stock  |                                       | Cost of sales - trading unit |  |
|--------------------------------|---|---------------------|-------------------------------|------------------|--|----------------|---------------------------------------|------------------------------|--|
|                                |   | Quantity            | Value                         | Quantity         | Value                                  | Quantity       | Value                                 | Quantity                     | Value                                  |
| Household and toiletries       | Metric Ton<br>Thousand Litre<br>Million No. | 93.63<br>18.10<br>- | 82,305,109<br>15,347,656<br>- | 207<br>70<br>1   | 131,435,676<br>31,826,398<br>4,884,459 | 98<br>38<br>0  | 65,109,891<br>22,496,530<br>2,404,458 | 202.77<br>49.81<br>0.40      | 148,630,894<br>24,677,524<br>2,480,001 |
| Pharmaceuticals                | Million No.                                 | 5.95                | 2,105,786                     | 8                | 3,253,526                              | 3              | 2,050,926                             | 11.32                        | 3,308,386                              |
| <b>Total for the year 2021</b> |   |                     | <b>99,758,551</b>             |                  | <b>171,400,059</b>                     |                | <b>92,061,805</b>                     |                              | <b>179,096,805</b>                     |
| Household and toiletries       | Metric Ton<br>Thousand Litre                | 106.30<br>2.67      | 91,493,286<br>1,471,699       | 124.94<br>117.33 | 125,667,636<br>84,202,934              | 93.63<br>18.10 | 82,305,109<br>15,347,656              | 137.61<br>101.90             | 134,855,813<br>70,326,977              |
| Pharmaceuticals                | Million No.<br>Thousand Litre               | -<br>45.95          | -<br>16,866,157               | 15.78<br>-       | 4,867,433<br>-                         | 5.95<br>-      | 2,105,786<br>-                        | 9.84<br>45.95                | 2,761,647<br>16,866,157                |
| <b>Total for the year 2020</b> |   |                     | <b>109,831,142</b>            |                  | <b>214,738,003</b>                     |                | <b>99,758,551</b>                     |                              | <b>224,810,594</b>                     |

#### 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          | 2,362.59           | 263,409,772          | 11,600.30 | 1,003,401,656      | 1,164.78      | 213,323,208          | 12,798.10   | 1,053,488,220        |
| Blow moulding and injection      | Thousand Pcs        | 3,611.59           | 11,018,396           | 53,109.00 | 271,939,662        | 5,807.28      | 22,018,305           | 50,913.30   | 260,939,753          |
| Boxes solid board and corrugated | Thousand Pcs        | 5,631.06           | 9,869,753            | 63,238.07 | 176,675,804        | 5,683.04      | 13,124,617           | 63,186.08   | 173,420,940          |
| Others                           |                     | 13,594.27          | 23,572,552           | 77,051.47 | 99,933,713         | 13,258.18     | 24,164,735           | 77,387.57   | 99,341,530           |
| <b>Total for the year 2021</b>   |                     | <b>307,870,473</b> | <b>1,551,950,835</b> |           | <b>272,650,865</b> |               | <b>1,587,190,443</b> |             | <b>1,620,859,626</b> |
| 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 | 236,060,718        | 3,611.59      | 11,018,396           | 53,904.32   | 235,495,659          |
| Boxes solid board and corrugated | 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 | 100,143,664        | 13,594.27     | 23,572,552           | 79,868.80   | 92,897,967           |
| <b>Total for the year 2020</b>   |                     | <b>173,423,635</b> | <b>1,755,306,464</b> |           | <b>307,870,473</b> |               | <b>1,620,859,626</b> |             | <b>1,620,859,626</b> |

## Notes to the financial statements continued

## 16. Cost of sales Continued

## C. Percentage of raw materials and packing materials consumed

| In Taka                     | Note  | 2021 |               | 2020 |               |
|-----------------------------|-------|------|---------------|------|---------------|
|                             |       | %    | Amount        | %    | Amount        |
| Raw materials               | 16(D) | 66%  | 1,053,488,220 | 67%  | 1,090,586,458 |
| Packing materials           | 16(D) | 34%  | 533,702,223   | 33%  | 530,273,170   |
|                             |       | 100% | 1,587,190,443 | 100% | 1,620,859,628 |
| Local materials consumed    |       | 35%  | 552,795,408   | 33%  | 527,202,454   |
| Imported materials consumed |       | 65%  | 1,034,395,035 | 67%  | 1,093,657,174 |
|                             |       | 100% | 1,587,190,443 | 100% | 1,620,859,628 |

## D. Analysis of material consumed

| In Taka                        | Note | 2021          | 2020          |
|--------------------------------|------|---------------|---------------|
| <b>Raw material</b>            |      |               |               |
| soap noodles                   |      | 589,286,841   | 581,783,760   |
| Bis/2 hydroxy ethyl oleylamine |      | 48,264,510    | 50,424,656    |
| Pine oil 85%min bp             |      | 71,151,592    | 88,163,366    |
| Pcmx                           |      | 69,224,784    | 83,921,396    |
| Hydrochloric acid              |      | 31,773,277    | 29,391,840    |
| Snowfresh 228093 d             |      | 14,840,303    | 19,419,766    |
| Frosty int - aad07282/00       |      | 3,590,030     | 12,278,231    |
| Labsa                          |      | 10,863,485    | 10,507,764    |
| Color pigment yellow           |      | 5,259,546     | 5,880,624     |
| Granular soday dyed            |      | 5,343,758     | 4,491,890     |
| Galaxy mw 257                  |      | 7,739,584     | 7,659,645     |
| Cx-140                         |      | 1,980,814     | 15,484,853    |
| Texapon als is t               |      | 9,498,840     | 14,790,286    |
| Isopropyl alcohol              |      | 14,623,792    | 15,528,875    |
| Na lauryl ether                |      | 7,324,941     | 8,911,747     |
| Castor oil                     |      | 6,377,594     | 8,070,878     |
| Perfume jasmina                |      | 610,815       | 697,356       |
| Challenge 157708 b             |      | 3,362,654     | 2,876,618     |
| Lemon grass oil                |      | 3,824,055     | 3,991,962     |
| Dolomite bd for harpic total   |      | 8,842,134     | 8,234,868     |
| Alkyl trimethyl amonium.chlord |      | 40,696,023    | 34,568,598    |
| Citrusgrove 14mpc rta-001863 1 |      | 9,664,236     | 7,303,850     |
| Benzalkonium chloride soln.80% |      | 9,090,486     | 8,328,446     |
| Others                         |      | 80,254,126    | 67,875,183    |
|                                |      | 1,053,488,220 | 1,090,586,458 |
| <b>Packing material</b>        |      |               |               |
| Skillet                        |      | 83,630,084    | 117,815,382   |
| Outer and cartons              |      | 89,790,855    | 84,064,161    |
| Plastic container              |      | 227,566,635   | 203,159,938   |
| Label                          |      | 44,045,261    | 43,470,876    |
| Polybag /HDPE                  |      | 32,203,755    | 28,467,554    |
| Cap                            |      | 33,373,118    | 32,335,721    |
| Others                         |      | 23,092,515    | 20,959,538    |
|                                |      | 533,702,223   | 530,273,170   |
|                                |      | 1,587,190,443 | 1,620,859,628 |

## Notes to the financial statements continued

## 16. Cost of sales Continued

## E. Value of imports - at cost and freight basis

| <i>In Taka</i>   | <i>Note</i> | <b>2021</b>          | <b>2020</b>   |
|--|-------------|----------------------|---------------|
| Raw and packing materials and finished goods for re-sale |             | <b>931,646,767</b>   | 1,104,603,552 |
| Capital goods  |             | <b>75,236,968</b>    | 108,040,552   |
|  |             | <b>1,006,883,735</b> | 1,212,644,104 |

## 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) |
|------------------------|---------------------|---------------------------------------|-------------------------------|--------|---------------------------------|
|                        |                     |                                       | 2021                          | 2020   |                                 |
| Household & toiletries | Thousand Litre      | <b>15,935</b>                         | <b>37,306</b>                 | 33,754 | 11%                             |
|                        | Metric Ton          | <b>5,439</b>                          | <b>16,316</b>                 | 16,316 | 0%                              |
| Pharmaceuticals        | Million Tablets     | -                                     | -                             | -      | 0%                              |
|                        | Thousand Litre      | <b>604</b>                            | <b>1,806</b>                  | 1,806  | 0%                              |
| Total                  | Metric Ton          | <b>5,439</b>                          | <b>16,316</b>                 | 16,316 | 0%                              |
|                        | Thousand Litre      | <b>16,539</b>                         | <b>39,111</b>                 | 35,559 | 10%                             |

## ii. Imports for re-sale

|                |                |            |     |      |
|----------------|----------------|------------|-----|------|
| Total business | Million No.    | <b>9</b>   | 16  | 100% |
|                | Metric Ton     | <b>207</b> | 125 | 66%  |
|                | Thousand Litre | <b>70</b>  | 117 | -40% |

## 17. Other income

| <i>In Taka</i>  | <i>Note</i> | <b>2021</b>      | <b>2020</b> |
|---|-------------|------------------|-------------|
| Profit/(loss) on sale of property, plant and equipment  |             | <b>2,214,737</b> | 15,715      |
| Other income-Forfeited amount PF Fund                   |             | <b>277,503</b>   | 771,639     |
| Operational loss-Forfeited amount not recovered PF Fund |             | -                | (224,487)   |
|   |             | <b>2,492,240</b> | 562,867     |

## 18. Operating expenses

|                                   |           |                      |               |
|-----------------------------------|-----------|----------------------|---------------|
| Selling and distribution expenses | 18(A)     | <b>340,405,330</b>   | 337,776,344   |
| Administrative expenses           | 18(B)     | <b>272,003,251</b>   | 314,525,338   |
| Royalties/Technical services fees | 11(B)(ii) | <b>233,628,231</b>   | 268,673,264   |
| Marketing expenses                | 18(C)     | <b>700,339,826</b>   | 1,013,671,101 |
|                                   |           | <b>1,546,376,638</b> | 1,934,646,047 |

## Notes to the financial statements continued

### 18. Operating expenses Continued

#### A. Selling and distribution expenses

| <i>In Taka</i>                                       | <i>Note</i> | <b>2021</b>        | <b>2020</b> |
|--|-------------|--------------------|-------------|
| Salaries, wages and welfare expenses                 |             | <b>194,422,268</b> | 196,303,949 |
| Carriage outwards                                    |             | <b>59,164,437</b>  | 66,316,940  |
| Depot expenses                                       |             | <b>4,551,010</b>   | 20,455,738  |
| Vehicle expenses                                     |             | <b>10,665,125</b>  | 7,696,063   |
| Printing and stationery                              |             | <b>450,010</b>     | 270,401     |
| Travelling   |             | <b>23,773,258</b>  | 15,864,010  |
| Sales office expenses                                |             | <b>17,679,441</b>  | 3,010,046   |
| Insurance  |             | <b>2,318,087</b>   | 360,105     |
| Depreciation   | 3(B)        | <b>22,940,527</b>  | 26,928,699  |
| Staff recruitment, training and development expenses |             | <b>103,011</b>     | -           |
| Repairs and maintenance                              |             | <b>58,202</b>      | 200,000     |
| Communication  |             | <b>3,675,479</b>   | 360,878     |
| Safety, health and environment                       |             | <b>273,915</b>     | -           |
| Others   |             | <b>330,560</b>     | 9,514       |
|  |             | <b>340,405,330</b> | 337,776,344 |

#### B. Administrative expenses

|  |          |                    |             |
|--|----------|--------------------|-------------|
| Salaries, wages and welfare expenses                 |          | <b>196,647,711</b> | 232,600,887 |
| Non-executive directors fee                          |          | <b>775,011</b>     | 414,000     |
| Communication  |          | <b>4,403,003</b>   | 5,625,248   |
| Vehicle expenses                                     |          | <b>1,740,048</b>   | 876,035     |
| Travelling   |          | <b>2,281,975</b>   | 1,730,963   |
| Corporate office expenses                            |          | <b>15,055,272</b>  | 11,594,323  |
| Repairs and maintenance                              |          | <b>2,692,063</b>   | 5,335,643   |
| Legal and professional charges                       | 18(B)(i) | <b>12,244,095</b>  | 12,023,757  |
| Printing and stationery                              |          | <b>3,444,212</b>   | 2,437,361   |
| Subscriptions  |          | <b>201,800</b>     | 141,800     |
| Staff recruitment, training and development expenses |          | <b>162,850</b>     | 153,075     |
| Entertainment  |          | <b>113,471</b>     | 5,536       |
| AGM expenses   |          | <b>325,000</b>     | 566,591     |
| Bank charges   |          | <b>513,516</b>     | 776,722     |
| Insurance  |          | <b>226,732</b>     | 195,254     |
| Depreciation   | 3(B)     | <b>26,474,947</b>  | 33,233,753  |
| Corporate Social Responsibility                      |          | <b>2,922,265</b>   | 6,814,390   |
| Safety, health and environment                       |          | <b>1,698,635</b>   | -           |
| Others   |          | <b>80,645</b>      | -           |
|  |          | <b>272,003,251</b> | 314,525,338 |

#### i. Legal and professional charges

|                       |  |                   |            |
|-----------------------|--|-------------------|------------|
| Audit fee             |  | <b>1,150,000</b>  | 1,288,024  |
| Tax services          |  | <b>1,040,732</b>  | 1,016,014  |
| Legal consultancy     |  | <b>3,190,026</b>  | 1,768,046  |
| Other consulting fees |  | <b>6,863,337</b>  | 7,951,673  |
|                       |  | <b>12,244,095</b> | 12,023,757 |

**Notes to the financial statements** continued**18. Operating expenses** Continued**C. Marketing expenses**

| <i>In Taka</i>     | 2021               | 2020                 |
|--------------------|--------------------|----------------------|
| Media              | 384,290,026        | 493,213,408          |
| Consumer marketing | 55,688,751         | 103,623,509          |
| Market research    | 8,454,452          | 5,374,296            |
| Trade marketing    | 251,906,597        | 411,459,888          |
|                    | <b>700,339,826</b> | <b>1,013,671,101</b> |

**19. Finance income**

|                 |                   |                   |
|-----------------|-------------------|-------------------|
| Interest income | 14,490,193        | 60,607,204        |
|                 | <b>14,490,193</b> | <b>60,607,204</b> |

**20. Finance costs**

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Interest expense on lease liabilities | 11,164,549        | 11,078,255        |
|                                       | <b>11,164,549</b> | <b>11,078,255</b> |

**21. Contribution to WPPF**

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Profit before contribution to WPPF | 1,156,576,556     | 1,131,734,211     |
| Applicable contribution rate       | 5%                | 5%                |
|                                    | <b>55,075,074</b> | <b>53,892,105</b> |

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

**22. Income tax expense**

See accounting policy in Note 2.8(E)

**A. Amounts recognised in profit or loss**

|   |                    |                     |
|---|--------------------|---------------------|
| <b>Current tax expense</b>                      |                    |                     |
| Current year                                    |                    |                     |
|   | 273,680,616        | 350,253,316         |
|   | <b>273,680,616</b> | <b>350,253,316</b>  |
| <b>Deferred tax (income)/expense</b>            |                    |                     |
| Origination/(reversal) of temporary differences | 22(D)              |                     |
|   | 19,699,351         | (11,298,833)        |
|   | <b>19,699,351</b>  | <b>(11,298,833)</b> |
| <b>Tax expense on continuing operations</b>     | <b>293,379,967</b> | <b>338,954,483</b>  |

**Notes to the financial statements** continued**22. Income tax expenses** Continued**B. Amounts recognised in OCI**

| <i>In Taka</i>   | 2021        |                       |             | 2020         |                       |              |
|--|-------------|-----------------------|-------------|--------------|-----------------------|--------------|
|  | Before tax  | Tax (expense) benefit | Net of tax  | Before tax   | Tax (expense) benefit | Net of tax   |
| <b>Items that will not be reclassified to profit or loss</b> |             |                       |             |              |                       |              |
| Remeasurement of defined benefit liability                   | (8,110,000) | 1,824,750             | (6,285,250) | (19,342,960) | 4,835,740             | (14,507,220) |
|  | (8,110,000) | 1,824,750             | (6,285,250) | (19,342,960) | 4,835,740             | (14,507,220) |

**C. Reconciliation of effective tax rate**

| <i>In Taka</i>  | 2021    |               | 2020    |               |
|---|---------|---------------|---------|---------------|
| Profit before tax   |         | 1,101,501,482 |         | 1,077,842,107 |
| Tax using the Company's tax rate  | 22.50%  | 247,837,833   | 25.00%  | 269,460,527   |
| Factors affecting the tax charge for current period:                                      |         |               |         |               |
| Excess/(deficit) of accounting depreciation over fiscal depreciation                      | 0.45%   | 4,911,157     | 0.65%   | 6,969,599     |
| Excess/(deficit) of rental payment over expenses under IFRS-16                            | 0.21%   | 2,260,636     | 0.21%   | 2,309,590     |
| Provision release for earlier year tax rate adjustment                                    | (3.54)% | (39,000,000)  | 0.00%   | -             |
| Provision for stock obsolescence and Impairment (loss)/gain reversal on trade receivables | (0.29)% | (3,237,295)   | 0.20%   | 2,181,991     |
| Permanent difference as per Income Tax Ordinance 1984                                     | 1.25%   | 13,736,972    | 0.56%   | 6,064,927     |
| Excess of gratuity provision over payment of gratuity                                     | 0.43%   | 4,781,582     | 0.83%   | 8,956,543     |
| Excess of technical services fee over payment of technical services fee/royalty           | 3.85%   | 42,389,731    | 5.04%   | 54,310,139    |
| Movement of temporary differences: as above   | 1.79%   | 19,699,351    | (1.05)% | (11,298,833)  |
|   | 26.63%  | 293,379,967   | 31.45%  | 338,954,483   |



## Notes to the financial statements continued

## 22. Income tax expenses Continued

## D. Movement in deferred tax balances

| 2021   | Net balance<br>at 1 January | Recognised<br>in profit<br>or loss | Recognised<br>in OCI | Balance as at 31 December |                        |                             |
|--|-----------------------------|------------------------------------|----------------------|---------------------------|------------------------|-----------------------------|
|  |                             |                                    |                      | Net                       | Deferred tax<br>assets | Deferred tax<br>liabilities |
| <i>In Taka</i>                               |                             |                                    |                      |                           |                        |                             |
| Property, plant and equipment                | (25,440,385)                | 10,317,066                         | -                    | (15,123,319)              | -                      | (15,123,319)                |
| Employee benefits                            | 50,702,500                  | (30,437,253)                       | 1,824,750            | 22,089,997                | 22,089,997             | -                           |
| Trade and other receivables                  | 44,569                      | 6,213                              | -                    | 50,782                    | 50,782                 | -                           |
| Inventories                                  | 5,854,185                   | (3,833,384)                        | -                    | 2,020,801                 | 2,020,801              | -                           |
| RoU assets- Impact of IFRS 16                | (44,285,114)                | 9,314,198                          | -                    | (34,970,916)              | -                      | (34,970,916)                |
| Lease liabilities- Impact of IFRS 16         | 41,884,301                  | (5,066,191)                        | -                    | 36,818,110                | 36,818,110             | -                           |
| <b>Net deferred tax assets (liabilities)</b> | <b>28,760,056</b>           | <b>(19,699,351)</b>                | <b>1,824,750</b>     | <b>10,885,455</b>         | <b>60,979,690</b>      | <b>(50,094,235)</b>         |
| <b>2020</b>                                  |                             |                                    |                      |                           |                        |                             |
| <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                   | 34,642,683                         | -                    | 41,884,302                | 41,884,302             | -                           |
| <b>Net deferred tax assets (liabilities)</b> | <b>12,625,483</b>           | <b>11,298,833</b>                  | <b>4,835,740</b>     | <b>28,760,056</b>         | <b>98,485,556</b>      | <b>(69,725,499)</b>         |

## 23. Earnings per share

## A. Basic earnings per share

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

## i. Profit attributable to ordinary shareholders (basic)

| <i>In Taka</i>   | Note | 2021        | 2020        |
|--|------|-------------|-------------|
| Net profit after tax for the year, attributable to the owners of the company |      | 808,121,515 | 738,887,624 |
| Profit/(loss) attributable to ordinary shareholders                          |      | 808,121,515 | 738,887,624 |

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

|   |      |           |           |
|---|------|-----------|-----------|
| Issued ordinary shares at 31 December                     | 9(A) | 4,725,000 | 4,725,000 |
| Weighted-average number of ordinary shares at 31 December |      | 4,725,000 | 4,725,000 |
| Basic earnings per share (EPS)                            |      | 171.03    | 156.38    |

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

## B. Diluted earnings per share

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

## Notes to the financial statements continued

### 24. Financial instruments - Fair values and risk management

#### A. Accounting classifications and fair values

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

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

| In Taka   | Note | Carrying amount                |                               |                     |                            |                               | Other financial liabilities | Total           |
|---|------|--------------------------------|-------------------------------|---------------------|----------------------------|-------------------------------|-----------------------------|-----------------|
|   |      | Fair value-hedging instruments | Mandatorily at FVTPL – others | FVOCI – instruments | FVOCI – equity instruments | Financial assets at amortised |                             |                 |
| <b>31 December 2021</b>                                 |      |                                |                               |                     |                            |                               |                             |                 |
| <b>Financial assets not measured at fair value</b>      |      |                                |                               |                     |                            |                               |                             |                 |
| Trade and other receivables                             | 6    | -                              | -                             | -                   | -                          | 69,006,591                    | -                           | 69,006,591      |
| Cash and cash equivalents                               | 8    | -                              | -                             | -                   | -                          | 1,629,066,314                 | -                           | 1,629,066,314   |
|   |      | -                              | -                             | -                   | -                          | 1,698,072,905                 | -                           | 1,698,072,905   |
| <b>Financial liabilities not measured at fair value</b> |      |                                |                               |                     |                            |                               |                             |                 |
| Trade and other payables                                | 11   | -                              | -                             | -                   | -                          | -                             | (1,665,931,472)             | (1,665,931,472) |
|   |      | -                              | -                             | -                   | -                          | -                             | (1,665,931,472)             | (1,665,931,472) |
| <b>31 December 2020</b>                                 |      |                                |                               |                     |                            |                               |                             |                 |
| <b>Financial assets not measured at fair value</b>      |      |                                |                               |                     |                            |                               |                             |                 |
| Trade and other receivables                             | 6    | -                              | -                             | -                   | -                          | 25,500,945                    | -                           | 25,500,945      |
| Cash and cash equivalents                               | 8    | -                              | -                             | -                   | -                          | 1,789,083,592                 | -                           | 1,789,083,592   |
|   |      | -                              | -                             | -                   | -                          | 1,814,584,537                 | -                           | 1,814,584,537   |
| <b>Financial liabilities not measured at fair value</b> |      |                                |                               |                     |                            |                               |                             |                 |
| Trade and other payables                                | 11   | -                              | -                             | -                   | -                          | -                             | (1,859,728,536)             | (1,859,728,536) |
|   |      | -                              | -                             | -                   | -                          | -                             | (1,859,728,536)             | (1,859,728,536) |

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

#### 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:

| In Taka                     | Note | 2021          | 2020          |
|-----------------------------|------|---------------|---------------|
| Trade and other receivables | 6    | 69,006,591    | 25,500,945    |
| Cash and cash equivalents   | 8    | 1,629,066,314 | 1,789,083,592 |
|                             |      | 1,698,072,905 | 1,814,584,537 |

**Notes to the financial statements** continued**24. Financial instruments - Fair values and risk management** Continued**B. Financial risk management** (continued)**(a.1) Trade and other receivables**

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

| <i>In Taka</i>            | <b>Note</b> | <b>2021</b>       | <b>2020</b> |
|---------------------------|-------------|-------------------|-------------|
| Trade receivables         | 6           | <b>67,935,733</b> | 23,141,748  |
| Interest receivables      | 6(B)        | <b>858,000</b>    | 1,559,583   |
| Inter-company receivables | 6(B)(i)     | <b>438,556</b>    | 977,890     |
|                           |             | <b>69,232,289</b> | 25,679,221  |

**The aging of trade receivables at 31 December**

|                        |                   |            |
|------------------------|-------------------|------------|
| Past due 1-30 days     | <b>66,391,962</b> | 22,789,647 |
| Past due 31-60 days    | <b>1,543,771</b>  | 652,101    |
| Past due 61-90 days    | -                 | -          |
| Past due 91-180 days   | -                 | -          |
| Past due over 180 days | -                 | -          |
|                        | <b>67,935,733</b> | 23,441,748 |

**The aging of interest receivables at 31 December**

|                        |                |           |
|------------------------|----------------|-----------|
| Past due 1-30 days     | <b>858,000</b> | 1,559,583 |
| Past due 31-60 days    | -              | -         |
| Past due 61-90 days    | -              | -         |
| Past due 91-180 days   | -              | -         |
| Past due over 180 days | -              | -         |
|                        | <b>858,000</b> | 1,559,583 |

**The aging of inter-company receivables at 31 December**

|                        |                |         |
|------------------------|----------------|---------|
| Past due 1-30 days     | -              | -       |
| Past due 31-60 days    | <b>438,556</b> | 977,890 |
| Past due 61-90 days    | -              | -       |
| Past due 91-180 days   | -              | -       |
| Past due over 180 days | -              | -       |
|                        | <b>438,556</b> | 977,890 |

**(a.2) Cash and cash equivalents**

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

|              |      |                      |               |
|--------------|------|----------------------|---------------|
| Cash in hand | 8    | <b>50,000</b>        | 106,000       |
| Cash at bank | 8(A) | <b>1,629,016,314</b> | 1,788,977,592 |
|              |      | <b>1,629,066,314</b> | 1,789,083,592 |

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

## Notes to the financial statements continued

### 24. Financial instruments - Fair values and risk management Continued

#### B. Financial risk management (continued)

##### iii. Liquidity risk

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

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

##### 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

| In Taka                                     | Note  | Carrying amount      | Contractual cash flows |                        |                      |                     |                     |                      |
|---|-------|----------------------|------------------------|------------------------|----------------------|---------------------|---------------------|----------------------|
|   |       |                      | Total                  | 6 months or less       | 6-12 months          | 1-2 years           | 2-5 years           | More than 5 years    |
| <b>31 December 2021</b>                     |       |                      |                        |                        |                      |                     |                     |                      |
| <b>Non-derivative financial liabilities</b> |       |                      |                        |                        |                      |                     |                     |                      |
| Third party trade payables                  | 11(A) | 198,550,005          | (198,550,005)          | (198,550,005)          | -                    | -                   | -                   | -                    |
| Inter-company trade payables                | 11(A) | 33,804,717           | (33,804,717)           | (33,804,717)           | -                    | -                   | -                   | -                    |
| Third party other payables                  | 11(B) | 856,253,344          | (856,253,344)          | (853,220,687)          | (3,032,656)          | -                   | -                   | -                    |
| Inter-company other payables                | 11(B) | 577,323,406          | (577,323,406)          | -                      | (577,323,406)        | -                   | -                   | -                    |
| Lease liabilities                           | 4(i)  | 163,636,046          | (163,636,046)          | (4,394,762)            | (5,692,218)          | (12,050,101)        | (25,374,946)        | (116,124,020)        |
|   |       | <b>1,829,567,518</b> | <b>(1,829,567,518)</b> | <b>(1,089,970,171)</b> | <b>(586,048,281)</b> | <b>(12,050,101)</b> | <b>(25,374,946)</b> | <b>(116,124,020)</b> |
| <b>31 December 2020</b>                     |       |                      |                        |                        |                      |                     |                     |                      |
| <b>Non-derivative financial liabilities</b> |       |                      |                        |                        |                      |                     |                     |                      |
| Third party trade payables                  | 11(A) | 130,659,328          | (130,659,328)          | (130,659,328)          | -                    | -                   | -                   | -                    |
| Inter-company trade payables                | 11(A) | 28,643,135           | (28,643,135)           | (28,643,135)           | -                    | -                   | -                   | -                    |
| Third party other payables                  | 11(B) | 1,156,239,638        | (1,156,239,638)        | (1,147,431,397)        | (8,808,241)          | -                   | -                   | -                    |
| Inter-company other payables                | 11(B) | 530,877,175          | (530,877,175)          | -                      | (530,877,175)        | -                   | -                   | -                    |
| Lease liabilities                           | 4(i)  | 167,537,208          | (167,537,208)          | (8,257,006)            | (9,956,808)          | (17,834,211)        | (54,041,145)        | (77,448,037)         |
|   |       | <b>2,013,956,483</b> | <b>(2,013,956,483)</b> | <b>(1,314,990,866)</b> | <b>(549,642,224)</b> | <b>(17,834,211)</b> | <b>(54,041,145)</b> | <b>(77,448,037)</b>  |

##### 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:

**Notes to the financial statements** continued**24. Financial instruments - Fair values and risk management** Continued**B. Financial risk management** (continued)

|   | 31 December 2021    |                  |                 |          | 31 December 2020    |                  |          |              |
|---|---------------------|------------------|-----------------|----------|---------------------|------------------|----------|--------------|
|   | BDT                 | USD              | EUR             | GBP      | BDT                 | USD              | EUR      | GBP          |
| <b>Foreign currency denominated assets</b>      |                     |                  |                 |          |                     |                  |          |              |
| Receivables due from related parties            | 438,556             | 5,106            | -               |          | 977,890             | 5,106            | -        | 4,715        |
| <b>Total assets</b>                             | <b>438,556</b>      | <b>5,106</b>     | <b>-</b>        | <b>-</b> | <b>977,890</b>      | <b>5,106</b>     | <b>-</b> | <b>4,715</b> |
| <b>Foreign currency denominated liabilities</b> |                     |                  |                 |          |                     |                  |          |              |
| Trade payables due to related parties           | (33,804,717)        | (378,902)        | (17,862)        |          | (28,643,135)        | (341,272)        | -        | -            |
| <b>Total liabilities</b>                        | <b>(33,804,717)</b> | <b>(378,902)</b> | <b>(17,862)</b> | <b>-</b> | <b>(28,643,135)</b> | <b>(341,272)</b> | <b>-</b> | <b>-</b>     |
| <b>Net exposure</b>                             | <b>(33,366,161)</b> | <b>(373,796)</b> | <b>(17,862)</b> | <b>-</b> | <b>(27,665,245)</b> | <b>(336,166)</b> | <b>-</b> | <b>4,715</b> |

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

|                           | 2021   | 2020   |
|---------------------------|--------|--------|
| <b>Average rate</b>       |        |        |
| USD                       | 85.07  | 84.96  |
| EUR                       | 100.58 | 96.96  |
| GBP                       | 117.04 | 109.09 |
| <b>Year end spot rate</b> |        |        |
| USD                       | 85.89  | 84.66  |
| EUR                       | 97.73  | 103.46 |
| GBP                       | 116.23 | 115.72 |

(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 2021.

## Notes to the financial statements continued

### 25. Related parties

#### A. Parent and ultimate controlling party

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

#### B. Transactions with key management personnel

##### i. Key management personnel compensation

Key management personnel compensation comprised the following.

| In Taka                                | 2021              |                        | 2020              |                        |
|--|-------------------|------------------------|-------------------|------------------------|
|  | Managing Director | Directors and managers | Managing Director | Directors and managers |
| Remuneration, bonus and other benefits | 40,503,025        | 311,170,820            | 56,508,093        | 379,688,089            |
| Housing rental                         |                   | 72,753,122             |                   | 67,921,210             |
| Leave passage                          |                   | 10,289,451             |                   | 7,965,676              |
| Medical                                |                   | 16,396,529             |                   | 11,904,623             |
| <b>Short-term employee benefits</b>    | <b>40,503,025</b> | <b>410,609,923</b>     | <b>56,508,093</b> | <b>467,479,598</b>     |
| Gratuity provision                     |                   | 42,078,374             | -                 | 38,163,105             |
| Provident fund                         |                   | 18,200,764             | -                 | 15,770,328             |
| <b>Post-employment benefits</b>        | <b>-</b>          | <b>60,279,138</b>      | <b>-</b>          | <b>53,933,433</b>      |
|  | <b>40,503,025</b> | <b>470,889,061</b>     | <b>56,508,093</b> | <b>521,413,031</b>     |
| Number                                 | 1                 | 201                    | 1                 | 187                    |

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     | Nature of Relationship          | Transaction values for the year ended 31 December |             | Balance outstanding as at 31 December |             |
|---|----------|---------------------------------|---|-------------|---------------------------------------|-------------|
|   |          |                                 | 2021  | 2020        | 2021                                  | 2020        |
| <b>Parent of the Company</b>                              |          |                                 |   |             |                                       |             |
| <b>Dividend paid</b>                                      |          |                                 |   |             |                                       |             |
| Reckitt Benckiser Limited, UK                             | 11.B.ii. | Reckitt                         | 548,788,520                                       | 489,989,750 | -                                     | -           |
| <b>Fellow subsidiaries of the Company</b>                 |          |                                 |   |             |                                       |             |
| <b>Import of raw materials and finished goods</b>         |          |                                 |   |             |                                       |             |
| Reckitt Benckiser (India) Ltd.                            |          | Reckitt Benckiser Group Company | 51,749,225  | 63,794,107  | 30,787,257                            | 28,643,135  |
| Reckitt Benckiser Healthcare (UK) Ltd.                    |          | Reckitt Benckiser Group Company |   | 19,714,945  | -                                     | -           |
| Reckitt Benckiser (Pakistan) Ltd.                         |          | Reckitt Benckiser Group Company |   | 3,300,721   | -                                     | -           |
| Reckitt Benckiser Health Ltd., UK                         |          | Reckitt Benckiser Group Company | 549,264   | 1,161,671   |                                       |             |
| Reckitt Benckiser Healthcare Manufacturing (Thailand) Ltd |          | Reckitt Benckiser Group Company |   | 19,714,945  |                                       |             |
| Reckitt Benckiser (India) Private Ltd.                    |          | Reckitt Benckiser Group Company | 1,271,881   | 68,085      | 1,271,881                             |             |
| RB Bahrain WLL  |          | Reckitt Benckiser Group Company | 2,910,139   | 2,029,946   |                                       |             |
| Reckitt Benckiser Chartres, France                        |          | Reckitt Benckiser Group Company | 3,629,654   |             | 1,745,579                             |             |
| <b>Technical services fees</b>                            |          |                                 |   |             |                                       |             |
| Reckitt and Colman (Overseas) Limited, UK                 |          | Reckitt Benckiser Group Company | -   | -           | -                                     | 194,651,230 |
| <b>Royalties</b>  |          |                                 |   |             |                                       |             |
| Reckitt Benckiser Health Limited, UK                      |          | Reckitt Benckiser Group Company | 187,812,966                                       | 215,116,784 | 402,929,750                           | 372,183,839 |
| Reckitt Benckiser (ENA) B.V., Netherlands                 |          | Reckitt Benckiser Group Company | 88,705,955  | 85,687,710  | 174,393,657                           | 158,693,336 |
| <b>Sale of goods</b>                                      |          |                                 |   |             |                                       |             |
| Reckitt Benckiser (India) Ltd.                            |          | Reckitt Benckiser Group Company | -   | -           | -                                     | -           |
| <b>Systems support services</b>                           |          |                                 |   |             |                                       |             |
| Reckitt Benckiser Corporate Services Limited, UK          |          | Reckitt Benckiser Group Company | 1,292,073   | 2,267,624   | 438,556                               | 977,890     |

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

No such transactions/contact has occurred during the year.

## Notes to the financial statements continued

**26. Net asset value per share**

| <i>In Taka</i>   | <b>Note</b> | <b>2021</b>        | <b>2020</b> |
|--|-------------|--------------------|-------------|
| Net Asset  |             | <b>948,056,113</b> | 807,719,848 |
| Weighted average number of ordinary shares outstanding during the year |             | <b>4,725,000</b>   | 4,725,000   |
| Net asset value per share  |             | <b>200.65</b>      | 170.95      |

**27. Net operating cash flow per share**

|  |  |                    |               |
|--|--|--------------------|---------------|
| Net operating cash flow  |  | <b>637,380,749</b> | 1,372,957,029 |
| Weighted average number of ordinary shares outstanding during the year |  | <b>4,725,000</b>   | 4,725,000     |
| Net operating cash flow per share                                      |  | <b>134.90</b>      | 290.57        |

**28. Reconciliation of net operating cash flow**

|  |      |                      |               |
|--|------|----------------------|---------------|
| Profit before tax                                      |      | <b>1,101,501,481</b> | 1,077,842,107 |
| Adjustment for:  |      |                      |               |
| - Depreciation   | 3(C) | <b>147,054,891</b>   | 146,580,668   |
| - (Gain)/Loss on sale of property, plant and equipment | 17   | <b>(2,492,240)</b>   | (562,867)     |
| - Impairment loss reversal on trade receivables        | 6    | <b>47,422</b>        | (112,604)     |
| - Finance costs  | 20   | <b>11,164,549</b>    | 11,078,255    |
| - Finance income                                       | 19   | <b>(14,490,193)</b>  | (60,607,204)  |
|  |      | <b>1,242,785,910</b> | 1,174,218,355 |
| Changes in:  |      |                      |               |
| - Inventories  |      | <b>36,794,604</b>    | (170,499,799) |
| - Trade and other receivables                          |      | <b>(43,505,645)</b>  | 17,460,120    |
| - Advances, deposits and prepayments                   |      | <b>30,339,830</b>    | (27,373,476)  |
| - Trade and other payables                             |      | <b>(224,144,640)</b> | 634,608,308   |
| - Employee benefits                                    |      | <b>(98,848,949)</b>  | 55,172,525    |
| <b>Cash generated from operating activities</b>        |      | <b>943,421,110</b>   | 1,683,586,033 |
| Income tax paid  | 12   | <b>(306,040,361)</b> | (310,629,004) |
| <b>Net cash generated by operating activities</b>      |      | <b>637,380,749</b>   | 1,372,957,029 |

**29. Commitments**

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

**A. Capital expenditure commitment**

|  |  |                  |            |
|--|--|------------------|------------|
| Financial expenditures - outstanding purchase orders |  | <b>4,341,373</b> | 12,734,680 |
|  |  | <b>4,341,373</b> | 12,734,680 |

**30. Contingent liabilities**

There are contingent liabilities of Taka 31,178,534 (2020: Taka 123,833,679) on account of bank guarantees, acceptance trust receipt under letter of credit and Taka 378,464,641 (2020: Taka 249,241,526) on account of ordinary letter of credit issued by Standard Chartered Bank in favour of the Company.

Out of Taka 31,178,534, Taka 22,844,556 for shipping guarantees (2020: Taka 31,711,781) and Taka 8,334,008 for guarantees (2020: Taka 9,402,203) on behalf of Reckitt Benckiser (Bangladesh) PLC.

Import bills/bills receivable Taka 10,303,112 (2020: Taka 9,831,498) have been issued by SCB and HSBC on behalf of Reckitt Benckiser (Bangladesh) PLC.

## Notes to the financial statements continued

### 30. Contingent liabilities continued

| <i>In Taka</i>  | 2021             | 2020               |
|---|------------------|--------------------|
| Guarantees issued by the Company's scheduled bankers to third parties on counter - indemnities given by the Company | 8,334,008        | 9,402,203          |
| Irrevocable letter of credit opened by the scheduled banks net of on account payment                                | -                | 254,026,829        |
|   | <b>8,334,008</b> | <b>263,429,032</b> |

### 31. Number of employees

The company employed 274 (2020: 266) 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.

### 32. Remittance made in foreign currency (FC)

| <i>Currency</i>                                    | 2021             |                    | 2020             |                    |
|--|------------------|--------------------|------------------|--------------------|
|  | FC               | Taka               | FC               | Taka               |
| Reckitt Benckiser Health Limited,UK (GBP)          | 816,994          | 95,343,200         | -                | -                  |
| Reckitt Benckiser (ENA) B.V., The Netherland (GBP) | 466,173          | 54,402,400         | -                | -                  |
| Reckitt Benckiser Limited,UK                       | 4,200,984        | 493,909,668        | -                | -                  |
| Dividend paid to Reckitt Benckiser Plc, UK (GBP)   | -                | -                  | 3,994,482        | 440,990,775        |
| Reckitt and Colman (Overseas) Ltd. (GBP)           | -                | -                  | 1,046,828        | 113,057,391        |
| Willis Tower Wattson India Private Limited (USD)   | 1,600            | 135,920            | 1,600            | 135,920            |
| <b>Total</b>                                       | <b>5,485,751</b> | <b>643,791,188</b> | <b>5,042,910</b> | <b>554,184,086</b> |

### 33. Receipt in foreign currency (FC)

| <i>Currency</i>                                 | Nature of receipt      | 2021          |                  | 2020          |                  |
|---|------------------------|---------------|------------------|---------------|------------------|
|   |                        | FC            | Taka             | FC            | Taka             |
| Reckitt Benckiser Corporate Services Ltd. (USD) | System Support Service | 20,399        | 1,718,623        | 15,318        | 1,281,749        |
| Reckitt Benckiser Corporate Services Ltd.(GBP)  | System Support Service | 4,715         | 549,296          | -             | -                |
| <b>Total</b>                                    |                        | <b>25,114</b> | <b>2,267,919</b> | <b>15,318</b> | <b>1,281,749</b> |

### 34. Production capacity

| <i>Line of business</i> | Unit of measurement   | Installed capacity | Production        |
|-------------------------|-----------------------|--------------------|-------------------|
|                         |                       | for the year 2021  | for the year 2021 |
| Household & toiletries  | Thousand Litre        | 37,306             | 13,630            |
|                         | Metric Ton            | 16,316             | 7,975             |
| Pharmaceuticals         | Thousand Litre        | 1,806              | 784               |
| <b>Total</b>            | <b>Thousand Litre</b> | <b>39,112</b>      | <b>14,414</b>     |
|                         | <b>Metric Ton</b>     | <b>16,316</b>      | <b>7,975</b>      |



## Notes to the financial statements continued

### 35. Events after the reporting date

For the year 2021, the Board of Directors recommended a final dividend of Taka 165 per share amounting to Taka 779,625,000 at the board meeting held on 10th March 2022.

Above recommended dividend represents 96.47% of net profit after tax of the Company for the income year ended 31 December 2021. 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 2021.

### 36. Covid-19 impact to the business

Due to Covid-19 pandemic, company experienced a sudden spike of sales during 2020 which came to normal growth momentum during 2021.

### 37. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 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.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Cost of Fulfilling a Onerous Contract (Amendments to IAS 37)

### 38. Comparative information

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

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|    | o ownership and operating structure including size of the organization, location of its operations)   | Organogram,<br>Investors' View,<br>Company Offices   | 14<br>74<br>Last page |
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|    | o Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems   | Industry Analysis<br>Risk Management 2021  | 16<br>68              |
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|     | 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"> <li>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</li> </ul>  | Organogram,<br>Corporate Profile,<br>Our Board of Directors,<br>Our MANCOM   | 14<br>3<br>30<br>35        |
|     | <ul style="list-style-type: none"> <li>Mandatory and voluntary code of corporate governance adopted by the Company.</li> </ul>   | Corporate Governance 2021,<br>CEO and CFO declaration,<br>Status of compliance of Securities and<br>Exchange Commission (BSEC code on<br>Corporate Governance),<br>Dividend Policy as per BSEC Guideline,<br>Our Culture and Values (Who We Are) | 37<br>42<br>45<br>53<br>12 |
|     | <ul style="list-style-type: none"> <li>Code of ethical conduct adopted by the Company in relation to ethical business.</li> </ul>  | Our Culture and Values (Who We Are)<br>Corporate Governance 2021   | 12<br>37                   |
|     | <ul style="list-style-type: none"> <li>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</li> </ul>  |  |                            |
|     | <ul style="list-style-type: none"> <li>Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management</li> </ul>   | Who We Are<br>Risk Management 2021<br>Management Discussion and Analysis<br>Corporate Governance 2021  | 10<br>68<br>18<br>37       |
|     | <ul style="list-style-type: none"> <li>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</li> </ul>   | Who We Are, Our Culture And Values<br>Integrated Reporting - Our Stakeholders  | 12<br>95                   |
|     | <ul style="list-style-type: none"> <li>Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies</li> </ul>   |  |                            |
|     | <ul style="list-style-type: none"> <li>The responsibility those charged with governance take for promoting and enabling innovation</li> </ul>  | Integrated Reporting - our key brands,<br>Our Infrastructure,<br>Our environmental initiatives   | 92<br>90<br>97             |
|     | <ul style="list-style-type: none"> <li>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.</li> </ul>  | Human Resource Accounting (HRA),<br>Corporate Governance 2021,<br>Report of The Nomination &<br>Remuneration Committee   | 84<br>37<br>58             |
| 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  | 95                         |
|     | 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.  |  |                            |
|     | · How the company has identified its stakeholders.   | Business Model - Integrated Reporting<br>Industry Analysis<br>Integrated Reporting-Our Stakeholders  | 82<br>95                   |
|     | · Stakeholder engagement methodology.  | Integrated Reporting-Our Stakeholders  | 95                         |
|     | · Identification of material matters of stakeholders.  | Integrated Reporting-Our Stakeholders<br>Management Discussion and Analysis -<br>Materiality Assessment  | 95<br>20                   |

## Annual Report Exploration Index Continued

### Integrated Reporting Checklist Continued

| SI  | Particulars   | Reference   | Page Number |
|-----|---|---|-------------|
|     | · How the Company has applied such matters.   | Business Model - Integrated Reporting<br>Industry Analysis<br>Integrated Reporting-Our Stakeholders       | 84<br>93    |
|     | · How the stakeholders are engaged in assessing impacts, implications and outlook in respects of Company's business model.  | Business Model - Integrated Reporting   | 84          |
|     | <b>Capitals</b>   |   |             |
|     | 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,<br>Comparing Our Business Model With IR Framework                                   | 84          |
|     | An integrated report need to identify the various forms of capitals which are essential for the success of its business operations. Eg:   | Integrated Reporting,<br>Comparing Our Business Model With IR Framework                                   | 84          |
|     | 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  | 88          |
|     | 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   | 90          |
|     | Intellectual Capital – Organizational, Knowledge based intangibles.   | Integrated Reporting- Our Key Brands,<br>Our Knowledge And Skills   | 92<br>94    |
|     | Human Capital – People's competencies, capabilities and experience, and their motivations to innovate   | Integrated Reporting-Our People   | 84          |
|     | 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   | 95          |
|     | 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   | 97          |
|     | 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 | <b>Business model</b>   |   |             |
|     | An integrated report should describe the organization's business model  | Integrated Reporting, Comparing Our Business Model With IR Framework                                      | 83          |
|     | An integrated report need to describe the business model, including key:  | Integrated Reporting, Comparing Our Business Model With IR Framework                                      | 83          |
|     | <b>Inputs</b>   | Integrated Reporting, Comparing Our Business Model With IR Framework                                      | 83          |
|     | • Business activities   | Integrated Reporting, Comparing Our Business Model With IR Framework                                      | 83          |
|     | • Outputs   | Integrated Reporting, Comparing Our Business Model With IR Framework                                      | 83          |
|     | • Outcomes  | Integrated Reporting, Comparing Our Business Model With IR Framework                                      | 83          |
|     | Features that can enhance the effectiveness and readability of the description of the business model include:   | Integrated Reporting,<br>Comparing Our Business Model With IR Framework,<br>Who We Are-Our Business Model | 83<br>10    |
|     | • Explicit identification of the key elements of the business model   | Integrated Reporting,<br>Comparing Our Business Model With IR Framework,<br>Who We Are-Our Business Model | 83<br>10    |

## Annual Report Exploration Index Continued

### Integrated Reporting Checklist Continued

| SI  | Particulars   | Reference   | Page Number    |
|-----|---|---|----------------|
|     | 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?  | Management's Discussion and Analysis<br>Integrated Reporting - Our Business Model | 18<br>83       |
|     | An integrated report should contain qualitative and quantitative information about performance that may include matters such as:  |   |                |
|     | <ul style="list-style-type: none"> <li>Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them</li> </ul>  | Industry Analysis<br>Risk Management 2021   | 16<br>68       |
|     | <ul style="list-style-type: none"> <li>The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain</li> </ul>   | Integrated Reporting  | 83             |
|     | <ul style="list-style-type: none"> <li>The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests</li> </ul>   | Integrated Reporting-Our Stakeholders   | 95             |
|     | <ul style="list-style-type: none"> <li>The linkages between past and current performance, and between current performance and the organization's outlook.</li> </ul>  |   |                |
|     | KPIs that combine financial measures with other components (e.g., the ratio of greenhouse gas emissions to sales) or narrative that explains the financial implications of significant effects on other capitals and other causal relationships (e.g., expected revenue growth resulting from efforts to enhance human capital) may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals (e.g., carbon emissions and water use). | Environmental Initiatives   | 97             |
|     | 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 2021,<br>Our Principal And Emerging Risks                         | 68             |
| 1.6 | Risks, opportunities and internal controls  |   |                |
|     | 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.   | Risk Management 2021,<br>Industry Analysis  | 68<br>16       |
|     | This can include identifying:   |   |                |
|     | <ul style="list-style-type: none"> <li>The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two.</li> </ul>   | Industry Analysis<br>Who we are   | 10             |
|     | <ul style="list-style-type: none"> <li>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.</li> </ul>  | Industry Analysis<br>Risk Management 2021   | 16<br>68       |
|     | <ul style="list-style-type: none"> <li>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.</li> </ul>  | Risk Management 2021<br>Who We Are-Reckitt's Strategic Priorities                 | 68<br>10       |
|     | <ul style="list-style-type: none"> <li>Risk Management Report (Which includes details about risk, root cause, potential impact, response to risk, risk rating)</li> </ul>   | Risk Management 2021  | 68             |
|     | <ul style="list-style-type: none"> <li>Response on the effectiveness of the internal controls and the board's responsibility for the disclosures on internal controls to safeguard stakeholder interest.</li> </ul>   | Report of the Directors<br>Audit Committee's Report<br>Corporate Governance 2021  | 62<br>56<br>37 |
| 1.7 | Strategy and resource allocation  |   |                |

## Annual Report Exploration Index Continued

### Integrated Reporting Checklist Continued

| SI  | Particulars  | Reference   | Page Number              |
|-----|--|---|--------------------------|
|     | An integrated report should describe its strategic direction (Where does the organization want to go and how does it intend to get there)  | Who we are,<br>Our strategic priorities   | 10                       |
|     | An integrated report need to identify:   |   |                          |
|     | <ul style="list-style-type: none"> <li>The organization's short, medium and long term strategic objectives</li> </ul>  | Who we are,<br>Our strategic priorities   | 10                       |
|     | <ul style="list-style-type: none"> <li>The strategies it has in place, or intends to implement, to achieve those strategic objectives</li> </ul>   | Integrated Reporting,<br>CSR,<br>Environmental Initiatives  | 83<br>77<br>97           |
|     | <ul style="list-style-type: none"> <li>How the entity has positioned in the wider market.</li> </ul>   | Industry Analysis   | 16                       |
|     | <ul style="list-style-type: none"> <li>How the long term strategies relate to current business model.</li> </ul>   | Who we are, Our strategic priorities  | 10                       |
|     | <ul style="list-style-type: none"> <li>The resource allocation plans it has to implement its strategy</li> </ul>   | Who we are, Our strategic priorities<br>Integrated Reporting, Comparing Our Business Model With IR Framework                | 10<br>83                 |
|     | <ul style="list-style-type: none"> <li>How it will measure achievements and target outcomes for the short, medium and long term.</li> </ul>  | Integrated Reporting, Comparing Our Business Model With IR Framework<br>Management's Discussion and Analysis                | 83<br>18                 |
|     | <ul style="list-style-type: none"> <li>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"> <li>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</li> </ul> </li> </ul> | Integrated Reporting,<br>Comparing Our Business Model With IR Framework<br>Management's Discussion and Analysis             | 83<br>18                 |
|     | <ul style="list-style-type: none"> <li>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</li> </ul>   | Risk Management 2021  | 68                       |
|     | <ul style="list-style-type: none"> <li>What differentiates the organization to give it competitive advantage and enable it to create value, such as:               <ul style="list-style-type: none"> <li>o the role of innovation</li> <li>o how the organization develops and exploits intellectual capital</li> <li>o the extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage</li> </ul> </li> </ul>                                       | Who we are  | 10                       |
|     |  | Integrated Reporting  | 83                       |
|     |  | Integrated Reporting-Knowledge and Skills,<br>Our People and Culture  | 94<br>84                 |
|     |  | Who we are<br>CSR<br>Environmental Initiatives<br>Comparing Our Business Model With IR Framework                            | 10<br>77<br>97<br>83     |
|     | <ul style="list-style-type: none"> <li>Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.</li> </ul>  | Integrated Reporting-Our stakeholders   | 95                       |
| 1.8 | Outlook  |   |                          |
|     | 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?   | Chairman's Statement<br>MD's Statement<br>Management's Discussion and Analysis  | 4<br>6<br>18             |
|     | An integrated report should highlight anticipated changes over time and provides information on  |   |                          |
|     | <ul style="list-style-type: none"> <li>The organization's expectations about the external environment the organization is likely to face in the short, medium and long term</li> </ul>   | Industry Analysis<br>Risk Management 2021<br>Chairman's Statement<br>MD's Statement<br>Management's Discussion and Analysis | 16<br>68<br>4<br>6<br>18 |
|     | <ul style="list-style-type: none"> <li>How that will affect the organization</li> </ul>  | Industry Analysis<br>Risk Management 2021   | 16<br>68                 |

## Annual Report Exploration Index Continued

### Integrated Reporting Checklist Continued

| SI  | Particulars   | Reference   | Page Number        |
|-----|---|---|--------------------|
|     | <ul style="list-style-type: none"> <li>How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.</li> </ul>  | Integrated Reporting- Comparing Our Business Model With IR Framework                                | 83                 |
|     | The discussion of the potential implications, including implications for future financial performance may include:  |   |                    |
|     | <ul style="list-style-type: none"> <li>The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives</li> </ul>   | Industry Analysis<br>Chairman's Statement<br>MD's Statement<br>Management's Discussion and Analysis | 16<br>4<br>6<br>18 |
|     | <ul style="list-style-type: none"> <li>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.</li> </ul>   | Integrated Reporting- Comparing Our Business Model With IR Framework                                | 83                 |
|     | 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.  | Industry Analysis<br>Chairman's Statement<br>MD's Statement   | 16<br>4<br>6       |
| 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"> <li>A summary of the organization's materiality determination process</li> </ul>   | Management Discussion and Analysis  | 18                 |
|     | <ul style="list-style-type: none"> <li>Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters</li> </ul>  | Management Discussion and Analysis  | 18                 |
|     | <ul style="list-style-type: none"> <li>Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.</li> </ul>   | Director's report<br>Corporate governance 2021  | 62<br>37           |
|     | <ul style="list-style-type: none"> <li>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.</li> </ul>   | Who we are<br>Integrated reporting- comparing our business model with IR framework                  | 10<br>83           |
|     | <ul style="list-style-type: none"> <li>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).</li> </ul>  | Management Discussion and Analysis<br>2.8 and 2.9 of Notes to the financial Statement               | 6<br>112-122       |
|     | 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"> <li>An acknowledgement of their responsibility to ensure the integrity of the integrated report</li> </ul>   | Managing Director's Statement   | 6                  |
|     | <ul style="list-style-type: none"> <li>An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report</li> </ul>  | Managing Director's Statement   | 6                  |
|     | <ul style="list-style-type: none"> <li>Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework</li> </ul>   | Managing Director's Statement   | 6                  |



**RECKITT BENCKISER (BANGLADESH) PLC**

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**

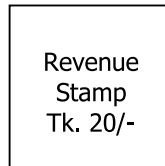
I/we, the undersigned being a Member of the above named Company appoint

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 61<sup>st</sup> Annual General Meeting of the Company to be held using Digital Platform on Wednesday, 27<sup>th</sup> April, 2022 at 11.30 a.m. and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
Signature of the Proxy  
Mobile No:  
Email:



\_\_\_\_\_  
Signature of the Shareholder (s)

\_\_\_\_\_  
Signature of the Witness

\_\_\_\_\_  
Name of the Shareholder (s)

Folio no. /BO ID no. \_\_\_\_\_

**Note:**

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

**However, 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,  
9<sup>th</sup> and 10<sup>th</sup> 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